SEFO

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Sovereign debt and financial stability: Re-emerging risks for Europe

funcas

WHAT MATTERS

Fiscal credibility and the cost of **sovereign debt** in the Eurozone

Diversification beyond **sovereign debt in an era of geopolitical risk**

Profitability and valuation risk in **Spanish banks' sovereign holdings**

Bank funding reconfiguration in the new rate cycle

The geopolitical rationale for **European financial integration**

Europe's business competitiveness gap: The role of capital formation and total factor productivity

Sustaining Spain's competitiveness gains in a higher-inflation environment

The challenges of **artificial intelligence and platformization for the Spanish banking sector**

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Letter from the Editors

For years, Europe enjoyed an unusually forgiving financial climate. Governments could borrow at historically low interest rates, central banks provided a reassuring backstop in sovereign debt markets, and even sharp increases in public debt brought little immediate pressure from financial markets. The pandemic put that stability to the test: While the subsequent recovery, together with inflation and nominal GDP growth, helped bring debt ratios down from their peaks, the underlying fiscal weaknesses remained.

That period of relative stability now appears to be over. European governments can still borrow. But at what cost? And how much fiscal room for manoeuvre will that leave to finance the policy priorities of the coming decade?

These tensions are emerging against an increasingly demanding geopolitical and demographic backdrop. Governments face mounting spending pressures from competing priorities such as defence, ageing populations and energy security. Businesses need to invest in technology, infrastructure and productivity. Yet these demands are growing just as the interest burden on existing sovereign debt is rising. The consequences extend beyond government balance sheets, as higher sovereign yields reverberate through financial markets and borrowing costs across the economy.

This is hardly the first time European leaders have faced such a dilemma. The return of higher borrowing costs has exposed a familiar problem: public debt does not have to become unsustainable to constrain economic policy. Even when debt ratios are stable or declining, refinancing existing obligations at higher interest rates can gradually absorb resources that might otherwise be available for investment or public services. These pressures accumulate gradually, eroding fiscal flexibility long before they necessarily develops into a full-blown crisis. France now represents the most immediate sovereign risk, one that, if it materialises, could have far-reaching consequences for the wider euro area.

Spain offers a particularly interesting natural experiment in terms of both the progress made and the challenges that remain. Stronger economic growth has helped reduce the country's debt-to-GDP ratio from the highs recorded during the pandemic, while its fiscal position compares favourably with that of several other large European peers. Nevertheless, debt remains elevated, and the benefits of growth cannot indefinitely offset the rising cost of servicing it. Preserving that relative advantage will require a credible fiscal trajectory without sacrificing the investment needed to sustain longer-term productivity.

The implications of Europe's elevated public debt burdens extend beyond

government finances. Sovereign bonds remain central to European capital markets and bank balance sheets, creating channels through which fiscal pressures can affect financial stability. The risk of a sovereign-bank doom loop has diminished, but the underlying links between public finances and the banking system have not disappeared.

Although European banks are better capitalised than during the last sovereign debt crisis, they are also adjusting to higher funding costs and greater market uncertainty. The era of exceptionally cheap credit has ended, prompting financial institutions to reassess the composition and cost of their funding. Competition for deposits has intensified, while market financing is no longer available on the exceptionally favourable terms of the past. While higher interest rates initially boosted bank profitability, rising funding costs and greater market uncertainty present a more complicated outlook. The resilience built up over the past decade will be important, but it should not be mistaken for immunity from renewed sovereign stress.

Yet Europe's challenge extends beyond containing financial risks. Persistent weaknesses in capital formation and productivity have limited its competitiveness relative to other major economies. Higher financing costs make the investment needed to close that gap more difficult to mobilise, adding to the pressure on Europe's economic prospects.

This is where the case for deeper European financial integration takes on renewed urgency. Europe's problem is not a shortage of savings, but its persistent inability to mobilise them effectively in support of its own investment priorities. Too much European capital continues to find its way abroad, even as the continent struggles to finance its technological ambitions, energy transition and security needs. In an increasingly fragmented geopolitical environment, completing Europe's financial architecture is therefore no longer merely an exercise in market efficiency. It is becoming a question of strategic autonomy: whether Europe can put its considerable financial resources to work in shaping its own economic future, rather than remaining dependent on the priorities and decisions of others.

Ultimately, fiscal discipline and investment cannot be treated as competing objectives. Unchecked debt burdens threaten fiscal credibility, but consolidation at the expense of productive investment risks undermining the growth on which debt sustainability depends. Europe's challenge is to preserve fiscal space while investing in its longer-term economic future.

More broadly, the choices facing Europe are therefore increasingly interconnected. Fiscal credibility, financial stability and economic competitiveness can no longer be pursued as separate objectives. Europe's ability to deliver on any one of them will depend on its success in addressing the others.

Therefore, the question is not simply how Europe will finance its debt, but how it will finance its future. The continent has considerable financial resources, sophisticated institutions and the economic capacity to meet its ambitions. What remains uncertain is whether it can translate those advantages into the political choices and investment decisions that the coming decade will demand. Higher borrowing costs have made those choices more difficult, but also more urgent.

What´s Ahead (Next Month)

Month	Day	Indicator / Event
December	2	Social Security registrants and official unemployment (November)
	2	Tourists arrivals (October)
	4	Industrial production index (October)
	10	Eurogroup meeting
	15	CPI (November)
	16-17	ECB monetary policy meeting
	17-18	European Council meeting
	21	Services Production Index (October)
	22	Foreign trade report (October)
	23	Non-financial accounts: Central Government, Regional Governments and Social Security (October)
	23	Non-financial accounts, State (November)
	23	Balance of payments quarterly (3rd quarter)
	23	GDP (3rd quarter, 2nd estimate)
	30	Retail trade (November)
	30	Balance of payments monthly (October)
	30	Preliminary CPI (December)
	30	Quarterly sector accounts (3rd quarter)
January	5	Social Security registrants and official unemployment (December)
	5	Tourists arrivals (November)
	7	Industrial production index (November)
	11	Financial Accounts Institutional Sectors (3rd quarter)
	15	CPI (December)
	18	Foreign trade report (November)
	18	Eurogroup meeting
	26	Labour Force Survey (4th quarter 2026)
	29	Preliminary CPI (January)
	29	GDP (4th quarter 2026, advance estimate)
	29	Balance of payments monthly (November)

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What Matters



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Long-term government bond yields rose in tandem across the major advanced economies in autumn 2026, in the absence of a sovereign default or banking crisis to explain the increase. Spain remains in a more favourable position than most of its larger eurozone peers, although the durability of this advantage remains uncertain.

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Fiscal credibility and the cost of sovereign debt in the Eurozone

Long-term government bond yields rose in tandem across the major advanced economies in autumn 2026, in the absence of a sovereign default or banking crisis to explain the increase. Spain remains in a more favourable position than most of its larger eurozone peers, although the durability of this advantage remains uncertain.

Francisco Rodríguez Fernández

Abstract: The normalisation of interest rates, the withdrawal of central banks as buyers and the deterioration of fiscal outlooks have raised market sensitivity to sovereign risk, pointing to a structural shift in governments' financing conditions. Because only a fraction of the debt portfolio is refinanced each year, the higher cost reaches public budgets gradually, delaying any adjustments. In the eurozone, France demonstrates that fiscal risk is no longer confined to the periphery: French 10-year bond yields reached 5.14% in October 2026, the highest since 2002, and spread over the Bund exceeded those of Italy and Spain. The ECB's Transmission Protection Instrument (TPI) requires compliance with the European fiscal framework, which limits its usefulness for a country with France's fiscal record. In Spain, the debt ratio is falling and the spread over the Bund remains contained, but the average cost of the debt portfolio keeps rising as maturing issues are replaced at current rates. Interest payments are projected to grow by about 50% through 2030 even if official rates do not rise further. Preserving room to respond to the next shock will require a credible medium-term fiscal strategy.

Introduction: From warning to symptom

For fifteen years, it has been predicted that the sovereign debt market would eventually

> “Between September and October 2026, the 30-year British bond exceeded 6% for the first time since 1998, the 10-year U.S. bond reached levels not seen since 2002, the 10-year Japanese bond crossed the 3% mark for the first time since 1996, and the 10-year French bond hit 24-year highs, all driven by doubts about governments’ ability to sustain their fiscal trajectories at the interest rates the market is demanding today.”

collapse. The fall of 2026 did not bring that collapse, but it did bring more than just a warning, with simultaneous episodes of tension in the long-term segments of the four largest sovereign yield curves in the developed world. The difference matters. A recurring prophecy can be discounted, but a symptom cannot. Between September and October 2026, the 30-year British bond exceeded 6% for the first time since 1998, the 10-year U.S. bond reached levels not seen since 2002, the 10-year Japanese bond crossed the 3% mark for the first time since 1996, and the 10-year French bond hit 24-year highs. None of these movements were triggered by a banking crisis, a default, or a demand shock. They were driven by doubts about governments’ ability to sustain their fiscal trajectories at the interest rates the market is demanding today.

The accounting cost of this shift has already been estimated. Funcas, AIReF, and research firms have quantified how much the normalization of interest rates will add to the interest bill in the coming fiscal years. The problem addressed in this article is a longer-standing one. It involves trying to clarify what sustainability means when the initial financial position is weak, the overall fiscal buffer has disappeared, and the institutional buyer that absorbed supply for a decade—the central bank—is pulling back. Debt sustainability has ceased to be an accounting problem and has become a problem of self-fulfilling expectations. As long as nominal growth exceeds the average cost of debt, the ratio falls almost on its own, creating the illusion that any level of debt appears sustainable. When that gap narrows, sustainability comes to depend on the market continuing to believe in it—and, therefore, on it being a problem that can be reversed in the short term.

Throughout this article, three distinct aspects of this issue are addressed. First, the synchronized nature of the 2026 tensions and what they reveal about the structural demand for long-term debt. Second, the economic mechanism that turns a rate hike into a sustainability problem, with special attention to the role of the average maturity of debt. Third, the case of Spain, where the relative position is currently favorable, and for that very reason it is worth examining what it depends on.

Fall 2026: Anatomy of a synchronized tension

What characterizes the unfolding episode in the fall of 2026 is not the level of interest

> “What characterizes the unfolding episode in the fall of 2026 is not the level of interest rates, but their simultaneity across economies with different cyclical and monetary positions.”

Table 1 **Sovereign yields during the September–October 2026 episode**

Country (10- and 30-year bonds)	Level reached (%)	Historical benchmark
United Kingdom, 30-year	6.03–6.05 (October 1 and 8, 2026)	Highest since January 1998
United Kingdom, 10-year	5.51–5.53	Highest since 2007
United States, 10-year	5.34 (October 1, 2026)	Highest since 2002
Japan, 10-year	3.00 (September 1, 2026)	Highest since September 1996
France, 10-year	5.14 (October 22, 2026)	Highest since July 2002
Germany, 10-year	3.33–3.43 (mid-October)	—
Spain, 10-year	4.05 (October 22, 2026)	—

Sources: Market data compiled by Reuters/LSEG via Brussels Signal, Jiji Press, Infobae.

rates, but their simultaneity across economies with different cyclical and monetary positions. The United Kingdom, the United States, and Japan do not share a cycle, a central bank, or a currency. They share long-term maturities being sold off at the same time.

Three features deserve special attention. The first is that the tension is concentrated in the long end of the curve. The British case is illustrative because the spread between 30-year and 10-year bonds widened, ruling out a reassessment of short-term monetary policy as the sole explanation. What rose was the term premium—that is, the compensation required for assuming duration risk.

The second is that the trigger was fiscal, not monetary. In Japan, the sell-off followed budget requests for fiscal year 2027 totaling nearly 143 trillion yen. In the United Kingdom, the sell-off occurred in the weeks leading up to the October 28 Budget, with the Bank of England purchasing 19.3 billion pounds in gilts between September 28 and October 14 to restore orderly market functioning.

The third feature is probably the most revealing. The Bank of England itself attributes between 20 and 30 basis points of the increase to its balance sheet reduction program. The withdrawal of the buyer represents a regime shift in the structure of demand for long-term debt.

The broader context has been documented by the International Monetary Fund in its October 2026 *Fiscal Monitor*. Global public debt reached 94% of GDP in 2025 and is projected to exceed 100% in 2029, the highest level since 1948. Interest payments have risen from around 2% to nearly 3% of global GDP in four years, and the global fiscal buffer has fallen from more than 1% of GDP a decade ago to approximately zero.

“ The withdrawal of the buyer represents a regime shift in the structure of demand for long-term debt. ”

The mechanism: Why interest rates are rising now and not before

The dynamics of debt are well known and should be stated plainly, because everything else depends on their interpretation:

$$\Delta b_t = (i_t - g_t)b_{t-1} - pb_t$$

where *b* is the debt-to-GDP ratio, *i* is the implicit interest rate on outstanding debt, *g* is nominal growth, and pb is the primary balance. The term *(i - g)* is what defines the problem. As long as it is negative, the ratio declines—even if the primary balance is in deficit—and the debt partially repays itself. When it approaches zero or crosses that threshold, the "snowball effect" warned of by AIReF kicks in, whereby debt grows simply by virtue of its existence. Here lies the analytical key to the current situation. The relevant rate in that expression is not the market rate, but the rate implied by the outstanding debt portfolio, and the two converge with a lag that depends on the average life of the debt. That average life acts as a buffer and, at the same time, as a timeline.

As a buffer, it explains why the rate hike that began in 2022 has not yet produced the expected adjustment. With an average life of nearly eight years, barely one-eighth of the portfolio is refinanced each fiscal year, so the average rate moves slowly toward issuance levels. For several years, inflation raised the denominator of the ratio while the numerator continued to be financed at old rates. It was an extraordinarily favorable combination, and it is now coming to an end. As a timing factor, it implies that the adjustment is deferred, not canceled. Each maturity replaces debt issued under the zero-interest-rate regime with debt issued under the current regime. The result is a gradual and automatic deterioration in the average cost that requires no further rate hikes to materialize; it is sufficient for current rates to remain unchanged.

Added to this is a third factor, one that is less discussed but likely more important. Between 2015 and 2022, asset purchase programs turned central banks into holders of a substantial portion of European sovereign debt. That buyer was insensitive to both price and credit risk, and its presence artificially compressed the term premium. Its withdrawal not only eliminates a source of demand but also returns pricing power to investors who do demand compensation for duration and fiscal risk. The consequence is that the sensitivity of long-term rates to fiscal news has increased. What was previously absorbed on a central bank's balance sheet is now reflected in prices. This explains why a national budget can now move the 30-year curve to an extent that would have been unthinkable in 2019, and why the tensions are synchronized. Sovereign issuers compete for the same global capital and the same limited appetite for duration.

The Eurozone: When risk is no longer peripheral

The French episode forces a reevaluation of an analytical framework established by the 2010–2012 crisis. For fifteen years, European sovereign risk was viewed as a peripheral problem—specifically, one affecting countries with high debt, low growth, and institutions perceived as fragile. France does not fit that description, and yet it is now the issuer being punished by the market. The French 10-year bond reached 5.14% on October 22, 2026—its highest level since July 2002—with a spread over the Bund of around 174 basis points, the widest since November 2011. That spread was higher than those of Italy, Spain, Belgium, and Greece. The risk hierarchy, which had been considered stable for a decade, has been reshuffled.

Fiscal figures explain this shift. France projects a deficit of around 5.6% of GDP in 2026 and a record issuance of 340 billion euros next fiscal year. Its interest payments will total around 80 billion this year and about 91 billion the following year—exceeding the education budget. The International Monetary Fund projects that its debt will approach 130% of GDP by the end of the decade, up from 113% in 2024. What matters is not the level of debt—which Italy exceeds—but the combination of an upward trajectory, a budget impasse, and uncertainty about any government's ability to pass austerity measures. The market is not assessing creditworthiness; it is assessing fiscal governance.

> “Protection against self-reinforcing dynamics is conditional, and the conditions become stricter the worse the fiscal situation is, marking the primary institutional fragility of the eurozone in 2026.”

This raises an uncomfortable question about the ECB’s safety net. The Transmission Protection Instrument is designed to contain widening of spreads not justified by fundamentals, and its activation requires the country to comply with the European fiscal framework. France has been in the Commission’s crosshairs for years due to the negative trajectory of its public finances. The instrument that is supposed to defuse systemic risk is of dubious applicability precisely in the very scenario that could generate it. Therein lies the institutional fragility of the eurozone in 2026. Protection against self-reinforcing dynamics is conditional, and the conditions become stricter the worse the fiscal situation is—that is, the more protection is needed. This is not a trivial design flaw: it reflects the unresolved conflict between avoiding moral hazard and preventing fragmentation.

In any case, it is best not to overinterpret. A return to 2011-level spreads does not mean a repeat of that crisis. There is no doubt today about the euro’s permanence; banks are much better capitalized, and there is a lender of last resort with explicit instruments. The difference from 2011 is substantial. But the direction of the movement—and above all, its speed—is the key factor to note.

Spain: The buffer and the clock

Spain’s position is currently the strongest among the major eurozone economies, and it is worth stating this clearly before examining what factors it depends on. The spread relative to the Bund averages 46 basis points in 2026, compared with 76 for France and 78 for Italy, according to data from the Public Treasury. General government debt stood at 99.9% of GDP in July, falling below

Table 2 **Spain: Financing conditions and debt burden**

Indicator	Data	Reference
General government debt	99.9% of GDP (July 2026)	101.6% in the first quarter
Average cost of the outstanding portfolio	2.318% (January) and 2.415% (May 2026)	All-time low: 1.64% in 2021
Average maturity of government debt	7.83 years (January) and 7.98 years (May)	—
Average cost of new issuance	2.70% in 2025	Above the average cost of the portfolio
Projected gross issuance in 2026	Approx. 285 billion euros	Approx. 17% of GDP
Projected net issuance in 2026	55 billion euros	—
Interest expense in 2026	42.059 billion euros (Government) / 43.300 billion euros (AIReF)	Approx. 2.5% of GDP
AIReF Projection 2027 / 2030	48.400 billion euros / 60.600 billion euros	Approx. +50% compared to 2025
Non-resident holdings	49.4% of the total (March 2026)	—

Sources: Ministry of the Treasury and AIReF.

> “ Demand for Spanish debt is exceptional today because Spain offers higher growth than its partners with a contained spread. ”

the triple-digit mark for the first time since February 2020.

Three key takeaways emerge from Table 2. The first is that the buffer is working, but it is being eroded. The average cost of the portfolio has risen by nearly ten basis points in five months without any new increase in official interest rates. Maturing debt was issued at rates lower than current ones, so each maturity raises the average cost. With gross issuance equivalent to 17% of GDP, this process occurs at a predictable annual rate.

The second is that the Spanish paradox lies in the ratio. The debt-to-GDP ratio is falling because nominal GDP is growing faster than the outstanding debt, but the cost of that debt relative to GDP is rising. Interest is paid in euros, not in percentage points of the ratio. AIReF estimates the cumulative cost between 2026 and 2030 at around 261,000 million euros and warns that, under current policies, the increase in the financial burden will prevent the deficit from falling below 3% in the coming years.

The third factor is the least discussed. 49.4% of the debt is held by non-residents, a proportion that has grown as the Bank of Spain reduced its position. This investor base is broader and deeper, but also more sensitive to relative comparisons. Demand for Spanish debt is exceptional today because Spain offers higher growth than its partners with a contained spread. This appeal is relative and, therefore, reversible if either of these two factors changes. A recent development illustrates this. Yields on 12-month Treasury bills rose above 3% at the auctions on October 6 and 13, 2026—two-year highs. The short end of the curve, which reacts most quickly, is already pricing in the new conditions.

What does sustainability mean when the margin is narrow?

The literature on debt sustainability distinguishes between solvency and liquidity, but that distinction is less clear-cut than it suggests. A government is solvent if the present value of its future primary surpluses covers its debt. Since those surpluses are hypothetical and the discount rate depends on the market’s belief in them, solvency incorporates an expectation about itself. Therein lies the fundamental analytical problem. If investors believe the debt is sustainable, they demand a low premium; the cost remains below nominal growth, and the debt is effectively sustainable. If they stop believing this, the premium rises, the cost exceeds growth, and the debt is no longer sustainable. These are two equilibria, and the economy can be in either one based on the same fundamentals.

This is not a new observation. What has changed in 2026 is the distance between these two equilibria. During the decade of negative interest rates, the margin was so wide that any reasonable shock left the economy in the favorable equilibrium. With the spread between cost and growth near zero, an overall fiscal buffer virtually exhausted, and central banks withdrawn from the market, the margin has narrowed. Fragility is now the norm, not an adverse scenario. This leads to two implications worth emphasizing. The first concerns how risk is assessed. While sustainability had a wide margin, it was sufficient to monitor the level of debt. With narrow margins, what matters is sensitivity: how much the trajectory deteriorates in the face of a deviation in growth, interest rates, or the primary balance. A country with debt at 100% of GDP and a long average maturity is in a better position than one with 90% debt and concentrated maturities. The indicator that matters is not the level, but the derivative.

The latter affects fiscal policy. In a narrow-margin environment, the credibility of the medium-term path ceases to be a rhetorical issue and becomes a financial asset with measurable value. The French case demonstrates this in a negative way: what the market penalizes is not the stock of debt, but the absence of a credible mechanism to correct its trajectory. In Spain, AIReF's repeated recommendation to present a medium-term fiscal strategy and the draft budget should be interpreted in this light, rather than as a procedural formality.

Final considerations

The prophecy about a debt market collapse has been repeated for so long that it has lost its informative value. That is precisely why it is important to distinguish clearly between a warning and a symptom. What happened in 2026 is not a sovereign debt crisis. There have been no defaults, no restructurings, and no loss of market access for any developed-market issuer. Auctions have been fully subscribed. Demand for Spanish debt remains outstanding.

What has happened is something else entirely. The market has begun to discriminate among sovereign issuers based on fiscal governance criteria, in an environment where there is no longer an institutional buyer to cushion that discrimination. The term premium has once again become a price with informative content after a decade in which it was, to a large extent, a managed variable.

For Spain, the conclusion is neither reassuring nor alarmist; it calls for caution. The average maturity of nearly eight years provides a window for adjustment that few countries have, and that window is a real asset. But a window is not a solution: it is borrowed time whose usefulness depends entirely on what is done during it. The interest burden will grow by about 50% through 2030 without any political decision being made and without the intervention rate rising by a single basis point.

The relevant question, therefore, is not whether Spain's debt is sustainable, because it is today. The question is what leeway will remain to respond to the next shock once the debt service has absorbed the portion of the budget that currently allows for a response.

Francisco Rodríguez Fernández.
University of Granada and Funcas

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Diversification beyond sovereign debt in an era of geopolitical risk

Financial markets have absorbed repeated geopolitical shocks with little lasting damage, yet this resilience does not imply a reduction in underlying vulnerability. The weakening of sovereign debt as a safe haven necessitates a reconsideration of how portfolios are diversified.

José Manuel Amor and Adrián Fernández

Abstract: The normalization of risk, economic adaptation, and public and private buffers moderate the initial impact of geopolitical shocks on earnings and valuations. These mechanisms, however, consume resources and may shift costs towards inflation and public finances, leaving markets more exposed to certain extreme shocks. In parallel, the shift in the inflationary regime has weakened the stabilizing role of sovereign debt, with the proportion of months in which equities and bonds lose simultaneously rising from 11% in 2006–2021 to 31% since 2022. The increased supply of sovereign debt, a more price-sensitive marginal buyer and the growing role of leveraged intermediaries in debt markets further reduce the reliability of bonds as a haven. Bonds nonetheless retain their protective value against disinflationary recessions, so their hedging capacity is conditional on the nature of the shock. Empirical analysis of 60/40 and 60/20/20 portfolios during various episodes of stress shows that diversification depends on whether the shock affects growth, inflation or fiscal confidence, with the 60/20/20 portfolio returning 8.5% annually since 2022 against 5.9% for the 60/40. These results are ex post and partly reliant on gold, and they favour scenario-based diversification over the extrapolation of historical correlations.

> One manifestation of the new environment is the divergence between geopolitical risk and financial volatility.

Introduction

Financial markets have shown remarkable resilience in the face of shocks which, given their intensity, could have triggered severe corrections. Ukraine, the rise in protectionism, the conflict in the Middle East and fiscal tensions have heightened geopolitical uncertainty without causing, apart from isolated episodes, a persistent deterioration in financial conditions. Stock markets have quickly recovered their losses, and volatility has returned to normal. At the same time, sovereign debt has lost some of its traditional ability to protect portfolios.

We believe that these two phenomena are linked. The markets' greater tolerance reflects genuine adaptive mechanisms, but also a normalization of risk and a shift in the costs of shocks across market participants and over time. Part of this resilience is funded by public and private resources that are not unlimited. At the same time, inflation, the abundance of debt and changes in debt intermediation are shaping the stabilizing role of bonds. The system is better able to absorb more frequent shocks yet remains more exposed to certain extreme shocks.

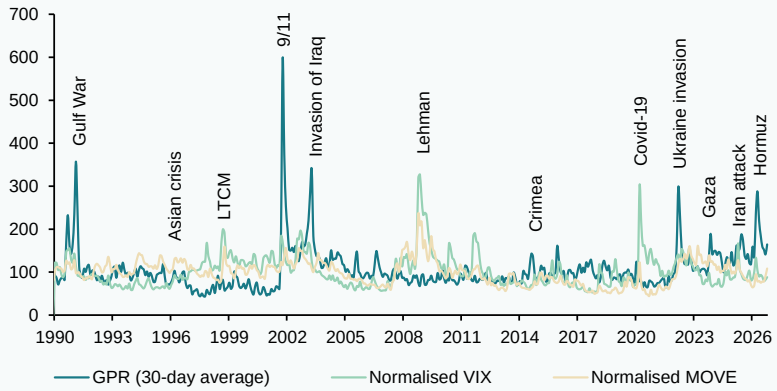
Markets have raised their reaction threshold, but they are not immune

One manifestation of the new environment is the divergence between geopolitical risk and financial volatility. Since 2022, the Caldara and Iacoviello index has recorded successive spikes, whilst the VIX and MOVE have responded in a muted or temporary manner.

Such a comparison calls for caution: the former captures geopolitical threats and events; the latter reflect expectations of equity and bond volatility over relatively short time horizons. For financial prices, what matters most is whether an event alters expected cash flows, the discount rate or risk premiums. A conflict may be politically serious without affecting valuations if its economic effects prove to be limited.

Nevertheless, we believe that the reaction threshold has risen. The recurrence of threats

Exhibit 1 **Geopolitical risk and implied volatility of equities and bonds**



Sources: Caldara and Iacoviello (2022); Cboe; LSEG Refinitiv and Afi.

and crises has introduced a greater degree of instability into the baseline scenario. The adjustment of expectations may be rational: investors distinguish between geopolitical news and shocks capable of altering fundamentals. Risk arises when this experience leads to extrapolating the rapid reversal seen in previous episodes and to underestimating persistent changes in inflation, economic activity or financial conditions.

Part of the calm in stock market indices may also be due to a composition effect. Their volatility depends both on that of their components and on the correlation between them. When sectors that benefit from and are adversely affected by the same shock react in opposite directions, the dispersion of returns increases without necessarily increasing aggregate volatility. A recent analysis finds negative three-month correlations in around 40% of stock pairs amongst the top 100 companies in the S&P 500 and 30% in the Euro Stoxx 50 (Agbo-Bloua, 2026). If a common shock resynchronizes the movements of the various assets, the index's volatility may spike sharply. Apparent aggregate resilience may, therefore, coexist with intense adjustments beneath the surface.

There is, moreover, genuine economic adaptation. In the wake of the Ukraine crisis, Europe diversified its energy supplies and logistics routes; companies bolstered their inventories, hedging and alternative suppliers. These measures reduce the initial spillover of disruptions to production and profits. But resilience comes at a price: doubling capacity, stockpiling more or relocating production trades efficiency for security, raises fixed costs and may reduce potential growth or prolong inflation.

Financial and public buffers complete the picture. Relatively sound corporate balance sheets, strategic reserves and fiscal measures have prevented numerous shocks from turning into crises. However, absorbing the cost is not the same as eliminating it: public aid shifts part of the bill onto debt; price increases preserve margins but erode real income and demand. Each intervention may reduce the scope for response to the next episode.

The situation in Hormuz in 2026 illustrates this mechanism. Inventories, supply substitution and public support initially mitigated the impact on energy markets. Its protracted nature, however, has shifted pressure onto logistics, refined products, business costs and inflation expectations. The transmission becomes more dangerous when both valuation channels are triggered simultaneously: lower expected profits and higher discount rates. A supply shock can then simultaneously harm both the stock market and the bond market, without the monetary authority having its usual scope to offset it.

Duration and simultaneity also matter. Energy, trade and fiscal tensions may compete for the same reserves, budgets and response capacities. A disturbance that is manageable in isolation can cause disproportionate effects if it coincides with others and encounters eroded buffers. This dependence on the state of the system helps to explain why volatility can remain low until a certain threshold is crossed. The result is conditional resilience, in which the economy absorbs more noise — often at the expense of resources and efficiency —whilst risks of a discontinuous adjustment persist. Low volatility does not in itself indicate complacency, but neither does it guarantee that extreme shocks are correctly priced.

Sovereign debt: From shock absorber to potential source of instability

For much of the first two decades of the century, high-quality sovereign debt stabilized investment portfolios. Major shocks were essentially disinflationary: as economic activity fell, central banks cut interest rates, bond yields fell and bond prices rose. This negative correlation with the stock market made government debt the dominant hedge. Since 2021–2022, the greater weight of inflationary shocks has weakened this mechanism. A supply-side shock can reduce economic activity and raise prices at the same time: it undermines corporate profits and forces interest rates to remain high. Shares and bonds may fall simultaneously, precisely when diversification is most needed.

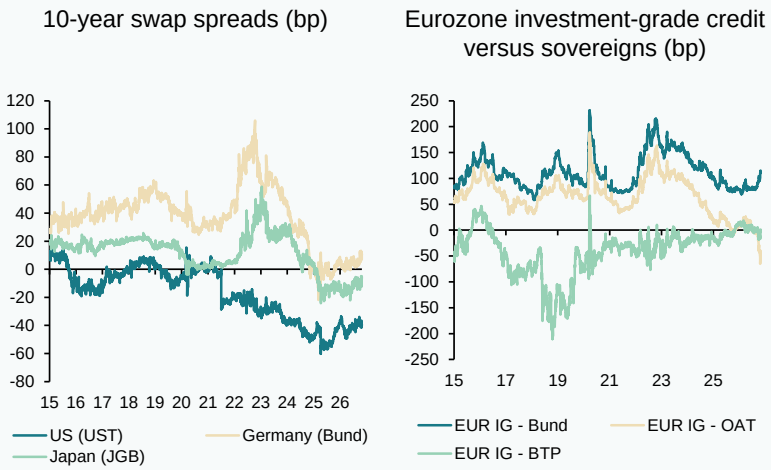
> “Persistent deficits and spending requirements relating to an ageing population, defence and economic security are driving high levels of debt issuance, whilst the energy sector, infrastructure and artificial intelligence are competing for available savings.”

Added to this change in the nature of shocks is another structural shift in sovereign financing. Persistent deficits and spending requirements relating to an ageing population, defense and economic security are driving high levels of debt issuance. The balance sheet normalization by central banks is returning debt to the market, whilst the energy sector, infrastructure and artificial intelligence are competing for available savings. This does not automatically imply a shortage of buyers, but it does suggest a higher return is required to absorb a growing volume of safe assets. There is also a link to the first part: some policies designed to cushion shocks — such as subsidies, reserves and the duplication of capacity — also put pressure on budgets and potentially make future financing more expensive.

The marginal buyer is also changing. The relatively reduced presence of central banks and official investors gives greater weight to price-sensitive funds and private investors. Recent US Treasury auctions show demand capable of recovering when yields rise, albeit selectively across maturities. The problem is not necessarily placing the debt, but the cost required to do so. In conditions of abundant supply, this adjustment can increase the term premium and reinforce the transmission of shocks to the real economy.

Intermediation adds a second channel of vulnerability. Hedge funds link spot bonds, futures and repos, providing arbitrage and liquidity under normal circumstances. However, their strategies may rely on leverage and short-term funding; consequently, if margins or balance sheet constraints tighten, the simultaneous closing of positions amplifies price movements and reduces liquidity just when it is needed

Exhibit 2 **Changes in the relative valuation of sovereign debt**



Note: Daily spreads (basis points), January 2015 – 28 October 2026.
Sources: ICE; LSEG Refinitiv and Afi.

> “Higher sovereign spreads gradually increase the cost of refinancing, worsen the fiscal outlook and may necessitate further spreads, creating a feedback loop, while monetary policy has less scope to act as a counterweight in an inflation-induced crisis.”

most. The performance of French debt in early October 2026 illustrates how a political and fiscal deterioration can interact with these mechanisms, without demonstrating widespread systemic fragility.

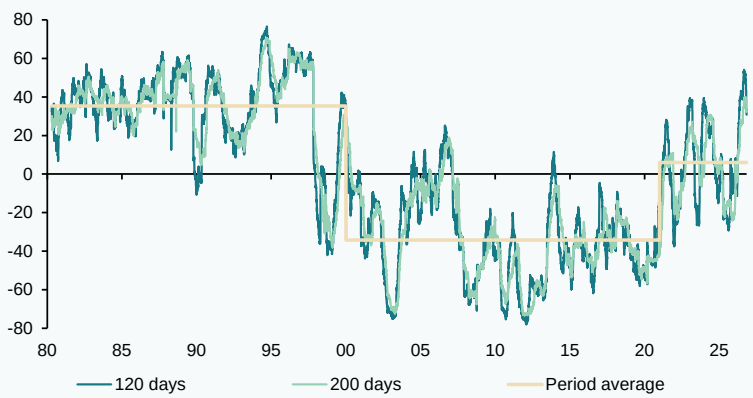
At the same time, part of the convenience premium is being eroded; that is, the lower return historically accepted for the liquidity, security and utility of sovereign debt as collateral. The trend in spreads relative to swaps and high-quality credit is consistent with this relative reduction in scarcity, although it also reflects technical factors relating to intermediation and financing. It is important to distinguish between the structural repricing of the bond and temporary liquidity dislocations: they stem from different causes but can reinforce one another.

The macroeconomic implications are significant. Higher sovereign spreads gradually increase the cost of refinancing, worsen the fiscal outlook and may necessitate further spreads, creating a feedback loop. If the shock is inflationary in origin, monetary policy has less scope to act as a counterweight. Thus, debt-financed resilience may ultimately reduce the capacity to respond to new crises.

Market evidence is consistent with a regime shift: in the United States, the stock-bond correlation was predominantly positive in 1980–1999, negative in 2000–2020 and has frequently returned to positive territory since 2021. In the global euro-denominated sample, the proportion of months with simultaneous losses in equities and bonds rose from 11% in 2006–2021 to 31% since 2022. This does not mean that sovereign debt is no longer safe, nor that all issuers are

Exhibit 3

Moving correlation between stock market returns and long-term sovereign debt (US)

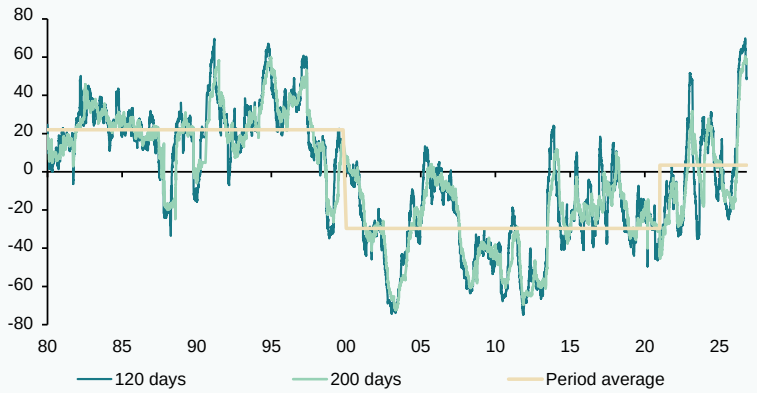


Note: Correlations of daily returns, 120- and 200-session windows; orange lines: average of the 120-session window by period (1980–99, 2000–20 and 2021–26).

Source: LSEG Refinitiv and Afi.

Exhibit 4

Moving correlation between stock market returns and long-term sovereign debt (Europe)



Note: Correlations of daily returns, 120- and 200-session windows; orange lines: average of the 120-session window per regime (1980–99, 2000–20 and 2021–26).

Source: LSEG Refinitiv and Afi.

equivalent. Its hedging effect is conditional: it retains value against deflationary recessions but may pass on additional losses in the event of inflationary shocks, fiscal mistrust or liquidity strains, particularly at longer maturities.

Diversify on the basis of *shocks*, not historical correlations

There is an economic explanation for the change in the sign of the correlation. When negative growth surprises predominate, the stock market tends to fall and bonds benefit from expectations of monetary easing. If inflationary surprises dominate, both assets may lose value due to higher discount rates; furthermore, lower profits may exacerbate the stock market decline. Therefore, diversification depends on the origin of the shock and the central banks' response, not on a supposedly stable historical correlation.

To illustrate this, we compare two global portfolios denominated in euros since 2006: a 60/40 allocation to developed-market equities and debt, and a 60/20/20 allocation that retains 60% in equities, allocates 20% to developed-market debt, and distributes the remaining 20% across emerging-market debt, gold and commodities excluding precious metals. Both are rebalanced annually, and the analysis incorporates transaction costs of 10 basis points.

Between 2006 and 2026, the diversified portfolio yielded 7.2% annually compared with 6.5% for the traditional portfolio, with slightly higher volatility (8.6% *versus* 8.0%). Prior to 2022, the 60/40 portfolio offered better risk-adjusted returns. Since then, the 60/20/20 portfolio has achieved an annual return of 8.5% compared with 5.9 %, with virtually identical levels of volatility (9.2% and 9.3%) and a lower maximum drawdown (-9.1% and -11.0%).

These episodes illustrate the contrast. In 2008 and during the initial shock of the

> "Diversification depends on the origin of the shock and the central banks' response, not on a supposedly stable historical correlation."

Table 1

60/40 and 60/20/20 portfolios: Returns, risk and maximum drawdown

Annualised percentage, except for Sharpe ratio; January 2006 - October 2026

Portfolio	Annual return (%)	Volatility (%)	Sharpe	Max. draw-down (%)
Full period (2006-2026)				
60/40	6.5	8.0	0.70	-26.9
60/20/20	7.2	8.6	0.73	-29.5
60/20/20 excluding gold	6.6	9.0	0.62	-33.0
Before 2022 (2006-2021)				
60/40	6.7	7.6	0.81	-26.9
60/20/20	6.8	8.5	0.74	-29.5
60/20/20 excluding gold	6.3	8.9	0.64	-33.0
Since 2022 (2022-2026)				
60/40	5.9	9.3	0.40	-11.0
60/20/20	8.5	9.2	0.68	-9.1
60/20/20 excluding gold	7.5	9.6	0.56	-9.4

Notes: January 2006 to October 2026 (up to 28 October). 60/40: MSCI World (net dividends, in euros) and FTSE World Government Bond hedged to euros. 60/20/20: 60% equities, 20% developed market debt and one third each in dollar-hedged emerging market debt (iBoxx USD Liquid EM Sovereigns), gold and commodities excluding precious metals (Bloomberg Commodity ex-Precious Metals). Excluding gold: 10% emerging market debt and 10% commodities. Annual rebalancing, costs of 10 bp; Sharpe ratio relative to the 6-month German Treasury bill.

Source: LSEG Refinitiv and Afi.

Table 2

Performance by market episodes

Cumulative return (%), non-annualized; indices and portfolios denominated in euros

Episode	"Financial crisis Nov-07 to Feb-09"	"Covid Feb-20 to Mar-20"	"2022 inflation Jan-22 to Dec-22"	"2023-2026 Jan-23 to Oct-26"
Portfolios				
60/40	-26.6	-11.3	-13.6	52.5
60/20/20	-29.4	-13.8	-9.6	63.8
60/20/20 excluding gold	-32.5	-15.0	-9.6	57.3
Before 2022 (2006-2021)				
Developed market equities	-47.6	-19.8	-12.8	91.9
Developed market debt	10.0	1.3	-14.8	4.7
Emerging market debt	-7.9	-15.0	-16.8	12.9
Gold	35.7	-0.6	6.0	113.9
Commodities	-37.7	-19.8	27.0	22.4

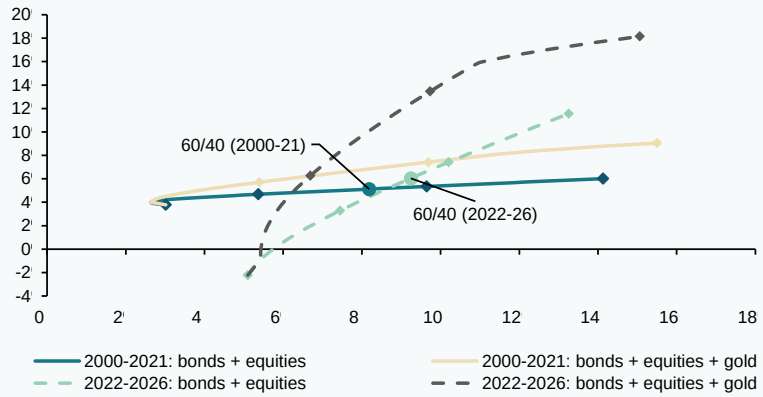
Notes: Developed and emerging market debt hedged to the euro; gold and commodities unhedged. Commodities: Bloomberg Commodity ex-Precious Metals. Same portfolio definitions as in the previous table.

Source: LSEG Refinitiv and Afi.

Exhibit 5

Equity and debt portfolios, with and without gold: Two regimes

Percentage



Notes: The dashed lines represent the performance of the same weightings from the 2000–2021 period in 2022–2026. Ex post analysis, not a prospective optimal allocation.

Source: LSEG Refinitiv and Afi.

COVID-19 pandemic, the 60/40 portfolio fell less than the diversified portfolio (-26.6% compared with -29.4 %, and -11.3% compared with -13.8 %). Developed-market debt helped to protect the portfolios, although in 2008 gold performed even better (+35.7%). In 2022, the opposite occurred: the 60/20/20 portfolio lost 9.6 %, compared with 13.6% for the traditional portfolio, supported by commodities (+27.0%) and gold (+6.0 %).

This does not imply that one portfolio is universally superior. Gold has contributed significantly to the recent performance, and its appreciation should not be extrapolated. Without gold, the advantage over the entire period almost disappears (6.6% compared with 6.5%), although it remains from 2022 onwards (7.5% compared with 5.9%). Emerging-market debt is also not a safe haven equivalent to that of developed markets: its credit and liquidity risks increase during global crises. Furthermore, the efficient frontier analysis shown in Exhibit 5 is ex post, not a recommendation for weightings.

The evidence suggests diversifying according to scenarios, rather than mechanically replacing the 60/40 rule with another fixed rule. Sovereign duration provides protection against disinflationary recessions; commodities may respond better to supply shocks; gold may cushion losses of confidence in monetary or fiscal policy, although it entails volatility and valuation risk. The optimal allocation will depend on the set of shocks considered, their probability and their interactions. With changing correlations, scenario analyses and stress tests should complement —and at times take precedence over— the extrapolation of historical covariances.

Conclusion

The recent resilience of the markets does not imply a general reduction in financial

> “ Sovereign duration provides protection against disinflationary recessions; commodities may respond better to supply shocks. ”

vulnerability. Companies and governments have improved their ability to adapt, but at an economic and budgetary cost. If a prolonged shock simultaneously alters profits, inflation expectations and discount rates, prices may adjust much more sharply than they did in response to the initial manifestations of the shock.

Sovereign debt accentuates this asymmetry. Higher issuance volumes, more price-sensitive demand and intermediation whose liquidity may be conditional reduce its capacity to stabilize portfolios in the face of certain shocks. It remains a haven against disinflationary recessions, but not necessarily against inflation or fiscal deterioration.

Monitoring should focus on the persistence of supply shocks, inflation expectations, term premiums, sovereign liquidity and the stock-bond correlation. Regaining fiscal space and preserving monetary credibility is, moreover, a way of rebuilding responsiveness.

Ultimately, the markets have learnt to tolerate greater geopolitical instability, but they have fewer universal safeguards. The crucial question is how much leeway they retain to absorb the next shock and whether its effects will simultaneously impact growth, inflation and financial conditions.

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SOVEREIGN EXPOSURE

Profitability and valuation risk in Spanish banks' sovereign holdings

Spanish banks have steadily increased their holdings of public debt since 2021, drawn by the higher yields that followed the end of the negative interest rates cycle. Most of that portfolio sits in accounting categories shielded from interest rate movements, which limits the direct effect on earnings and capital if sovereign yields keep rising.

Joaquín Maudos

Abstract: The spike in interest rates has renewed concern around financial stability via their impact on the value of the banks' securities portfolios, a risk flagged by both the IMF and the European Banking Authority. Public debt now accounts for 17.3% of Spanish banks' consolidated assets, above the EU-27 average and the highest reading since 2021. The held-to-maturity category, carried at amortised cost, covers 69% of the portfolio, well above the European norm. The share measured at fair value has grown but is in line with the EU-27 average, so the sensitivity of earnings is comparable to that of peers. Maturities have shifted from long-dated towards medium-term paper, and portfolios show a marked home bias, with limited holdings of other EU issuers that point to room for deeper financial integration. Meanwhile, resident banks have absorbed part of the space left by the Eurosystem, and non-resident investors hold the largest share of Spanish debt, an indicator of confidence consistent with a low country risk premium.

Foreword

The nexus between public debt and the bank sector is a topic of interest when analysing financial stability, particularly in the current context. High borrowing levels in some of the leading advanced economies, including the U.S., France, Japan and the UK, coupled with governments' ongoing funding needs and economic and geopolitical uncertainty, have reignited concerns about the sustainability of public finances. As a result of these tensions, investors are demanding higher returns for holding sovereign debt and, in some cases, a higher country risk premium, pushing up the cost of public borrowing. In its most recent *Financial Stability Report*, the International Monetary Fund (2026) warned of the risks that the pressure on the sovereign debt markets and a potential increase in interest rates could put on the banks' balance sheets. Similarly, in its latest report the European Banking Authority (2026) wrote: "Potentially rising sovereign debt levels could weaken debt sustainability perceptions and negatively affect sovereign yields. This could feed directly into banks' balance sheets via valuation losses on their sovereign holdings."

Banks hold public bonds in their securities portfolios for several reasons, including as an investment (to generate a fixed income, one that is more attractive the higher rates are), liquidity management and compliance with regulatory requirements. When interest rates increase, debt instruments become more attractive in terms of the income they generate but the value of bonds already issued falls, potentially generating losses. The scale of those losses depends on how the securities are classified for accounting purposes and the scope for holding the securities until they mature. As a result, there is a clear connection between sovereign and bank risk and the potential for a so-called doom loop if problems in the banking sector spill over into public finances.

Against that backdrop, it is opportune to analyse the Spanish banks' current exposure to sovereign risk and compare it with that of its neighbouring economies at a time when long-term rates are moving higher for three reasons: (i) contractionary monetary policies designed to curb inflation; (ii) a spike in country risk premiums across the more indebted countries; and (iii) a crowding-out effect caused by the competition between governments and AI firms, which are seeking to finance their billion-dollar investments by issuing debt.

It is important to analyse both the share of bank assets accounted for by public debt and the nature of that debt in terms of maturity and business model ("held for trading" *versus* "held to maturity"). The higher the share of debt that is held to maturity, the lower the impact of interest rate increases, which in this instance do not translate into any change in the amounts at which the debt is carried by the banks for accounting purposes. When sovereign bonds are held for trading, however, the banks are required to carry the securities at their fair value, recognising any price changes in profit or loss.

This paper analyses the recent trend in the banks' sovereign risk exposure, from 2021 to June 2026 (the latest figures available), comparing Spain with the rest of the EU. Given the use of European Banking Authority statistics, the analysis relates to the consolidated banking groups. However, we also analyse the exposure of the banking sector in Spain (domestic business) using data provided by the Bank of Spain. Lastly, we look at the importance of the banking sector in terms of its take-up of the debt issued by Spain's public authorities.

> "Since 2021, the Spanish banks' exposure to public debt holdings has increased by 4.6 percentage points (pp) to 17.3%, the peak for the period under analysis."

Bank exposure to sovereign risk: A European comparison

Since 2021, our base year and a year in which interest rates were abnormally negative (12-month Euribor averaged -0.5%), the Spanish banks' exposure to public debt holdings has increased by 4.6 percentage points (pp) to 17.3%, the peak for the period under analysis. The increase is logical considering the growing appeal of these securities which remunerate their holders by more when interest rates rise.

For this same reason, the EU-27 banking sectors on average have similarly increased their exposure, albeit less intensely (+2.8pp). Indeed, the increase in exposure has been higher in Spain than in the main European banking sectors, including France (+1.7pp), Italy (+3.1pp), Germany (+3.4pp) and Portugal (+3.5pp).

If we turn our attention to the most recent figures, which date to June 2026 (Exhibit 1), Spain ranks somewhere in the middle of the EU-27 banking sectors in terms of the share

Table 1

Weight of public debt in European bank assets

Percentages

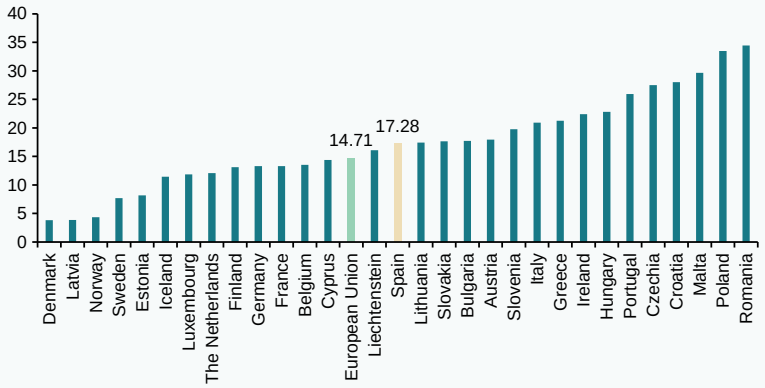
	Spain	France	Germany	Italy	Portugal	EU-27	12m Euribor
2019	13.2	12.1	14.0	17.0	21.3	12.7	-0.22
2020	13.1	12.3	13.9	16.8	23.7	12.9	-0.30
2021	12.7	11.6	9.9	17.8	22.4	11.9	-0.5
2022	13.7	11.3	9.1	17.3	20.5	11.6	1.1
2023	14.3	11.5	10.2	18.6	22.7	12.2	3.9
2024	15.4	12.4	10.2	19.5	25.1	12.9	3.3
2025	16.5	13.6	12.0	20.5	25.7	14.4	2.2
June 26	17.3	13.3	13.3	20.9	25.9	14.7	2.6
Change 2021 - June 26 (pp)	4.6	1.7	3.4	3.1	3.5	2.8	3.1

Source: European Banking Authority.

Exhibit 1

Weight of public debt in European bank assets, June 2026

Percentages



Source: European Banking Authority.

> 10-year bond yields have risen sharply over the last year, at a time in which short-term rates have also moved higher.

of public debt over total assets, at 17.3%, as noted earlier, above the European average of 14.7%. The range is broad, from a low of 3.8% in Denmark to a high of 34.4% in Romania. Among the main European economies, the Italian banks' exposure to sovereign debt stands out (at 20.9%), compared to more moderate levels in Germany and France (13.3% in both countries).

In absolute terms, as of June 2026, for the sample of banks used by the European Banking Authority, EU bank exposure to sovereign risk stood at 4.6 trillion euros. The largest absolute exposure is held by the French banks (29.6% of the total | 1.3 trillion euros), followed by Spain (15.9% | 723 billion euros), Germany (13% | 592 billion euros) and Italy (12.7% | 575 billion euros).

Characteristics of the banks' public debt portfolios

Turning to the trend in interest rates over the last year, we see that 10-year bond yields have risen sharply, at a time in which short-term rates have also moved higher. To cite a few examples, 10-year bond yields in the U.S. have increased from 4.62% to 5.13%; in the UK, from 4.57% to 5.43%; in France, from 3.38% to 5%; in Japan, from 1.15% to 2.93%; and in Spain, from 3.25% to 4.07%. Country risk premiums have similarly moved higher, with France standing apart in the EU as a result of its high public debt and deficit levels. As of October 2026, France's country risk premium stood at around 140 basis points, above that of Italy (around 110bp), Spain (~65bp) and Portugal (~48bp).

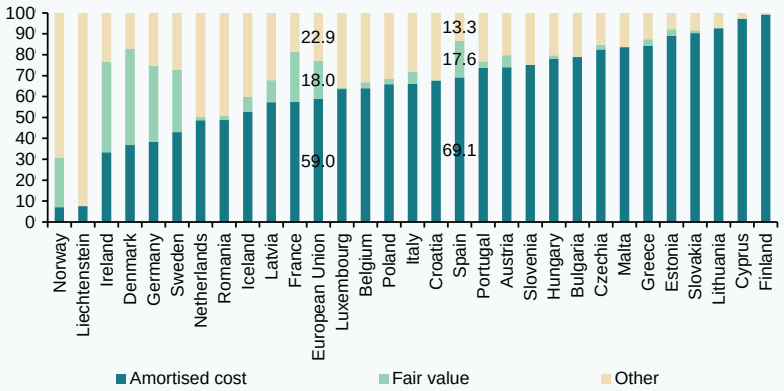
The impact of the increase in interest risks on the risk assumed by the banks via their exposure to public debt securities depends on the purpose for which the bonds were acquired, as their accounting treatment depends on the measurement category into which they are classified. Bonds held for trading are measured at their fair value and changes in that value are recognised in profit or loss. Available-for-sale debt securities are also measured at fair value but movements in their valuation are, in general, recognised in equity until they are sold. Lastly, securities classified as held to maturity are carried at amortised cost, so that their valuation is not altered by movements in interest rates. Therefore, the current increase in interest rates reduces the market or fair value of existing public debt securities, particularly longer-dated paper, but the impact of that increase on the banks' earnings and equity depends on how the securities are classified for accounting purposes.

Exhibit 2 breaks down the public debt held by the banks into the three portfolios mentioned above (in percentages). The countries are ordered from left to right and smaller to bigger in terms of the relative size of their held-to-maturity portfolios, *i.e.*, the debt whose valuation is shielded from interest rate movements. In Spain, the majority of the banks' debt is held to maturity, specifically 69.1% of the total, which is 10pp above the European average and favourable in the current climate of rising interest rates. There are very significant differences in the composition of the debt portfolios from one country to the next, with the share classified as

> In Spain, the majority of the banks' debt is held to maturity, specifically 69.1% of the total, which is 10pp above the European average and favourable in the current climate of rising interest rates.

Exhibit 2

Percentage breakdown of the banks' public debt holdings by classification category, June 2026



Source: European Banking Authority.

held to maturity ranging from 7% in Norway to 99% in Finland.

Analysing the trend in the share of held-to-maturity debt over time, we note that in Spain it has increased from 60.8% in 2021 (and 49% in 2019, the year before the pandemic) to 69.1% as of June 2026. While that share has also increased in the EU banking system in general, it has done so far less intensely (from 57.9% in 2021 to 59% by June 2026).

As for the debt carried at fair value for which valuation changes are recognised in earnings (the financial assets classified within the held for trading or fair value through profit or loss categories), in Spain that exposure accounts for 17.6% of the total, which is virtually in line with the European average. Denmark and Ireland have the highest shares of these categories of debt securities (45.9% and 43.2%, respectively), compared to virtually zero in several other countries. In France (23.9%) and Germany (36.2%) the share of this debt is much higher than in Spain, whereas Italy (5.9%) and Portugal (3%) present much lower exposures in this respect.

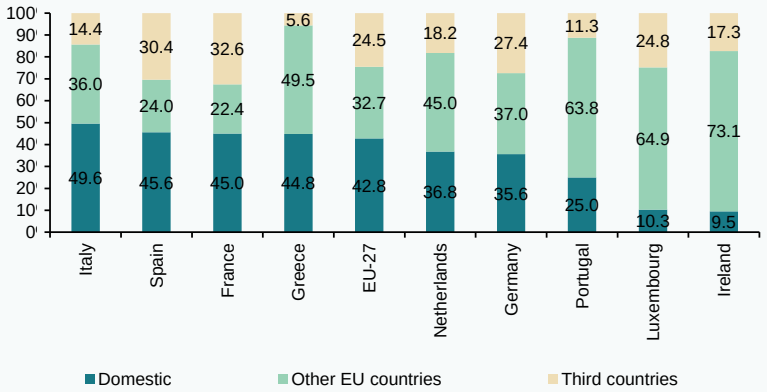
As for the trend in the share of debt carried at fair value and therefore implying earnings exposure, in Spain it has increased by almost 7pp, from 10.7% in 2021 to 17.6% as of June 2026, the highest reading in the series since June 2018. That same upward trend is mirrored in Europe, where it has increased from 14.4% to 18% on average. Therefore, although the share of the public debt holdings at risk of sustaining valuation losses as a result of rate movements has increased, the current level in Spain is similar to the European average (17.6% *vs.* 18%).

Another characteristic worth analysing is when these debt holdings mature. Short-term bonds

> "The strong domestic bias in European banks' sovereign debt holdings suggests scope for deeper financial integration, although differences in banks' international activities and geographic exposure must also be taken into account."

Exhibit 3 **Breakdown of public debt held by the banks by issuer country,**

Percentages



Source: European Banking Authority.

(maturing within 12 months at most) account for 23.7% of the Spanish banks' overall public debt holdings, which is similar to the EU-27 average. Sovereign bonds maturing in between one and five years represent 32.5% (2pp above the European average), with those maturing in between five and 10 years accounting for 32.3% (EU-27: 28.1%) and those due in more than 10 years accounting for the remaining 11.6% (EU-27: 18.3%). The Spanish banks have therefore reduced their relative exposure to longer-term debt (from 16% in 2021 to 11.6% in June 2026) and increased their exposure to medium-term paper.

The last feature worth analysing is the geographic composition of the banks' public securities portfolios as risk levels differ depending on the issuer. Although we do not have the statistics by individual issuer country, the European Banking Authority does provide data distinguishing between own country debt holdings, other EU country holdings and rest-of-world issuers. In the case of the Spanish banks, domestic debt predominates, accounting for 45.6% of the portfolio, above the EU-27 average of 42.8%. Securities issued by other EU countries account for 24% (below the EU-27 average of 32.7%), while that issued by third countries represents 30.4% (EU-27: 24.5%). There are considerable differences in the geographic composition of the banks' public securities portfolios across the EU-27, with the countries with higher public debt-to-GDP ratios tending to present bigger exposures to home country debt. The significant differences in the relative sizes of holdings of other EU country debt suggest there is room for further progress on financial integration in Europe, as some countries are heavily exposed to domestic debt, with little exposure to that of other European economies. Nevertheless, the analysis needs to take into account the differences in the level of international activity of the various banking sectors and where those international businesses are concentrated. In the case of Spain, for example, the banks' international subsidiaries, particularly their non-EU businesses, shape the higher weight of holdings of public debt issued by rest-of-world issuers.

The importance of public debt in the domestic banking business

The Bank of Spain publishes data conducive to analysing the significance of the public debt held on the balance sheets of the banks in Spain, *i.e.*, in the domestic business (the balance sheets of the individual entities rather than their consolidated groups). Viewed through this lens, the share of public debt is smaller, at 7.9% of assets as of June 2026.

As we saw with the consolidated groups, this exposure has been rising in recent years, from 6.7% in 2021 to 7.9% today. Although the share of total assets is small, these public debt holdings account for the vast majority of the domestic banks' fixed-income securities, at 93.3% at present. In terms of the contribution made by public debt holdings to the banks' interest income, that income stream increased from 1.7% in 2021 to 2.2% by June 2026.

Role of the banks in Spanish government funding

How important is the Spanish bank sector as a buyer of the public bonds issued by Spain? According to the information published by the Spanish Treasury, as of July 2026, 14.9% — or 223 billion euros — of Spain's public debt is in the hands of resident banks. That percentage has been rising continuously since 2021, increasing from 12.2% to 14.9%. The opposite has happened in the case of the Bank of Spain (Eurosystem) as a buyer of Spanish public debt, with its share decreasing from 33.6% in 2021 to 20.4% in July 2026. Non-resident banks currently hold 50.9% of Spain's public debt, up 8pp from 2021. Therefore, despite Spain's high borrowing levels (101.5% of GDP), the rate of growth in GDP in recent years has allowed it to finance itself in the market at reasonable rates, earning foreign investor confidence and avoiding an increase in its country risk premium.

Conclusions

As the IMF warned in its last *Financial Stability Report* of Spring 2026, the increase being observed in interest rates and sovereign risk premiums constitutes a risk for financial stability via the banks' exposure to public bonds. A correction in the market value of these securities can result in losses which are realised in earnings and/or equity, depending on how these securities are classified for accounting purposes. The Spanish banks' exposure to sovereign debt has increased in recent years (driven by the fact that these securities have been providing increasing returns, so generating more interest income) and currently stands above the European average (17.3% *vs.* 14.7%). However, despite higher exposure, the good news for the Spanish banks is that most of that portfolio is not exposed to valuation changes as rates rise, as 69.1% of the public debt portfolio is classified as held to maturity (and therefore carried at amortised cost), which is 10pp above the average for the EU-27 banking sectors. The share of debt exposed to rate increases (that measured at fair value through profit or loss) is currently in line with the European average in Spain (18% *vs.* 17.6%, respectively) and has increased by almost 7pp since 2021.

In the case of the domestic banking business in Spain, the weight of public debt over assets is smaller (7.9%), although it has increased in recent years.

It is also worth noting that the decrease in the share of Spanish public debt held by the Eurosystem has been offset in part by higher holdings by the Spanish banking sector and, above all, by the increase in the share of Spanish public debt securities in the hands of non-residents, which is an indicator of international investor confidence in the Spanish economy, as borne out by its current low country risk premium.

Lastly, the analysis of the breakdown of the public debt portfolio by issuer country by comparison with the EU-27 reveals a domestic bias in the banks' portfolios and low exposure to the debt issued by other European countries, indicating room for further financial integration in Europe. In the case of the Spanish banks, the higher share of non-European issuer debt holdings is consistent with the significance of their non-EU international banking business activities.

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Bank funding reconfiguration in the new rate cycle

As ECB liquidity recedes, deposits and debt issuance are once again the backbone of bank funding in Europe. Spanish banks start from a stronger deposit base, but rising competition for savings and costlier wholesale markets are eroding that cushion.

Ángel Berges, Laura Ciriza and María Rodríguez

Abstract: European banks have shifted from heavy reliance on TLTROs to a funding model based on customer deposits and market issuance, at a time of renewed lending growth and elevated interest rates. According to their European Banking Authority (EBA) Funding Plans, retail deposits are projected to continue expanding, while wholesale issuance, concentrated in senior preferred debt and asset-backed securities, is expected to account for a larger share of liabilities. Spanish banks have followed the same pattern, with deposits and debt issues replacing interbank funding as liabilities have grown. Their higher proportion of sight deposits (84% *versus* 74% in Europe) keeps aggregate funding costs below the European average. This advantage is narrower than in the previous interest rate hiking cycle, however, as the faster repricing of term deposits has largely closed the gap in rates offered. Debt issuance has also increased, rising by over 25% year on year in the first half of 2026, with a composition tilted toward costlier secured and senior non-preferred instruments. Given the reduced room for manoeuvre, liability management will be central to safeguarding profitability.

Foreword

The European banks' funding structure has undergone deep transformation in the last five years, shaped by the successive shifts in monetary policy. Following a period marked

by abundant liquidity and access to European Central Bank funding on particularly attractive terms, monetary normalisation has brought the traditional sources of funding — customer deposits and debt issues — back to the fore.

This change is particularly important against the backdrop of more dynamic lending activity and higher interest rates. In this scenario, liability management does not depend solely on the banks' ability to attract funds but also their funding mix and the costs associated with each source of financing. Funding composition is therefore key to understanding the differences between banking systems and their ability to navigate the new market conditions.

This paper analyses how the European banks are reconfiguring their liability structures based on the strategies gleaned from the EBA Funding Plans and goes on to take a closer look at the Spanish banks' funding structure. The aim is to pinpoint the Spanish banks' specific attributes compared to the European system as a whole and assess how their starting position could condition their ability to tackle fresh pressure on funding costs.

Liability composition shift across the European banks

The use of the European Central Bank (ECB) as a source of finance illustrates the changes in the interest rate cycle in the last five years very clearly. As shown in Exhibit 1, during the final phase of negative rates and at the height of the pandemic, the European banks turned significantly to the ECB's long-term financing tools, mainly articulated in the form of its Targeted Longer-Term Refinancing Operations (TLTROs), provided on very

Exhibit 1

Use of ECB funding in the EU

Millions of euros



Note: TLTROs (left-hand axis) and MROs (right-hand axis).

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

> "Although wholesale market funding is expected to gain a little more space in banks' funding structure, retail funding is not expected to lose dynamism, as household and NFC deposits are expected to continue to post annual growth of close to 4% during the planning horizon."

> “In an environment of rising rates, the banks are shifting their funding towards instruments with a relatively low cost in order both to refinance and to finance balance sheet growth.”

attractive terms. However, once the shift in monetary policy took place, the relative cost of holding the TLTRO funds to maturity ceased to be beneficial relative to other alternatives in an environment of abundant liquidity, accelerating their repayment down to negligible levels. Subsequently, in a climate of monetary normalisation, use of ECB funding has switched to its Main Refinancing Operations (MROs), albeit with the banks drawing down significantly lower volumes compared to the previous TLTROs.

Meanwhile, with the interbank funding channel restored, as gleaned from the information provided in Exhibit 2, other sources of funding came to the fore. In particular, deposit-taking from households and non-financial corporations (NFCs) has experienced sustained growth, cementing these liabilities' position as the sector's chief source of funding.

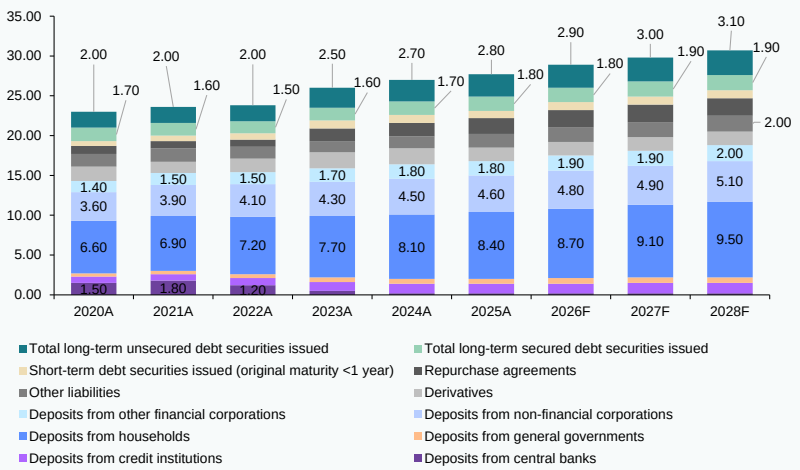
According to the banks' Funding Plans, although wholesale market funding is expected to gain a little more space in their funding structure, retail funding is not expected to lose dynamism, as household and NFC deposits are expected to continue to post annual growth of close to 4% during the planning horizon.

Specifically, the European banks expect to step up their wholesale market issues, not only in order to refinance existing debt as it falls due but also on a net basis. The issues planned for 2026 are concentrated in senior preferred debt and asset-backed securities (ABSs). In contrast, alternatives such as non-preferred bonds and unsecured senior debt are expected

Exhibit 2

Breakdown of the EU banks' funding structures

Trillions of euros



Source: Authors' own elaboration based on the EBA's Risk Assessment Reports of July 2023 and June 2026.

to lose a little weight in the liability mix. Therefore, in an environment of rising rates, the banks are shifting their funding towards instruments with a relatively low cost in order both to refinance and to finance balance sheet growth.

These funding dynamics are accompanied by a positive outlook for growth in lending, specifically growth of over 5% in corporate lending and of around 3% or 4% in household lending in 2026. However, we think those rates may be revised lower in the wake of the spike in long-term rates observed in recent months, which is likely to put a brake on demand for credit.

Liability reconfiguration at the Spanish banks

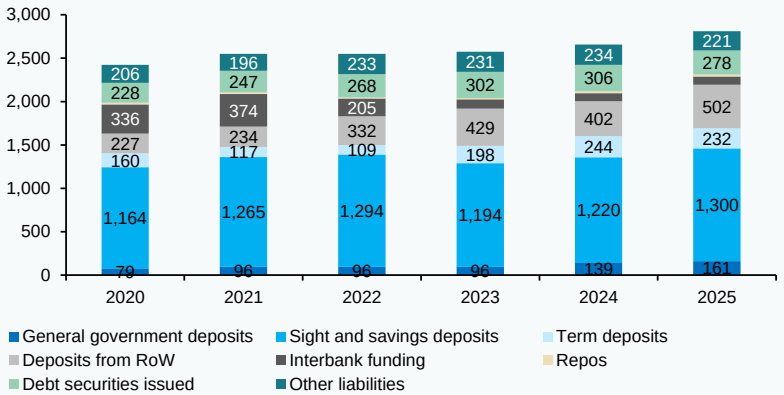
Having analysed the European banks' Funding Plans, we now turn our attention to the Spanish banking system, where funding patterns are following a similar trend. As shown in Exhibit 3, bank liabilities have been posting sustained growth, driven in recent years by a higher funding requirement derived from the recovery in lending activity. In parallel to this growth, the banks have been relying less on interbank funding, offset by greater use of deposits and debt issues, despite a slight slowdown in the latter in 2025.

Given the significance of these two sources of funding (deposits and debt issues), we next take a closer look at the trends in each in terms of volumes, composition and associated costs.

In the case of deposits, the expansion has been underpinned by growth in both sight and term deposits, which have been trending in line with their forecasts for annual growth of 4% as per their EBA Funding Plans, with that growth even higher than expected in the business segment.

Exhibit 3 **Breakdown of the Spanish banking system's funding structure**

Billions of euros



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

> "Increased competition for new deposits has had the effect of bringing the rates offered in Spain closer in line with European levels, substantially reducing a gap that reached around one percentage point during the last cycle."

In terms of the cost of those retail deposits, in contrast to what happened during the last round of rate increases, when an abundance of liquidity allowed the Spanish banks to hold off on increasing the rates they offered their deposit-holders relative to their European counterparts, current market competitive dynamics and growth in assets have sparked a quicker increase in the rates offered for new term deposits.

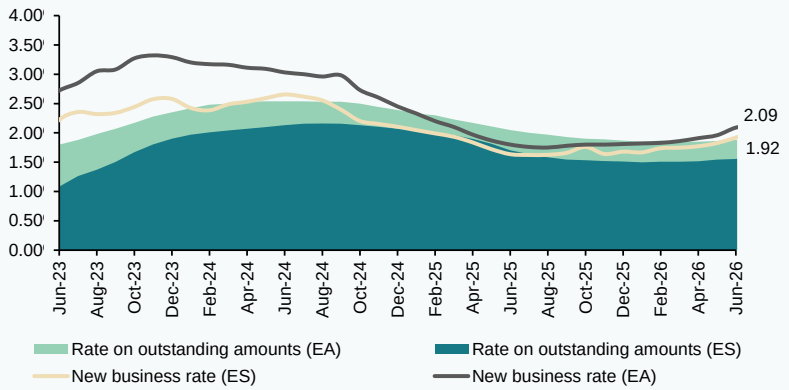
As shown in Exhibits 4 and 5, the increased competition for new deposits has had the effect of bringing the rates offered in Spain closer in line with European levels, substantially reducing a gap that reached around one percentage point during the last cycle.

However, this convergence has not brought the overall retail funding cost fully in line

Exhibit 4

Average rate on household term deposits

Percentage

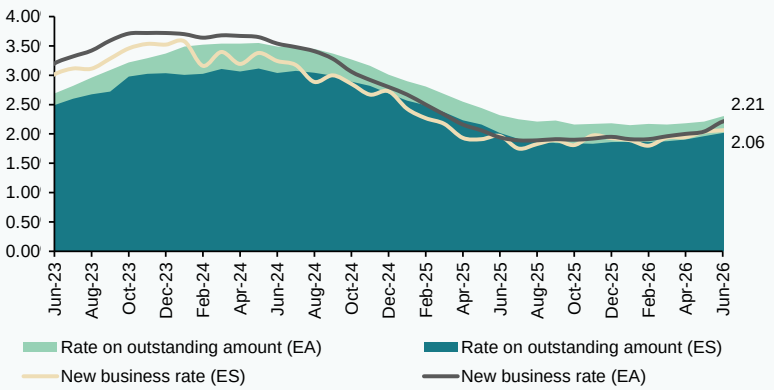


Sources: Authors' own elaboration based on ECB and Bank of Spain data.

Exhibit 5

Average rate on corporate term deposits

Percentage



Sources: Authors' own elaboration based on ECB and Bank of Spain data.

> “Spanish banks hold a higher share of sight deposits relative to their European peers (84% *versus* 74%, respectively), giving Spanish banks an ongoing competitive advantage in aggregate deposit cost terms and translating into better positioning in net interest margin terms.”

with the European average because of the structurally higher share of sight deposits held by the Spanish banks relative to their European peers (84% *versus* 74%, respectively). This composition effect, *i.e.*, reduced reliance on term deposits, at least until now, gives the Spanish banks an ongoing competitive advantage in aggregate deposit cost terms and translates into better positioning in net interest margin terms.

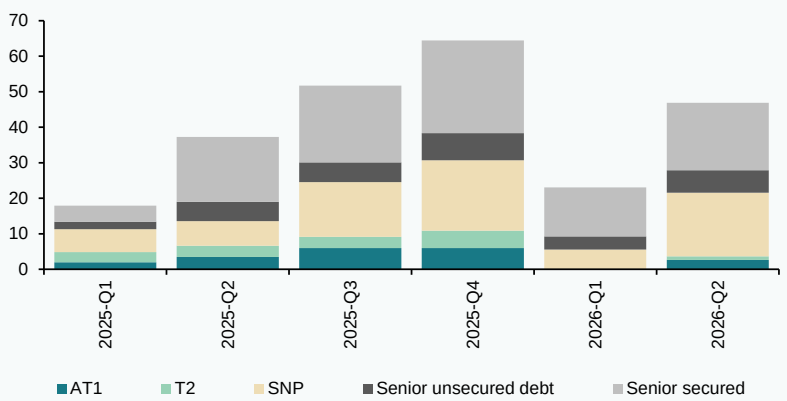
As for securities issues, during the first half of 2026, the Spanish banks were clearly more active compared to the same period of 2025 (Exhibit 6). Gross issuance volumes came to around 45 billion euros in the first quarter, year-on-year growth of over 25%. Issuance volumes have been concentrated in secured and senior non-preferred (SNP) debt, depicting a higher-cost funding mix relative to the issues contemplated by the European banks as a whole, due to the higher levels of non-preferred debt issuance in Spain.

The increase in volumes has not been accompanied by an even increase in cost across the different instruments, as is shown in Exhibit 7. Option-adjusted spreads over swaps (swap OAS) on euro-denominated bank debt have spiked on three occasions during the past 18 months. The first time, in spring 2025, associated with the fallout from the announcement of new tariffs in the U.S.; the second time, in the first quarter of 2026, triggered by the onset of the conflict in the Middle East; and the third, in early October 2026, shaped by stress in the sovereign debt markets and the pressure exerted by AI-adjacent issuance volumes.

Exhibit 6

Quarterly issuance volumes by the Spanish banks

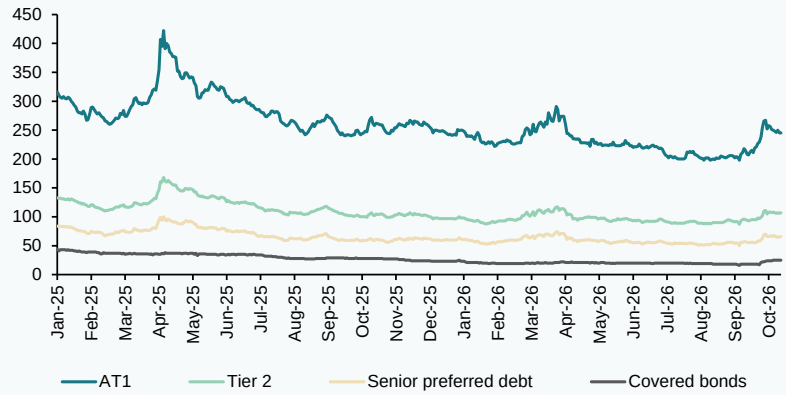
Billions of euros



Sources: Authors' own elaboration based on S&P Capital IQ data.

Exhibit 7 **Swap OAS on euro-denominated debt, by instrument**

(BPS)



Source: Authors' own elaboration based on Intercontinental Exchange (ICE) data.

Beyond the different causes underlying each of these episodes, all three share a common pattern in terms of the impact on spreads, which have widened by less across the less subordinated instruments. Specifically, spreads on covered bonds have barely moved, whereas AT1 and Tier 2 instruments have been more sensitive, indicating that the market continues to discriminate between the specific risk characteristics of each instrument, particularly during times of greater volatility.

The uptick in volatility against the backdrop of heightened geopolitical and economic uncertainty, coupled with the prospect of higher-for-longer interest rates, could put some pressure on issue costs, particularly for more subordinated instruments. This is also tangible in the above-mentioned intensification of competition for deposits, which is materialising not only in the rising cost of attracting term deposits but also in the banks' commercial dynamics. We are seeing the banks clearly focus their sales strategies on winning bundled customers through remunerated accounts as the key to maintaining transactional balance stability, which is crucial at a time of credit growth, rising deposit costs and intense competition.

Conclusions

The European banks' liability reconfiguration dynamics reflect a transition towards a funding structure in which deposits and debt issues have returned to the fore following a period of extraordinary reliance on ECB liquidity. In this process, the Spanish banks have certain advantages relative to the European banks as a whole, due particularly to their higher share of sight deposits, which continues to keep their funding costs lower.

However, today's conditions are different to those observed during the last cycle of rate increases. More dynamic lending activity, less abundant liquidity and renewed pressure on deposit costs are eating away at some of this advantage. As a result, liability mix strategy and management will prove key to propping up bank profitability in an environment of greater monetary and financial instability.

Ángel Berges, Laura Ciriza, María Rodríguez. Afi

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The geopolitical rationale for European financial integration

European capital markets and banking reform has slowed down since the 1990s, despite significant potential benefits. A more hostile international environment has given governments a new reason to complete it, yet it remains unclear whether EU countries can agree on how to use the opportunity.

Erik Jones

Abstract: The European Union faces two major geopolitical imperatives. The first is to insulate the European economy from rivals who manipulate access to resources, energy, or foundational technologies in order to exercise political leverage, while preventing competitors from using non-market policy instruments to undermine the profitability, or viability, of European firms. The second is to develop the capacity to act strategically in promoting European innovation, reinforcing European security, and building essential partnerships. Meeting these imperatives will require significant resources, which Europe possesses: gross savings are estimated at €33 trillion, and the Union is expected to generate €347 billion in net lending to the rest of the world in 2026. These funds, however, are routinely invested abroad rather than matched with opportunities within Europe, which is reflected in persistent current account surpluses. A savings and investment union would address part of this mismatch by using European savings more efficiently and by widening the financial resources available to policymakers for shaping investment. Completing it may appear complicated and politically contentious, but the alternatives are less viable.

Introduction

The ambition to create a European Savings and Investment Union emerged as an

> “The pressure to move towards a savings and investment union comes from a changing international economic and security environment.”

extension of existing plans to make European capital markets more efficient (capital markets union) and to make European financial markets more stable (banking union). Those plans had been around in one form or another — usually as a wish list of institutional reforms or collective endeavours — at least since the 1990s. Enrico Letta repackaged them as a single project in his 2024 paper for the European Council on the single market. Letta's goal was to accelerate the green and digital transition by mobilising European savings to finance much-needed European investments (Letta, 2024: 28-38).

This idea of gathering low-hanging fruit was instantly attractive. Mario Draghi extended that goal in a later paper for the European Commission to include investment in productivity growth and the expansion of Europe's defence industrial sector (Draghi, 2024: 59-62). In a third paper, Sauli Niinistö added investment in "readiness" and a whole-of-society approach to security and resilience into the mix (Niinistö, 2024: 163). And Andrius Kubilius put the savings and investment union at the heart of the European Commission's *White Paper for European Defence – Readiness 2030* (European Commission, 2025: 17).

For seasoned observers of European capital market and banking regulation, this broadening of a decades-old financial markets reform agenda is easy to understand but hard to take seriously. The creation of a true European savings and investment union would bring important advantages. But the same observers also recognise the strength of political resistance at the national and regional levels to the kinds of changes that would be demanded.

Lumping together the reforms required for capital markets union and banking union — while essential — does not make the work any easier (Underhill and Jones, 2023). If anything, it only adds complexity to the inertia that has prevented significant progress on either side of the agenda beyond those things — like the Single Supervisory Mechanism or the European Stability Mechanism — that came together in moments of real crisis. Even those big institutional changes have not been as transformative as might have been imagined.

Nevertheless, there is reason to believe this moment may be different. The pressure comes not from the attractiveness of greater efficiency in European capital markets or greater stability in the European banking system. It also does not come from the chimera of using public funds to mobilise private savings to finance investments in green or digital technologies, productive innovation, infrastructure, social cohesion, or a broader European defence industrial base. Instead, the pressure comes from a changing international economic and security environment.

Whether or not they recognise it, Europeans need greater insulation from global market forces and from the manipulation of their dependence on other economies for access to resources, technology, and the infrastructure for global commerce. Europeans also need a greater capacity — or, perhaps better, "agency", which is the capacity to act with purpose — to foster productive innovation, to identify and work with like-minded partners, and to protect their vital interests.

This combination of insulation and agency is necessary to respond to global challenges. Addressing these concerns will be expensive. Finding a way to lower that cost — and to use financial resources more efficiently — is not just something that would be nice to have. It is imperative. The challenge is to raise public awareness both about the urgency of the need and the lack of other more viable alternatives.

Even a telegraphic presentation is enough to underscore the case for action.

Insulation

The European economy is built for openness. European firms trade extensively both across Europe and with other parts of the world. They invest in global subsidiaries, structural partnerships, and foreign capital markets. They draw upon raw materials, energy resources, and technology developed abroad. And they work through shared market infrastructures for goods, communication, finance, and data.

This openness is by design, not accident (Jones, 2024). The international economy created at the end of the Second World War was integrated in this way to strengthen the alliance between the United States and Europe. Together, Europe and the United States spread that pattern of integration after the Cold War ended to build a new global economy with the Atlantic economy (or the "West") at the centre.

The model for globalisation they fostered created significant advantages for Western companies through the elaboration of a complex division of labour based on long and interconnected global value chains. It also created important vulnerabilities. European industries, like the German automotive sector, relied on access to markets in the United States and China. Whole European economies, like Germany but also Italy and the Netherlands, depended on running consistent current account surpluses. European pension funds or other large institutional investors relied on an international diversification of assets. In turn they relied on foreign currency — typically the United States (U.S.) dollar or dollar-denominated assets — to meet their liquidity requirements (Jones, 2021).

These vulnerabilities extend far beyond trade and payments. Within the complex division of labour, Europeans became dependent upon access to raw materials and energy resources as well as on access to the technologies for putting everything together. They also became dependent upon access to the physical, digital, and financial infrastructures that connected global markets. As a result, the profitability of European business models depended implicitly on choices made in other countries about price as well as quality. It depended on control over intellectual property rights. And it depended on the determination or ability of other countries to extract rents or impose costs by exercising their leverage over chokepoints.

This collection of vulnerabilities explains why Europeans have devoted so much attention to the preservation of a rules-based international system governed through effective multilateral institutions. The European economic model depends on a mix of predictability (in terms of contracting and access) and dispute resolution (in the face of disagreements) to avoid disruption in their global value chains and cross-border investments. When actors start breaking the rules or undermining multilateral arrangements, however, those vulnerabilities become important (Bauerle Danzman and Meunier, 2024).

The America-first trade policies pursued by both the first and the second Trump administrations challenged Europeans' access to American markets; they also challenged European openness to other countries. The industrial policies deployed during the Biden administration had much the same effect. Moreover, the consequences extended to European investments in the United States. European subsidiaries and other structural partners had to change their way of doing business in order to comply with new American policies or incentive structures in ways that disrupted existing European global value chains.

The Trump and Biden administrations were not the first to use America's central role in the world economy to exert leverage over other countries. Previous administrations also exerted leverage through America's unique influence over the world's digital infrastructures, over payments, and over the central role of the dollar in the world economy (Demarais, 2022).

By the same token, the United States was not the only economic partner to change the

“ For Europeans to insulate themselves from the influence of shifts in the global economy, they need to secure access to more open markets, ”derisk”’ European global value chains by substituting away from scarce raw materials or foundational intellectual property, and build out parallel infrastructures for trade, communications, and finance. ”

rules of the game. China under Xi Jinping has also restricted European market access and changed the terms for European investments to require more sharing of intellectual property rights and less control over Chinese-based assets. Xi Jinping also used China's growing influence over the refining of rare earth minerals and critical manufacturing components to extract increasing rents from Western firms who relied on Chinese production. And he used the Belt and Road Initiative together with strategic investments to modernise existing ports in Europe and elsewhere to assert a prominent role in the physical infrastructure for global trade (Economy, 2021).

These developments are all well-known. They are worth describing in parallel, however, because the juxtaposition reveals how much and how quickly the global economy is changing. For Europeans to insulate themselves from the influence of these changes, they need to secure access to more open markets, ”derisk” European global value chains by substituting away from scarce raw materials or foundational intellectual property, and build out parallel infrastructures for trade, communications, and finance.

The scale of the challenge is enormous. Worse, the resources cannot easily be earned or borrowed from other parts of the world. There is no giant consumer of last resort to absorb European current account surpluses and no Marshall Plan available for the reconstruction of the European economy. If anything, China is offloading its surplus manufacturing on Europe while the United States is trying to extract rents in the form of tariffs, investment commitments, and long-term contracts for American liquefied natural gas.

This changed global environment explains why it is necessary to reform European capital markets to retain and redeploy European savings. Those savings exist. The gross figure Letta cites is €33 trillion (Letta, 2024: 28). Those gross funds could be used more efficiently. But the net savings are also important. Europeans routinely save more than they invest – across the European Union, and not just in the richest countries (see Table 1). In 2026, for example, the EU generated €347 billion in net lending to the rest of the world.

The bad news is that Europeans find it easier to invest that money abroad than to match it with investment opportunities in Europe. That is a part of the reason (in causal terms) that so many European economies run current account surpluses. In accounting terms, the two numbers should be the same: when savings exceed investment, exports exceed imports in the balance of payments. The EU's current account surplus was just over €323 billion — with the remaining €24 billion representing wealth received by the EU on its capital account and exported again in the form of lending.

A savings and investment union fixes only part of the matching problem, by promising to use European savings more efficiently and so promising also to rebalance macroeconomic performance. The challenge is to make sure European savings are used efficiently to finance productive investment that will at the same time shore up European vulnerabilities.

Table 1 **Savings, Investment, and Current Account Balances (€ billions, 2026)**

Country	Net lending	Current account
Austria	2.4	3.5
Belgium	-18.3	-17.3
Bulgaria	-2.6	-6.0
Croatia	-1.0	-3.1
Cyprus	-3.0	-2.7
Czechia	7.2	1.4
Denmark	46.5	48.1
Estonia	-0.4	-1.2
Finland	0.9	0.3
France	-5.8	-13.6
Germany	124.0	162.1
Greece	-8.0	-18.4
Hungary	1.5	-0.5
Ireland	43.6	50.5
Italy	17.0	11.0
Latvia	-1.9	-2.6
Lithuania	0.9	-0.5
Luxembourg	-3.3	-2.6
Malta	1.9	1.6
Netherlands	89.7	96.4
Poland	-14.1	-12.2
Portugal	6.4	0.2
Romania	-19.3	-27.7
Slovakia	-1.2	-4.6
Slovenia	1.7	1.7
Spain	54.8	33.3
Sweden	27.1	26.4
EU 27	346.9	323.2
EA 21	298.0	287.8

Source: AMECO Database, European Commission.

As the Letta, Draghi, and Niinistö reports acknowledge, achieving such a combination of goals at the same time cannot be left to the market. Market participants need to perceive the right incentives. Only an active European industrial policy used in tandem with trade policy instruments can provide the kind of insulation from world markets that Europeans require.

Agency

This more active role of European policymakers in shaping the incentives faced by market participants requires a clear understanding of the overall or strategic purpose underlying the savings and investment union. Capacity alone is not enough; the political willingness — or "agency" — to use that capacity is equally important. Moreover, the strategy underpinning that agency needs to be comprehensive. Shoring up European vulnerabilities is not enough. European policymakers have to imagine the economy of the future, they have to recognise the limits of what Europeans can achieve in isolation, and they have to prepare to protect any gains that are made from foreign

> “ European policymakers have to imagine the economy of the future, they have to recognise the limits of what Europeans can achieve in isolation, and they have to prepare to protect any gains that are made from foreign interference and project European interests abroad. ”

interference and project European interests abroad. This agenda extends far beyond the single market. It involves more than a search for competitiveness. And it will only succeed if Europe can be made both more resilient and, when necessary, more assertive.

The many elements involved in any strategy for adapting to the changing geopolitical environment explain why the Letta, Draghi, and Niinistö reports need to be read alongside the White Paper for European Defence. Ideally, they would also be read alongside the EU's economic security strategy and the collection of instruments that have been created to push back against economic coercion, strengthen investment screening, and accelerate industrial innovation (Bauerle Danzman and Meunier, 2024). The point here is not to rehearse the library of European documents. Rather, it is to highlight the three elements that unite them, which relate to research security, selective interdependence, and strategic enablers.

The concern for research security stems from the recognition that intellectual property rights and proprietary technologies represent sources of vulnerability both insofar as they can be used against European interests and because they can be misappropriated by non-Europeans. Here it is important to underscore that the technologies involved do not have to be at the frontier of scientific discovery. Productive innovation can take place by scaling new ideas to market and also by making them available for adaptation (Feldstein, 2026: 27-46).

When European Commission President Ursula von der Leyen gave her State of the Union speech, she argued that Europeans do not need to lead in the development of large language models or other forms of artificial intelligence. It would be enough for Europeans to lead in developing readily deployable applications that could be adapted to improve industrial processes and so make them more efficient [1]. Whether she is right in this assertion is worthy of debate. That she may be right — and that it should be debated — is more easily accepted. Within that debate, policymakers will necessarily consider the vulnerabilities associated with using frontier models developed in other countries and the security of any deployable applications both in terms of their function and as proprietary technology.

Such debates will take place in many contexts. As they evolve, policymakers will accumulate a list of technologies that Europeans cannot develop or apply on their own, without either inputs or cooperation from other countries. The challenge is to identify which partners can be trusted, to what extent, across a variety of different scenarios. The conditional nature of this trust explains the need for selective interdependence (Anghel, 2025).

To illustrate how, it is enough to think about the role of geography, politics, and relations with third parties. Relying on partners from regions prone to conflict or whose market access is potentially shut off is a risk that needs to be managed. This is the lesson coming from Iran's closure of the Strait of Hormuz and the Houthis' attempts to control the Bab al-Mandab Strait. The political risks come from partners who might try to exert leverage over the relationship like the United States and China or who might quickly abandon any relationship when confronted with such leverage. And the third-party risk comes when an otherwise trustworthy partner suddenly exposes European firms to a breach

> “If Europe is to protect against the threats of an unstable geopolitical environment, European firms will need to develop proprietary technology to secure communications and intelligence, push back against hybrid threats, and project force abroad, for which the markets are limited or nearly limited to public procurement.”

of security through their relationship with another country. This has been a concern when European countries or close partners have deployed 5G technology from Huawei, raising the risk that this technology might provide a back door for Chinese government interference.

If Europe is to protect against such threats, European firms will need to develop key assets for which the markets are limited or nearly limited to public procurement. Such strategic enablers include the technology required for secure communications, intelligence gathering, and analysis. They include the equipment necessary for pushing back against hybrid threats, countering violent incursions, and projecting force abroad. This equipment is made of software and hardware, with different components coming from different suppliers. It requires consistent maintenance and upgrading. And it blends elements that have a dual use in the commercial sector with those that are exclusive to their strategic purpose.

These strategic enablers bring the research security requirements together with the requirements for selective interdependence. That combination requires a delicate balance of trust and compensation, particularly for those elements which have an exclusive use. Governments involved in the production of these assets will want to ensure that firms are compensated, intellectual property rights are protected, and procurement costs are shared. This balance is challenging to strike even within the European Union. Deciding which of Europe’s allies can participate in joint development and procurement projects is also challenging, as is explaining why the consortia are different for one project than they are for another. Having a hegemonic power like the United States provide the bulk of these assets was easier than negotiating across a group of relatively more equal potential partners.

Here again, a savings and investment union can address at least part of the problem by increasing the financial resources available for policymakers to influence through their instruments and incentives. The ability to blend dual-use technologies with those that are of exclusive use also makes it possible to widen the consortia involved and redistribute the costs and benefits. Without a savings and investment union, the costs involved would be greater and the capacity to use incentives to reshape the pattern of investments made by market participants would be diminished. Worse, different European governments would face the same security imperatives with very different access to subsidies for industry or borrowing for public procurement. This point is stressed in the Draghi report as a threat to fragment Europe’s internal market in an area where market concentration is necessary for European success. When making that point, Draghi went even further to advocate an increase in common European borrowing (Draghi, 2024: 61-62).

Effectiveness

The changed geopolitical environment places enormous demands on European policymakers. It also places enormous demands on European institutions and European solidarity. Shoring up the vulnerabilities of the European economy is only part of the concern; laying the foundations for a more decisive and purposive European Union is also important. The savings and investment union can lubricate that process by bringing European

savings back to Europe to finance necessary investments. Along the way, the savings and investment union can also create a context within which European policymakers are able to shape market dynamics in ways that will help to foster the "right" or necessary investment in innovation, partnerships, and capabilities that the European Union currently lacks. This combination of factors does not ensure the success of the combined financial markets reform agenda. The political opposition to those reforms still exists, as does the inertia surrounding the reform process. But this geopolitical logic is different from the incentives for pursuing that reform agenda in the past. That is a reason for optimism.

The open question is whether European politicians are willing to embrace the opportunity that a savings and investment union represents. It is also whether they will be able to agree on how to use that opportunity should they manage to create it. This analysis is not to downplay the seriousness of that question. Rather, it is to suggest that the same geopolitical logic underpins the need for greater European agency as well as greater insulation from world market forces and the instrumentalization (or weaponisation) of European interdependence. European policymakers may not rise to the occasion. If they fail, all Europeans will face the consequences. Knowing that is a good reason to bet on their success.

Notes

[1] The full text of European Commission President Ursula von der Leyen's 2026 'State of the Union' address can be found here: https://commission.europa.eu/strategy-and-policy/state-union_en.

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Europe's business competitiveness gap: The role of capital formation and total factor productivity

Between 2000 and 2025, labour productivity in U.S. non-financial corporations rose by 56%, against 20% in the EU-27. Firms on both sides of the Atlantic allocate their inputs with the same cost-minimising logic, which places the origin of the gap in capital formation and total factor productivity growth.

Vicente Salas Fumás

Abstract: Europe's productivity and investment gap with the U.S. ranks among the main challenges facing its economy and diagnosing it requires distinguishing how firms use the resources available to them from how they increase and improve those resources over time. Non-financial corporations account for approximately half of GDP in both blocs and offer a homogeneous basis for comparing performance between 2000 and 2025. U.S. firms faced faster growth in the cost of labour, yet productivity gains more than offset this, leaving their cumulative unit labour costs below those of their European counterparts. Responses to changes in relative factor prices are consistent with cost minimisation on both sides of the Atlantic, which points to comparable efficiency in the allocation of existing inputs. The divergence emerges in dynamic efficiency: by 2025, gross fixed capital formation stood 80% above its 2000 level in

U.S. firms and 40% above in EU-27 firms, with European investment barely growing since 2019. Sluggish capital formation slows the incorporation of new technology, including that tied to digitalisation and AI, and total factor productivity growth in Europe has stalled at 2019 levels. The evidence cannot determine whether the roots of the gap lie in the technological, institutional and market environment or in firms' internal governance and investment decisions, a question that remains open.

Foreword

The European economy's loss of competitiveness relative to the U.S. has risen to the top of the region's economic debate and policy agenda. The Draghi Report (2024) helped place productivity, investment and innovation at the heart of that debate. However, an accurate assessment of the competitiveness gap requires distinguishing between two different questions: how businesses use the productive resources available to them and how they add to and enhance those resources over time. The first question relates to the efficiency with which the factors of production are allocated; the second to investment, the accumulation of capital and technological progress. The distinction is important for both interpreting the differences observed and informing appropriate economic policy responses.

This paper examines these questions by comparing the performance of non-financial corporations (NFCs) in the European Union (EU-27) and the U.S. between 2000 and 2025. Unlike many other comparisons involving the economies as a whole, our analysis focuses on the non-financial corporate sector, whose value-added accounts for, on average, approximately 52% of GDP in both economic blocs. This focus allows us to compare more homogeneous subsets of the economy —firms driven by similar economic motives — and to more accurately analyse their productive outcomes, labour costs and investment decisions. [1]

The findings reveal significant differences between the two corporate sectors. The U.S. firms have sustained higher growth in costs per unit of labour but also much higher labour productivity gains. Between 2000 and 2025, the latter increased by 56% in the U.S., compared to 20% in the EU-27. As a result, the cumulative increase in unit labour costs was lower in the U.S. (47.5%) than in Europe (66.6%). The difference is also tangible in total factor productivity, whose annual growth is estimated at 1% in the U.S., compared to 0.4% in the EU-27. Moreover, there is a discernible difference, particularly visible since the pandemic, in investment dynamics, with capital formation rebounding far more intensely across the American cohort of businesses.

The interpretation of these results introduces an important nuance into the European competitiveness debate. The aggregate evidence is compatible with a similar response by European and American firms to the changes in the relative prices of their factors of production. Indeed, the results do not point to noteworthy differences in the behaviours associated with the minimisation of costs or efficiency of allocation. The most remarkable differences are observed in the trend in investment, capital accumulation and total factor productivity. In other words, the issue would appear to reside less in the use of available resources than in the ability to add to and upgrade productive capacity.

This distinction does not, by itself, allow us to identify the ultimate causes of the gap. The differences could be related to the technological, institutional or market conditions in which the businesses operate, as well as internal organisational, corporate

> "Between 2000 and 2025, labour productivity of NFCs increased by 56% in the U.S., compared to 20% in the EU-27."

governance or investment decision-making factors. Moreover, the differences between the European and American statistics and the use of aggregated data warrant caution in interpreting the results. This paper does not aim to resolve these matters of cause and effect but rather provide evidence to help pin them down.

To that end, the paper first compares the trend in unit labour costs and the key drivers in both economic areas. It then examines investment, capital formation and total factor productivity, distinguishing between static and dynamic efficiency. Lastly, it presents our key findings and the implications for the European business competitiveness debate.

Unit labour costs of NFCs in the EU-27 and U.S.

The cost of the labour needed to produce one unit of output is a common indicator of the competitiveness of individual firms which can nevertheless be extrapolated to economies as a whole. Using aggregated data for the universe of NFCs, if w denotes the cost per unit of labour (hour of work per person); L denotes the quantity of labour; and Q, the volume of output produced, the unit labour cost, ULC, is determined by dividing the cost per unit of labour by the units produced per unit of labour (partial labour productivity):

$$Unit\ labour\ cost, ULC = w\frac{L}{Q} = \frac{w}{\frac{Q}{L}} = \frac{Cost\ per\ unit\ of\ labour}{Partial\ labour\ productivity}$$

In the short term, capital is a given and, therefore, its cost can be regarded as fixed; similarly, product and process innovation takes time to materialise. For these reasons, a firm's competitiveness in the short term (maintaining or increasing its share of the market and/or profit margin) will depend primarily (and inversely) on its unit labour costs. To keep unit labour costs from rising, undermining competitiveness, the compensation paid for the labour used in production cannot increase faster than labour productivity. The unit labour cost calculated for the NFC sector on aggregate can be interpreted as an indicator of the competitiveness of a representative firm.

Expressing the unit labour cost relative to the market selling price denotes the distribution of the gross value added in production and sale in the market between labour and capital. Calling the selling price p, and assuming it is the same for all competitors if the product is homogeneous, the gross operating margin equals:

$$\frac{p - ULC}{p} = 1 - \frac{w}{p\frac{Q}{L}} = 1 - \frac{wL}{pQ}$$

The term $\frac{wL}{pQ}$ is the share of labour compensation in the value of output; its counterpart is the gross operating margin, which remunerates capital and entrepreneurship. If wages increase by more (less) than productivity, the share of labour in the value of output increases (decreases), while the exact opposite occurs with the gross operating margin. Note that any comparison of gross operating margins across economies should also consider possible differences in taxation and production subsidies.

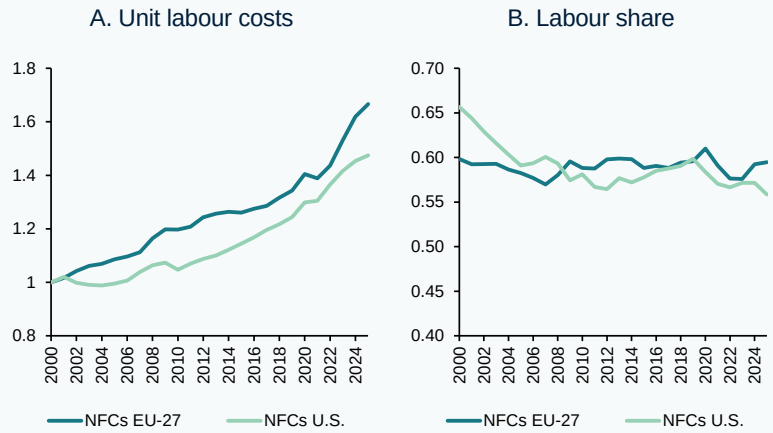
Findings

Exhibit 1 provides the trend in unit labour costs and the labour share for the NFCs in the EU-27 and U.S. The unit labour cost figures have been rebased to 2000 (such that what is really being compared is the trend over time in the variables in local currency, euros in the case of the EU and dollars in the case of the U.S.). The labour share is calculated directly by dividing worker compensation by gross value added.

As for the trend in unit labour costs, the EU NFCs exhibit a loss of competitiveness relative to their U.S. counterparts over the course of virtually the entire period. The comparison between 2025 and 2000 illustrates that over that time interval, the EU NFCs sustained a cumulative increase in unit labour costs of 66.6%, which is considerably above the 47.5% increase recorded by the U.S. business ecosystem. A substantial portion of the loss of competitiveness materialised between 2000 and 2007, when unit labour costs increased for NFCs in the EU while holding stable for their American counterparts.

Exhibit 1

Trend in unit labour costs (ULC) and the labour share for the NFC sectors in the EU-27 and U.S.



Sources: Author's own elaboration based on Eurostat and Bureau of Labor Statistics.

Elsewhere, the share of gross value added that remunerates labour held steady at 60% throughout the entire period for the EU-27 NFCs but fell on aggregate for the U.S. businesses, particularly between 2000 and 2007, the same years in which their unit labour costs held steady. The counterpart to the labour share is the gross operating margin, which means, based on the data above, on aggregate for the EU-27 NFCs, gross margins held steady at around 40% throughout the period, whereas for the U.S. NFC cohort, the gross operating margin trended upward from 35% at the start of the period to 43% by the end (without considering possible differences in taxation and production subsidies between the two economies).

It is interesting to analyse whether the differences in unit labour costs between the European and American firms are explained by differences in their costs per unit of labour or, rather, by differences in labour productivity, which is where Exhibit 2 comes into play.

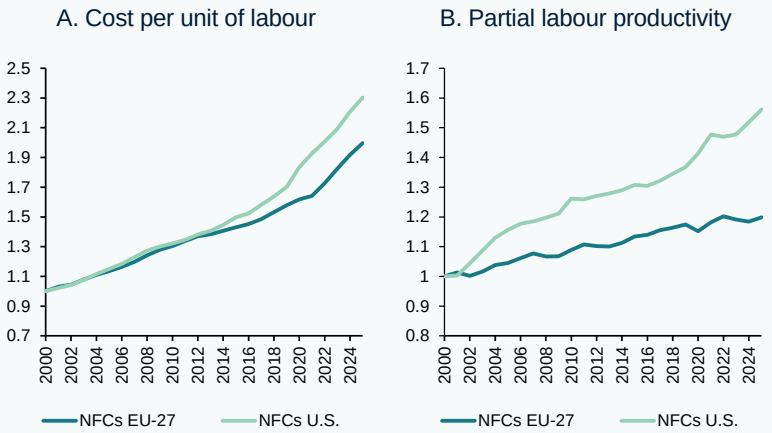
Until 2013, labour costs per unit of labour followed a virtually identical pattern in the EU-27 and the U.S. (Exhibit 2A). However, from 2014 on, nominal labour costs increased at a faster pace in the U.S. than in the EU-27. As a result, in 2025, the cost per unit of labour in the U.S. was 2.3 times that of 2000, growth of 130%, compared to an increase over the same timeline for the EU-27 businesses of 100%.

Meanwhile, the partial labour productivity increased faster at the American NFCs than for their European peers, creating a labour productivity gap that has widened over time (Exhibit 2B). Specifically, the labour productivity of the American NFCs was 56% higher in 2025 than in 2000, compared to a much smaller increase of 20% for the EU-27 NFCs on aggregate over the same timeframe. Therefore, the competitive advantage in terms of the evolution of unit labour costs of the U.S. NFCs relative to their EU-27 counterparts was driven by considerably higher labour

> "From 2014 on, nominal labour costs increased at a faster pace in the U.S. than in the EU-27."

Exhibit 2

Determinants of unit labour costs. Comparison between NFCs in the EU-27 and the U.S.



Sources: Author's own elaboration based on Eurostat and Bureau of Labor Statistics.

productivity gains over time on the other side of the Atlantic, which more than offset the disadvantage from higher growth in per unit of labour cost of U.S. corporations compared with EU-27 ones.

Capital formation and total factor productivity of the NFCs in the EU-27 and U.S.

Capital goods have a productive useful life spanning several years. The stock of capital businesses have at their disposal for production at a given moment in time is the result of the inflow of new capital from one period to the next — investment or gross fixed capital formation (GFCF) — less the consumption of units of capital services embodied in the existing stock due to wear and tear and/or technological obsolescence. In general, capital goods embody technological developments which in turn enhance the productivity of the stock. A portion of new capital goods typically replaces productive capacity lost through assets which are depreciated and/or withdrawn from service. Another portion of new investments may seek to substitute for labour as part of a rational response (cost minimisation) to an increase in the cost of labour relative to capital. The replacement of labour with more capital will increase apparent labour productivity and decrease that of capital, suggesting that the improvement in the labour productivity detected in the previous exhibit does not necessarily indicate greater efficiency in the use of inputs but rather the result of a substitution effect. Lastly, an investment in capital may be driven by the goal of increasing productive capacity and/or innovating in new products or services for sale.

In this section we compare GFCF and net investment for the NFCs in the EU-27 and the U.S. for the period under analysis. In addition, the growth in partial labour productivity shown in Exhibit 2B is broken down into the contribution explained by the substitution of more capital for less labour for the same volume of production and the part that is not explained by the substitution effect, which coincides with total factor productivity (aggregate productivity of capital and labour), plus a possible scale effect (refer to the annex).

Findings: Investment

Exhibit 3A provides the trend in the index (rebased: 1 = 2000) of annual gross fixed capital formation (GFCF) flows for the aggregate of U.S. NFCs, in constant 2000 dollars, and the index for the aggregate of EU-27 NFCs, in constant 2000 euros. Exhibit 3B provides a similar comparison using net

> By 2025, the GFCF index for the U.S. NFCs was 80% above 2000 levels, whereas the same index for the EU-27 NFCs, in constant euros, was only 40% above the starting point, exacerbated by the fact that investment has barely increased since 2019.

fixed capital formation (NFCF), equal to GFCF less capital depreciation.

Between 2000 and 2008, prior to the financial crisis, fixed capital formation, both gross and net, increased by more across the EU-27 NFCs universe than the U.S. business cohort. The financial crisis triggered a sharp contraction in gross fixed capital formation back to the levels observed at the start of the period in both economies, coupled with an even sharper contraction in net investment.

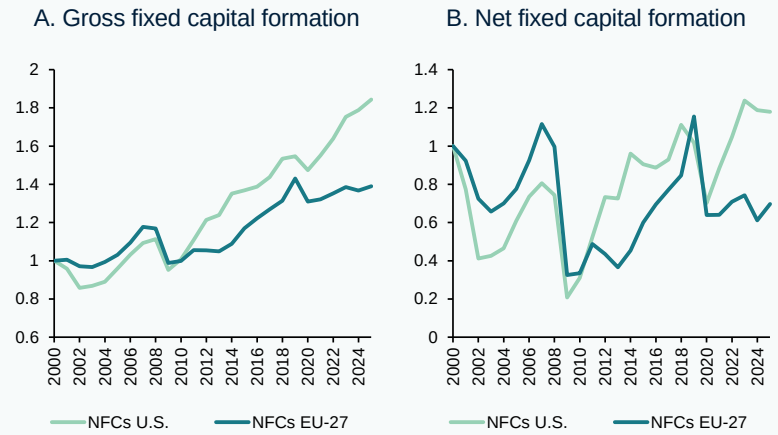
In the U.S. NFCs, on aggregate, gross fixed capital formation resumed growth immediately after the contraction, whereas investment did not begin to recover in the EU-27 business ecosystem until 2014. From then on, growth in gross investment was swift and by 2019, the capital formation index for the EU-27 NFCs matched that of the American NFCs. The Covid-19 pandemic triggered another severe contraction in capital formation from which the EU-27 NFCs have yet to recover, in contrast to the U.S., where corporate capital expenditure has etched out an accelerated recovery in the post-pandemic era.

The upshot is that by 2025, the GFCF index for the U.S. NFCs, in constant dollars, was 80% above 2000 levels, whereas the same index for the EU-27 NFCs, in constant euros, was only 40% above the starting point, exacerbated by the fact that investment has barely increased since 2019. As for net investment, for the U.S. NFC cohort, the 2025 figure was 20% above the 2000

Exhibit 3

Comparison between the time evolution of gross and net fixed capital formation flows for the NFC sectors in the EU-27 and U.S.

Values in constant euros and dollars, rebased to 1 = 2000



Sources: Author's own elaboration based on Eurostat and FRED.

> "In recent years, the substitution effect has slowed among the EU-27 firms, consistent with the stagnation in the stock of fixed capital observed from 2021 onwards, while continuing in the U.S. where investment growth has not stalled."

equivalent, whereas net investment across the EU-27 subset in 2025 was 30% below the 2000 level.

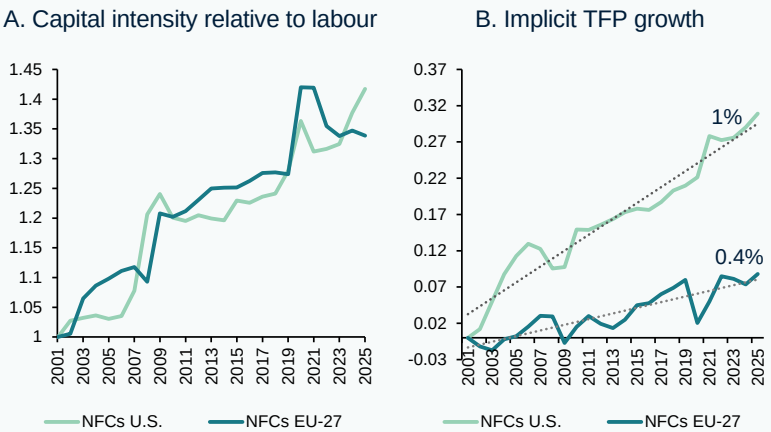
The contrast between the European businesses' ability to resume growth in investment between 2014 and 2019 and their inability to do so from 2019 on is noteworthy. Sluggish investment undermines the incorporation of the new technology embedded into new capital goods. In recent years, this phenomenon is of particular significance due to the heady investment cycle associated with digitalisation and AI in the U.S. However, the data used in this paper do not allow us to directly identify the impact of this channel on the composition and volume of capital investment.

Findings: Capital intensity and total factor productivity

The flows of new investment and consumption of the capital services embodied in the stock of capital accumulated in the past determine the trend in the stock of capital held by the NFCs along a path shaped by the goal of maximising the economic value of their investments, which is an extension of that of maximising profits from one year to the next. The perpetual inventory method allows us to estimate the stock of fixed capital for the NFC sectors in the EU-27 and U.S. between 2000 and 2025. As noted earlier, some of the growth in the capital stock could be attributable to a desire to reduce labour inputs and increase capital to achieve the same level of production in response to a

Exhibit 4

Comparison of the trend over time in capital intensity per unit of labour (logarithm of the rebased values, 1 = 2000) for the NFC sectors in the EU-27 and U.S. (Exhibit 4A) and comparison of the cumulative annual average growth in TFP for both business cohorts



Source: Author's own elaboration; refer to the Annex for further explanation.

change in the relative prices of the inputs (labour relatively more expensive). Exhibit 4 provides the trend in the capital-labour ratio for the NFC aggregates in the EU-27 and U.S. (numerator and denominator values rebased to 1 = 2000) (Exhibit 4A) and the trend in total factor productivity (TFP), similarly in logarithms, as implied by the difference between the trend in labour productivity and capital intensity per unit of labour (refer to the Annex for an explanation of the calculations made).

The general tendency to replace units of labour with more units of capital in production affects the NFCs in the EU-27 and U.S. in a similar fashion. That phenomenon is consistent with an increase in the cost of labour relative to capital (observed in the data, albeit not reported) when businesses frame their choice of inputs for production based on the profit maximisation rationale (cost minimisation). The substitution process does not etch out an even time pattern (see the significant jump in the years immediately following the financial crisis) and there are differences between the two cohorts at specific moments in time; for example, in recent years, the substitution effect has slowed among the EU-27 firms (consistent with the stagnation in the stock of fixed capital observed from 2021 onwards) while continuing in the U.S. (where investment growth has not stalled).

Exhibit 4B provides the TFP estimates gleaned from the difference between observed production and that estimated given the quantities of inputs — capital and labour — used in production. The total productivity measure increases at an annual rate of 1% among the U.S. NFCs, compared to annual growth of 0.4% among the EU-27 firms. Note that the TFP estimated for the EU-27 NFC aggregate has been virtually stuck at 2019 levels in recent years.

Here TFP is interpreted as a residual measure of the combined efficiency with which the measurable labour and capital factors are transformed in production. Changes in TFP may reflect technological progress, as well as changes in intangible assets not measured, the quality of the factors, organisational factors, capacity utilisation and other elements not considered. When calculated as a "residual", this measure cannot be used to delve into the differences observed in the growth in TFP between the two sets of businesses.

Summing up

Table 1 summarises the comparison between the EU-27 and U.S. NFCs based on the values estimated for a set of variables used to prepare the previous figures. The first two columns compare the cumulative annual rate of growth in the selected variables between 2000 and 2025; the other two columns compare the trend in those same variables between the start of 2019 and end of 2025. Note that not all the values featured in the table are measured with the same level of accuracy, as the variability around the trend line of the logarithm of the corresponding variable is not the same for all of them. The estimates of the changes in the values of the variables between 2019 and 2025 do not allow for identification of differences within the sub-period, affecting the interpretation of certain results. For example, growth in working capital for the EU-27 NFCs was virtually nil between 2021 and 2025, which makes sense in light of the trend in investment.

Table 1 shows that input and output prices have followed broadly similar trends in the EU-27 and the U.S. In both cases, firms' production decisions appear consistent with profit-maximising behaviour: Rising real labour costs have encouraged increases in labour productivity.

By the same token, a decrease in the real cost of using capital is expected to lead to a drop in partial capital productivity. Lastly, an increase in the cost of labour relative to capital can be expected to unleash a process of substitution between the factors of production (more capital and less labour). The movements in the quantities featured in Table 1 are consistent with these expectations for both sets of NFCs. Therefore, through the lens of the allocation efficiency derived from using inputs in order to minimise costs, there are no noteworthy differences between the EU-27 and U.S. NFCs during the period under analysis.

Table 1

A comparison of selected indicators (used in the indices above) covering prices, production, productivity and competitiveness between the NFCs in the EU-27 and U.S.

Primary data for the U.S. in 2000 dollars and primary data for the EU-27 in 2000 euros

	Annual rate of growth, 2000-2025 (%)		Growth between 2019 and 2025 (%)	
	EU-27	U.S.	EU-27	U.S.
Output price deflator	1.75	2.04	24	23
Nominal cost per unit of labour	2.53	3.20	26	35
Real cost per unit of labour	0.78	1.16	2	7
Real user cost of capital	-0.9	-0.62	0	0
Labour	0.87	0.47	6.6	3
Operational capital stock	2.2	2.5	11.5	14
Output	1.64	2	8.6	18
Labour productivity	0.76	1.58	2	14
Total factor productivity	0.4	1.0	0.8	10
Unit labour costs	1.78	1.60	24	19
Share of labour	0.00	-0.43	0	-4
GFCF	1.55	3.00	-3	19

Sources: Author's own elaboration based on Eurostat, BLS and FRED.

The key differences in the outcomes for the NFCs in the EU-27 relative to their American counterparts are concentrated in the variables related to the efficiency we term as "dynamic" and which materialise in the trend in TFP. Capital formation influences TFP via the technological developments embodied in new capital goods and via the internal generation of assets, mainly intangible, which are not even recognised on the companies' balance sheets (organisational capital, commercial capital and certain forms of knowledge capital). It would be interesting to ascertain what portion of the gap opened up in NFC capital formation on either side of the Atlantic in recent years is attributable to uneven dynamism in the two economies around investments to develop AI-adjacent technologies.

Conclusions

The NFCs are driven by behavioural motivations and face technical and competition constraints in the market that differ from those affecting the other institutional sectors of the economy. This

> "European corporations achieve similar levels of allocation efficiency in terms of cost minimisation as the American NFCs, however, in terms of dynamic efficiency measured using capital formation and growth in total factor productivity, the European firms are lagging the Americans, and the gap has only been widening in recent years."

distinguishing, qualitative consideration, coupled with the sector's quantitative significance (its value added represents more than half of GDP), more than justifies the separate assessment of the NFC sector's performance and competitiveness in the short and long term.

The evidence presented, underpinned in turn by that collected as part of an earlier study of the NFC sector's performance in the EU-27 (Salas Fumás, 2026), yields the conclusion that the European firms achieve similar levels of allocation efficiency in terms of cost minimisation as the American NFCs; in terms of dynamic efficiency, however, measured using capital formation and growth in total factor productivity, the European firms are lagging the Americans and the gap has only been widening in recent years. The different interpretation yielded by comparing the firms' efficiency in allocating available inputs relative to the efficiency gleaned from investment dynamics and the trend in TFP over time provides new insight *vis-a-vis* the results of the studies focused on comparing the European and U.S. economies as a whole and not just their NFCs.

The policies articulated around the *Competitiveness Compass* applied by the European Commission — encouraging investment in R&D, extending a truly single market to services in addition to goods, implementing new industrial and competition policies, etc. — will ultimately improve the conditions for doing business in the EU and broaden technological opportunities. The *Compass*, broadly in line with the assessment set down in the Draghi Report, places particular emphasis on improving the external forces shaping how European firms invest and innovate. Mazzucato et al. (2026), in contrast, underline the importance of internal factors, particularly the governance model of the EU's large enterprises which, the authors argue, prioritises the extraction of value over the creation of value, in their assessment of the causes of the competitiveness gap facing European businesses. The results presented in this study and in the broader analysis which it draws from are consistent with those expected of price-taker firms which frame the allocation of their resources with the criteria of maximising profits or minimising costs, and this is so for both the European and American corporations on aggregate. However, they do not explain the underperformance by the EU-27 NFCs in dynamic efficiency terms (investment in capital and innovation).

The crux of the matter remains why the private investment and innovation decisions of the European firms, taken as a whole, have translated into weaker capital formation and productivity growth than in the U.S. The evidence presented is not conducive to determining whether the source of that difference lies mainly with the technological, institutional and market environment in which the European firms operate or more with internal factors at the firms themselves, a question left on the table for future analyses.

Annex: TFP estimation

To estimate the total factor productivity (TFP) figures provided in Exhibit 4B, we start from the assumption that the observed values for output, Q, and the labour, L, and capital, K, inputs are related productively according to the production function:

$$Q = AL^{\alpha}K^{\beta}$$

In which, A,α,β are non-negative parameters and α,β are less than or equal to one. The equation can be expressed as:

$$Ln\left(\frac{Q}{L}\right) = LnA + aLn\left(\frac{K}{L}\right) + (\gamma - 1)LnL$$

For $\gamma=\alpha+\beta$, using year-on-year data for labour productivity (Exhibit 2), capital-labour intensity (Exhibit 4), the quantity of labour, and the values of the production function parameters, $\alpha,\beta,$ it is possible to calculate the TFP index using the following expression:

$$LnA(t) = Ln\left(\frac{Q(t)}{L(t)}\right) - aLn\left(\frac{K(t)}{L(t)}\right) + (1-\gamma)LnL(t), \quad t = 2000...2025$$

Assuming that the observed values for the quantities of output and inputs result from business decisions taken with a view to

maximising profit for a given technology and at given prices, the values of the parameters α,β correspond to the share of labour remuneration and the share of the user cost of capital, respectively, in the value of output.

Exhibit 1B reveals a share of labour remuneration in the overall EU-27 NFC sector's Gross Value Added (GVA) of 60%, where it has been stable over time. For those same firms, the share of the user cost of capital is estimated at 33% (Salas Fumás, 2026). Therefore, the NFCs on aggregate, $\hat{\alpha} = 0.6,\ \hat{\beta} = 0.33$. For the U.S. NFC sector, Exhibit 1B reveals a downward trend in the share of labour, with an average reading over the 25-year period of very close to 60%. The share of the user cost of capital was estimated for the purposes of this paper using the same calculation methodology as for the European firms, yielding an average also of 33%. In estimating the TFP trendline, $\widehat{LnA(t)}$, in Exhibit 4B, the same values of $\hat{\alpha} = 0.6,\ \hat{\beta} = 0.33$ were used for both sets of firms. We also verified that the estimated cumulative annual growth of 1% in TFP for the American NFC universe does not change when modelling the year-on-year changes in the labour share provided in Exhibit 1B.

Notes

[1] For a more complete version of this paper, including details about the data sources and methodology used, refer to Salas Fumás (2026). Several recent papers analyse European business performance using individual business data, including Adilbish et al. (2025); Archanskaia et al. (2026); Mazzucato et al. (2026) and van Ark (2026). Veiga-Duarte et al. (2026) analyse the sources of economic growth across the main European economies using disaggregated sector data. Becker et al. (2026) compare and explain the market values of the listed companies in Europe and the U.S.

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Sustaining Spain's competitiveness gains in a higher-inflation environment

Spain's export performance has outpaced that of its major eurozone peers, driven particularly by business services. However, a persistent inflation differential and rising relative labour costs are putting these gains to the test, underscoring the importance of boosting productivity growth.

Miguel Ángel González Simón

Abstract [1]: Spanish competitiveness has improved in recent years, primarily driven by services: Spain's share of global exports of non-travel services rose by 12% between 2023 and 2025, while Germany, France, and Italy lost share. Business services accounted for most of that increase, led by technical and trade-related services and consultancy. Non-price factors appear to support these gains, as knowledge-intensive activities now represent 35.6% of inbound foreign direct investment, almost double their share a decade ago. Spain's competitive position could, nonetheless, come under pressure from a positive inflation differential with the eurozone that has persisted since 2024. Cumulative losses in price competitiveness since 2023 remain limited and uneven across indicators, but unit labour costs have risen faster than in the eurozone since 2025, driven by stronger nominal wage growth and weaker growth in hourly productivity. Consolidating these gains would require strengthening the capabilities that produced them and raising hourly productivity.

Foreword

Competitiveness is the ability of the firms in a given geographic area to sustain and expand their presence in the markets in which they operate. Its study therefore requires combining analysis of their export performance with the trends in relevant prices, costs and other driving forces.

In recent years, Spain has outperformed the eurozone in terms of GDP growth, while headline inflation has been tracking above the eurozone since 2024. This combination of factors creates an interesting case for analysing the Spanish economy's competitive dynamics, as the export sector has played a meaningful role in lifting growth and the inflation differential could hold it back.

The relatively higher growth does not, however, necessarily imply enhanced competitiveness. The growth period prior to the financial crisis is an illustrative case in point as it was marked by a loss of price competitiveness, combined with a build-up of imbalances, specifically including a concentration of resources in less productive sectors.

The current period shares with that period relatively higher growth and inflation but differs in other key aspects, including global market share gains in non-travel services and a bigger share of inbound foreign direct investment flowing into knowledge-intensive activities. However, the stubbornness of the inflation differential requires detailed analysis of its origin and of its impact on the prices and costs of relevance for firms, as it could become a constraint for Spanish competitiveness.

This paper analyses Spain's recent competitiveness gains, whether they rest on a level advantage that is holding up or on a cost trend that has already begun to turn. We also discuss the conditions needed to lock the gains in.

Spanish competitiveness: Recent performance

The Spanish economy has been outgrowing the eurozone as a whole in recent years, specifically by an average of 1.8 percentage points in year-on-year terms since 2023. That momentum has been accompanied by strong exports: despite the various different shocks, the balance of trade in goods and services has averaged 3.7% of GDP during that same period.

However, neither the economic growth nor the trade balance can tell us by themselves if the country's competitiveness has improved. To do that, it is necessary to directly observe the Spanish firms' ability to maintain or increase their presence in the international markets.

A first approach to sizing up the Spanish economy's performance in terms of competitiveness is to look at the trend in its global export shares. This is an *ex-post* indicator insofar as it captures an economy's ability to adapt in response to overseas demand and competition from other countries.

Exhibit 1 provides the percentage changes in the shares of Spain, France, Italy and Germany in global exports of goods, travel services and non-travel services between 2023 and 2025.

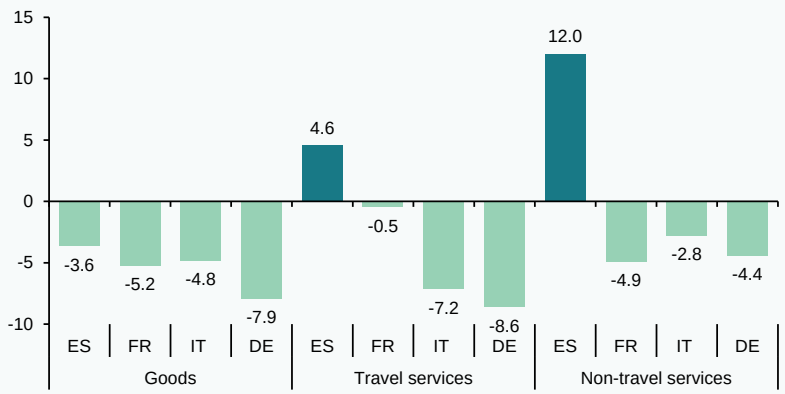
During that period, the four largest eurozone economies all lost share in global goods exports, although Spain's decline (3.6%) was smaller than that of the other three, which ranged from 4.8% to 7.9%. In contrast, Spain gained market share in both travel services (4.6%) and, more notably, non-travel

" The Spanish economy has been outgrowing the eurozone as a whole in recent years, specifically by an average of 1.8 percentage points in year-on-year terms since 2023. "

Exhibit 1

Change in share of global exports by category between 2023 and 2025

Percentage



Note: The bars represent the relative change in the share of global exports for each category and country between 2023 and 2025.

Sources: Author's own elaboration based on Eurostat and UNCTAD.

services (12.0%), compared to a contraction in the other three countries' market shares.

The widespread drop in the share of goods exports reflects the difficulties being encountered by manufacturing firms in competing in third markets in a context of heightened competition, particularly from China. This would reinforce the China Shock 2.0 hypothesis, which holds that manufacturing exports from the Asian giant are competing directly with advanced European manufactured goods, making considerable inroads into the global markets in recent years (Amicucci et al., 2026).

Although the growth in exports of Spanish non-travel services has been widespread, it has been spearheaded by certain sectors. Notably, business services contributed 53.6% of the increase between 2023 and 2025. Within this category, technical, trade-related services and professional and management consultancy services explain 41.2% and 16.4% of the growth in non-travel services, respectively, while R&D services detracted from growth, reflecting weakness in this segment, as analysed further on. Growth in charges for the use of intellectual property also made a notable contribution (21.9%).

The momentum in non-travel service exports is an international phenomenon on display in recent decades (Minondo, 2015). Key enabling factors include the development of information and communication technologies and the fact that goods exports increasingly embody foreign digital services (Martín Machuca & García, 2023).

> "Since the COVID-19 pandemic, the main driving force behind increasing non-travel service exports has been the growth in services provided digitally, expanding the market for Spanish businesses."

Since the COVID-19 pandemic, the main driving force has been the growth in services provided digitally, expanding the market for Spanish businesses (Bank of Spain, 2026). Spain has benefitted from the fact of offering these services primarily to the European Union, where barriers to trade in non-travel services have been falling.

The increased complexity of the global economy has highlighted the importance of monitoring competitiveness indicators other than price. According to Crespo et al. (2011), price competitiveness explains around 10% of the change in exports, indicating the relevance of other factors, such as the variety and quality of the goods and services exported. One of the factors that may have contributed to Spain's recent competitiveness gains is the composition of the foreign direct investment (FDI) received, whose impact on recipient firms is greater in activities with more of a technological component (Rodríguez & Tello, 2014).

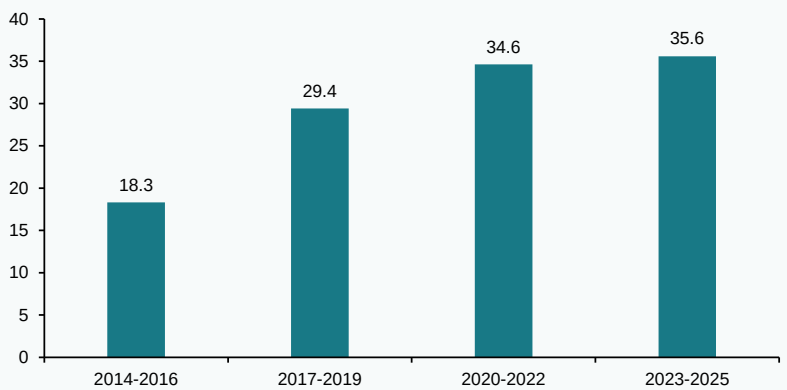
Exhibit 2 represents the share of gross FDI received by Spain in the last decade by knowledge-intensive activities.

That share has been rising steadily over the last decade, almost doubling, from 18.3% in 2014-2016 to 35.6% in 2023-2025. The biggest jump, however, materialised in the period right before the pandemic, increasing by around 11 points in 2017-2019, followed by a further 5.2-point gain in 2020-2022. In the last three years (2023-2025), that share has continued to increase, albeit at a slower pace (one point), suggesting that these activities are consolidating their position in the mix of inbound FDI.

Inbound FDI tends to increase business productivity with somewhat of a lag. Accordingly, the gains in the share of exports of non-travel services will have been driven by an FDI structure that had shifted towards knowledge-intensive activities in previous years. The nature of the companies that have spearheaded the growth in these exports since

Exhibit 2

Share of knowledge-intensive activities in the foreign direct investment received by Spain, expressed as a percentage of total FDI received for each period



Note: The bars show the share of the gross FDI received by Spain (excluding transactions channelled through foreign security holding companies, or ETVEs for their acronym in Spanish) garnered by knowledge-intensive activities. That share is calculated as the total funds received by those activities over the total received in each period. Knowledge-intensive activities are defined following the Eurostat definition: activities in which employed tertiary educated persons represent more than 33% of the total employment in that activity.

Source: Author's own elaboration based on DataInvex statistics.

the pandemic fits with this reading. Martín Machuca and García (2023) partially attribute the dynamism in these exports to a universe of large enterprises that usually belong to multinational groups, including subsidiaries of foreign groups that are recipients of FDI.

In short, the recent competitiveness gains shown by the Spanish economy have been driven by market share growth in global services exports, especially non-travel exports, spearheaded by business services, coupled with narrower market share losses in global goods exports compared to the other main European economies. The gains have also been underpinned by non-price factors, such as a steady shift in the FDI mix towards knowledge-intensive activities.

Their scope is nonetheless still limited, although a comparison with France and Germany suggests room for further gains. Between 2023 and 2025, non-travel services exports accounted for 6.7% of GDP in Spain, on average, compared to 10.2% in France and 9.3% in Germany. The distance, moreover, is concentrated in the higher-tech segments, such as intellectual property and R&D services, which account for a scant 0.5% of GDP, compared to 1.2% in France and 1.6% in Germany. Whether this upside materialises or not will also depend on the trend in relative prices and costs, a factor we analyse next.

Challenges for Spanish competitiveness

The improvements notched up by the export sector are no guarantee that Spain will preserve its competitive positioning in the years to come. Since 2024, inflation in Spain has been running above the eurozone average, raising questions about the extent to which it could end up affecting the prices and costs of relevance for Spanish firms, endangering the gains accumulated.

Analysis of these factors is important in a monetary union like the eurozone where the national authorities cannot use the exchange rate as an adjustment tool. What counts for competitiveness is the relative trend in prices and costs compared to the firms' competitors. In normal conditions, these inflation differentials are commonplace and reflect price adjustments in response to shocks. Their persistence, however, unless it reflects convergence in price levels, could signal diverging costs and foster external imbalances (Filip et al., 2023).

Exhibit 3 depicts the inflation differential between Spain and the eurozone since 2023, measured using the average year-on-year rate for each month based on the headline and core harmonised indices of consumer prices (HICP).

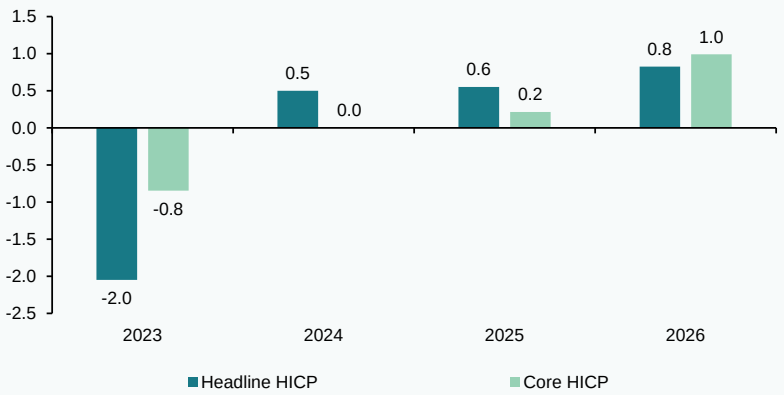
In 2023, Spain's headline and core HICP rates were, on average, 2.0 and 0.8 percentage points below the eurozone average, respectively. Since 2024, however, Spanish inflation has been tracking above the eurozone average, and the gap has been widening to reach, according to the data available for 2026, 0.8 and 1.0 percentage points above the eurozone headline and core averages, respectively. The tighter gap in core inflation in 2023 suggests that the advantage that year was due, at least in part, to the more volatile components of the index, like energy. In contrast, the increase observed ever since suggests that the positive inflation differential is spreading to the more stable components of the composite, which could make it more persistent.

" Since 2024, however, Spanish inflation has been tracking above the eurozone average, and the gap has been widening to reach, according to the data available for 2026, 0.8 and 1.0 percentage points above the eurozone headline and core averages, respectively. "

Exhibit 3

Inflation differential between Spain and the eurozone

Percentage



Note: The bars indicate the annual average differential in the year-on-year rates of the headline and core harmonised indices of consumer prices (HICP). The 2026 figures run to September. Core HICP is defined following European Central Bank methodology, i.e., the headline rate excluding energy, food, alcohol and tobacco. Positive values denote higher inflation in Spain relative to the eurozone average.

Source: Author's own elaboration based on Eurostat statistics.

The pattern is unchanged if we isolate the effect of changes in indirect taxation by using Eurostat's harmonised index of consumer prices at constant taxes (HICP-CT). By that measure, the gap in headline inflation increases from 0.6 percentage points in 2024 to 1.3 in 2026: half a point more than observed using the main index. This suggests that the tax policy changes introduced had the effect of dampening the increase in the gap in 2026.

The differential relative to the eurozone is attributable initially to the trend in energy prices in Spain and subsequently to stickier inflation in services (Bank of Spain, 2026).

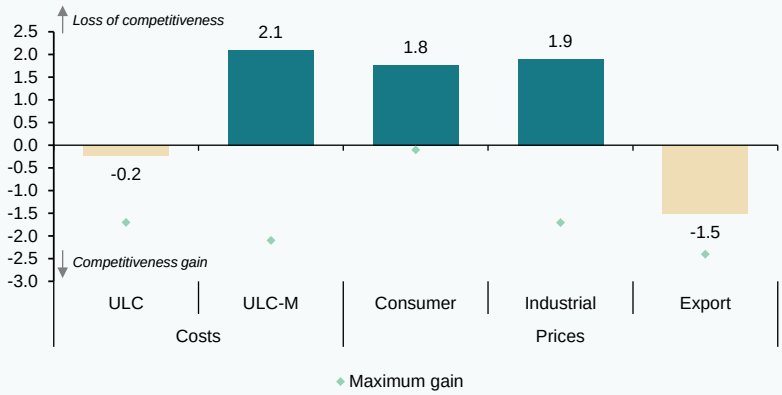
That being said, an inflation differential does not automatically imply a loss of competitiveness, as the consumer price comparison includes non-tradable goods and services with different weights in each geography's consumer basket. By the same token, the decrease in the differential associated with the tax changes does not imply a gain, because indirect taxes, as a general rule, do not apply to exports. Therefore, the competitiveness assessment requires comparing the trend in comparable cost and price aggregates for Spain and the eurozone, such as those gleaned from the different real effective exchange rate indicators.

Exhibit 4 shows the cumulative rate of change since 2023 in the real effective exchange rate relative to the eurozone, deflated by different indicators selected to capture the trend in costs and prices from a number of angles.

The competitiveness indicators signal that, according to the latest data available, the Spanish economy's competitive positioning has deteriorated relative to the maximum gains achieved since 2023, currently standing, according to most of the indicators, at levels close to the least favourable readings for the period. The intensity of the deterioration differs, however, depending on the deflator used. The indicator built around unit labour costs (ULC) for the economy as a whole is very close to its 2023 average (-0.2%), having at one point accumulated a gain of around 1.7%. Using manufacturing ULCs, the loss of competitiveness is higher: a loss of 2.1% relative to the 2023 average, marking a reversal of around four points from its best reading.

Exhibit 4

Real effective exchange rate of Spain compared to the EMU by deflator, cumulative change relative to the 2023 average in percent



Note: The bars depict the change up until the last piece of data available, while the rhombuses show the biggest competitiveness gain recorded since 2023. Negative values denote a competitiveness gain. The most recent reading dates to August 2026 in the case of consumer prices; July 2026 for industrial prices; June 2026 in the case of the EUVI and the second quarter for the ULC and ULC-M deflators. ULC indicates the overall economy's unit labour cost; ULC-M indicates the manufacturers' unit labour cost. Exports are measured using the exports unit value index (EUVI).

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

The price measures also indicate a loss of competitiveness in terms of both consumer (1.8%) and industrial prices (1.9%). In contrast, the indicator calculated using export prices [2] continues to show a gain relative to 2023 (-1.5%) and a deterioration of less than one point from its best reading.

This variability of results using different indicators shows that the assessment of recent trends in price competitiveness depends to a large extent on the variable under consideration, as they encompass different groups of goods and services; it is therefore advisable to interpret them as a whole.

The next step in our analysis is to compare the recent trend in ULCs in Spain with that of the eurozone. Exhibit 4 shows the cumulative trend in the real effective exchange rate, while Exhibit 5 depicts the differential in annual growth in ULCs and the breakdown by component. This rounds out the picture of their performance and allows us to quantify and explain the change since 2023.

In 2023 and 2024, unit labour costs increased at a slower pace in Spain than in the eurozone (-0.5 and -1.2 percentage points, respectively) but in 2025 grew 1.1 percentage points faster than the eurozone rate, a gap that has persisted so far in 2026 (0.7 percentage points).

Their breakdown reveals a change of composition in 2025 and 2026 relative to 2023 and 2024. The growth in ULCs was contained in 2023 and 2024 by higher growth in hourly productivity, which detracted, as a whole, two percentage points, and, to a lesser degree, by relative moderation in wage growth, which contributed a one-point decrease. The two factors combined more than offset the positive contribution by hours worked per employee, whose lower relative growth in Spain decreased the gain in productivity per person employed, curbing the growth in ULCs relative to the eurozone.

In 2025 and 2026, in contrast, all components, except for hours worked per person employed in 2026, have contributed to the relative increase in ULCs in Spain. Compensation per

person employed stands out, contributing 0.6 percentage points in annual terms, as does the loss of momentum in productivity per hour worked. These shifts point to an increase in the cost pressures facing Spanish firms in the prevailing context of relatively higher inflation, which could weigh on their price competitiveness.

Higher inflation tends to translate into higher compensation through collective bargaining. Between 2023 and the second quarter of 2026, real compensation per person employed, adjusted by the GDP deflator, increased at a similar pace in Spain as in the eurozone (almost 4% on a cumulative basis). If that correlation holds, the contribution of compensation to the ULC differential would ease in tandem with the inflation differential, assuming the collective bargaining mechanisms work as intended.

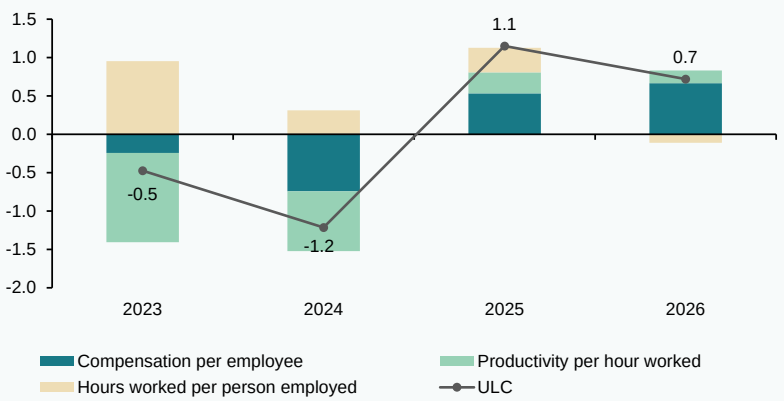
However, Exhibit 4 shows that relative ULCs, in cumulative terms, are still close to the average 2023 level. In that case, only if relative unit labour costs continue to rise will firms have to respond either by increasing their prices so as to preserve profit margins, at the cost of their price competitiveness, or by absorbing the increases, eroding margins, which could also hurt their competitiveness by limiting their ability to generate funds internally and, ultimately, hurting their capacity to invest.

In this context, for faster growth in employee compensation not to translate into a loss of price competitiveness or excessive margin compression, it is vital that productivity per person employed grow faster than in the eurozone. Given that the number of hours worked per person employed has tended to grow by less than in the eurozone, such an outcome would need to come, above all, from productivity per hour worked. One way to lift aggregate productivity would be to favour the reallocation of resources to more productive firms, which would in turn help increase the export pool.

On balance, the positive differential in inflation relative to the eurozone since 2024,

Exhibit 5

Breakdown of the differential in the year-on-year rate of change in unit labour costs in Spain relative to the eurozone, percentage points



Note: The line depicts the differential in the year-on-year rate of change in unit labour costs (ULC), while the bars show the contribution of each component, the sum of which equals the figure depicted on the line. Positive values indicate higher growth in ULCs in Spain or components pushing ULCs higher in Spain. Higher growth in productivity per hour worked or in hours worked per person employed in Spain reduce the country's ULCs and therefore display as negative values. The 2026 figures run to the second quarter.

Source: Author's own elaboration based on Eurostat statistics.

> "The challenge is to prevent the annual differential in costs and margins from translating into a cumulative loss of price competitiveness."

and in ULCs since 2025, point to an erosion of price competitiveness, which, nevertheless, remains limited in cumulative terms and uneven depending on the indicator used. Containing these differentials will shape Spanish firms' ability to hold onto the gains recorded in recent years and will depend, in the near term, on wage negotiations not perpetuating the price gap, and, in the medium term, on hourly productivity. These two factors lie at the core of the economic policy recommendations outlined next.

Economic policy recommendations

The Spanish economy has gained market share in global services exports since 2023, particularly in knowledge-intensive, non-travel services. Since 2025, however, unit labour costs have been rising faster in Spain than in the eurozone and the trend in its price competitiveness has reversed course, albeit remaining close to 2023 levels, measured using the real effective exchange rate deflated by ULCs.

These developments do not justify an internal devaluation to maintain the accumulated gains. Unlike in the growth period prior to the financial crisis (Gopinath et al., 2017), in the recent period there appears to have been no cumulative misalignment in need of correction.

The challenge, therefore, is to prevent the annual differential in costs and margins from translating into a cumulative loss of price competitiveness.

Policy should focus on adding capabilities and lifting productivity. The distance from France and Germany in exports of non-travel services is concentrated in intellectual property and R&D services, where the advantage depends more on intangible assets than the cost of its skilled labour. In parallel, FDI policies should prioritise linkages between foreign investors and domestic firms and the diffusion of knowledge to them.

In goods, the loss of market share is common to the main eurozone economies, reinforcing the need to complement national initiatives with a European-level trade and industrial response to heightened competition from China.

Productivity per hour worked in the economy as a whole could be leveraged via two different mechanisms. The first would be to reassign resources among firms to the more productive enterprises, allowing them to gain scale and absorb resources, giving them the ability to sustain higher compensation without losing competitiveness. One avenue would be to replace the step changes in regulatory and fiscal thresholds associated with size, which may have the effect of discouraging business growth (Garicano et al., 2016), with sliding scales. Another would be to increase sources of financing for young firms with growth potential to encourage them to pursue riskier projects and grow faster (Ando, 2026).

The second mechanism would be to boost productivity within each firm by investing more in technology. Investment in technology would not suffice, however: an artificial intelligence system would increase productivity per hour worked if the hours it frees up are devoted to more value-adding tasks, which requires reorganising processes and ensuring employees have the skills needed to use the new technology. That is why public support should consider these interrelated effects and also address training and restructuring.

In sum, Spain's competitiveness has improved, particularly in services. The deterioration in relative costs observed since 2025 has not yet erased those gains on a cumulative basis. The challenge is therefore to add to the capabilities

that explain the competitiveness gains made and to increase hourly productivity so that higher compensation does not translate into a loss of competitiveness.

Notes

[1] The author would like to thank Raymond Torres for his input. Any error or omission, however, is the sole responsibility of the author.

[2] The export price index is built using unit value indices for goods exports, so that its performance also reflects changes in its composition.

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The challenges of artificial intelligence and platformization for the Spanish banking sector

Spanish banks remain ahead of their European peers in AI adoption, although the gap is narrowing, and continue to favour in-house technological development. Meanwhile, the growing integration of banking services into third-party digital platforms is creating new opportunities while raising questions about banks' control over distribution channels and customer relationships.

Pedro Cuadros-Solas, Francisco Rodríguez and Nuria Suárez

Abstract: The Spanish banking sector remains among Europe's leading adopters of artificial intelligence (AI), although its relative advantage is narrowing. Drawing on the annual reports of the ten largest Spanish banks, a composite indicator shows an increase in AI adoption at nine institutions between 2021 and 2025, with several institutions doubling or tripling their scores. Spain's overall adoption level stands 37.9% above the European average, ahead of Germany, France, Italy and the United Kingdom. However, adoption grew more slowly in Spain (83.5%) than across Europe (122.8%), as countries starting from lower levels accelerated. Spanish banks continue to favour developing AI capabilities internally, with in-house development accounting for 51% of adoption strategies, compared with 35% for licensed solutions and 14% for strategic alliances. In parallel, the integration of banking services into digital platforms is advancing, with 270 APIs available through 36 developer portals and access increasingly

concentrated among specialised aggregators. Payments and account access account for the majority of these interfaces, highlighting both the opportunities offered by digital ecosystems and the challenges banks face in maintaining control over distribution channels and customer relationships.

AI in the banking sector

Artificial intelligence (AI) plays an increasingly important role in the transformation of economic and financial activity, with particular implications for the banking sector. Financial institutions are incorporating these technologies in various areas, such as customer service, service personalization, credit scoring, fraud detection, and the automation of internal processes. The expansion of these applications undoubtedly reflects the potential of AI-based tools to transform banking operations, the delivery of financial services, and decision-making processes.

The opportunities associated with these technologies, however, coexist with challenges related to data availability and quality, the reliability and explainability of models, data protection, and compliance with regulatory requirements. In this context, the extent to which these technologies are incorporated into routine banking activities will depend not only on the benefits that institutions identify in their potential applications, but also on how they assess the associated risks, as well as the decisions they make regarding the integration of these AI-based solutions. The adoption of AI raises strategic decisions regarding how to access these technologies and develop the necessary capabilities for their use, whether through the acquisition of third-party solutions via licensing, the establishment of strategic partnerships, or in-house development.

At the same time, the technological transformation currently shaping the banking sector is also changing the way banks interact with and reach their customers through digital channels. In this context, "platformization"—understood as the use of digital platforms to provide financial services and interact with customers—constitutes another significant dimension of the technological changes the sector is currently facing.

The objective of this article is to analyze the degree of AI adoption in the Spanish banking sector and its main areas of application. It will also examine the strategies used by banks to incorporate these technologies, distinguishing between the acquisition of licenses, the establishment of strategic alliances, and in-house development. Finally, the article will examine the Spanish banking sector's position in the process of platformization, focusing on the role of digital platforms in the distribution and provision of financial services, as well as its position in terms of access channels and customer relationships.

The adoption of AI in Spanish banking

The extent to which AI has been incorporated into banking activities is currently one of the most relevant factors for understanding the technological transformation of the banking sector and allows for an analysis of how banks are evolving in this area. However, obtaining detailed information on the strategies and methods through which banks are incorporating these tools—as well as the applications in which they are being adopted—poses a challenge. In the recent Funcas study on the adoption of AI and the platformization of the Spanish banking sector (Cuadros-Solas et al., 2026), a detailed analysis is presented on the evolution of the degree and strategies of AI adoption by the Spanish banking sector, its applications, and the potential effects of integrating AI into banking activities. To this end, a composite indicator has been calculated that integrates various dimensions related to its application. Specifically, to calculate this metric, a conversational AI was used and asked to quantify—on a scale from 0 (no use) to 10 (very widespread use)—the extent to which banks are using AI-based tools. The main input for the calculation is the information provided by the ten leading Spanish banks in their annual reports [1]. Specifically, this indicator—calculated for the 2021–2025 period—considers aspects related to operational support, product personalization and recommendations, process automation, subscription and *onboarding* systems, fraud

detection, credit assessment models, and investment portfolio management. The score obtained thus provides an indication of the level of AI implementation at the institutions analyzed.

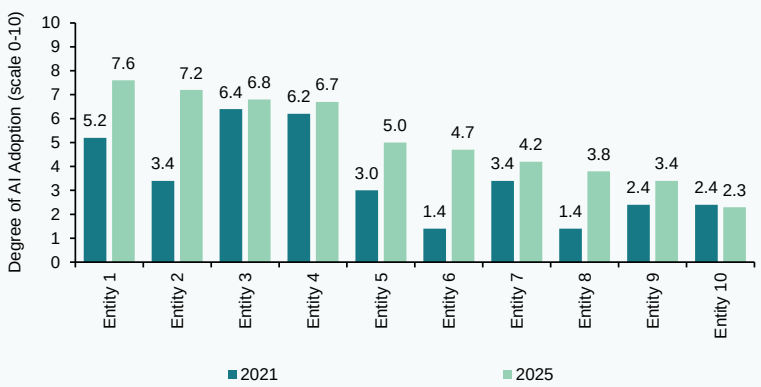
Exhibit 1 presents a comparison between 2021 and 2025 regarding the degree of AI adoption by the ten Spanish banks examined.

In light of the data, it can be stated that, between 2021 and 2025, the rate of AI adoption increased significantly at nine of the ten banks analyzed, although there were significant differences both in the levels achieved and in the pace of progress. During the period analyzed, the average growth rate stood at 70.7%, although significant differences were observed among institutions, with some having doubled or even tripled their level of adoption of this technology. This trend points, in any case, to a gradual incorporation of these tools into the Spanish banking sector, although their development has not been uniform across institutions. While some banks were already operating at relatively high levels in 2021 and have consolidated their position in recent periods, others have made more pronounced progress throughout the entire period under review, having started from a relatively lower baseline.

The technological transformation currently shaping the Spanish banking sector is part of a broader trend toward digitalization affecting the entire banking sector in Europe. This trend is reflected in the degree of adoption these tools have achieved across Europe. According to the EBA, most banks in the European Union were already using AI solutions by 2024, while a significant portion of these initiatives had moved beyond the experimental phase and been integrated into the banks' technological infrastructures (EBA, 2024). Likewise, the ECB notes that, in 2025, nearly 90% of significant banks in the euro area were already using AI-based technologies, against a backdrop of growing investment in digital technologies (ECB, 2026). This scenario justifies the interest in analyzing the evolution of AI adoption in the Spanish banking sector from a comparative perspective, in order to assess its relative

Exhibit 1

Degree of AI adoption at the ten leading Spanish banks (2021 *vs.* 2025)



Source: Own elaboration based on Cuadros-Solas et al. (2026).

> "Between 2021 and 2025, the rate of AI adoption increased significantly at nine of the ten Spanish banks analyzed."

> Spain ranks among the European countries with the highest level of AI adoption in the banking sector, with a level 37.9% higher than the European average.

position *vis-à-vis* the European banking sector as a whole. To this end, Exhibit 2 presents a Europe-wide comparison of AI adoption during the 2021–2025 period.

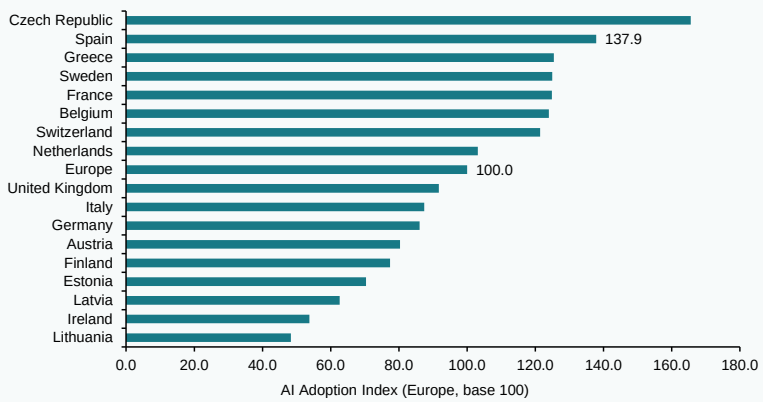
Following the methodology outlined above, an index is calculated for each country, using the average level of AI adoption in Europe during the 2021–2025 period as a benchmark (Europe represents the base of 100). Based on this benchmark, the degree of adoption in each country is analyzed relative to the European average. All countries with values above 100 indicate that their banking sector makes more intensive use of AI than the overall average for European banking.

As can be seen, Spain ranks among the European countries with the highest level of AI adoption in the banking sector, with a level 37.9% higher than the European average. The Spanish banking sector outperforms other economies that also have relatively high adoption levels, such as Greece, Sweden, France, and Belgium. The differences are even more pronounced compared to some of the major European economies, such as Germany, Italy, and the United Kingdom,

Exhibit 2

Comparison of AI adoption rates in the banking sector

(Europe = 100)



Source: Own elaboration based on Cuadros-Solas et al. (2026).

> Although the Spanish banking sector maintains a leading position in the adoption of this technology, the gap relative to the European average has been gradually narrowing as a result of the faster pace of expansion in other European countries.

> "The prominence of in-house development highlights the importance banks place on building their own capabilities to integrate AI into their processes and services."

whose adoption levels fall below the European average.

However, this leading position of the Spanish banking sector contrasts with the faster growth rate recorded across Europe as a whole in recent years. Between 2021 and 2025, AI adoption in the Spanish banking sector increased by 83.5%, compared to the 122.8% growth observed across Europe as a whole. These results indicate that, although the Spanish banking sector maintains a leading position in the adoption of this technology, the gap relative to the European average has been gradually narrowing as a result of the faster pace of expansion in other European countries.

In particular, the higher growth recorded for European banking in recent years is not so much due to a slowdown in the adoption process within Spanish banking, but rather to a more pronounced acceleration across the European banking sector as a whole, which started from lower average adoption levels.

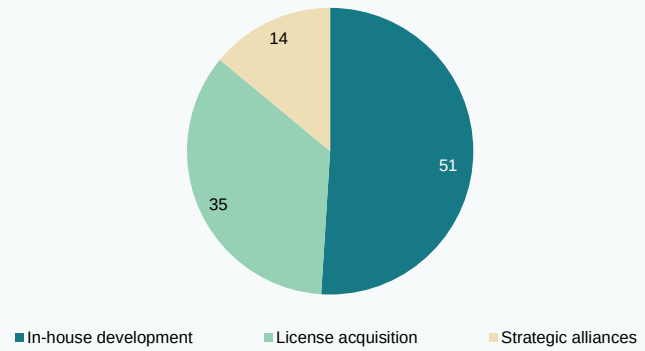
AI adoption strategies in Spanish banking

Beyond the degree of AI adoption, it is important to analyze the various ways in which banks incorporate these technologies into their operations. In particular, banks may choose to develop solutions in-house, acquire tools and licenses from external technology providers, and/or form strategic alliances with specialized companies. These alternatives correspond to different models for accessing technological capabilities and have distinct implications in terms of investment, control over the implemented solutions, access to specialized knowledge, and dependence on third parties. Therefore, examining the chosen strategies provides deeper insight into how the banking sector is integrating AI into its operational processes and structures, beyond simply the degree of adoption.

Based on information gathered from annual reports, Exhibit 3 shows the distribution of AI adoption strategies among the ten Spanish banks analyzed. The results reveal

Exhibit 3 **AI adoption strategies in the Spanish banking sector**

Percentage



Source: Own elaboration based on Cuadros-Solas et al. (2026).

a clear predominance of in-house solution development, which accounts for 51% of the identified strategies. This is followed by the acquisition of licenses from external providers, at 35%, while strategic alliances account for the remaining 14%.

The prominence of in-house development highlights the importance banks place on building their own capabilities to integrate AI into their processes and services. This strategy can facilitate better adaptation of solutions to the specific business needs of each bank and greater control over their development and implementation, although it requires specialized talent, technological resources, and sufficient investment capacity. On the other hand, acquiring licenses provides access to already-developed technologies and speeds up their implementation, although it may lead to greater dependence on external suppliers. Strategic alliances, meanwhile, offer a way to combine the capabilities and expertise of different organizations, although their lower share in the analyzed distribution suggests that this approach to integrating AI is currently less widespread.

The combination of these different strategies therefore appears to address the need to balance adapting technology to business needs with the speed of implementation and access to specialized expertise. These decisions take on particular significance in a sector where information security, risk management, and regulatory requirements influence both the selection of solutions and their integration into banking operations.

Platformization of Spanish banking

The digital transformation of the banking sector is changing not only the way financial services are provided but also the channels through which banks reach their customers and distribute their products. In this context, platformization is becoming increasingly important, as it reflects the integration of banking services into digital ecosystems involving not only the banks themselves but also technology providers and other intermediaries. One of the elements facilitating this process is the development of application programming interfaces (APIs), which enable banking systems to connect with external platforms and services, promoting interoperability and the integration of financial functionalities across different digital environments.

From a strategic perspective, platformization can transform the way banks distribute their products, interact with users, and compete with other players in the financial market. Consequently, analyzing the development of API infrastructure provides deeper insight into the position of Spanish banks within digital financial ecosystems. In this regard, the study on the Spanish banking sector notes that banks operating in Spain offer 270 APIs and maintain 36 API developer portals, through which third parties can consult technical documentation and access the available interfaces. Furthermore, 79.6% of the identified APIs are available through specialized aggregators, highlighting the role of these intermediaries in connecting banks with potential users of their digital services.

This intermediation also exhibits a significant degree of concentration. In fact, 75% of the APIs accessible through aggregators are channeled through the five leading operators. This data highlights the importance of a small number of intermediaries in shaping the digital banking ecosystem. From the perspective of financial institutions, using these platforms can facilitate the integration of their services into new channels and expand their commercial reach. However, it can also increase dependence on third parties and raise issues related to control over distribution channels, access to customers, and the bargaining power of the various participants.

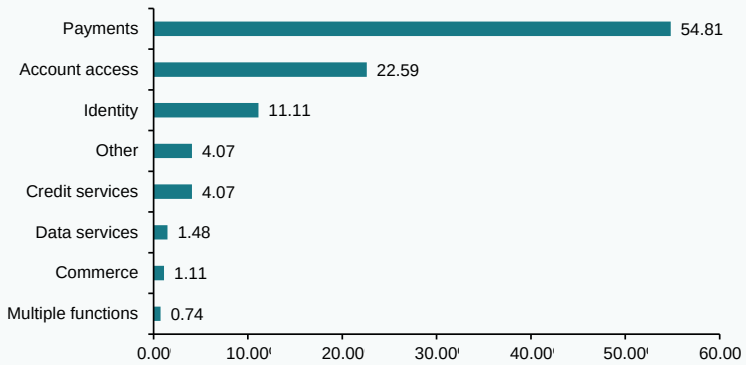
Exhibit 4 shows the distribution of the main uses of banking APIs in Spain. The results reveal a clear predominance of payment services, which account for approximately 55% of the total, followed by account access, at nearly 23%, and identity services, which exceed 10%. The remaining identified functionalities—including credit services, data access, commerce-related applications, and other services—account for a significantly smaller share.

> "The platformization of the Spanish banking sector appears to revolve primarily around transactional services and mechanisms for account access and digital identification."

Exhibit 4

Platformization in the Spanish banking sector

Percentage



Source: Own elaboration based on data from Plataformable.com

This reality highlights the central role of payments in the integration of banking services into digital ecosystems, as well as the importance of account access in facilitating the connection between financial institutions and external providers. For their part, identity services help incorporate identification, verification, and authentication functionalities into various digital environments. The concentration of APIs in these categories suggests that, at present, the platformization of the Spanish banking sector appears to revolve primarily around transactional services and mechanisms for account access and digital identification, while other applications maintain, for the time being, a more limited presence.

More evidence, but even more questions

The digital transformation of the Spanish banking sector is evident both in the growing incorporation of AI into banks' operations and in the evolution of the channels and infrastructures through which financial services are provided. The evidence reveals significant progress in both areas. However, addressing this technological challenge requires the Spanish banking sector to strategically reflect on several issues:

- *In which areas should the use of AI be prioritized?* One of the main characteristics of this technology is its versatility, as it can be applied to numerous banking processes and services, such as customer service, the personalization of products and services, credit risk assessment, fraud detection, and the automation of internal processes. In this context, banks must identify the areas where AI can generate the greatest added value and prioritize its implementation based on the expected benefits. Furthermore, given that the success of its adoption also depends on customer acceptance, it is essential to assess customers' willingness to use new products and services based on this technology. To this end, transparency and building trust must be central elements of AI adoption strategies in the banking sector.

- *How to establish partnerships with external AI providers?* Although the Spanish banking sector largely relies on in-house development of AI solutions, the rapid advancement and growing complexity of this technology may make it necessary to turn to specialized external providers. As new applications and needs arise, institutions' internal capabilities may prove insufficient, underscoring the importance of establishing strategic alliances. In this context, one of the main medium-term challenges will be identifying reliable technology providers capable of integrating their solutions into banks' value chains without compromising their security and operational resilience. Likewise, it will be essential to properly manage the risks associated with reliance on third parties and ensure that these partnerships help strengthen banks' competitiveness and capacity for innovation.

- *How can institutions capitalize on the opportunities of platformization without losing control over customer relationships?* The growing integration of banking services into digital platforms and ecosystems offers new opportunities to expand distribution channels, improve customer experience, and develop new business models. However, it also poses challenges related to dependence on technology intermediaries, market concentration, and the potential loss of control over customer relationships. In this context, financial institutions must define platformization strategies that allow them to reap the benefits of collaboration with third parties while preserving their strategic autonomy, competitive capacity, and operational resilience.

The process of technological transformation currently underway in the banking sector depends not only on the expansion of new technologies but also on strategic decisions regarding how to incorporate them and on the ability to integrate them into financial service delivery channels. In this context, the development of in-house technological capabilities, the management of risks associated with AI, and the exploitation of opportunities offered by digital platforms will be key factors in the evolution of the banking business model.

Notes

[1] The methodological appendix of Cuadros-Solas et al. (2026) describes in detail the process for calculating the indicator and provides the prompt used.

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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)

Royal Decree-law 29/2026, of 6 October 2026, enacting urgent measures to protect the social role of housing and expand the supply of affordable housing (*Official State Gazette*: 7 October 2026)

The purpose of this piece of legislation is to introduce a package of measures aimed at safeguarding the social function of housing and increasing the supply of affordable housing. It also regulates the *Cuenta de Ahorro e Inversión "Financia Europa"* (CAIFE) (a savings and investment account) and the *Seguro Individual de Ahorro a Largo Plazo Financia Europa* (SIALPFE) (an individual long-term savings insurance).

Broadly speaking, the key measures adopted with implications for the financial sector are the following:

- The savings and investment account, CAIFE, is structured as an investment services provision contract between the account holder and a service provider, articulated in the form of a securities account and an associated cash account, and will be marketed by banks and investment service firms. Eligible assets shall include the following: (i) shares traded on regulated markets or multilateral trading facilities (MTFs) in the EU and the EEA; and (ii) harmonised or non-harmonised collective investment undertakings that meet the eligibility conditions. The contribution limit is set at 150,000 euros and the accounts will be subject to a specific tax regime (100% exemption on the first 10,000 euros of accumulated gains and 20% exemption to any gains exceeding that amount, provided that the investment is held for at least five years).

- The individual long-term saving insurance, SIALPFE, for its part, has the following key features: an annual contribution limit of up to 10,000 euros; mandatory investment in eligible European assets with exposure to equities of at least 30%; and the existing tax regime applicable to long-term savings plans will be retained.

- Purchases of residential properties or portfolios of non-performing mortgages at significant discounts to their market value are restricted until 31 December 2030 for entities specialised in acquiring residential properties or portfolios of non-performing mortgage loans and 'large property owners' (or entities belonging to their same group or acting on their behalf). Until that date, the affected parties cannot buy residential properties for less than 70% of their official market value, determined on the date of the binding agreement, by means of an independent appraisal carried out by a company approved and registered with the Bank of Spain. However, certain exemptions are provided for.

- The rules governing the assignment of loan portfolios have been amended, notably: (i) prohibiting the assignment of overdue mortgages where the borrower is covered by the provisions of Royal Decree-law 6/2012 (9 March 2012) on urgent measures to protect mortgage debtors without sufficient means; (ii) in the case of the assignment of a past-due loan secured by a mortgage on the debtor's main residence, requiring the assignor to inform the debtor of the possibility of benefiting from the provisions of Royal Decree-law 6/2012; and (iii) after a loan has been assigned, if the debtor is in a position to benefit from the provisions of that same Royal Decree-law and provides evidence of such within six months of

being notified of the assignment, the assignor is required to buy back the loan from the new company at the exact same price as it sold it for and provide the relief requested to the debtor, unless it has been agreed with the assignee that the latter will be the party to offer the debtor the measures provided for under this Royal Decree-Law.

- Evictions of vulnerable people are suspended until 31 December 2030 in cases where the plaintiff is an entity devoted to acquiring properties or portfolios of non-performing mortgages at a significant discount to their market value.

- The role of 'CASA 47' as a key instrument of the state's affordable housing policy is being strengthened.

- The legislation seeks to foster the development of affordable housing through: (i) the creation of the so-called Social Impact Housing Fund, intended to finance projects and channel private investment towards innovative housing initiatives, endowed with 400 million euros through an extraordinary budget-rollover loan; (ii) the expansion of the guarantee scheme for social and affordable housing; (iii) the adoption of measures to promote industrialised construction; and (iv) the creation of "TU CASA", a public scheme designed to facilitate access to a first mortgaged main residence regardless of age, via the approval of extraordinary loans totalling 10,000 million euros for the scheme managed by the ICO, for a maximum amount equivalent to the lower of 20% of the property's price or 50,000 euros.

Royal Decree 813/2026, of 7 October 2026, amending several financial-adjacent royal decrees to align them with the prevailing legal framework (*Official State Gazette*: 8 October 2026)

The purpose of this Royal Decree-law is to amend several royal decrees related to the financial sector in order to bring them into line with the current regulatory framework.

To that end, it introduces amendments in the following areas:

- Anti-money laundering, to update the framework for the new risks, methodologies and technological advances that have emerged in recent years, as well as with the new international requirements Spain must comply with as a member of the Financial Action Task Force (FATF). More specifically, it introduces aspects such as: (i) identity verification mechanisms; (ii) requirements relating to notaries, crypto-assets and gaming operators; (iii) requirements regarding customer due diligence procedures and internal controls for obliged entities; (iv) alignment of the regime governing foundations and associations; and (v) institutional strengthening of SEPBLAC, Spain's Financial Intelligence Unit (FIU) and AML supervisor.

- Reporting requirements for issuers whose securities are admitted to trading on an official secondary market, such as: (i) an increase in the notification threshold during a takeover bid from 1% to 3%; (ii) amendment of disclosure obligations regarding treasury shares; and (iii) the removal of certain notification obligations for issuer directors and officers.

- A scheme providing free basic payment accounts for people in vulnerable circumstances.

- The legal framework governing investment firms, securities markets and investment services, deposit guarantee schemes, and the resolution of financial institutions.

Key Facts

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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									
2018		2.4	1.7	2.1	6.5	10.1	3.2	1.7	3.9	3.0	-0.6
2019		2.0	1.1	2.2	4.9	8.4	1.4	2.3	1.3	1.6	0.4
2020		-10.9	-12.1	3.5	-8.9	-8.4	-9.4	-20.1	-15.1	-8.8	-2.2
2021		6.7	7.1	3.6	2.6	0.5	4.9	13.4	15.0	6.9	-0.3
2022		6.4	4.9	0.8	4.2	4.0	4.6	14.2	7.7	4.1	2.3
2023		2.5	1.8	4.5	5.9	5.5	6.3	2.2	0.0	1.6	0.9
2024		3.5	3.1	2.9	3.6	4.0	3.1	3.2	2.9	3.3	0.2
2025		2.8	3.4	2.4	5.8	5.2	6.5	3.6	6.2	3.6	-0.7
2026		2.5	3.0	2.3	4.6	3.5	5.8	2.2	3.8	3.0	-0.5
2027		1.8	1.9	2.0	3.2	3.4	2.9	1.8	2.9	2.1	-0.3
2024	IV	3.7	3.8	2.3	7.4	8.0	6.7	3.8	5.6	4.2	-0.5
2025	I	2.9	3.6	2.6	5.6	3.9	7.5	3.5	6.2	3.6	-0.7
	II	2.6	2.9	2.3	5.2	4.1	6.3	3.8	6.4	3.3	-0.7
	III	2.4	2.7	2.0	6.3	5.9	6.7	1.8	5.3	3.5	-1.1
	IV	2.5	3.1	2.8	4.7	5.9	3.5	1.3	4.1	3.3	-0.9
2026	I	2.6	3.0	2.4	4.1	3.7	4.5	1.2	2.7	3.1	-0.5
	II	2.6	3.5	2.6	5.0	3.9	6.2	1.6	4.0	3.4	-0.8
	III	2.7	3.1	2.5	3.9	2.9	5.1	3.6	3.9	2.6	0.0
		Chain-linked volumes. quarter-on-quarter percentage changes									
2024	IV	0.7	0.5	-0.1	2.6	1.4	3.9	0.8	1.6	0.9	-0.2
2025	I	0.5	0.5	0.7	1.7	2.4	1.0	1.0	1.6	0.6	-0.1
	II	0.7	0.7	0.4	0.1	0.0	0.2	0.7	0.8	0.7	0.0
	III	0.6	1.0	0.9	1.7	2.0	1.5	-0.7	1.2	1.2	-0.7
	IV	0.7	0.9	0.6	1.1	1.4	0.7	0.2	0.5	0.8	-0.1
2026	I	0.6	0.4	0.4	1.1	0.3	2.0	0.9	0.2	0.3	0.3
	II	0.7	1.1	0.6	1.0	0.2	1.9	1.1	2.2	1.0	-0.3
	III	0.6	0.6	0.9	0.7	1.0	0.4	1.3	1.1	0.5	0.1
		Current prices (EUR billions)	Percentage of GDP at current prices								
2018		1,212	58.1	18.5	19.7	9.8	9.9	34.9	32.1	97.3	2.7
2019		1,254	57.4	18.7	20.3	10.5	9.8	34.7	31.7	97.0	3.0
2020		1,129	56.1	21.7	20.6	10.7	9.9	30.5	29.0	98.5	1.5
2021		1,235	56.1	21.0	20.2	10.4	9.8	33.8	32.8	99.0	1.0
2022		1,376	56.4	20.0	20.5	10.7	9.8	39.7	38.8	99.1	0.9
2023		1,496	55.5	19.6	20.4	10.6	9.8	37.8	34.0	96.2	3.8
2024		1,599	55.3	19.3	20.5	10.8	9.7	37.2	32.9	95.7	4.3
2025		1,690	55.2	19.2	21.0	11.1	9.9	36.5	32.6	96.1	3.9
2026		1,784	55.8	19.2	21.4	11.2	10.2	36.0	33.1	97.1	2.9
2027		1,869	55.9	19.2	21.5	11.3	10.2	35.4	32.7	97.2	2.8

**Seasonally and Working Day Adjusted.*

(a) Contribution to GDP growth.

Sources: INE and Funcas (Forecasts).

Chart 1.1 - GDP

Level, 2019=100

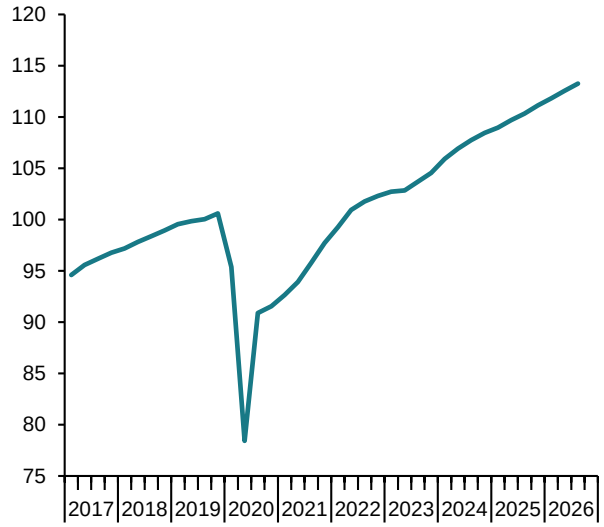


Chart 1.2 - Contribution to GDP annual growth

Percentage points

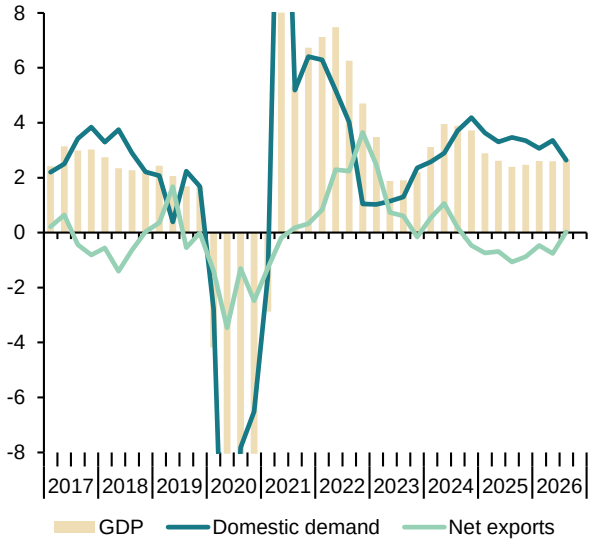


Chart 1.3 - Consumption

Level, 2019=100

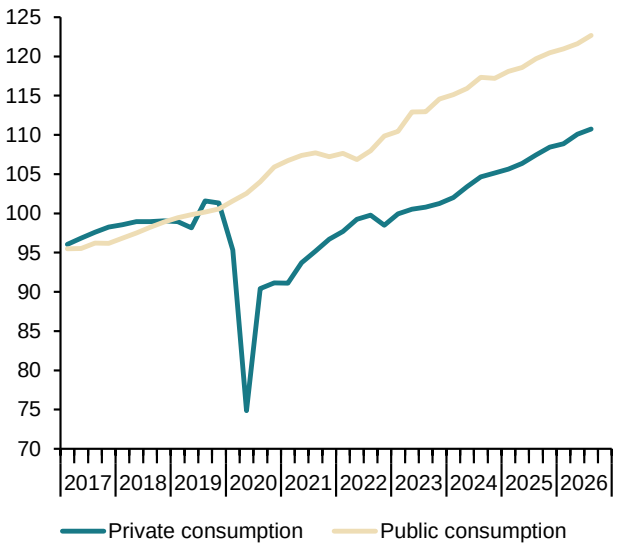


Chart 1.4 - Gross fixed capital formation

Level, 2019=100

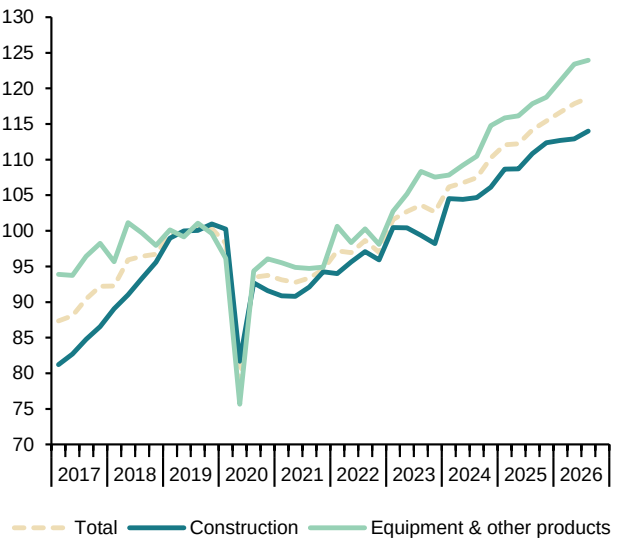


Table 2

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								
2018		2.5	4.2	0.1	-1.1	3.0	2.8	1.4	3.3	1.8
2019		2.1	-2.8	1.9	0.6	4.7	2.1	1.4	2.3	0.9
2020		-10.9	-2.0	-10.4	-14.1	-14.7	-10.9	-1.5	-13.9	-11.7
2021		6.3	7.0	5.8	13.9	-1.0	7.0	1.9	8.8	10.9
2022		6.9	-16.9	3.5	6.5	8.9	8.5	1.5	10.8	1.2
2023		2.4	4.7	-2.1	0.4	-0.3	3.6	2.5	3.9	1.8
2024		3.8	15.0	5.6	3.7	-0.9	3.3	3.7	3.1	2.8
2025		2.7	11.9	0.6	2.2	6.0	2.5	1.3	2.8	1.8
2024	IV	3.6	13.3	4.7	3.7	2.0	3.1	3.1	3.2	4.5
2025	I	2.9	14.0	2.4	3.0	2.8	2.5	2.3	2.6	3.1
	II	2.6	12.0	0.6	2.4	6.1	2.4	1.2	2.7	2.9
	III	2.6	12.1	-0.2	2.1	7.7	2.4	1.1	2.8	0.7
	IV	2.7	9.7	-0.2	1.2	7.4	2.6	0.6	3.2	0.4
2026	I	2.8	5.3	0.6	1.8	5.4	2.9	1.0	3.5	1.0
	II	2.8	6.1	1.5	1.8	3.8	2.9	2.1	3.1	0.6
	III	2.9	7.1	2.1	1.7	2.0	2.9	2.2	3.1	0.8
		Chain-linked volumes, quarter-on-quarter percentage changes								
2024	IV	0.7	3.4	0.1	1.1	2.0	0.6	0.7	0.5	0.7
2025	I	0.6	8.7	-0.3	0.0	1.4	0.4	0.0	0.5	-0.7
	II	0.7	-0.9	-0.1	0.5	2.3	0.7	0.0	1.0	0.8
	III	0.6	0.6	0.1	0.5	1.8	0.7	0.5	0.7	-0.2
	IV	0.8	1.2	0.2	0.2	1.8	0.8	0.2	1.0	0.4
2026	I	0.7	4.3	0.5	0.6	-0.5	0.7	0.4	0.8	-0.1
	II	0.7	0.0	0.7	0.5	0.8	0.7	1.0	0.6	0.4
	III	0.7	1.5	0.7	0.4	0.0	0.7	0.6	0.7	0.1
		Current prices EUR billions)	Percentage of value added at basic prices							
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		1,255	2.6	17.4	12.1	5.8	74.1	17.6	56.6	9.7
2023		1,365	2.9	16.1	12.0	5.7	75.3	17.2	58.1	9.6
2024		1,457	2.9	15.6	11.9	5.6	75.9	17.1	58.7	9.7
2025		1,532	3.0	15.4	11.7	5.9	75.6	17.2	58.4	10.3

** Seasonally and Working Day Adjusted.*

Sources: INE.

Chart 2.1 - GVA by sectors

Level, 2019=100

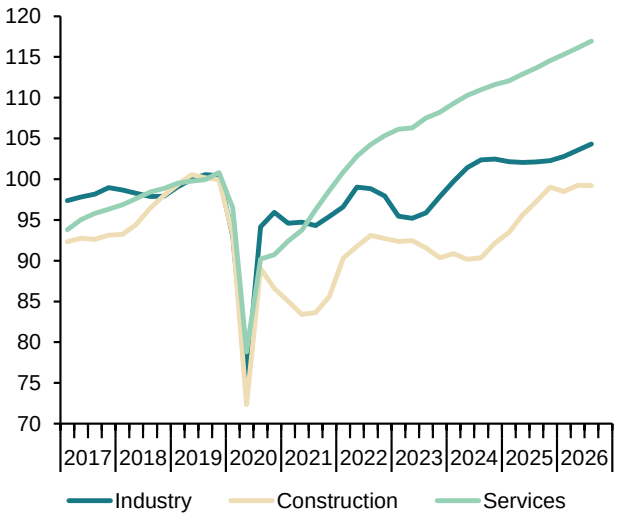


Chart 2.2 - GVA. Industry

Level, 2019=100

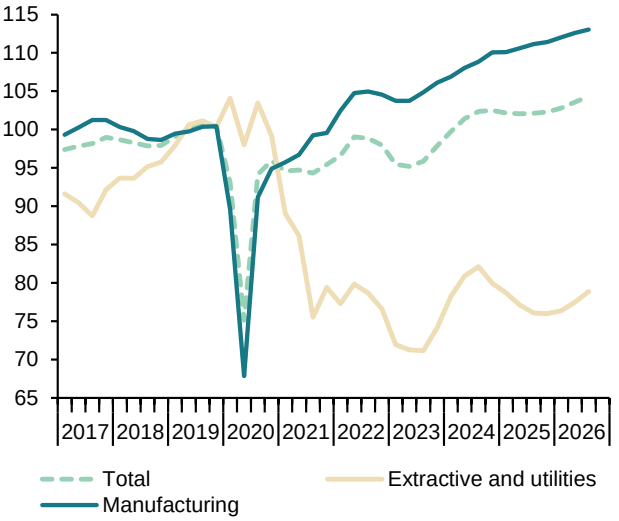


Chart 2.3 - GVA, services

Level, 2019=100

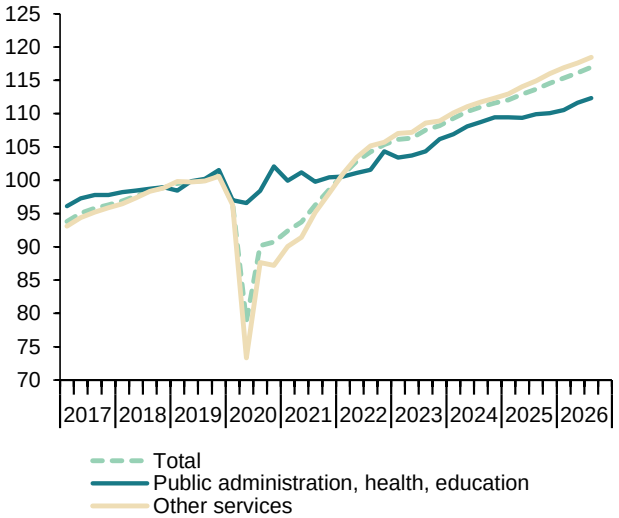


Chart 2.4 - GVA. structure by sectors

Percentage of value added at basic prices

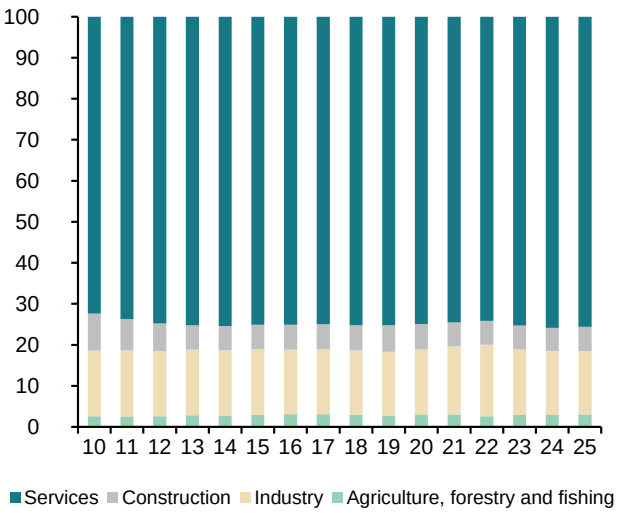


Table 3

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, constant 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											
2018		98.1	98.3	99.8	95.6	95.8	97.2	99.4	97.9	101.5	99.5	98.0	99.9
2019		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2020		89.1	89.0	100.0	106.5	106.4	105.2	85.9	91.2	94.2	106.8	113.4	106.6
2021		95.0	95.5	99.5	107.7	108.2	104.4	97.8	94.1	104.0	109.2	105.0	99.0
2022		101.1	100.3	100.8	111.0	110.1	101.4	104.2	97.4	106.9	112.1	104.9	96.6
2023		103.4	102.9	100.5	117.1	116.5	101.0	104.6	99.4	105.3	116.8	110.9	94.9
2024		107.2	105.8	101.4	121.9	120.3	101.2	108.5	100.8	107.6	121.5	112.9	95.1
2025		110.0	107.9	102.0	127.9	125.4	102.3	110.8	103.3	107.3	127.2	118.5	98.5
2026		112.8	110.0	102.5	133.1	129.9	103.0	—	—	—	—	—	—
2027		114.8	111.4	103.1	137.5	133.4	102.8	—	—	—	—	—	—
2024	IV	108.4	107.0	101.3	123.6	121.9	100.9	110.1	102.1	107.8	123.1	114.2	95.2
2025	I	109.0	106.9	102.0	125.8	123.3	101.5	110.1	101.5	108.5	125.9	116.1	96.4
	II	109.7	107.2	102.3	127.5	124.6	102.1	110.6	102.2	108.2	127.6	118.0	97.8
	III	110.3	108.3	101.8	128.2	125.9	102.5	111.1	104.2	106.7	127.6	119.6	98.7
	IV	111.1	109.2	101.7	129.9	127.7	101.8	111.4	105.4	105.7	127.5	120.5	98.1
2026	I	111.8	109.0	102.5	131.5	128.2	102.2	112.0	105.5	106.2	129.7	122.2	98.6
	II	112.5	110.2	102.1	131.5	128.7	102.8	112.6	106.8	105.5	129.1	122.4	98.1
	III	113.3	110.7	102.3	132.2	129.3	102.2	113.0	103.4	109.4	130.9	119.7	95.0
		Annual percentage changes											
2018		2.4	2.5	-0.1	1.5	1.6	0.4	-1.1	1.6	-2.7	1.4	4.2	2.5
2019		2.0	1.7	0.2	4.6	4.4	2.9	0.6	2.1	-1.5	0.6	2.1	0.1
2020		-10.9	-11.0	0.0	6.5	6.4	5.2	-14.1	-8.8	-5.8	6.8	13.4	6.6
2021		6.7	7.2	-0.5	1.2	1.7	-0.8	13.9	3.1	10.4	2.2	-7.4	-7.1
2022		6.4	5.1	1.2	3.0	1.7	-2.8	6.5	3.6	2.8	2.7	-0.1	-2.5
2023		2.4	2.6	-0.3	5.5	5.8	-0.5	0.4	2.0	-1.5	4.1	5.7	-1.7
2024		3.7	2.8	0.9	4.2	3.3	0.2	3.7	1.5	2.2	4.1	1.8	0.2
2025		2.6	2.0	0.6	4.8	4.2	1.2	2.2	2.5	-0.3	4.7	5.0	3.6
2026		2.5	2.0	0.5	4.1	3.6	0.6	—	—	—	—	—	—
2027		1.8	1.2	0.6	3.3	2.7	-0.2	—	—	—	—	—	—
2024	IV	3.7	3.3	0.4	3.1	2.7	0.3	3.7	3.0	0.7	3.0	2.4	1.1
2025	I	2.9	2.1	0.7	4.4	3.7	1.4	3.0	1.2	1.8	5.9	4.1	3.5
	II	2.6	1.2	1.4	5.7	4.3	1.3	2.4	1.1	1.3	6.0	4.7	3.5
	III	2.4	2.5	-0.1	4.1	4.3	1.4	2.1	4.5	-2.3	3.2	5.6	3.8
	IV	2.5	2.1	0.4	5.1	4.7	0.9	1.2	3.2	-1.9	3.5	5.5	3.0
2026	I	2.6	2.0	0.6	4.6	4.0	0.7	1.8	4.0	-2.1	3.0	5.3	2.3
	II	2.6	2.8	-0.2	3.1	3.3	0.7	1.8	4.5	-2.5	1.2	3.8	0.4
	III	2.7	2.2	0.4	3.1	2.7	-0.3	1.7	-0.8	2.5	2.6	0.1	-3.7

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

Sources: INE and Funcas (Forecasts).

Chart 3.1 - Nominal ULC, total economy

Index, 2019=100

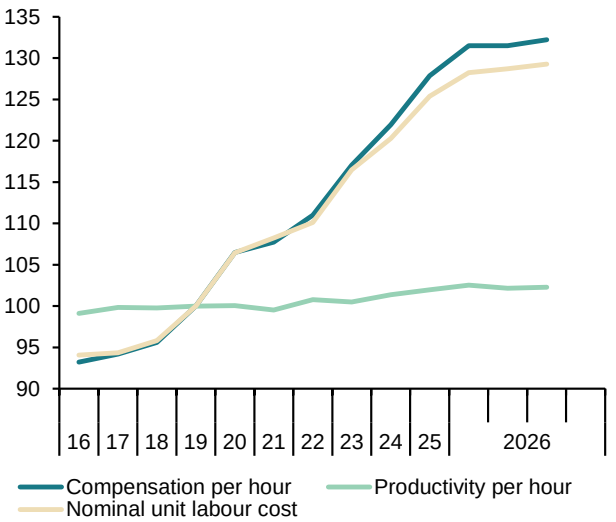
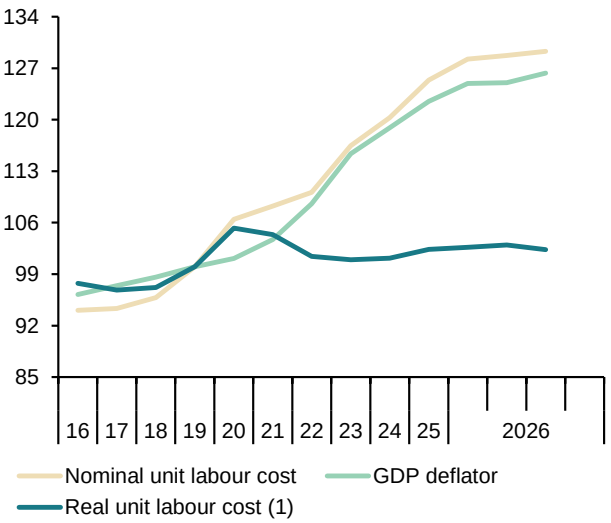


Chart 3.2 - Real ULC, total economy

Index, 2019=100



(1) Nominal ULC deflated by GDP deflator.

Chart 3.3 - Nominal ULC, manufacturing industry

Index, 2019=100

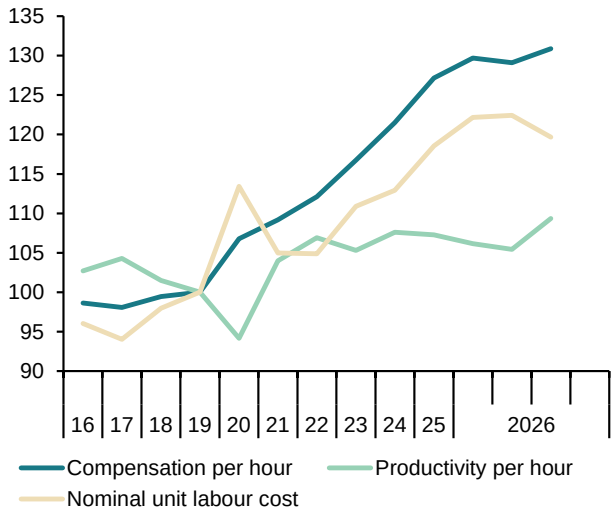
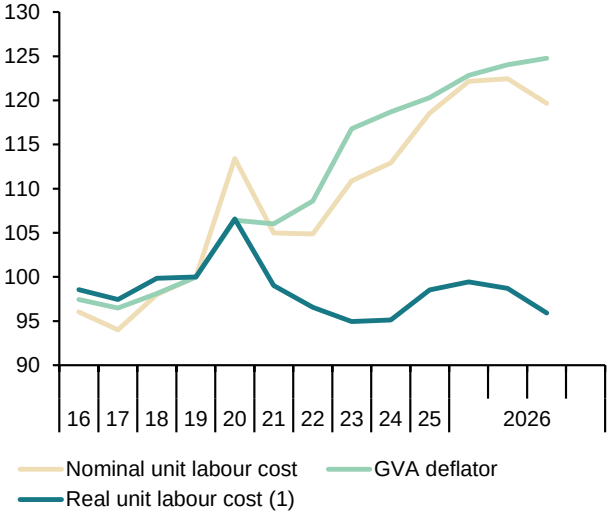


Chart 3.4 - Real ULC, manufacturing industry

Index, 2019=100



(1) Nominal ULC deflated by manufacturing GVA deflator.

Table 4

National accounts: National income, distribution and disposition

Forecasts in yellow

		Gross domestic product	Compen-sation of employees	Gross operating surplus	Gross national disposable income	Final national consum-ption	Gross national saving (a)	Gross capital formation	Compen-sation of employees	Gross operating surplus	Saving rate	Investment rate	Current account balance	Net lending or borrowing
		EUR Billions. 4-quarter cumulated transactions							Percentage of GDP					
2018		1,212.3	550.6	535.3	1,201.8	928.0	273.8	251.0	45.4	44.2	22.6	20.7	1.9	2.4
2019		1,253.7	585.8	540.4	1,243.0	954.2	288.8	262.1	46.7	43.1	23.0	20.9	2.1	2.5
2020		1,129.2	561.9	465.1	1,121.0	879.2	241.8	232.9	49.8	41.2	21.4	20.6	0.8	1.2
2021		1,235.5	604.2	504.3	1,232.8	953.0	279.8	270.2	48.9	40.8	22.6	21.9	0.8	1.6
2022		1,375.9	656.3	587.2	1,369.6	1,051.6	317.9	312.2	47.7	42.7	23.1	22.7	0.4	1.3
2023		1,496.3	711.4	640.8	1,480.0	1,124.5	355.6	314.5	47.5	42.8	23.8	21.0	2.7	3.9
2024		1,598.6	762.3	680.8	1,583.0	1,191.9	391.1	337.7	47.7	42.6	24.5	21.1	3.3	4.3
2025		1,690.0	817.3	703.7	1,679.7	1,257.5	422.3	367.5	48.4	41.6	25.0	21.7	3.2	4.0
2026		1,783.7	868.3	739.4	1,768.9	1,338.6	430.3	393.0	48.7	41.5	24.1	22.0	2.1	3.3
2027		1,868.7	909.1	771.7	1,852.6	1,404.6	448.0	412.7	48.6	41.3	24.0	22.1	1.9	2.2
2024	III	1,572.6	749.8	674.0	1,557.3	1,176.7	380.6	332.6	47.7	42.9	24.2	21.1	3.1	4.4
	IV	1,598.6	762.3	680.8	1,583.0	1,191.9	391.1	337.7	47.7	42.6	24.5	21.1	3.3	4.5
2025	I	1,617.4	774.9	686.2	1,602.4	1,207.9	394.5	345.1	47.9	42.4	24.4	21.3	3.0	4.3
	II	1,638.4	788.3	691.5	1,625.5	1,222.6	402.9	351.4	48.1	42.2	24.6	21.4	3.1	4.4
	III	1,660.3	802.0	697.0	1,650.0	1,238.1	411.8	359.1	48.3	42.0	24.8	21.6	3.2	4.4
	IV	1,690.0	817.3	703.7	1,679.7	1,257.5	422.3	367.5	48.4	41.6	25.0	21.7	3.2	4.3
2026	I	1,714.9	831.4	712.3	1,701.5	1,274.6	426.9	371.1	48.5	41.5	24.9	21.6	3.3	4.2
	II	1,738.4	845.5	719.9	1,723.5	1,295.5	428.0	378.7	48.6	41.4	24.6	21.8	2.8	3.8
		Annual percentage changes							Difference from one year ago					
2018		3.6	4.3	2.6	3.6	3.3	4.6	9.7	0.3	-0.4	0.2	1.1	-0.9	-0.7
2019		3.4	6.4	0.9	3.4	2.8	5.5	4.4	1.3	-1.1	0.5	0.2	0.3	0.1
2020		-9.9	-4.1	-13.9	-9.8	-7.9	-16.3	-11.1	3.0	-1.9	-1.6	-0.3	-1.3	-1.2
2021		9.4	7.5	8.4	10.0	8.4	15.7	16.0	-0.9	-0.4	1.2	1.2	0.0	0.4
2022		11.4	8.6	16.4	11.1	10.3	13.6	15.5	-1.2	1.9	0.5	0.8	-0.4	-0.3
2023		8.8	8.4	9.1	8.1	6.9	11.8	0.7	-0.2	0.1	0.7	-1.7	2.3	2.5
2024		6.8	7.2	6.2	7.0	6.0	10.0	7.4	0.1	-0.2	0.7	0.1	0.6	0.4
2025		5.7	7.2	3.4	6.1	5.5	8.0	8.8	0.7	-0.9	0.5	0.6	-0.1	-0.4
2026		5.5	6.2	5.1	5.3	6.4	1.9	7.0	0.3	-0.2	-0.9	0.3	-1.2	-0.7
2027		4.8	4.7	4.4	4.7	4.9	4.1	5.0	0.0	-0.2	-0.2	0.0	-0.2	-1.0
2024	III	7.0	7.5	5.9	7.0	6.4	8.8	6.4	0.2	-0.5	0.4	-0.1	0.5	0.9
	IV	6.8	7.2	6.2	7.0	6.0	10.0	7.4	0.1	-0.2	0.7	0.1	0.6	0.6
2025	I	6.4	6.9	5.7	6.5	5.8	8.9	8.2	0.2	-0.3	0.6	0.3	0.2	0.3
	II	5.9	6.9	4.5	6.2	5.5	8.4	8.0	0.4	-0.6	0.6	0.4	0.1	0.2
	III	5.6	7.0	3.4	5.9	5.2	8.2	8.0	0.6	-0.9	0.6	0.5	0.1	-0.1
	IV	5.7	7.2	3.4	6.1	5.5	8.0	8.8	0.7	-0.9	0.5	0.6	-0.1	-0.2
2026	I	6.0	7.3	3.8	6.2	5.5	8.2	7.5	0.6	-0.9	0.5	0.3	0.2	-0.1
	II	6.1	7.3	4.1	6.0	6.0	6.2	7.8	0.5	-0.8	0.0	0.3	-0.3	-0.6

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

Sources: INE and Funcas (Forecasts).

Chart 4.1 - National income, consumption and saving

EUR Billions, 4-quarter cumulated

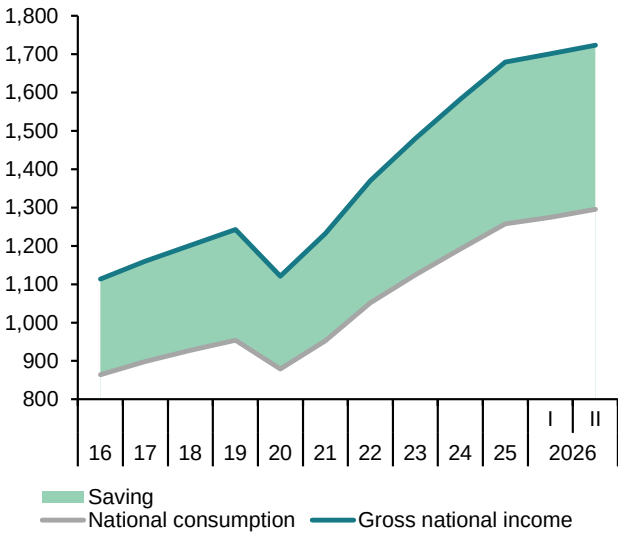


Chart 4.2 - National income, consumption and saving rate

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

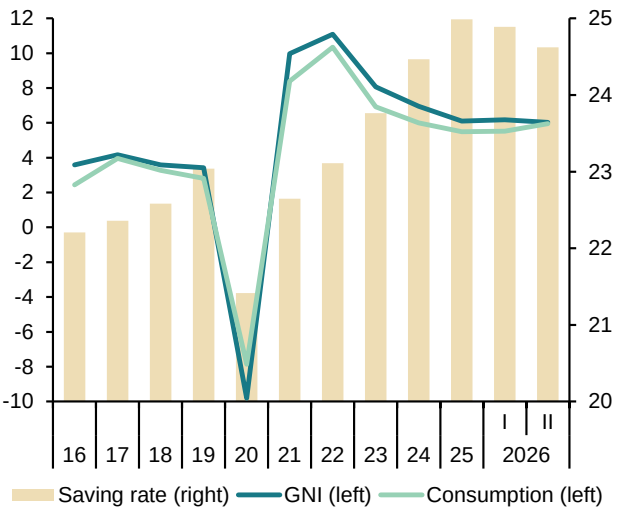


Chart 4.3 - Components of National Income

Percentage of GDP, 4-quarter moving averages

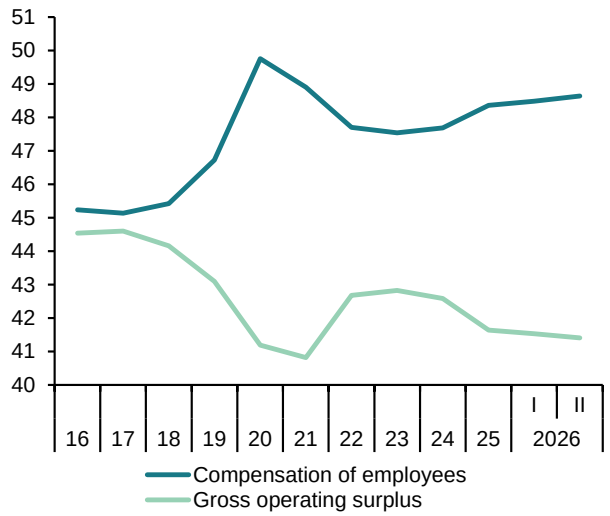


Chart 4.4 - Saving, Investment and Current Account Balance

Percentage of GDP, 4-quarter moving averages

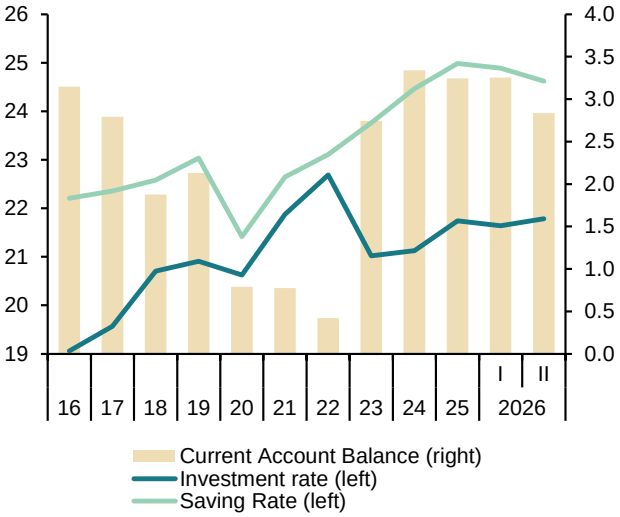


Table 5

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 (% of GDI)	Gross capital formation	Net lending or borrowing	Gross operating surplus	Gross saving	Gross capital formation	Saving rate (% of GDP)	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		
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		854.6	775.8	76.6	64.8	9.0	4.7	0.7	295.0	221.7	200.2	16.1	14.5	2.3
2023		938.0	830.6	106.6	65.0	11.4	4.3	2.6	315.0	222.5	197.4	14.9	13.2	2.1
2024		1,012.4	883.8	129.2	71.9	12.8	4.5	3.9	330.0	228.4	214.0	14.3	13.4	1.6
2025		1,058.8	932.9	126.3	79.3	11.9	4.7	2.8	347.2	238.1	227.8	14.1	13.5	1.2
2026		1,119.6	995.5	122.4	84.8	10.9	4.8	2.1	361.6	244.2	245.1	13.7	13.7	0.6
2027		1,168.1	1,045.1	121.4	88.7	10.4	4.7	1.8	377.6	256.4	256.5	13.7	13.7	0.4
2024	III	993.4	868.9	124.7	70.8	12.5	4.5	3.3	324.1	226.1	209.2	14.4	13.3	1.6
	IV	1,012.4	883.8	129.2	71.9	12.8	4.5	3.9	330.0	228.4	214.0	14.3	13.4	1.6
2025	I	1,023.2	896.0	128.0	74.0	12.5	4.6	3.7	332.9	228.6	218.2	14.1	13.5	1.4
	II	1,037.2	907.5	130.2	76.5	12.6	4.7	3.6	336.2	231.8	219.7	14.1	13.4	1.5
	III	1,046.5	919.0	128.0	77.4	12.2	4.7	3.4	341.5	236.6	224.7	14.3	13.5	1.4
	IV	1,058.8	932.9	126.3	79.3	11.9	4.7	2.8	347.2	238.1	227.8	14.1	13.5	1.2
2026	I	1,071.9	947.2	125.4	80.6	11.7	4.7	2.6	351.1	242.7	230.2	14.2	13.4	1.3
	II	1,087.7	963.6	125.0	81.8	11.5	4.7	2.5	355.7	244.6	234.4	14.1	13.5	1.3
		Annual percentage changes				Difference from one year ago			Annual percentage changes			Difference from one year ago		
2018		2.9	3.2	-0.4	9.7	-0.2	0.2	-0.3	1.6	-0.4	11.3	-0.7	0.7	-1.6
2019		5.0	2.2	48.2	6.8	2.5	0.1	1.6	1.4	1.1	4.2	-0.4	0.1	-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	11.9	-33.6	25.3	-5.3	0.5	-4.4	24.3	28.3	11.1	2.1	0.0	1.8
2023		9.8	7.1	39.2	0.3	2.4	-0.4	2.0	6.8	0.3	-1.4	-1.2	-1.4	-0.2
2024		7.9	6.4	21.2	10.5	1.4	0.2	1.3	4.7	2.6	8.4	-0.6	0.2	-0.5
2025		4.6	5.6	-2.2	10.3	-0.8	0.2	-1.1	5.2	4.3	6.4	-0.2	0.1	-0.4
2026		5.7	6.7	-3.1	7.0	-1.0	0.1	-0.7	4.2	2.5	7.6	-0.4	0.3	-0.6
2027		4.3	5.0	-0.8	4.6	-0.5	0.0	-0.4	4.4	5.0	4.6	0.0	0.0	-0.2
2024	III	8.4	6.6	24.7	11.0	1.6	0.2	1.0	2.3	-2.3	5.0	-1.4	-0.3	-1.3
	IV	7.9	6.4	21.2	10.5	1.4	0.2	1.3	4.7	2.6	8.4	-0.6	0.2	-0.5
2025	I	6.8	6.2	12.0	10.9	0.6	0.2	0.7	6.2	3.7	9.2	-0.4	0.3	-0.4
	II	6.0	5.9	7.2	11.4	0.1	0.2	0.4	5.8	6.5	7.6	0.1	0.2	0.1
	III	5.3	5.8	2.6	9.3	-0.3	0.2	0.1	5.4	4.7	7.4	-0.1	0.2	-0.2
	IV	4.6	5.6	-2.2	10.3	-0.8	0.2	-1.1	5.2	4.3	6.4	-0.2	0.1	-0.4
2026	I	4.8	5.7	-2.0	8.9	-0.8	0.1	-1.1	5.5	6.2	5.5	0.0	-0.1	0.0
	II	4.9	6.2	-4.0	6.8	-1.1	0.0	-1.1	5.8	5.5	6.7	-0.1	0.1	-0.1

Sources: INE and Funcas (Forecasts).

Chart 5.1 - Households: net lending or borrowing

Percentage of GDI/GDP, 4-quarter moving averages

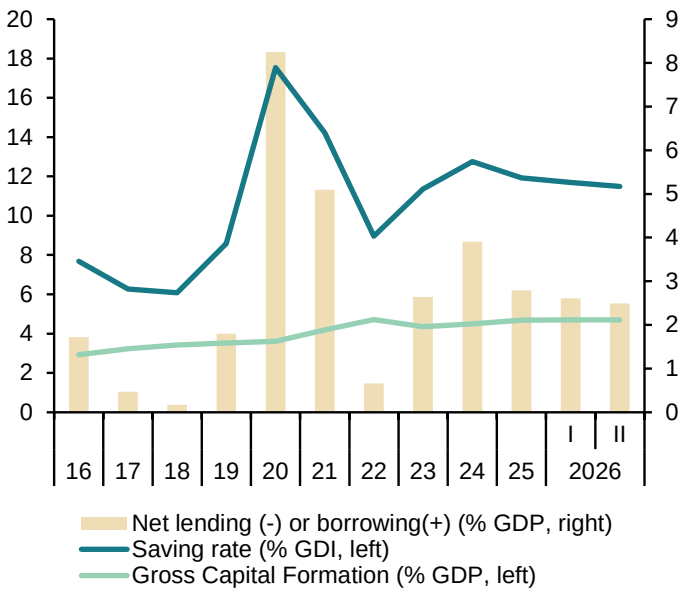


Chart 5.2 - Non-financial corporations: net lending or borrowing

Percentage of GDP, 4-quarter moving averages

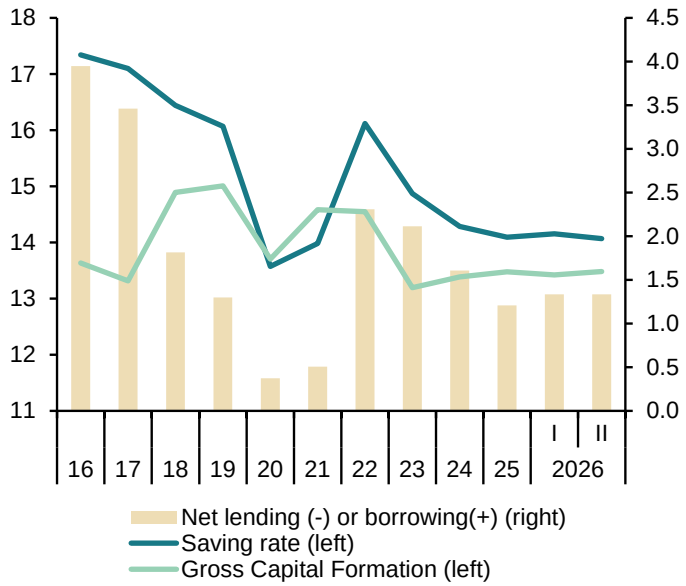


Table 6

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	Intermediate consump-tion	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												
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		165.9	183.1	197.0	84.2	630.2	163.9	86.3	35.6	292.5	57.3	44.8	680.2	-50.0
2024		177.2	198.7	210.3	88.1	674.3	172.7	90.0	38.9	311.4	69.3	42.8	725.1	-50.8
2025		191.6	220.7	223.2	90.2	725.7	181.5	97.0	40.5	330.8	69.1	47.5	766.3	-40.6
2026		198.7	238.4	239.3	92.3	768.6	192.4	104.0	43.4	350.7	68.0	54.1	812.5	-43.9
2027		210.8	249.7	253.5	91.3	805.2	203.0	109.3	48.0	371.3	73.4	50.2	855.2	-49.9
2024	III	173.2	194.1	207.3	87.5	662.1	170.4	89.4	39.2	306.3	58.2	42.7	706.3	-44.2
	IV	177.2	198.7	210.3	88.1	674.3	172.7	90.0	38.9	311.4	69.3	42.8	725.1	-50.8
2025	I	180.0	201.4	213.2	89.2	683.8	173.9	91.2	39.8	315.9	70.9	44.7	736.4	-52.6
	II	183.6	205.2	216.5	89.8	695.0	175.4	92.8	40.1	320.6	73.7	46.2	748.9	-53.9
	III	186.9	211.6	219.8	90.6	709.0	176.7	94.6	40.2	324.9	75.6	47.1	758.9	-49.9
	IV	191.6	220.7	223.2	90.2	725.7	181.5	97.0	40.5	330.8	69.1	47.5	766.3	-40.6
2026	I	193.7	224.9	227.7	91.1	737.4	184.1	98.2	40.7	335.5	70.5	48.6	777.6	-40.2
	II	195.1	231.0	230.8	94.7	751.5	187.4	100.0	42.7	341.3	74.7	49.5	795.6	-44.0
		Percentage of GDP. 4-quarter cumulated operations												
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	41.7	11.2	5.8	2.3	19.4	3.9	3.7	46.3	-4.6
2023		11.1	12.2	13.2	5.6	42.1	11.0	5.8	2.4	19.5	3.8	3.0	45.5	-3.3
2024		11.1	12.4	13.2	5.5	42.2	10.8	5.6	2.4	19.5	4.3	2.7	45.4	-3.2
2025		11.3	13.1	13.2	5.3	42.9	10.7	5.7	2.4	19.6	4.1	2.8	45.3	-2.4
2026		11.1	13.4	13.4	5.2	43.1	10.8	5.8	2.4	19.7	3.8	3.0	45.6	-2.5
2027		11.3	13.4	13.6	4.9	43.1	10.9	5.8	2.6	19.9	3.9	2.7	45.8	-2.7
2024	III	11.0	12.3	13.2	5.6	42.1	10.8	5.7	2.5	19.5	3.7	2.7	44.9	-2.8
	IV	11.1	12.4	13.2	5.5	42.2	10.8	5.6	2.4	19.5	4.3	2.7	45.4	-3.2
2025	I	11.1	12.5	13.2	5.5	42.3	10.8	5.6	2.5	19.5	4.4	2.8	45.5	-3.2
	II	11.2	12.5	13.2	5.5	42.4	10.7	5.7	2.4	19.6	4.5	2.8	45.7	-3.3
	III	11.3	12.7	13.2	5.5	42.7	10.6	5.7	2.4	19.6	4.6	2.8	45.7	-3.0
	IV	11.3	13.1	13.2	5.3	42.9	10.7	5.7	2.4	19.6	4.1	2.8	45.3	-2.4
2026	I	11.3	13.1	13.3	5.3	43.0	10.7	5.7	2.4	19.6	4.1	2.8	45.3	-2.3
	II	11.2	13.3	13.3	5.4	43.2	10.8	5.8	2.5	19.6	4.3	2.8	45.8	-2.5

Sources: IGAE and Funcas (Forecasts).

Chart 6.1 - Public sector: Revenue, expenditure and deficit

Percentage of GDP, 4-quarter moving averages

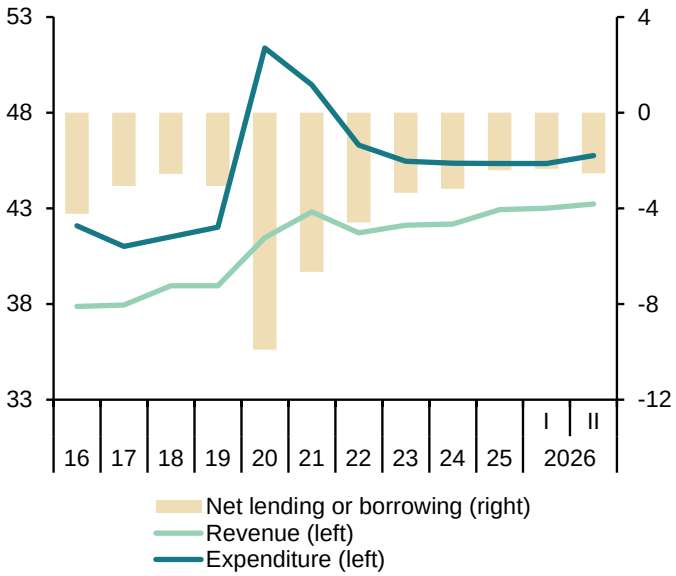


Chart 6.2 - Public sector: Main expenditures

Percentage of GDP

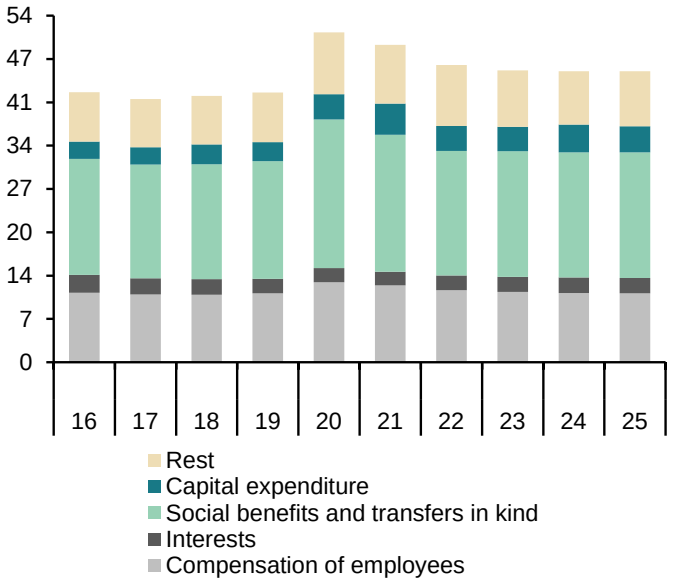


Table 7

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				
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		-29.8	-12.2	0.3	-8.3	-50.0	1,435.7	325.2	23.3	116.2	1,575.4
2024		-47.3	-2.9	7.6	-8.2	-50.8	1,489.3	335.9	22.9	126.2	1,620.6
2025		-33.5	-7.1	5.5	-5.6	-40.6	1,562.6	341.6	20.9	136.2	1,698.4
2026		—	—	—	—	-43.9	—	—	—	—	1,750.3
2027		—	—	—	—	-49.9	—	—	—	—	1,808.2
2024	III	-39.7	-1.8	5.3	-8.0	-44.2	1,504.0	333.2	23.1	116.2	1,635.7
	IV	-47.3	-2.9	7.6	-8.2	-50.8	1,489.3	335.9	22.9	126.2	1,620.6
2025	I	-51.6	-2.8	8.5	-6.7	-52.6	1,533.2	338.2	22.9	126.2	1,667.4
	II	-50.5	-2.7	7.1	-7.8	-53.9	1,548.6	342.8	23.3	126.2	1,690.9
	III	-45.3	-7.1	5.1	-2.7	-49.9	1,571.6	338.8	22.5	126.2	1,709.4
	IV	-33.5	-7.1	5.5	-5.6	-40.6	1,562.6	341.6	20.9	136.2	1,698.4
2026	I	-33.8	-4.8	3.2	-4.7	-40.2	1,602.0	346.9	20.8	136.2	1,739.6
	II	-36.1	-8.1	3.2	-3.1	-44.0	1,613.4	355.2	21.4	136.2	1,762.9
		Percentage of GDP, 4-quarter cumulated operations					Percentage of GDP				
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	98.9	23.0	1.7	7.7	109.3
2023		-2.0	-0.8	0.0	-0.6	-3.3	96.0	21.7	1.6	7.8	105.3
2024		-3.0	-0.2	0.5	-0.5	-3.2	93.2	21.0	1.4	7.9	101.4
2025		-2.0	-0.4	0.3	-0.3	-2.4	92.5	20.2	1.2	8.1	100.5
2026		—	—	—	—	-2.5	—	—	—	—	98.1
2027		—	—	—	—	-2.7	—	—	—	—	96.8
2024	III	-2.5	-0.1	0.3	-0.5	-2.8	95.5	21.2	1.5	7.4	103.9
	IV	-3.0	-0.2	0.5	-0.5	-3.2	93.2	21.0	1.4	7.9	101.4
2025	I	-3.2	-0.2	0.5	-0.4	-3.2	94.7	20.9	1.4	7.8	103.0
	II	-3.1	-0.2	0.4	-0.5	-3.3	94.4	20.9	1.4	7.7	103.0
	III	-2.7	-0.4	0.3	-0.2	-3.0	94.5	20.4	1.4	7.6	102.7
	IV	-2.0	-0.4	0.3	-0.3	-2.4	92.5	20.2	1.2	8.1	100.5
2026	I	-2.0	-0.3	0.2	-0.3	-2.3	93.4	20.2	1.2	7.9	101.5
	II	-2.1	-0.5	0.2	-0.2	-2.5	92.8	20.4	1.2	7.8	101.4

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

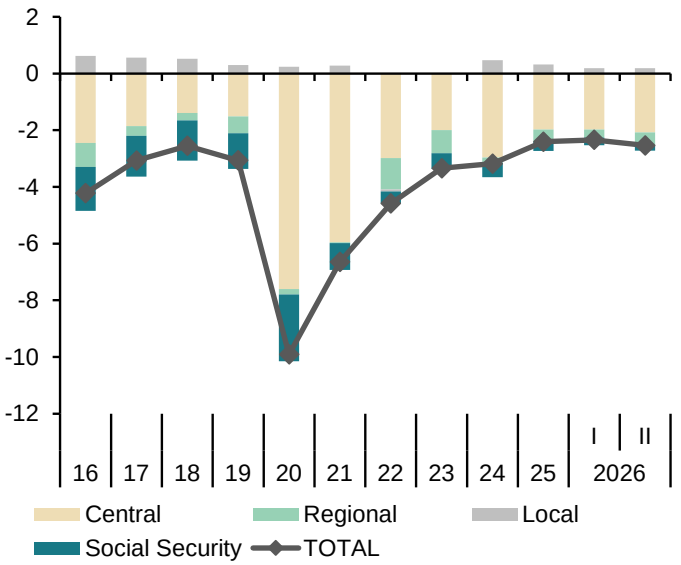


Chart 7.2 - Government debt

Percent of GDP

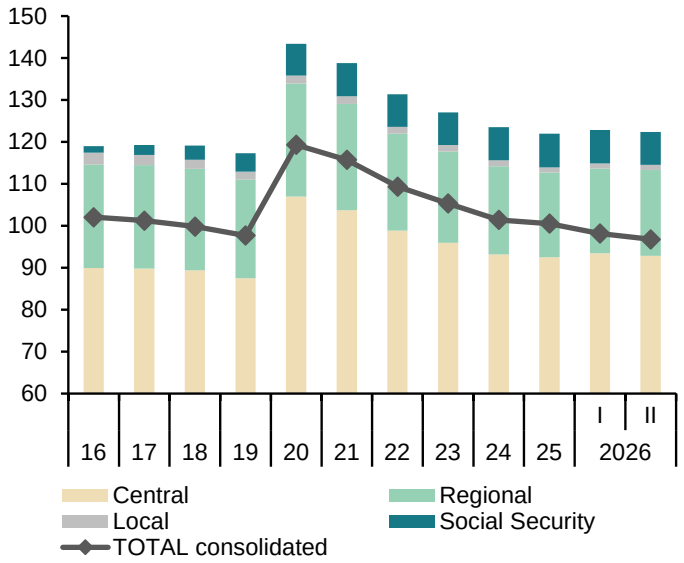


Table 8

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
2018	108.2	54.6	18,788.1	21.5	99.4	2,250.9	53.3	-0.5	100.0	-0.2
2019	104.7	52.7	19,277.8	20.9	100.0	2,283.2	49.1	-3.6	100.0	-4.9
2020	89.0	41.5	18,881.3	19.9	90.7	2,239.3	47.5	-13.6	89.9	-30.1
2021	105.2	55.3	19,357.3	20.4	97.2	2,277.7	57.0	0.6	95.1	-1.7
2022	101.1	51.8	20,107.7	19.6	99.7	2,332.0	51.0	-0.9	97.6	1.6
2023	100.4	52.5	20,642.6	19.3	98.1	2,371.6	48.0	-6.5	95.7	-11.1
2024	103.1	54.8	21,147.9	19.6	98.5	2,410.7	52.2	-4.9	95.6	-9.7
2025	103.1	54.0	21,635.2	20.0	99.8	2,451.0	50.9	-4.8	96.2	-9.9
2026 (b)	104.2	53.4	22,195.1	19.9	100.7	2,494.2	50.3	-2.8	94.9	-7.0
2025 I	103.2	54.4	21,448.2	19.8	99.1	2,436.3	50.0	-5.1	96.8	-10.5
II	102.3	52.0	21,569.4	19.9	99.2	2,445.0	50.0	-5.2	96.4	-8.9
III	102.8	54.1	21,695.7	19.8	99.7	2,455.3	52.6	-5.0	96.5	-10.7
IV	104.2	55.6	21,822.5	20.2	100.5	2,466.9	51.1	-4.1	95.5	-9.4
2026 I	105.2	52.3	21,938.9	20.1	99.6	2,478.0	49.3	-3.1	96.0	-9.0
II	103.0	50.7	22,122.7	20.0	101.3	2,490.8	50.9	-4.0	96.1	-7.6
III	104.1	56.4	22,380.7	20.3	101.5	2,506.0	50.2	-2.3	95.8	-5.6
IV (b)	105.1	56.2	22,573.2	20.1	—	2,514.4	52.2	-0.4	—	-3.7
2026 Aug	102.2	55.8	22,368.7	20.3	101.0	2,506.4	49.5	-3.5	96.3	-5.7
Sep	105.6	56.8	22,480.1	20.3	101.8	2,509.0	51.0	-0.9	—	-5.1
Oct	105.1	56.2	22,573.2	20.1	—	2,514.4	52.2	-0.4	—	-3.7
					Percentage changes (c)					
2018	—	—	3.1	0.6	0.6	2.7	—	—	1.9	—
2019	—	—	2.6	-2.6	0.6	1.4	—	—	0.0	—
2020	—	—	-2.1	-4.8	-9.3	-1.9	—	—	-10.1	—
2021	—	—	2.5	2.2	7.3	1.7	—	—	5.8	—
2022	—	—	3.9	-3.8	2.5	2.4	—	—	2.7	—
2023	—	—	2.7	-1.2	-1.6	1.7	—	—	-2.0	—
2024	—	—	2.4	1.5	0.5	1.6	—	—	-0.1	—
2025	—	—	2.3	1.6	1.3	1.7	—	—	0.6	—
2026 (d)	—	—	2.8	1.8	1.5	1.9	—	—	-0.6	—
2025 I	—	—	0.6	0.5	0.4	0.5	—	—	0.2	—
II	—	—	0.6	0.4	0.1	0.4	—	—	-0.4	—
III	—	—	0.6	-0.2	0.5	0.4	—	—	0.1	—
IV	—	—	0.6	1.7	0.8	0.5	—	—	-1.1	—
2026 I	—	—	0.5	-0.1	-0.9	0.4	—	—	0.6	—
II	—	—	0.8	-0.5	1.7	0.5	—	—	0.1	—
III	—	—	1.2	1.5	0.2	0.6	—	—	-0.4	—
IV (e)	—	—	0.9	-1.0	—	0.3	—	—	—	—
2026 Aug	—	—	0.3	-0.7	-0.7	0.1	—	—	1.2	—
Sep	—	—	0.5	0.2	0.8	0.1	—	—	—	—
Oct	—	—	0.4	-0.9	—	0.2	—	—	—	—

(a) Seasonally adjusted, except for annual data. (b) Period with available data. (c) Percent change from the previous quarter for quarterly data, from the previous month for monthly data, 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

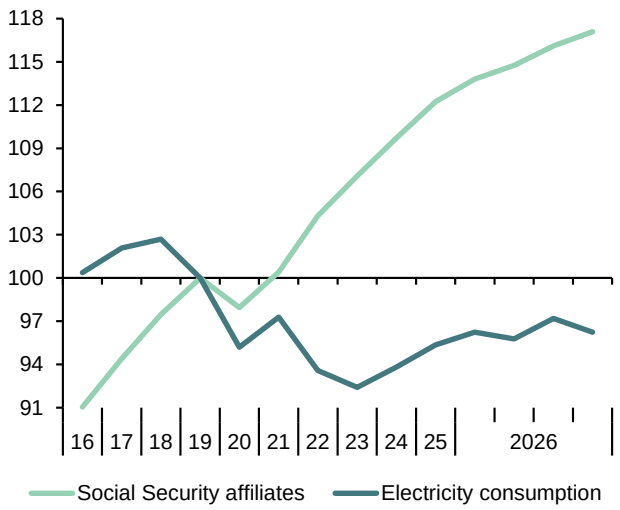


Chart 8.2 - General activity indicators (II)

Index

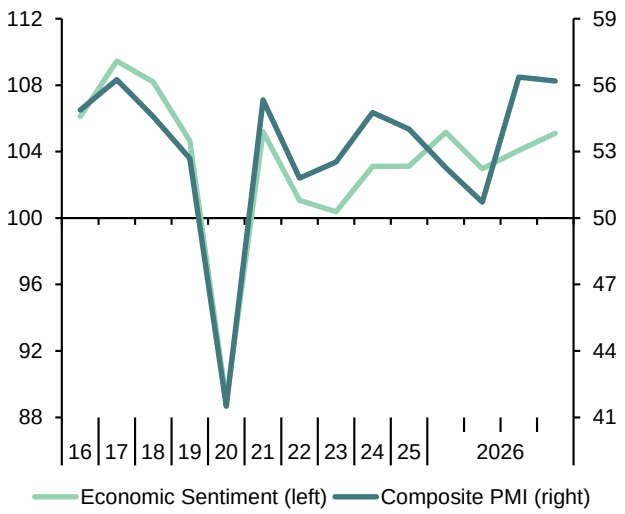


Chart 8.3 - Industrial sector indicators (I)

Level, 2019=100

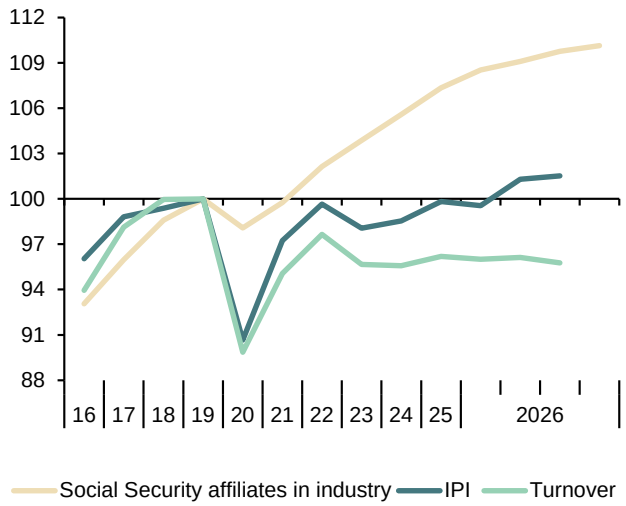


Chart 8.4 - Industrial sector indicators (II)

Index

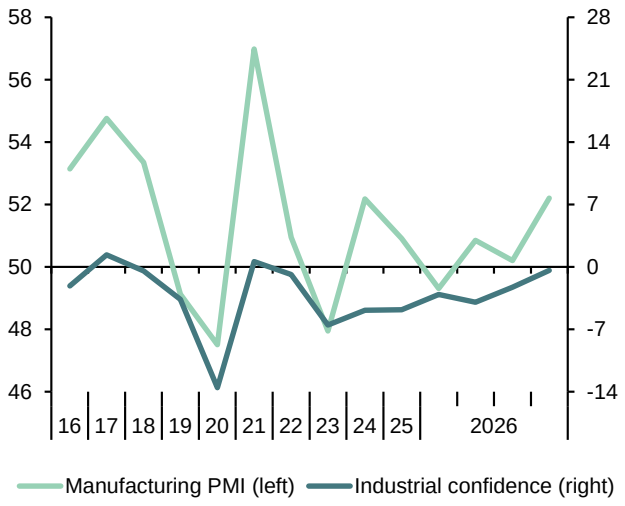


Table 9

Construction and services sector indicators (a)

		Construction indicators					Service sector indicators				
		Social Security Affiliates in construction	Industrial production index construction materials	Construction confidence index	Official tenders (f) (h)	Housing permits (f)	Social Security Affiliates in services (g)	Turnover index deflated	Services PMI index	Hotel overnight stays	Passenger air transport
		Thousands	2019=100	Balance of responses	2019=100	Dwellings, monthly average	Thousands	2019=100	Index	Million, monthly average	Million, monthly average
2018		1,194.1	91.5	-6.0	98.5	8,394.4	14,204.9	97.3	54.8	28.3	21.9
2019		1,254.9	100.0	-7.7	100.0	8,855.5	14,602.8	100.0	53.9	28.6	23.1
2020		1,233.1	88.9	-17.4	77.1	7,127.9	14,290.1	83.4	40.3	7.7	6.3
2021		1,237.4	99.5	-1.9	119.8	9,026.5	14,726.0	95.5	55.0	14.4	9.9
2022		1,280.8	99.2	8.8	131.3	9,076.9	15,415.9	102.4	52.5	26.7	20.2
2023		1,329.6	95.5	8.7	126.3	9,123.6	15,889.3	103.8	53.6	28.9	23.5
2024		1,354.4	95.1	7.8	137.0	10,643.4	16,346.6	106.3	55.3	30.3	25.7
2025		1,396.3	98.1	16.0	144.7	11,584.7	16,761.2	110.2	54.5	30.5	26.7
2026 (b)		1,466.7	96.8	13.8	165.5	13,125.8	17,201.4	109.4	54.3	33.1	28.7
2025	I	1,377.6	96.8	13.4	142.6	12,034.0	16,602.7	109.5	55.3	30.2	26.5
	II	1,389.6	97.7	15.4	146.8	11,323.3	16,706.1	109.6	52.2	30.5	26.5
	III	1,403.1	97.1	14.7	131.0	10,085.0	16,812.2	110.6	54.2	30.6	26.7
	IV	1,414.5	98.5	20.6	158.1	12,896.3	16,920.1	111.2	56.4	30.7	27.2
2026	I	1,431.7	96.3	18.4	175.5	12,987.3	16,999.3	111.0	52.9	30.8	27.2
	II	1,459.7	97.4	17.4	137.6	13,264.3	17,143.7	111.6	50.7	30.9	27.8
	III	1,494.2	95.5	8.3	183.5	—	17,340.8	110.9	58.1	31.1	28.1
	IV (b)	1,514.3	—	5.5	—	—	17,492.5	—	57.2	—	28.1
2026	Aug	1,493.4	93.3	3.5	145.0	—	17,327.2	110.8	57.8	31.2	28.2
	Sep	1,504.3	96.3	6.9	131.3	—	17,421.0	—	58.3	31.3	28.1
	Oct	1,514.3	—	5.5	—	—	17,492.5	—	57.2	—	28.1
					Percentage changes (c)						
2018		6.7	3.2	—	28.0	24.7	3.1	4.0	—	-0.2	5.8
2019		5.1	9.3	—	1.6	5.5	2.8	2.8	—	0.9	5.3
2020		-1.7	-11.1	—	-22.9	-19.5	-2.1	-16.6	—	-73.1	-72.7
2021		0.4	12.0	—	55.3	26.6	3.1	14.5	—	87.4	57.8
2022		3.5	-0.3	—	9.5	0.6	4.7	7.2	—	85.4	103.4
2023		3.8	-3.8	—	-3.8	0.5	3.1	1.4	—	8.2	16.3
2024		1.9	-0.4	—	8.5	16.7	2.9	2.4	—	4.8	9.3
2025		3.1	3.1	—	5.6	8.8	2.5	3.7	—	0.8	4.0
2026 (d)		5.4	-0.6	—	18.1	12.4	2.8	1.4	—	1.5	4.1
2025	I	1.2	0.4	—	15.6	19.4	0.6	1.6	—	-0.4	1.3
	II	0.9	0.8	—	14.4	2.9	0.6	0.1	—	0.9	0.1
	III	1.0	-0.6	—	-10.0	-4.7	0.6	0.9	—	0.4	0.8
	IV	0.8	1.5	—	5.0	18.3	0.6	0.5	—	0.1	1.5
2026	I	1.2	-2.2	—	23.1	7.9	0.5	-0.1	—	0.5	0.2
	II	2.0	1.1	—	-6.3	17.1	0.8	0.5	—	0.4	2.2
	III	2.4	-1.9	—	40.0	—	1.1	-0.6	—	0.7	1.2
	IV (e)	1.4	--	—	--	—	0.9	—	—	—	0.0
2026	Aug	0.6	-3.8	—	26.6	—	0.3	-0.1	—	0.6	0.3
	Sep	0.7	3.2	—	27.7	—	0.5	—	—	0.3	-0.2
	Oct	0.7	—	—	—	—	0.4	—	—	--	0.0

(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. (h) Deflated by Funcas.

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

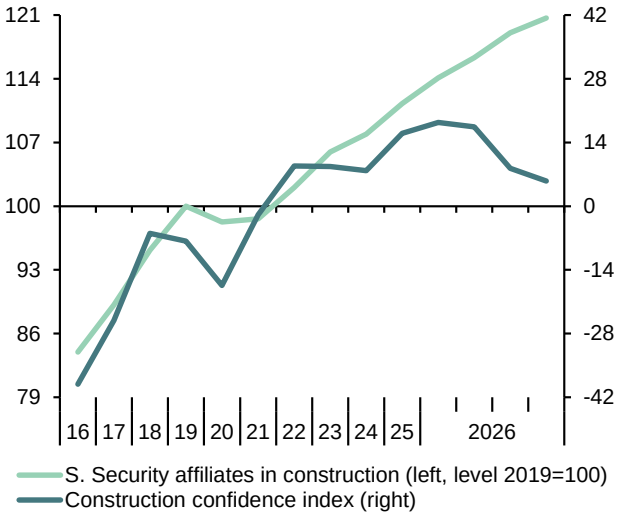


Chart 9.2 - Construction indicators (II)

Level, 2019=100

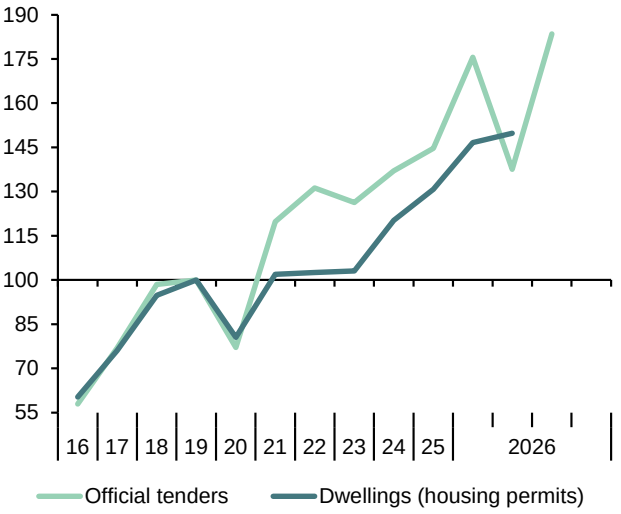


Chart 9.3 - Services indicators (I)

Level, 2019=100

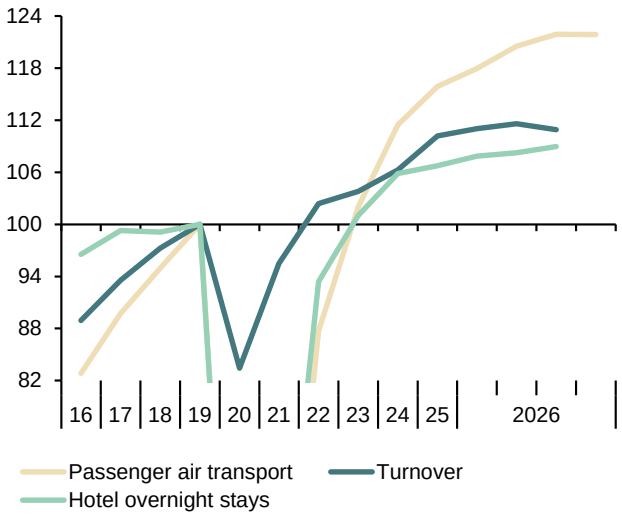


Chart 9.4 - Services indicators (II)

Index

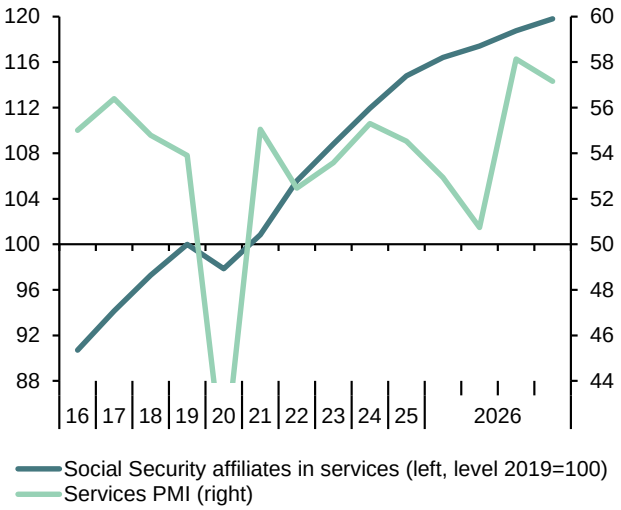


Table 10

Consumption and investment indicators (a)

	Consumption indicators						Investment in equipment indicators		
	Retail sales deflated	Car registrations	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	Million, monthly average	Balance of responses	2019=100	Thousands, monthly average	Balance of responses	2019=100	2019=100
2018	97.5	118.7	9.7	-5.6	97.5	19.9	12.4	99.8	95.6
2019	100.0	114.6	10.0	-2.9	100.0	19.2	8.8	100.0	100.0
2020	94.5	78.3	4.3	-25.5	91.6	15.0	-22.7	94.7	93.5
2021	98.1	79.5	7.6	-11.1	96.0	16.4	4.7	104.4	98.0
2022	98.9	76.2	10.0	-2.8	102.3	14.6	28.2	118.1	105.8
2023	102.1	86.7	10.1	-6.7	104.1	18.0	17.9	122.2	121.9
2024	103.9	94.3	10.2	-10.1	107.8	19.6	4.3	127.1	123.3
2025	108.2	108.7	10.2	-8.4	114.3	21.3	-8.9	140.3	136.2
2026 (b)	107.6	115.3	10.9	-8.0	113.3	22.3	-6.3	140.9	137.0
2025 I	106.2	104.8	10.1	-10.2	112.6	20.2	-7.5	136.8	133.0
II	107.8	109.2	10.2	-8.8	114.3	21.3	-5.0	139.4	137.0
III	109.1	109.0	10.2	-8.3	115.1	21.9	-10.4	141.5	134.7
IV	109.7	112.0	10.2	-6.5	116.6	21.9	-12.6	144.0	137.9
2026 I	109.7	113.8	10.2	-7.0	117.1	22.6	-7.1	146.1	139.9
II	110.0	115.7	10.2	-6.5	116.1	22.5	-7.6	147.9	143.9
III	109.8	116.6	10.1	-9.6	115.9	22.6	-4.7	148.2	140.1
IV (b)	—	—	—	-10.1	—	—	-5.0	—	—
2026 Aug	110.0	116.7	10.1	-9.0	118.2	22.5	-5.6	148.2	128.8
Sep	109.8	118.8	10.1	-8.3	114.5	22.6	-3.7	—	148.5
Oct	—	—	—	-10.1	—	—	-5.0	—	—
Percentage changes (c)									
2018	0.7	6.1	0.6	—	2.6	11.4	—	2.0	4.4
2019	2.5	-3.4	2.7	—	2.6	-3.2	—	0.2	4.6
2020	-5.5	-31.7	-57.2	—	-8.4	-21.9	—	-5.3	-6.5
2021	3.8	1.5	77.3	—	4.9	9.3	—	10.3	4.9
2022	0.8	-4.1	32.3	—	6.5	-10.9	—	13.0	8.0
2023	3.1	13.7	1.4	—	1.8	22.9	—	3.5	15.1
2024	1.8	8.8	0.2	—	3.5	9.2	—	4.0	1.1
2025	4.2	15.3	0.0	—	6.1	8.4	—	10.4	10.5
2026 (d)	1.9	7.1	0.1	—	1.8	7.1	—	7.5	4.5
2024 IV	1.0	8.2	1.9	—	2.8	5.2	—	17.5	27.2
2025 I	0.7	3.9	-0.9	—	12.5	0.1	—	11.5	19.1
II	1.5	4.2	0.2	—	6.2	5.4	—	8.0	12.5
III	1.2	-0.2	1.0	—	2.9	2.6	—	6.0	-6.6
IV	0.6	2.8	-0.6	—	5.0	0.1	—	7.2	9.9
2026 I	0.0	1.6	0.4	—	2.0	3.2	—	6.1	6.0
II	0.2	1.7	-0.3	—	-3.6	-0.2	—	4.8	11.7
III (e)	-0.2	0.8	-1.0	—	-0.4	0.4	—	0.9	-10.0
2026 Jul	-0.7	-2.1	-1.2	—	-0.8	1.1	—	0.0	-0.3
Aug	0.4	2.0	-0.4	—	2.6	-1.3	—	0.0	-10.0
Sep	-0.2	1.8	0.3	—	-3.1	0.4	—	—	15.3

(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

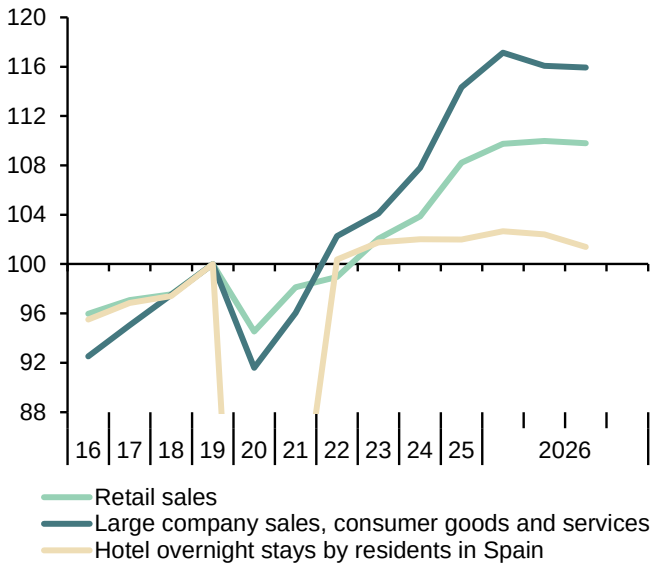


Chart 10.2 - Investment indicators

Level, 2019=100 and balance of responses

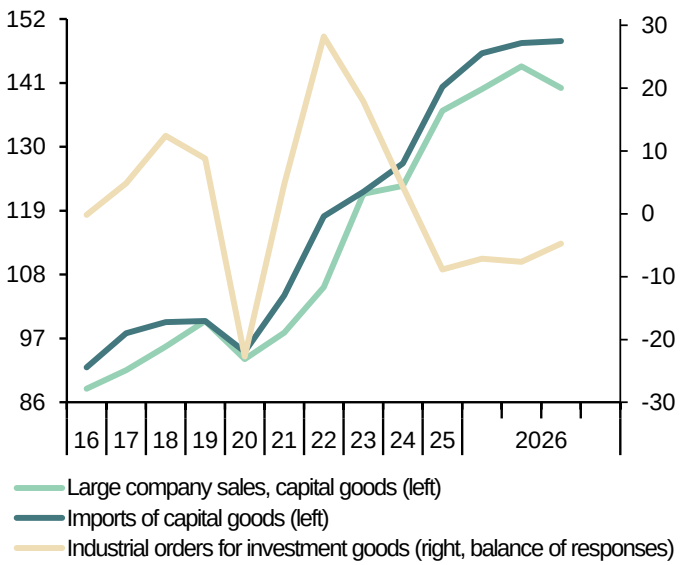


Table 11a

Labour market (I)

Forecasts in yellow

		Population aged 16 or more	Labour force		Employment		Unemployment		Participation rate (a)	Employment rate (b)	Unemployment rate (c)			
											Total	Aged 16-24	Spanish	Foreign
			Original	Seasonally adjusted	Original	Seasonally adjusted	Original	Seasonally adjusted	Seasonally adjusted				Original	
		1	2=4+6	3=5+7	4	5	6	7	8	9	10=7/3	11	12	13
		Million							Percentage					
2018		38.9	22.8	—	19.3	--	3.5	—	74.9	63.4	15.3	34.3	14.1	26.9
2019		39.3	23.0	—	19.8	--	3.2	—	75.0	64.3	14.1	32.5	13.1	24.3
2020		39.6	22.7	—	19.2	--	3.5	—	73.4	62.0	15.5	38.3	13.8	23.7
2021		39.9	23.3	—	19.8	--	3.5	—	74.9	63.7	14.9	35.1	13.4	22.0
2022		40.4	23.6	—	20.5	--	3.1	—	75.3	65.4	13.0	29.7	11.8	18.4
2023		41.0	24.1	—	21.2	--	2.9	—	75.8	66.5	12.2	28.7	11.0	16.8
2024		41.6	24.4	—	21.7	--	2.8	—	75.9	67.2	11.3	26.5	10.1	15.9
2025		42.1	24.8	—	22.2	--	2.6	—	76.2	68.1	10.5	24.9	9.6	13.7
2026		42.7	25.2	—	22.7	--	2.5	—	—	—	9.9	—	—	—
2027		43.0	25.5	—	23.1	--	2.4	—	—	—	9.3	—	—	—
2024	IV	41.8	24.5	24.5	21.9	21.8	2.6	2.7	75.7	—	10.9	26.1	9.5	14.7
2025	I	41.9	24.6	24.7	21.8	22.0	2.8	2.7	76.0	—	10.8	27.1	10.2	15.5
	II	42.0	24.8	24.8	22.3	22.2	2.6	2.6	76.1	—	10.5	24.6	9.1	14.3
	III	42.2	25.0	24.9	22.4	22.3	2.6	2.6	76.3	—	10.4	23.6	9.5	13.8
	IV	42.3	24.9	25.0	22.5	22.5	2.5	2.6	76.4	—	10.3	24.4	9.6	10.9
2026	I	42.5	25.0	25.1	22.3	22.5	2.7	2.6	76.4	—	10.2	25.0	10.2	12.9
	II	42.6	25.3	25.2	22.8	22.7	2.5	2.6	76.5	—	10.2	23.6	9.6	10.6
	III	42.8	25.4	25.3	22.9	22.7	2.6	2.6	76.6	—	10.1	21.6	10.1	10.6
		Percentage changes (d)							Difference from one year ago					
2018		0.6	0.3	—	2.7	--	-11.2	—	-0.2	1.3	-2.0	-4.2	-2.0	-2.4
2019		1.0	1.0	—	2.3	--	-6.6	—	0.1	0.9	-1.2	-1.8	-1.0	-2.7
2020		0.8	-1.3	—	-2.9	--	8.7	—	-1.5	-2.4	1.4	5.8	0.7	-0.5
2021		0.9	2.5	—	3.3	--	-1.5	—	1.5	1.7	-0.6	-3.2	-0.4	-1.7
2022		1.1	1.4	—	3.6	--	-11.4	—	0.3	1.7	-1.9	-5.5	-1.6	-3.6
2023		1.5	2.1	—	3.1	--	-4.6	—	0.5	1.1	-0.9	-1.0	-0.8	-1.7
2024		1.4	1.3	—	2.2	--	-5.7	—	0.1	0.7	-0.8	-2.2	-0.9	-0.9
2025		1.3	1.7	—	2.6	--	-5.9	—	—	—	-0.8	—	—	—
2026		1.3	1.6	—	2.3	—	-3.9	—	—	—	-0.6	—	—	—
2027		0.8	0.9	—	1.6	—	-6.0	—	—	—	-0.7	—	—	—
2024	IV	1.4	0.8	0.4	2.2	0.7	-9.3	-2.5	-0.3	0.7	-1.2	-3.6	-1.1	-1.7
2025	I	1.4	1.3	0.6	2.4	0.8	-6.3	-1.0	0.0	0.7	-0.9	-1.2	-0.6	-2.4
	II	1.3	1.6	0.4	2.7	0.6	-7.3	-1.6	0.2	1.0	-1.0	-2.0	-0.9	-1.5
	III	1.3	1.7	0.4	2.6	0.5	-5.1	-0.7	0.4	1.0	-0.8	-1.5	-0.7	-1.2
	IV	1.2	2.0	0.7	2.8	0.8	-4.6	-0.7	0.6	1.1	-0.7	-1.9	0.2	-3.7
2026	I	1.3	1.8	0.4	2.4	0.4	-2.9	-0.3	0.4	0.8	-0.5	-2.0	0.0	-2.6
	II	1.4	1.8	0.4	2.3	0.5	-2.3	-0.2	0.4	0.7	-0.4	-0.8	0.5	-3.7
	III	1.4	1.8	0.3	2.1	0.3	-0.8	0.1	0.3	0.5	-0.3	-2.1	0.6	-3.3

(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.

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

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

Thousands and percentage of active population

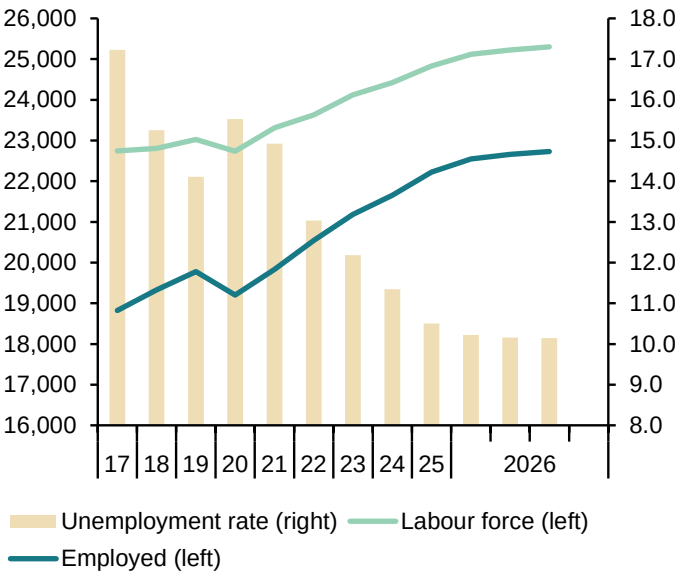


Chart 11a.2 - Unemployment rates

Percentage

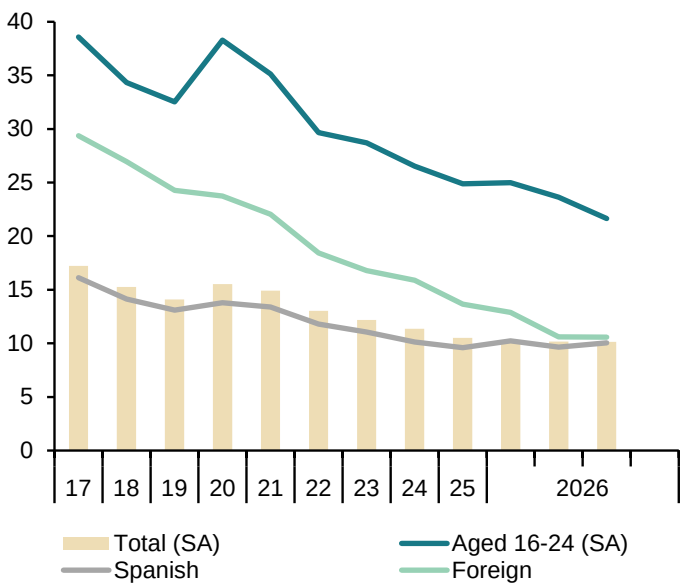


Table 11b

Labour market (II)

		Employed by sector				Employed by professional situation					Employed by duration of the working-day		
						Employees							
							By type of contract						
		Agriculture	Industry	Construction	Services	Total	Tempo-rary	Indefinite	Temporary employment rate (a)	Self employed	Full-time	Part-time	Part-time employment rate
		1	2	3	4	5=6+7	6	7	8=6/5	9	10	11	12
		Million (original data)											(b)
2018		0.81	2.71	1.22	14.59	16.23	4.35	11.88	26.8	3.09	16.50	2.83	14.65
2019		0.80	2.76	1.28	14.94	16.67	4.38	12.29	26.3	3.11	16.88	2.90	14.64
2020		0.77	2.70	1.24	14.49	16.11	3.88	12.23	24.1	3.09	16.51	2.70	14.05
2021		0.82	2.71	1.32	14.99	16.66	4.21	12.45	25.2	3.17	17.08	2.75	13.87
2022		0.80	2.78	1.35	15.61	17.37	3.70	13.66	21.3	3.18	17.76	2.78	13.55
2023		0.77	2.81	1.40	16.20	17.96	3.10	14.87	17.2	3.22	18.36	2.82	13.31
2024		0.75	2.89	1.46	16.55	18.44	2.93	15.51	15.9	3.21	18.72	2.93	13.55
2025		0.76	3.01	1.53	16.92	18.94	2.90	16.04	15.3	3.28	19.18	3.04	13.68
2026	(c)	0.77	3.07	1.60	17.20	19.44	2.93	16.51	15.1	3.20	19.61	3.03	13.40
2024	IV	0.74	2.92	1.48	16.72	18.59	2.88	15.50	15.5	3.27	18.80	3.06	14.00
2025	I	0.76	2.92	1.48	16.61	18.50	2.80	15.60	15.1	3.27	18.69	3.08	14.13
	II	0.76	3.01	1.52	16.97	18.98	2.92	15.71	15.4	3.29	19.17	3.09	13.89
	III	0.75	3.07	1.56	17.01	19.11	2.98	15.70	15.6	3.28	19.49	2.90	12.94
	IV	0.78	3.03	1.56	17.09	19.16	2.90	16.06	15.1	3.30	19.37	3.09	13.75
2026	I	0.79	3.06	1.58	16.86	19.06	2.81	16.13	14.8	3.24	19.26	3.04	13.62
	II	0.79	3.10	1.64	17.26	19.59	2.96	16.26	15.1	3.19	19.66	3.12	13.68
	III	0.73	3.04	1.59	17.49	19.68	3.02	16.24	15.4	3.18	19.91	2.95	12.89
		Annual percentage changes							Difference from one year ago	Annual percentage changes			Difference from one year ago
2018		-0.8	2.3	8.3	2.5	3.3	3.8	3.1	0.1	-0.5	3.1	0.4	-0.3
2019		-1.9	2.0	4.6	2.4	2.7	0.6	3.5	-0.6	0.5	2.3	2.3	0.0
2020		-4.0	-2.3	-2.6	-3.0	-3.4	-11.4	-0.5	-2.2	-0.5	-2.2	-6.9	-0.6
2021		6.9	0.5	5.7	3.4	3.4	8.5	1.8	1.2	2.6	3.5	2.0	-0.2
2022		-2.4	2.5	3.0	4.2	4.3	-11.9	9.7	-3.9	0.2	4.0	1.2	-0.3
2023		-3.9	1.3	3.2	3.8	3.4	-16.4	8.8	-4.1	1.3	3.4	1.2	-0.2
2024		-2.0	2.6	4.7	2.2	2.7	-5.4	4.3	-1.4	-0.2	1.9	4.1	0.2
2025		1.5	4.1	4.5	2.2	2.7	-1.1	3.4	-0.6	2.2	2.5	3.6	0.1
2026	(d)	1.5	2.4	5.3	2.0	3.1	1.2	3.4	-0.3	-2.3	2.6	0.3	-0.3
2024	IV	-7.1	1.9	3.1	2.6	2.5	-4.4	3.9	-1.1	0.4	1.6	6.2	0.5
2025	I	-0.5	3.2	4.3	2.3	2.4	-1.4	3.1	-0.6	2.5	2.1	4.6	0.3
	II	-0.9	4.0	3.1	2.6	2.9	-0.7	3.6	-0.6	1.4	2.3	5.1	0.3
	III	1.9	5.4	5.3	1.9	2.4	-2.9	3.4	-0.8	3.8	2.4	3.7	0.1
	IV	5.9	3.8	5.4	2.2	3.1	0.8	3.5	-0.3	1.1	3.1	1.0	-0.2
2026	I	4.1	5.0	6.6	1.5	3.0	0.6	3.4	-0.4	-0.9	3.0	-1.3	-0.5
	II	2.9	3.1	7.4	1.7	3.2	1.2	3.6	-0.3	-2.9	2.5	0.7	-0.2
	III	-2.5	-0.8	2.0	2.8	3.0	1.6	3.2	-0.2	-3.1	2.1	1.7	-0.1

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

Sources: INE (Labour Force Survey).

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

Level, 2019=100

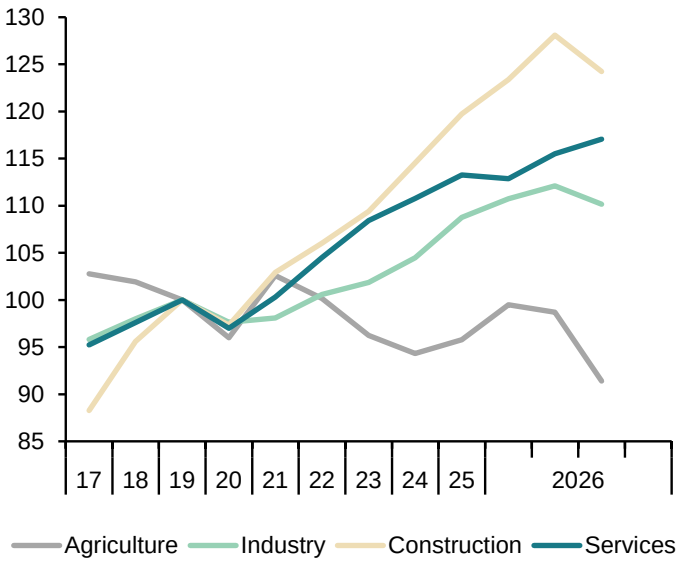


Chart 11b.2 - Temporary employment rate

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 2025		100.00	70.15	84.82	19.84	50.31	14.67	6.25	8.93	20.92
Indexes. 2025 = 100										
2020		81.9	87.2	84.5	90.3	86.2	75.7	73.5	73.8	75.1
2021		84.4	87.7	85.2	90.9	86.7	76.7	75.3	89.4	76.4
2022		91.5	90.9	89.5	94.7	89.6	84.8	83.5	114.4	84.6
2023		94.8	94.9	95.0	98.7	93.4	95.1	91.2	95.8	94.0
2024		97.4	97.5	97.7	99.4	96.7	98.6	94.3	96.7	97.4
2025		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2026		103.7	103.3	102.9	101.4	103.9	101.7	104.6	110.6	102.6
2027		107.0	106.5	105.8	102.8	107.9	103.1	108.4	116.8	104.7
Annual percentage changes										
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		2.7	2.6	2.3	0.6	3.4	1.4	6.1	3.4	2.7
2026		3.7	3.3	2.9	1.4	3.9	1.7	4.6	10.6	2.6
2027		3.2	3.1	2.8	1.4	3.8	1.4	3.7	5.6	2.1
2026	Jan	2.3	2.8	2.6	0.6	3.6	2.1	6.1	-2.5	3.2
	Feb	2.3	2.9	2.7	1.0	3.5	2.3	6.5	-3.1	3.5
	Mar	3.4	3.2	2.9	1.6	3.7	2.3	4.8	7.3	3.0
	Apr	3.2	3.0	2.8	1.6	3.4	2.3	4.6	6.6	3.0
	May	3.2	3.2	3.0	0.9	4.1	2.0	3.3	5.9	2.4
	Jun	3.2	3.2	2.9	1.0	3.9	1.8	2.6	6.7	2.1
	Jul	3.6	3.4	3.0	1.1	4.0	1.7	2.3	10.1	1.8
	Aug	4.3	3.3	2.9	1.4	3.9	1.6	4.5	16.9	2.4
	Sep	4.9	3.5	3.1	2.0	3.9	1.5	5.8	21.7	2.7
	Oct	4.9	3.6	3.1	2.1	4.1	1.2	5.5	20.8	2.5
	Nov	4.6	3.5	3.0	1.4	4.2	1.0	4.8	19.2	2.1
	Dec	4.6	3.7	3.1	1.9	4.3	0.8	4.6	18.2	1.9
2027	Jan	4.6	3.8	3.2	1.9	4.5	0.6	4.5	17.4	1.7
	Feb	4.3	3.6	3.1	1.8	4.4	0.7	3.7	16.0	1.6
	Mar	3.5	3.5	3.0	1.7	4.2	0.8	3.2	7.7	1.5
	Apr	4.0	3.5	3.1	1.6	4.3	1.1	2.6	12.9	1.5
	May	4.0	3.1	2.7	1.7	3.6	1.2	3.2	15.6	1.8
	Jun	3.9	3.1	2.8	1.6	3.8	1.4	3.4	14.3	2.0
	Jul	3.4	3.1	2.8	1.6	3.7	1.6	4.4	7.4	2.4
	Aug	2.8	3.1	2.8	1.4	3.8	1.7	4.6	1.2	2.6
	Sep	2.2	3.1	2.9	1.4	3.8	1.8	3.7	-4.2	2.4
	Oct	2.0	2.8	2.6	1.0	3.5	1.9	3.6	-4.7	2.4
	Nov	1.9	2.6	2.5	0.9	3.3	1.9	3.6	-5.0	2.4
	Dec	1.9	2.5	2.4	0.8	3.2	2.0	3.6	-4.4	2.4

Sources: INE and Funcas (Forecasts).

Chart 12.1 - Inflation rate (I)

Annual percentage changes

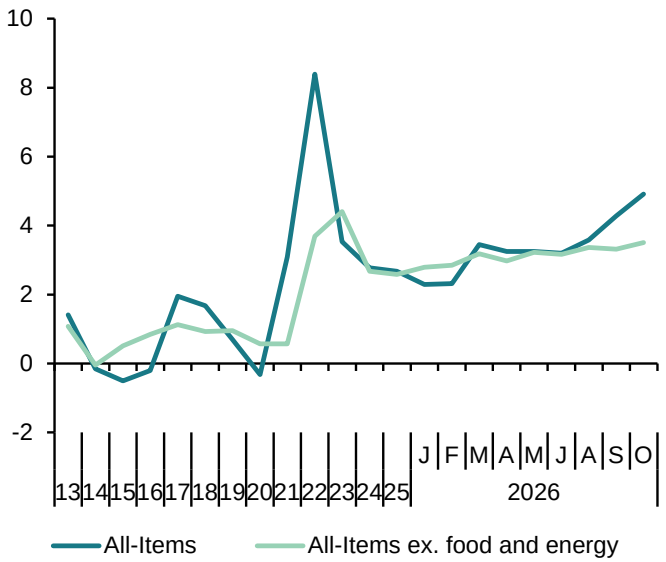


Chart 12.2 - Inflation rate (II)

Annual percentage changes

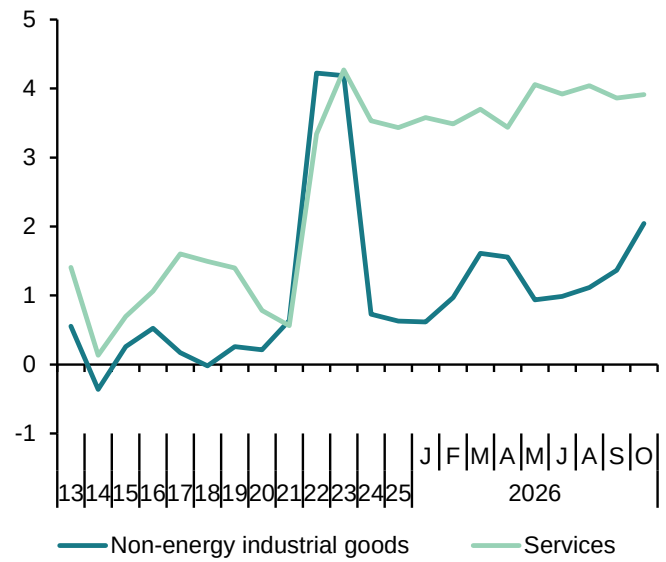


Table 13

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)	m^2 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				
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		118.9	139.7	126.4	128.1	116.6	105.3	118.3	117.7	120.0	118.7	—
2025		122.5	140.9	126.2	144.4	129.6	107.5	122.3	121.5	124.6	123.0	—
2026 (b)		125.4	150.2	129.4	157.8	142.3	122.9	126.7	125.7	129.5	124.1	—
2024	IV	120.3	142.7	125.8	132.8	120.2	109.1	123.8	124.9	120.7	125.1	—
2025	I	120.9	144.7	126.3	137.5	123.9	107.4	118.7	117.1	123.4	115.6	—
	II	121.6	137.6	126.3	143.0	127.6	112.0	123.8	123.6	124.3	121.5	—
	III	122.5	140.7	126.1	147.2	131.2	104.3	118.3	116.0	124.9	124.7	—
	IV	125.0	140.5	126.3	149.9	135.9	106.3	128.5	129.4	125.9	130.3	—
2026	I	124.9	141.4	127.5	155.2	141.1	116.7	124.6	122.9	129.3	121.5	—
	II	125.0	149.5	130.3	160.4	143.5	129.1	128.8	128.5	129.6	126.7	—
	III (b)	—	159.9	130.5	—	—	—	—	—	—	—	—
2026	Jul	—	154.8	130.3	—	—	—	—	—	—	—	—
	Aug	—	159.2	130.4	—	—	—	—	—	—	—	—
	Sep	—	165.6	130.7	—	—	—	—	—	—	—	—
		Annual percent changes (c)										
2018		1.2	3.0	1.1	6.7	3.4	-1.6	1.0	1.0	1.0	1.4	1.7
2019		1.4	-0.4	0.1	5.1	3.2	0.7	2.2	1.9	3.4	2.6	2.2
2020		1.1	-4.3	0.0	2.1	-1.1	-9.4	-2.2	-2.6	-1.0	6.6	1.7
2021		2.6	17.3	7.0	3.7	2.1	3.7	5.9	6.3	4.8	-0.6	1.6
2022		4.7	35.5	13.6	7.4	5.0	5.0	4.2	4.6	3.1	1.9	3.2
2023		6.2	-4.7	3.6	4.0	3.9	-2.8	5.5	4.8	7.5	5.3	3.7
2024		3.0	-3.7	0.3	8.4	5.8	9.7	4.0	3.8	4.3	4.5	3.4
2025		3.0	0.9	-0.1	12.7	11.2	2.0	3.4	3.2	3.9	3.6	3.5
2026 (d)		3.1	6.6	2.6	12.5	13.2	12.1	4.5	4.5	4.5	4.7	3.1
2024	IV	2.4	-0.2	0.1	11.3	7.0	13.5	3.5	3.5	3.6	3.8	3.4
2025	I	2.3	4.6	-0.1	12.2	9.0	3.2	3.7	3.8	3.6	4.1	3.3
	II	2.8	0.8	-0.4	12.7	10.4	8.1	3.1	2.7	4.1	3.7	3.4
	III	3.2	-0.3	-0.3	12.8	12.1	-0.3	3.0	2.8	3.5	2.5	3.5
	IV	3.9	-1.6	0.4	12.9	13.1	-2.6	3.8	3.6	4.3	4.2	3.5
2026	I	3.3	-2.3	1.0	12.9	13.9	8.7	4.9	5.0	4.8	5.2	2.9
	II	2.8	8.7	3.2	12.2	12.5	15.3	4.1	4.0	4.3	4.3	3.0
	III (e)	3.1	13.6	3.5	—	—	—	—	—	—	—	3.0
2026	Aug	—	13.2	3.5	—	—	—	—	—	—	—	3.0
	Sep	—	18.3	3.6	—	—	—	—	—	—	—	3.1
	Oct	—	—	—	—	—	—	—	—	—	—	3.1

(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

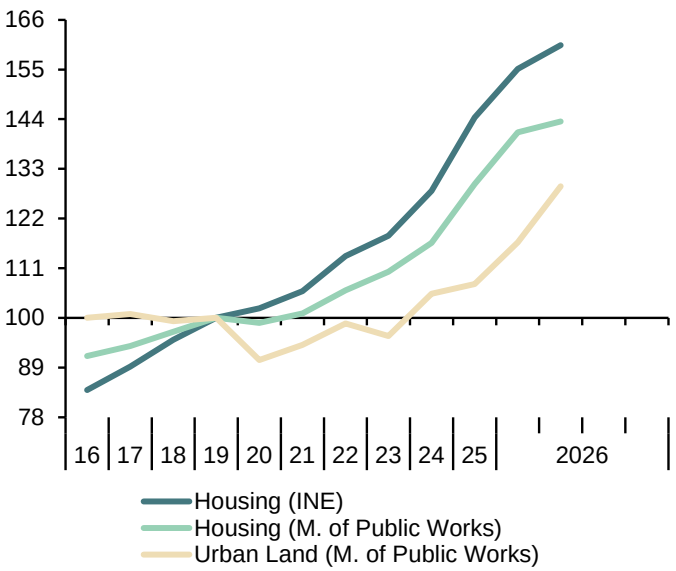


Chart 13.2 - Wage costs

Annual percent change

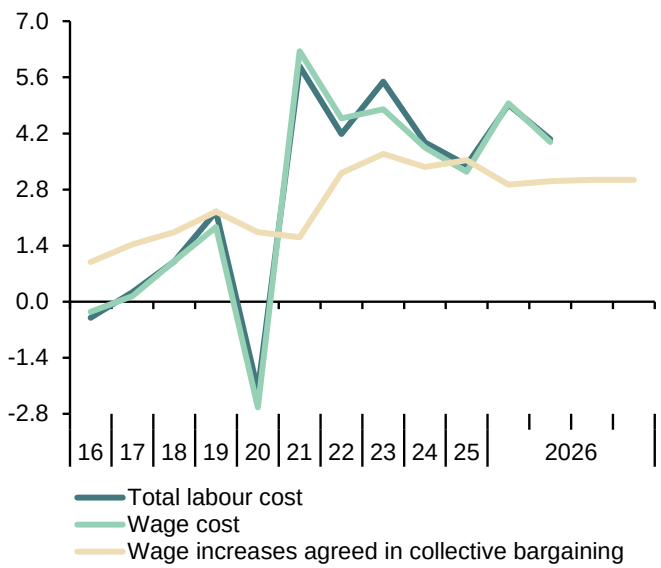


Table 14

External trade (a)

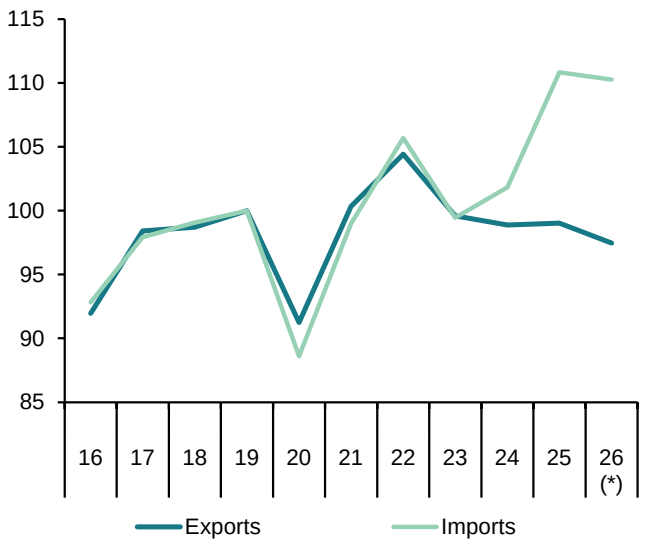
		Exports of goods			Imports of goods			Exports to EU countries (monthly average)	Exports to non-EU countries (monthly average)	Total Balance of goods (monthly average)	Balance of goods excluding energy (monthly average)	Balance of goods with EU countries (monthly average)
		Nominal	Prices	Real	Nominal	Prices	Real					
		2019=100			2019=100			EUR Billions				
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		132.0	132.6	99.6	131.4	132.1	99.5	20.0	12.0	-3.3	-0.3	2.6
2024		133.5	135.0	98.9	133.9	131.4	101.8	19.8	12.5	-3.6	-0.7	2.5
2025		133.1	134.4	99.0	137.7	124.3	110.8	19.9	12.3	-4.8	-2.1	1.6
2026(b)		138.3	142.0	97.4	146.3	134.1	109.2	20.8	12.6	-5.9	-3.0	1.9
2024	III	133.5	135.1	98.8	131.3	130.8	100.4	20.1	12.1	-3.0	-0.4	3.0
	IV	131.4	136.0	96.6	134.5	129.8	103.6	19.4	12.4	-4.4	-1.3	1.9
2025	I	133.1	135.5	98.3	139.9	128.8	108.6	19.8	12.4	-5.4	-2.1	-2.0
	II	135.5	135.3	100.1	136.1	122.4	111.2	20.1	12.7	-3.8	-1.5	-1.8
	III	131.9	133.8	98.5	136.8	123.5	110.7	19.9	11.9	-4.9	-2.2	-1.7
	IV	132.8	134.4	98.8	139.2	123.2	113.0	19.9	12.2	-5.3	-2.9	-1.1
2026	I	133.7	136.7	97.8	136.2	125.1	108.9	20.1	12.2	-4.3	-1.8	-1.7
	II	140.0	144.1	97.2	153.6	139.1	110.4	21.1	12.7	-7.4	-3.9	-1.8
2026	Jun	138.0	143.6	96.1	153.5	138.5	110.8	20.8	12.6	-7.8	-5.1	1.1
	Jul	139.9	143.1	97.8	148.0	138.6	106.8	21.0	12.8	-5.9	-3.2	1.6
	Aug	145.3	151.0	96.2	153.0	141.3	108.3	21.9	13.2	-6.0	-3.9	2.6
		Percentage changes (c)								Percentage of GDP		
2018		3.3	3.0	0.3	5.7	4.5	1.2	3.9	2.5	-2.8	-0.3	0.7
2019		2.0	0.7	1.3	0.9	-0.1	0.9	1.8	2.2	-2.5	-0.3	0.8
2020		-9.4	-0.7	-8.8	-14.1	-3.1	-11.4	-7.0	-12.9	-1.2	0.3	1.4
2021		19.4	8.6	10.0	25.0	12.0	11.7	20.9	17.2	-2.5	-0.2	1.6
2022		23.1	18.3	4.1	32.6	24.2	6.8	25.7	19.0	-5.2	-1.1	2.7
2023		-0.9	3.9	-4.6	-7.7	-1.9	-5.9	-1.2	-0.5	-2.6	-0.2	2.1
2024		1.1	1.8	-0.7	1.9	-0.5	2.4	-1.1	4.7	-2.7	-0.5	1.9
2025		-0.3	-0.4	0.2	2.9	-5.4	8.8	0.6	-1.7	-3.4	-1.5	1.2
2026(d)		3.2	4.9	-1.6	6.5	7.1	-0.5	4.4	1.4	—	—	—
2024	III	-0.2	-0.5	0.3	-0.1	-1.4	1.3	1.2	-2.4	-2.2	-0.3	2.2
	IV	-1.6	0.6	-2.2	2.4	-0.8	3.2	-3.7	2.1	-3.2	-1.0	1.4
2025	I	1.3	-0.4	1.7	4.0	-0.8	4.8	2.2	0.1	-3.9	-1.5	-1.4
	II	1.8	-0.1	1.9	-2.7	-5.0	2.4	1.4	2.4	-2.7	-1.1	-1.3
	III	-2.7	-1.1	-1.6	0.5	0.9	-0.4	-0.6	-6.0	-3.4	-1.6	-1.2
	IV	0.7	0.4	0.3	1.7	-0.3	2.0	-0.2	2.2	-3.6	-2.0	-0.8
2026	I	0.7	1.7	-1.0	-2.1	1.5	-3.6	1.1	0.0	-2.9	-1.2	-1.2
	II	4.7	5.5	-0.7	12.8	11.2	1.4	4.8	4.5	-5.0	-2.6	-1.2
2026	Jun	-1.4	-0.9	-0.5	-4.1	-3.2	-0.9	-0.8	-2.5	—	—	—
	Jul	1.4	-0.4	1.7	-3.5	0.1	-3.6	0.8	2.2	—	—	—
	Aug	3.8	5.6	-1.6	3.4	1.9	1.4	4.5	2.7	—	—	—

(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.

Sources: Ministry of Economy and Funcas.

Chart 14.1 - External trade (real)

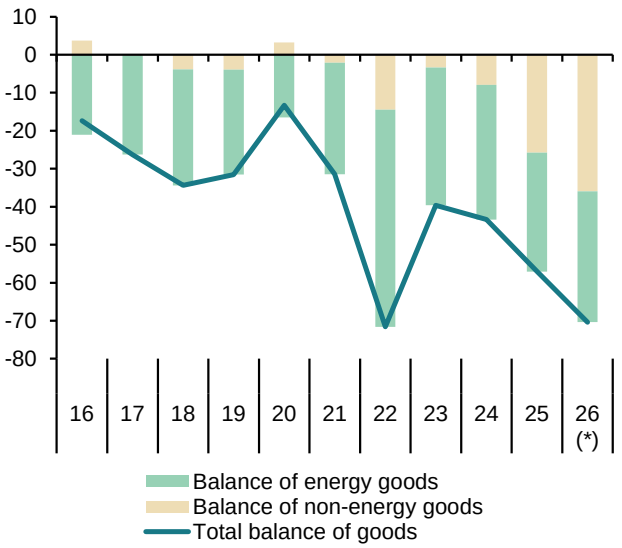
Level, 2019=100



(*) Period with available data, CVE.

Chart 14.2 - Trade balance

EUR Billions



(*) Period with available data, CVE and annualized.

Table 15

Balance of Payments (according to IMF manual)

(Net transactions)

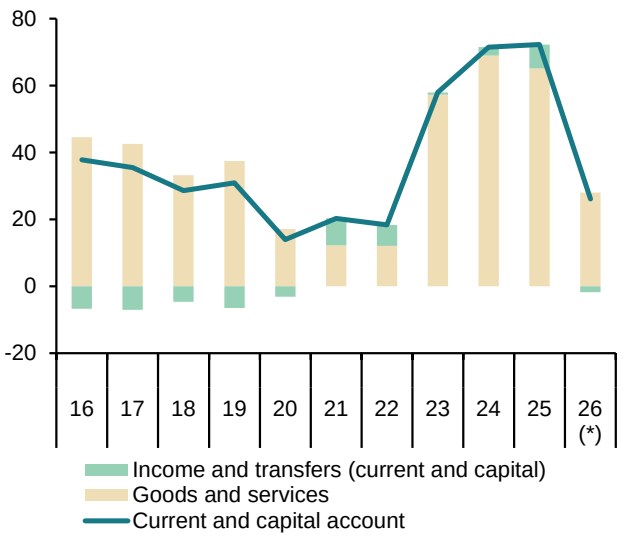
		Current account					Capital account	Current and capital accounts	Financial account						Errors and omissions
		Total	Goods	Services	Primary Income	Secondary Income			Financial account. excluding Bank of Spain					Bank of Spain	
									Total	Direct investment	Porfolio investment	Other investment	Financial derivatives		
		1=2+3+4+5	2	3	4	5	6	7=1+6	8=9+10+11+12	9	10	11	12	13	14
		EUR billions													
2018		22.76	-28.25	61.47	0.44	-10.90	5.79	28.55	45.32	-17.91	15.26	48.87	-0.90	-14.25	2.53
2019		26.69	-25.19	62.62	1.21	-11.94	4.20	30.89	11.02	9.30	-50.83	58.08	-5.53	15.76	-4.11
2020		8.91	-7.03	24.15	2.06	-10.27	5.04	13.95	92.45	16.47	50.87	31.79	-6.67	-81.84	-3.34
2021		9.55	-21.30	33.53	8.25	-10.93	10.73	20.29	9.71	-11.60	3.76	16.72	0.84	16.12	5.57
2022		5.76	-60.22	72.29	6.86	-13.17	12.56	18.32	-11.77	0.86	20.18	-34.95	2.13	30.27	0.18
2023		41.05	-34.95	92.24	-4.47	-11.77	16.90	57.95	-59.14	1.86	-23.31	-32.12	-5.56	115.74	-1.34
2024		53.40	-33.25	102.22	-3.96	-11.61	18.09	71.49	132.51	22.25	-0.65	109.06	1.84	-48.48	12.54
2025		54.83	-50.27	115.37	3.72	-14.00	17.43	72.26	56.78	25.28	35.74	-7.73	3.50	28.42	12.94
2026	(a)	18.66	-30.27	58.23	-0.06	-9.24	7.47	26.13	58.20	4.16	-11.06	63.35	1.75	-31.13	0.93
2024	III	14.73	-11.49	32.07	-1.77	-4.09	4.56	19.29	-1.40	5.00	-24.55	18.48	-0.34	18.11	-2.58
	IV	11.25	-9.43	22.79	0.96	-3.06	8.47	19.73	25.32	9.74	21.06	-6.22	0.75	-0.91	4.69
2025	I	10.50	-12.59	22.98	1.71	-1.59	2.42	12.92	16.49	7.06	-0.01	6.70	2.74	2.54	6.11
	II	15.98	-9.66	30.64	-1.13	-3.88	3.48	19.46	5.97	1.79	-3.34	7.75	-0.23	20.55	7.07
	III	16.60	-15.40	35.39	0.55	-3.93	3.96	20.56	-17.84	10.93	12.12	-40.45	-0.44	32.27	-6.13
	IV	11.75	-12.61	26.36	2.59	-4.59	7.58	19.32	52.15	5.49	26.98	18.26	1.43	-26.94	5.89
2026	I	9.91	-12.24	25.20	2.04	-5.08	2.44	12.35	45.97	3.04	9.19	36.14	-2.40	-40.06	-6.44
	II	8.75	-18.02	33.03	-2.09	-4.16	5.03	13.78	12.23	1.11	-20.25	27.21	4.15	8.92	7.37
			Goods and Services		Primary and Secondary Income										
2026	Jun	3.47	3.45		0.02		3.57	7.03	-1.00	-2.00	-23.38	23.08	1.30	3.88	-4.16
	Jul	5.91	9.22		-3.31		0.99	6.90	-0.76	-0.41	23.11	-23.97	0.50	13.50	5.84
	Ago	5.05	6.08		-1.03		0.59	5.64	12.52	12.08	-5.01	4.98	0.47	-11.13	-4.25
		Percentage of GDP													
2018		1.9	-2.3	5.1	0.0	-0.9	0.5	2.4	3.7	-1.5	1.3	4.0	-0.1	-1.2	0.2
2019		2.1	-2.0	5.0	0.1	-1.0	0.3	2.5	0.9	0.7	-4.1	4.6	-0.4	1.3	-0.3
2020		0.8	-0.6	2.1	0.2	-0.9	0.4	1.2	8.2	1.5	4.5	2.8	-0.6	-7.2	-0.3
2021		0.8	-1.7	2.7	0.7	-0.9	0.9	1.6	0.8	-0.9	0.3	1.4	0.1	1.3	0.5
2022		0.4	-4.4	5.3	0.5	-1.0	0.9	1.3	-0.9	0.1	1.5	-2.5	0.2	2.2	0.0
2023		2.7	-2.3	6.2	-0.3	-0.8	1.1	3.9	-4.0	0.1	-1.6	-2.1	-0.4	7.7	-0.1
2024		3.3	-2.1	6.4	-0.2	-0.7	1.1	4.5	8.3	1.4	0.0	6.8	0.1	-3.0	0.8
2025		3.2	-3.0	6.8	0.2	-0.8	1.0	4.3	3.4	1.5	2.1	-0.5	0.2	1.7	0.8
2026	(a)	4.4	-7.2	13.8	0.0	-2.2	1.8	6.2	13.8	1.0	-2.6	15.0	0.4	-7.4	0.2
2024	III	3.7	-2.9	8.1	-0.4	-1.0	1.2	4.9	-0.4	1.3	-6.2	4.7	-0.1	4.6	-0.7
	IV	2.7	-2.2	5.4	0.2	-0.7	2.0	4.7	6.0	2.3	5.0	-1.5	0.2	-0.2	1.1
2025	I	2.6	-3.2	5.8	0.4	-0.4	0.6	3.2	4.1	1.8	0.0	1.7	0.7	0.6	1.5
	II	3.8	-2.3	7.2	-0.3	-0.9	0.8	4.6	1.4	0.4	-0.8	1.8	-0.1	4.8	1.7
	III	4.0	-3.7	8.5	0.1	-0.9	0.9	4.9	-4.3	2.6	2.9	-9.7	-0.1	7.7	-1.5
	IV	2.6	-2.8	5.8	0.6	-1.0	1.7	4.3	11.6	1.2	6.0	4.0	0.3	-6.0	1.3
2026	I	2.3	-2.9	6.0	0.5	-1.2	0.6	2.9	10.9	0.7	2.2	8.6	-0.6	-9.5	-1.5
	II	2.0	-4.0	7.4	-0.5	-0.9	1.1	3.1	2.7	0.2	-4.5	6.1	0.9	2.0	1.6

(a) Period with available quarterly data.

Source: Bank of Spain.

Chart 15.1 - Balance of payments: Current and capital accounts

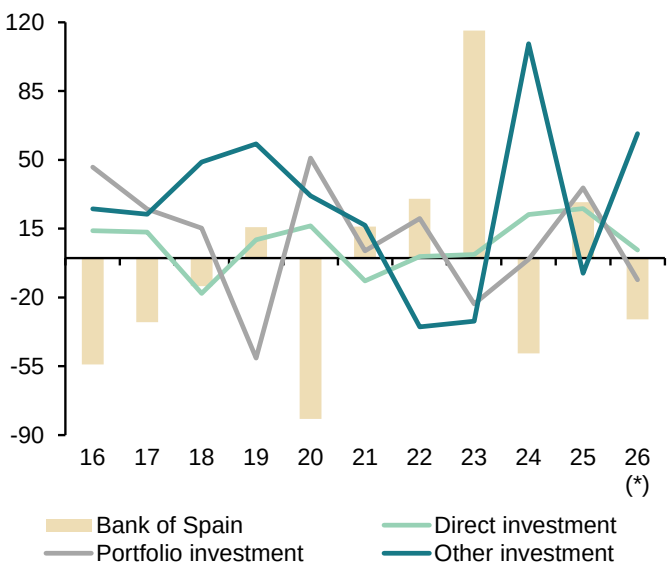
EUR Billions, 12-month cumulated



(*) Period with available data.

Chart 15.2 - Balance of payments: Financial account

EUR Billions, 12-month cumulated



(*) Period with available data.

Table 16

Competitiveness indicators in relation to EMU

	Relative Unit Labour Costs in manufacturing (Spain/Rest of EMU) (a)			Harmonized Consumer Prices			Producer prices			Real Effective Exchange Rate in relation to developed countries (d)
	Relative hourly wages	Relative hourly productivity	Relative ULC	Spain	EMU	Spain/EMU	Spain	EMU	Spain/EMU	
	2000=100			2015=100			2021=100			1999 I =100
2018	100.9	94.9	106.3	103.5	103.6	99.9	90.6	93.4	97.0	97.1
2019	99.2	93.5	106.1	104.3	104.8	99.5	90.3	93.8	96.3	95.4
2020	102.6	87.9	116.8	103.9	105.1	98.9	87.1	91.4	95.3	96.4
2021	104.9	93.2	112.6	107.0	107.8	99.3	100.0	100.0	100.0	97.3
2022	103.6	94.6	109.6	115.9	116.8	99.3	129.7	126.0	102.9	99.1
2023	102.6	95.4	107.5	119.9	123.2	97.3	125.6	124.6	100.8	102.0
2024	102.7	97.8	105.0	123.3	126.1	97.8	122.5	121.1	101.2	102.0
2025	103.3	95.4	108.3	126.6	128.9	98.3	123.5	121.1	101.9	100.9
2026 (b)	—	—	—	130.8	132.2	98.9	130.3	125.6	103.7	102.0
2024 IV	—	—	—	124.1	126.9	97.8	124.7	122.1	102.1	101.7
2025 I	—	—	—	124.9	127.5	98.0	126.3	123.4	102.3	100.5
II	—	—	—	126.7	128.9	98.3	121.3	120.1	101.0	101.2
III	—	—	—	127.0	129.4	98.1	123.2	120.3	102.4	101.0
IV	—	—	—	128.0	129.6	98.7	123.0	120.6	102.0	101.0
2026 I	—	—	—	128.4	130.1	98.7	124.0	122.1	101.5	101.7
II	—	—	—	131.2	132.8	98.8	129.9	125.4	103.5	102.4
III	—	—	—	132.6	133.7	99.2	136.9	129.3	105.9	—
2026 Jul	—	—	—	131.8	133.0	99.1	133.4	127.2	104.9	—
Aug	—	—	—	132.7	133.6	99.3	136.5	129.0	105.8	—
Sep	—	—	—	133.5	134.4	99.3	140.9	131.6	107.1	—
	Annual percentage changes					Differential	Annual percentage changes		Differential	Annual percentage changes
2018	-0.9	-3.0	2.2	1.7	1.7	0.0	2.4	2.6	-0.2	0.7
2019	-1.6	-1.4	-0.2	0.8	1.2	-0.4	-0.3	0.4	-0.7	-1.8
2020	3.4	-6.1	10.1	-0.3	0.3	-0.6	-3.6	-2.6	-1.0	1.1
2021	2.2	6.0	-3.6	3.0	2.6	0.4	14.9	9.4	4.9	0.9
2022	-1.2	1.5	-2.7	8.3	8.4	-0.1	29.7	26.0	2.9	1.9
2023	-1.0	0.9	-1.9	3.4	5.4	-2.0	-3.1	-1.1	-2.0	2.9
2024	0.1	2.5	-2.4	2.9	2.4	0.5	-2.5	-2.8	0.3	0.1
2025	0.6	-2.5	3.2	2.7	2.2	0.5	0.8	0.1	0.7	-1.1
2026 (c)	—	—	—	3.6	2.8	0.8	5.4	3.6	1.8	1.0
2024 IV	—	—	—	2.4	2.2	0.2	0.3	-0.8	1.1	-0.2
2025 I	—	—	—	2.7	2.4	0.3	4.1	2.0	2.1	-1.7
II	—	—	—	2.2	2.1	0.1	0.8	0.1	0.7	-1.0
III	—	—	—	2.8	2.2	0.6	-0.2	-0.4	0.2	-1.1
IV	—	—	—	3.1	2.1	1.0	-1.4	-1.3	-0.1	-0.7
2026 I	—	—	—	2.8	2.0	0.8	-1.8	-1.0	-0.8	1.2
II	—	—	—	3.6	3.0	0.6	7.1	4.4	2.7	1.2
III	—	—	—	4.5	3.3	1.2	11.1	7.4	3.7	—
2026 Jul	—	—	—	3.9	2.9	1.0	5.4	7.8	-2.4	—
Aug	—	—	—	4.5	3.2	1.3	7.3	10.8	-3.5	—
Sep	—	—	—	5.0	3.8	1.2	9.6	14.8	-5.2	—

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

Sources: Eurostat. Bank of Spain and Funcas.

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

2000=100

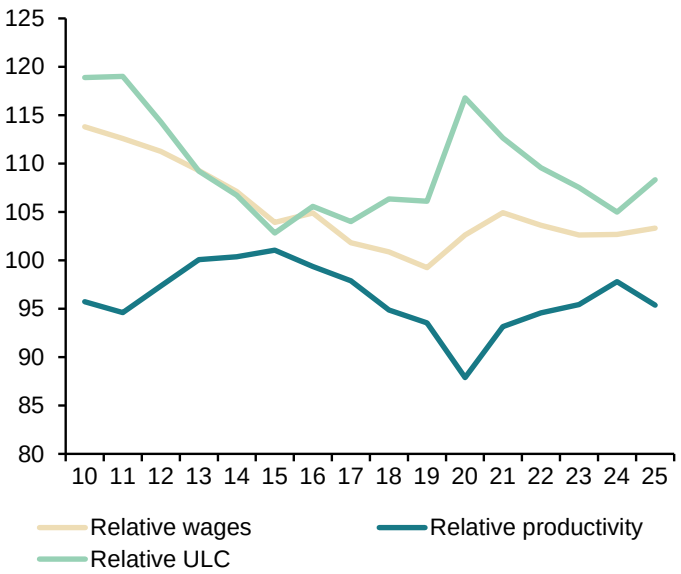
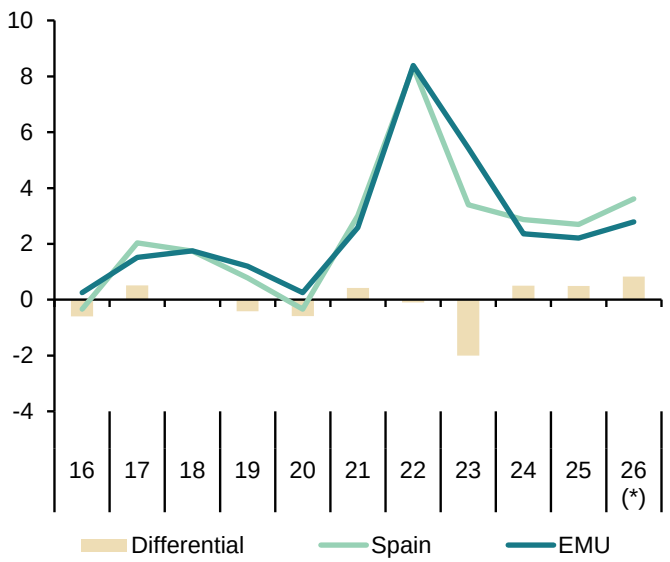


Chart 16.2 - Harmonized Consumer Prices

Annual growth in % and percentage points



(*) Period with available data.

Table 17a

Imbalances: International comparison (I)

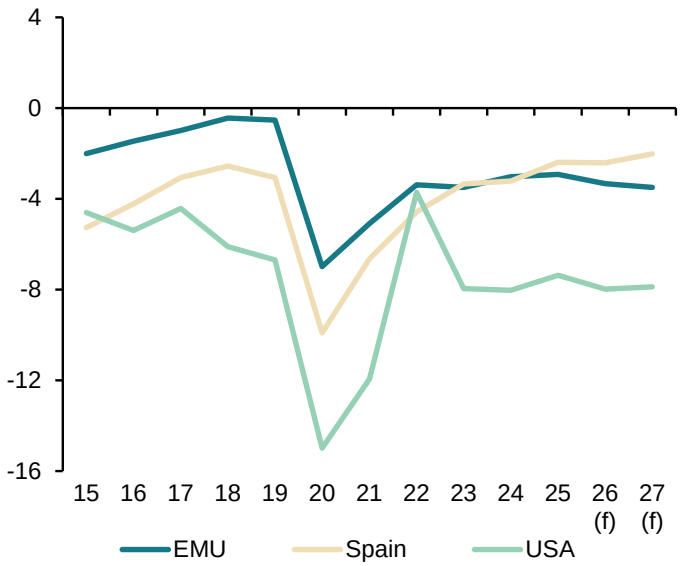
(In yellow: European Commission Forecasts)

	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								
2015	-215.1	-57.2	-842.3	9,950.6	1,114.1	18,922.2	345.1	22.2	-423.1
2016	-161.2	-47.4	-1,013.9	10,099.3	1,145.7	19,976.8	405.1	35.3	-401.4
2017	-113.2	-35.9	-868.7	10,193.2	1,184.1	20,492.7	400.4	32.7	-378.0
2018	-51.5	-30.9	-1,263.4	10,297.2	1,209.7	21,974.1	415.3	22.8	-441.2
2019	-64.0	-38.4	-1,441.7	10,395.9	1,224.4	23,201.4	366.8	26.7	-447.3
2020	-815.6	-111.9	-3,203.4	11,462.4	1,346.9	27,747.8	275.5	8.9	-564.6
2021	-646.6	-82.2	-2,835.5	12,090.1	1,429.4	29,617.2	447.7	9.6	-869.2
2022	-468.8	-63.1	-969.3	12,537.0	1,504.1	31,419.7	124.0	5.8	-1,001.2
2023	-515.8	-50.0	-2,211.8	12,998.6	1,575.4	34,001.5	381.1	40.9	-937.8
2024	-464.9	-51.3	-2,355.4	13,506.6	1,620.6	36,218.6	511.2	50.6	-1,179.9
2025	-466.1	-40.3	-2,268.9	14,159.1	1,698.2	38,514.0	392.4	47.1	-1,134.7
2026	-549.3	-42.9	-2,592.1	14,862.4	1,765.9	41,030.0	287.8	33.3	-1,123.3
2027	-598.0	-37.5	-2,666.1	15,570.8	1,833.0	43,621.1	288.8	32.4	-1,218.8
	Percentage of GDP								
2015	-2.0	-5.3	-4.6	92.9	102.5	103.4	3.2	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	89.3	101.2	104.5	3.5	2.8	-1.9
2018	-0.4	-2.6	-6.1	87.2	99.8	106.4	3.5	1.9	-2.1
2019	-0.5	-3.1	-6.7	85.2	97.7	107.7	3.0	2.1	-2.1
2020	-7.0	-9.9	-15.0	98.2	119.3	129.8	2.4	0.8	-2.6
2021	-5.1	-6.7	-12.0	95.3	115.7	124.8	3.5	0.8	-3.7
2022	-3.4	-4.6	-3.7	90.6	109.3	120.6	0.9	0.4	-3.8
2023	-3.5	-3.3	-8.0	88.0	105.2	122.3	2.6	2.7	-3.4
2024	-3.0	-3.2	-8.0	88.0	101.6	123.6	3.3	3.2	-4.0
2025	-2.9	-2.4	-7.4	88.7	100.7	125.2	2.5	2.8	-3.7
2026	-3.3	-2.4	-8.0	90.2	99.6	126.4	1.7	1.9	-3.5
2027	-3.5	-2.0	-7.9	91.2	98.9	129.0	1.7	1.8	-3.6

Source: European Commission Forecasts, Spring 2026.

Chart 17a.1 - Government deficit

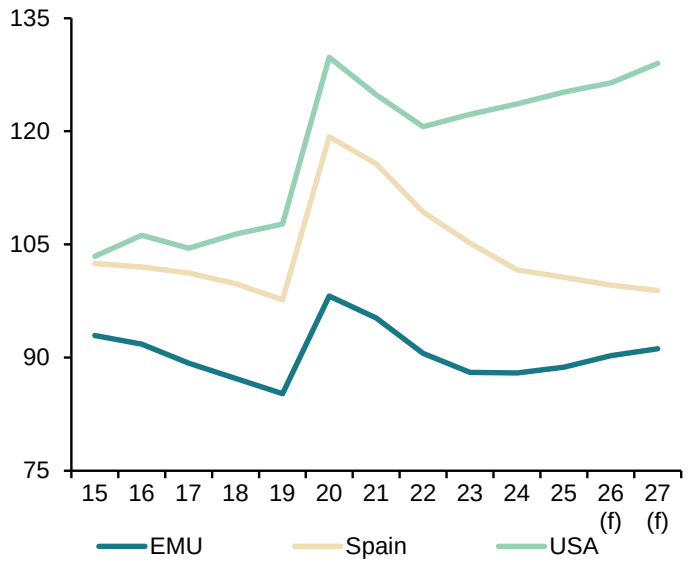
Percentage of GDP



(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			
2015	735.0	6,219.7	13,937.2	971.3	8,958.1	13,596.2
2016	719.8	6,330.5	14,351.3	968.1	9,167.8	14,282.0
2017	712.0	6,518.4	14,853.3	966.6	9,281.7	15,340.3
2018	710.5	6,694.2	15,331.9	935.3	9,494.9	16,389.4
2019	708.6	6,904.2	15,904.9	948.1	9,791.1	17,144.1
2020	701.7	7,096.8	16,353.8	1,014.7	10,280.1	18,783.7
2021	706.4	7,401.5	17,875.1	1,042.0	10,773.7	20,068.8
2022	706.8	7,682.6	19,200.3	1,005.8	11,031.5	21,193.7
2023	690.6	7,705.4	19,734.9	1,019.9	11,081.4	21,654.9
2024	696.3	7,789.5	20,232.0	1,047.5	11,176.5	22,352.6
2025	723.0	7,999.9	20,931.8	1,055.9	11,335.7	23,291.5
			Percentage of GDP			
2015	67.6	58.3	76.2	89.4	84.0	74.3
2016	64.1	57.7	76.3	86.2	83.6	75.9
2017	60.9	57.3	75.7	82.7	81.6	78.2
2018	58.6	56.9	74.2	77.1	80.7	79.3
2019	56.5	56.8	73.8	75.6	80.5	79.6
2020	62.1	61.0	76.5	89.8	88.3	87.9
2021	57.2	58.5	75.3	84.4	85.2	84.6
2022	51.4	55.7	73.7	73.1	80.1	81.3
2023	46.1	52.4	71.0	68.1	75.4	77.9
2024	43.7	50.9	69.1	65.7	73.1	76.3
2025	42.9	50.5	68.0	62.6	71.5	75.7

(a) Loans and debt securities, consolidated.

Sources: Eurostat and Federal Reserve.

Chart 17b.1 - Household debt

Percentage of GDP

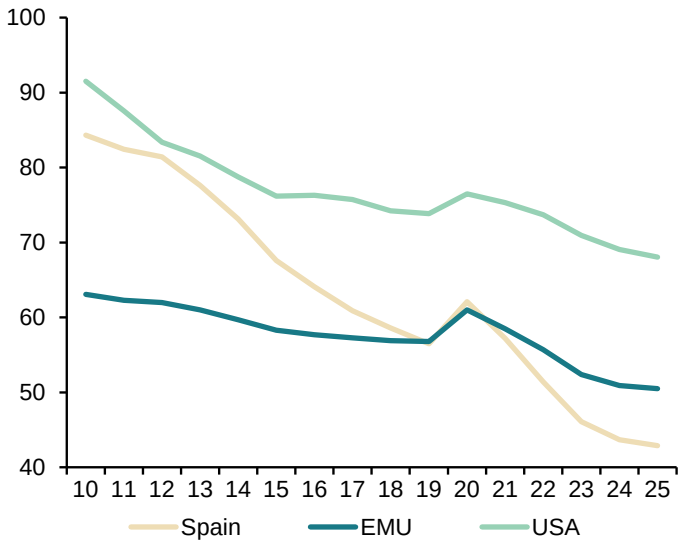
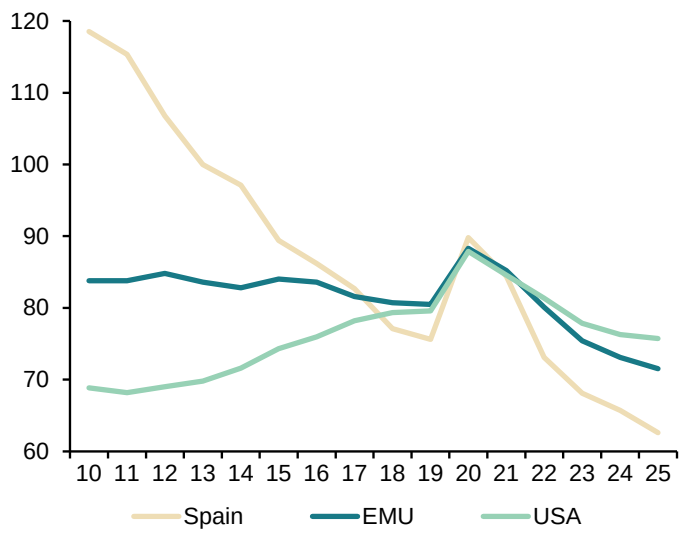


Chart 17b.2 - Non-financial corporations consolidated debt

Percentage of GDP



50 Financial System Indicators

Updated: November 15th, 2026

Highlights		
Indicator	Last value available	Corresponding to:
1-year Euribor interest rate	3.266	November 15, 2026
Bank lending to other resident sectors (monthly average % var.)	-0.37	August 2026
Other resident sectors' deposits in credit institutions (monthly average % var.)	-0.08	August 2026
Doubtful loans (monthly % var.)	0.39	August 2026
Recourse to the Eurosystem L/T (Eurozone financial institutions. million euros)	16,919	October 2026
Recourse to the Eurosystem L/T (Spanish financial institutions. million euros)	0	October 2026
Ratio of operating expenses to ordinary income	40.2	Q2 2026
Ratio of customer deposits to employees (thousands of euros)	14,798.40	Q2 2026
Ratio of customer deposits to branches (thousands of euros)	145,814.15	Q2 2026
Ratio of "Branches/institutions" ratio	91.47	Q2 2026

A. Money and Interest Rates

Indicator	Based on data from	Average 2019-2023	2024	2025	2026 October	2026 15 November	Definition and calculation
1. Money supply (% change)	ECB	5.8	3.4	3.3	-	-	Change in M3 aggregate (seasonally adjusted)
2. 3-month interbank interest rate	BE	0.5	3.572	2.177	2.633	2.764	Since September 1, 2023, this indicator is shown as a monthly average (or annual average for full years)
3. 1-year Euribor interest rate (since 1994)	BE	0.8	3.274	2.202	3.235	3.266	Since September 1, 2023, this indicator is shown as a monthly average (or annual average for full years)
4. Short-term interest rate (one day) for the euro area (€STR)	BE	0.5	3.645	2.2	2.440	2.443	Very short-term (one-day) reference interest rate for the euro area. This indicator is shown as a monthly average (or annual average for full years).
5. Interest rate on 10-year government bonds (since 1998)	BE	1.4	3.0	3.2	4.1	3.9	Market interest rates (not exclusively between account holders)
6. US dollar (USD)/euro (EUR) exchange rate	BE	1.116	1.082	1.130	1.120	1.119	Official exchange rates US dollar (USD) / Euro (EUR)

Comment "Money and interest rates: At its last meeting, on October 29, the European Central Bank decided to keep interest rates unchanged. This is the first pause after the rate hike in September. This decision, and the expectations accompanying it, were largely already priced in by the interbank market. In the first half of November, the monthly average of the 12-month Euribor (the main reference for mortgages) remained relatively stable, moving to 3.266% from an average of 3.235% in October. The 3-month benchmark moved from 2.633% in October to 2.764% in mid-November. The yield on 10-year government bonds decreased slightly to 3.9% from 4.1% the previous month (provisional data as of November 15, 2026). Meanwhile, in the first half of November, the average dollar/euro exchange rate depreciated slightly, moving to 1.119 from 1.120 in October."

B. Financial Markets

Indicator	Based on data from:	Average 2019-2023	2024	2025	2026 August	2026 September	Definition and calculation
7. Trading ratio in spot, forward, and repo transactions with Treasury bills	Spanish Treasury	13.23	4.96	6.59	11.00	-	(Average daily amount traded/ outstanding balance) x100 for the market as a whole (not exclusively between account holders)
8. Trading ratio in spot, forward, and repo transactions with government bonds and debentures	Spanish Treasury	6.74	5.74	6.51	6.28	-	(Average daily amount traded/ outstanding balance) x100 for the market as a whole (not exclusively between account holders)
9. Interest rate on Treasury bills with maturity up to 3 months	BE	0.36	3.16	2.08	2.39	2.46	In simple transactions and for the market as a whole (not exclusively between account holders)
10. Interest rate on 10-year government bonds	BE	1.4	3.1	3.2	3.5	3.7	Weighted average rates of 10-year government bond auctions
11. Madrid Stock Exchange capitalization (average monthly variation %)	BE and Madrid Stock Exchange	0.41	1.1	2.91	-1.52	-3.02	Rate of change for all resident companies
12. Stock market trading volume (average monthly variation %)	BE and Madrid Stock Exchange	2.31	-0.2	5.09	-31.31	25.04	Rate of change in total trading by the Association of Stock Exchanges and Governing Bodies of Stock Exchanges
13. Madrid Stock Exchange general index (Dec 1985=100)	BE and Madrid Stock Exchange	843.10	1,137.34	1,416.68	1,844.00b	1,981.90a	Based on 1985=100
14. Ibex-35 (Dec 1989=3000)	BE and Madrid Stock Exchange	8,528.62	11,595.0	14,566.94	18,652.90b	20,020.10a	Based on Dec 1989=3000
15. Nasdaq	NASDAQ	11,595.99	19,310.79	20,501.59	25,437.00b	25,136.27a	NASDAQ composite index
16. PER ratio (price/ earnings ratio) Madrid Stock Exchange	BE and Madrid Stock Exchange	17.98	14.4	19.03	17.23b	18.74a	Price/earnings ratio on the IBEX-35. Median value
17. CBOE Volatility Index (VIX)	VIX	21.36	17.35	18.93	19.77b	19.30a	Implied volatility of the S&P 500® (SPX) for the next 30 days

B. Financial Markets (continued)

Indicator	Based on data from:	Average 2019-2023	2024	2025	2026 August	2026 September	Definition and calculation
18. Bitcoin price (₿) in dollars ($)	Coinmarket. cap	41,512.91	93,429.20	101,624.49	76,782.19b	67,305.18a	Bitcoin price in dollars ($)
19. Short-term private debt. Outstanding balance (% change)	BE	-0.56	2.8	1.11	-3.37	2.85	Change in the outstanding balance of short-term debt of non-financial corporations
20. Long-term private debt. Outstanding balance (% change)	BE	-0.13	-0.1	0.04	-0.50	-0.23	Change in the outstanding balance of long-term debt of non-financial corporations
21. Transactions carried out with IBEX-35 financial futures (% change)	BE	-1.49	-3.5	-1.82	-16.25	19.25	Transactions carried out on IBEX-35 shares
22. Transactions carried out with financial options on IBEX-35 shares (% change)	BE	22.3	4.2	72.08	-66	270.44	Transactions carried out on IBEX-35 shares

(a) Latest data as of November 15, 2026 (b) October 31, 2026

Comment "Financial markets: In the first half of November, geopolitical instability due to the Middle East conflict and uncertainty over a possible AI slowdown continue to affect Spanish stock markets and drive relative volatility; indices have risen compared to October's values. The IBEX-35 stands at 20,020.10 points in mid-November. The Madrid Stock Exchange General Index stands at 1,981.90 points. Meanwhile, in August (latest data available), the trading ratio in spot, forward, and repo transactions with Treasury bills stood at 11%. The trading ratio with government bonds and debentures stood at 6.28%. In September (latest data available), transactions with IBEX-35 stock futures increased by 19.25%, and financial options on this same index increased by 270.44% compared to the previous month."

C. Savings and financial indebtedness

Indicator	Based on data from:	Average 2019-2023	2024	2025	2026 (Q1)	2026 (Q2)	Definition and calculation
23. Net financial savings/GDP (National Economy)	BE	2.0	4.9	4.6	4.2	3.8	Difference between financial asset and financial liability flows in relation to GDP according to Financial Accounts
24. Net financial savings/GDP (Households and non-profit institutions)	BE	3.6	4.5	3.8	3.3	3.0	Difference between financial asset and financial liability flows in relation to GDP according to Financial Accounts
25. Debt in securities other than shares and loans/GDP (National Economy)	BE	300.05	249.7	248.2	244.7	244.8	Including the debt of public administrations, non-financial corporations, households, and non-profit institutions serving households in relation to GDP
26. Debt in securities other than shares and loans/GDP (Households and non-profit institutions)	BE	55.8	43.7	43.3	42.5	41.9	Including households and non-profit institutions serving households in relation to GDP
27. Financial assets on the balance sheet of households and non-profit institutions. (average quarterly % change)	BE	1.1	2.1	2.5	0.5	5.1	Percentage change in total assets on the financial balance sheet of the Financial Accounts
28. Financial liabilities on the balance sheet of households and non-profit institutions (% average quarterly change)	BE	-0.1	1.2	1.0	0.9	3.3	Percentage change in total liabilities on the financial balance sheet of the Financial Accounts

Commentary "Savings and debt": In the second quarter of 2026, financial savings in the economy as a whole stood at 3.8% of GDP. In the household sector, the financial savings rate stood at 3.0% of GDP. It can also be seen that the financial debt of domestic economies stands at 41.9% of GDP.

D. Deposit institutions. Business performance

Indicator	Based on data from:	Average 2019-2023	2024	2025	2026 July	2026 August	Definition and calculation
29. Bank credit to other resident sectors (% average monthly change)	BE	-0.03	0.03	0.31	0.65	-0.37	Percentage change in credit to the private sector from the sum of banks, savings banks, and credit unions.
30. Deposits from other resident sectors in deposit-taking institutions (% average monthly change)	BE	0.29	0.43	0.38	-1.33	-0.08	Percentage change in private sector deposits from banks, savings banks, and credit unions combined.
31. Securities other than shares and equity (% average monthly change)	BE	0.26	0.85	1.21	0.93	-0.45	Percentage change in securities other than shares and holdings in the assets of banks, savings banks and credit cooperatives combined.
32. Shares and participations (average monthly % change)	BE	0.06	0.17	0.32	-0.18	4.01	Percentage change in shares and holdings in the assets of banks, savings banks, and credit unions combined.
33. Credit institutions. Net position (difference between assets and liabilities of deposit institutions) (% of total assets)	BE	0.99	7.21	6.21	3.5	2.92	Difference between the item "Credit System" in assets and liabilities as an approximation of the net position at the end of the month in the interbank market.
34. Doubtful loans (% average monthly change)	BE	-0.82	-0.57	-1.36	-0.10	0.39	Percentage change in the item for doubtful loans in the assets of banks, savings banks and credit cooperatives.
35. Repurchase agreements (% average monthly change)	BE	-0.03	3.13	0.60	3.8	-4.91	Percentage change in repurchase agreements in liabilities of the sum of banks, savings banks, and credit unions.
36. Net equity (average monthly change %)	BE	0.08	0.53	0.22	-0.62	1.65	Percentage change in net equity of the sum of banks, savings banks, and credit unions.

Commentary "Deposit institutions. Business performance: In August, the latest data available, there was a 0.37% decrease in lending to the private sector. Deposits decreased by 0.08%. Fixed-income securities decreased their weight in the balance sheet by 0.45%, and shares and participations increased by 4.01%. Likewise, in August (latest data available), there was a 0.39% increase in the volume of non-performing loans compared to the previous month.

E. Deposit institutions. Market structure and financing of the Eurosystem

Indicator	Based on data from:	Average 2019-2023	2024	2025	2026 March	2026 June	Definition and calculation
37. Number of Spanish deposit institutions	BE	112	108	106	105	104	Total number of banks, savings banks, and credit unions operating in Spain.
38. Number of foreign deposit institutions operating in Spain	BE	80	76	78	79	80	Total number of foreign deposit institutions operating in Spain.
39. Number of employees	BE	167,216	163,496	165,842	165,842	165,842a	Total number of employees in the banking sector.
40. Number of branches	BE	20,083	17,379	17,202	17,040	16,831	Total number of branches in the banking sector.
41. Long-term Eurosystem appeal (total Eurozone financial institutions) (millions of euros)	BE	14,004	30,806	13,534	10,860	16,919b	Open market operations and standing facilities of the European Central Bank. Eurozone total
42. Appeals to the Eurosystem (total Spanish financial institutions): main financing operations (millions of euros)	BE	199	6	61	0	0b	Open market operations: main long-term operations. Total Spain

(a): December 2025.

(b): Latest data as of October 30, 2026

Comment "Deposit institutions. Market structure and Eurosystem financing: In October 2026, Spanish financial institutions' net recourse to the Eurosystem's long-term programs stood at €16,919 million. MEMO-ITEM: Since January 2015, the European Central Bank has also been reporting on the amount of the various asset purchase programs. In October 2026, their value in Spain was €451,254 million and €3.3 trillion in the Eurozone as a whole.

F. Deposit institutions. Efficiency and productivity, risk and profitability

Indicator	Based on data from:	Average 2019-2023	2024	2025	2026 (Q1)	2026 (Q2)	Definition and calculation
43. Ratio of operating expenses to ordinary income	BE	46.40	38.79	41.57	37.3	40.2	Operating efficiency indicator. The numerator and denominator of this ratio are obtained directly from the income statements of deposit institutions.
44. Ratio of customer deposits to employees (thousands of euros)	BE	12,076.76	12,851.64	13,632.16	14,449.90	14,798.40	Productivity indicator: business acquisition capacity per employee.
45. Ratio of customer deposits to branches (thousands of euros)	BE	102,300.29	120,904.04	132,140.13	140,633.98	145,814.15	Productivity indicator: business acquisition capacity per branch.

F. Deposit institutions. Efficiency and productivity, risk and profitability (continued)

Indicator	Based on data from:	Average 2019-2023	2024	2025	2026 (Q1)	2026 (Q2)	Definition and calculation
46. Ratio of branches to institutions	BE	105.02	94.4	92.98	93.0	91.47	Network expansion indicator
47. Employees/ branches	BE	8.4	9.4	9.5	9.7	9.9	Branch size indicator.
48. Equity (% average monthly change)	BE	0.1	0.4	0.2	0.57	0.41	Indicator of change in deposit institutions' equity
49. ROA	BE	0.6	1.3	1.3	1.3	1.3	Profitability indicator, defined as the ratio of "Profit before tax/ average total assets"
50. ROE	BE	7.0	15.9	15.5	16.7	16.9	Profitability indicator, defined as the ratio "Profit before tax/ equity"

Commentary "Deposit institutions. Efficiency and productivity, risk and profitability: In the second quarter of 2026, the ROA of the Spanish banking sector remained stable compared to the previous quarter (1.3%). ROE reached 16.9%.

Social Indicators

Table 1

Population

Population														
	Total population	Average age	67 and older (%)	Life expectancy at birth (men)	Life expectancy at birth (women)	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	13.2	10.8	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	12.8	10.1	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	12.7	9.6	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	12.7	9.5	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	12.9	9.5	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	13.3	9.8	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	14.0	10.3	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	14.8	11.1	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	15.3	11.4	33.1	887,960[b]	696,866[b]
2022	47,486,727	44.1	17.7	80.4	85.7	19.1	23.0	26.3	48.5	15.7	11.6	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	17.1	12.7	32.2	1,250,991	608,695
2024	48,619,695	44.4	18.0	81.4	86.5	19.9	23.6	26.6	47.8	18.2	13.4	32.1	1,288,562	662,294
2025	49,128,297	44.6	18.3					26.9	47.6	19.3	14.1	32.2		
2026 **	49,596,499		18.5					27.3	47.4	14.6	20.2	32.8		
Sources	ECP	IDB	ECP	IDB	IDB	IDB	IDB	ECP	ECP	ECP	ECP	ECP	EMCR and EM*	EMCR and EM*

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

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

ECP: Estadística continua de población.

IDB: Indicadores demográficos básicos.

EM: Estadística de migraciones.

EMCR: Estadística de migraciones y cambios de residencia.

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

*** Provisional data.*

b: Break in the series.

Table 2

Households and families

	Households					
	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 (%)
2013	18,212	2.54	13.9	10.3	8.1	50.8
2014	18,329	2.52	14.2	10.6	8.2	50.4
2015	18,376	2.51	14.6	10.7	8.2	48.2
2016	18,444	2.50	14.6	10.9	8.3	47.2
2017	18,513	2.49	14.2	11.4	8.6	46.1
2018	18,581	2.49	14.3	11.5	8.3	46.1
2019	18,697	2.49	14.9	11.2	9.0	45.9
2020	18,794	2.49	15.0	11.4	9.1	43.2
2021	18,746	2.51	15.6	11.0	9.0	37.9
2022	19,078	2.49	15.4	11.7	8.8	40.4
2023	19,369	2.48	16.4	12.0	8.4	42.5
2024	19,537	2.48	16.3	11.9	9.5	42.3
2025	19,760	2.48	16.5	11.8	9.6	43.5
2026 *	19,997	2.47				43.7
Sources	EPA	EPA	EPF	EPF	EPF	EPA

** First, second and third quarter data.*

EPA: Encuesta de Población Activa.

EPF: Encuesta de Presupuestos Familiares.

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

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

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

Table 2 (Continued)

Households and families

	Nuptiality and divorces									
	Marriages per inhabitant	Marriages per inhabitant (Spaniards)	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	34.9	1.84	2.09	16.7	0.22
2024	0.55	0.61	0.36	81.4	37.3	35.2	2.02	2.16	16.7	0.24
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										
	Average age at first child, total women	Average age at first child, Spanish women	Average age at first child, foreign women	Total fertility rate	Total fertility rate, Spanish women	Total fertility rate, foreign women	Births to unmarried mothers (%)	Births to unmarried Spanish mothers (%)	Births to unmarried foreign mothers (%)	Abortion rate	Abortion by women born in Spain (%)
2013	30.4	31.0	27.3	1.27	1.23	1.52	40.9	41.0	40.2	11.7	62.2
2014	30.6	31.1	27.5	1.32	1.27	1.61	42.5	43.1	39.7	10.5	63.3
2015	30.7	31.2	27.6	1.33	1.28	1.65	44.5	45.5	39.6	10.4	63.9
2016	30.8	31.3	27.6	1.33	1.28	1.71	45.9	47.0	40.7	10.4	64.5
2017	30.9	31.5	27.6	1.31	1.25	1.70	46.8	48.1	41.1	10.5	64.6
2018	31.0	31.6	27.8	1.26	1.20	1.64	47.3	48.9	41.2	11.1	63.7
2019	31.1	31.7	28.1	1.23	1.17	1.58	48.4	50.1	42.4	11.5	62.6
2020	31.2	31.8	28.3	1.18	1.13	1.45	47.6	50.0	39.3	10.3	64.1
2021	31.5	32.1	28.8	1.18	1.15	1.35	49.3	52.0	39.2	10.7	65.1
2022	31.6	32.2	28.5	1.16	1.12	1.35	50.1	53.1	40.3	11.7	66.7
2023	31.5	32.2	28.5	1.12	1.09	1.28	50.0	52.7	41.5	12.2	63.1
2024	31.5	32.3	28.4	1.10	1.07	1.27	50.0	52.4	42.9	12.4	62.2
Sources	IDB	IDB	IDB	IDB	IDB	IDB	IDB	IDB	IDB	MS	MS

IDB: Indicadores demográficos básicos.

MS: Ministerio de Sanidad.

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

Abortion rate: Numer of abortions / women between 15 a 44 years old x 1,000.

Abortions by women born in Spain: Abortions by women born in Spain as percentage of all abortions by women living in Spain.

Table 3

Education

	Population 25 years and older with primary education (%)	Population 16 years and older with tertiary education (%)	Population 25-34 years old with primary education (%)	Population 25-34 years old with tertiary education (%)	Gross enrolment rate in pre-primary education, first cycle	Gross enrolment rate in Upper Secondary Education (general)	Gross enrolment rate in Upper Secondary Education (vocational)	Gross enrolment rate in tertiary education (vocational)	Gross enrolment rate in tertiary education (university: undergraduate and postgraduate)	Graduation rate in 4-year university degrees (%)
2013	28.6	28.2	7.6	41.1	33.0	81.5	41.0	40.6	47.6	48.6
2014	26.3	29.0	6.8	41.5	34.2	80.7	41.5	41.7	47.4	50.2
2015	25.2	29.3	7.3	41.0	35.1	80.2	40.3	41.0	47.4	51.8
2016	24.2	29.8	7.2	41.0	36.7	76.9	38.5	43.6	47.7	52.8
2017	23.2	30.4	6.7	42.6	38.5	74.3	37.8	45.1	47.6	53.4
2018	22.3	31.1	6.3	44.3	39.9	72.5	38.1	44.9	47.1	54.8
2019	20.9	32.3	5.8	46.5	41.3	71.0	38.8	47.3	46.7	55.7
2020	19.2	33.4	5.5	47.4	36.0	70.4	41.1	53.6	47.6	53.1
2021	18.4	34.1	5.6	48.5	42.0	69.5	42.3	54.6	47.3	
2022	18.0	34.4	5.6	50.2	46.0	67.1	42.6	55.4	46.1	
2023	17.8	34.9	5.3	52.0	47.9	63.6	43.0	57.0	45.4	
2024	17.0	35.4	5.0	52.6	49.3	62.7	43.3	58.0	45.8	
2025	16.8	35.8	4.7	52.4	50.2	61.5	43.1	57.7	46.1	
2026 *	16.2	36.6	4.4	53.0						
Sources	EPA	EPA	EPA	EPA	MEFPD and ECP	MEFPD and ECP	MEFPD and ECP	MEFPD and ECP	MCIU	MCIU

	Drop-out rate in undergraduate studies (%)	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	1.41	24.5
2014	33.2	21.9	4.31	1.41	24.7
2015	33.2	20.0	4.29	1.36	24.1
2016	33.2	19.0	4.24	1.34	24.1
2017	31.7	18.3	4.22	1.30	23.7
2018	31.4	17.9	4.18	1.33	24.2
2019	30.6	17.3	4.24	1.31	23.7
2020	34.8	16.0	4.89	1.43	22.7
2021		13.3	4.84	1.28	20.4
2022		13.9	4.61		
2023		13.7	4.55		
2024		13.0	4.47		
2025		12.8			
2026 *					
Sources	MCIU	MEFPD	MEFPD	OECD	OECD

** EPA data are for the first, second and third quarter. MEFPD and MCIU data are provisional.*

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

EPA: Encuesta de Población Activa.

MEFPD: Ministerio de Educación, Formación Profesional y Deportes.

ECP: Estadística continua de población.

MCIU: Ministerio de Ciencia, Innovación y Universidades.

OECD: Organisation for Economic Co-operation and Development.

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

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

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

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

Gross enrolment rate in Tertiary Education (university: undergraduate and postgraduate): Enrolled in official Bachelor's or Master's degrees as a percentage of the population aged 18 to 24.

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

Drop-out rate in undergraduate studies (%): New entrants in an academic year who 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	30.8	19.5	16.3	8.4
2025				7.6
Sources	ECV	ECV	ECV	ECV

ECV: Encuesta de Condiciones de Vida.

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

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

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

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

Table 5

Social protection: Benefits

	Contributory benefits									Non-contributory benefits		
	Public expenditure on minimum income benefits (% GDP)	Expenditure on social protection, cash benefits (% GDP)	Permanent disability, pensions	Permanent disability, average amount (€)	Retirement, pensions	Retirement, average amount (€)	Widowhood, pensions	Widowhood, average amount (€)	Unemployment	Unemployment	Disability	Retirement
2013	0.15	18.2	935,220	908	5,451,465	979	2,336,240	618			195,478	250,815
2014	0.15	17.8	929,484	916	5,558,964	1,000	2,348,388	624			197,303	252,328
2015	0.16	17.0	931,668	923	5,641,908	1,021	2,353,257	631	838,392	1,102,529	198,891	253,838
2016	0.14	16.9	938,344	930	5,731,952	1,043	2,358,666	638	763,697	997,192	199,762	254,741
2017	0.14	16.6	947,130	936	5,826,123	1,063	2,360,395	646	726,575	902,193	199,120	256,187
2018	0.14	16.8	951,838	946	5,929,471	1,091	2,359,931	664	751,172	853,437	196,375	256,842
2019	0.14	17.3	957,500	975	6,038,326	1,138	2,361,620	712	807,614	912,384	193,122	259,570
2020	0.21	21.9	952,704	985	6,094,447	1,162	2,352,680	725	1,828,489	1,017,429	188,670	261,325
2021	0.33	20.1	949,765	994	6,165,349	1,190	2,353,987	740	922,856	969,412	184,378	262,177
2022	0.35	18.4	951,067	1,035	6,253,797	1,254	2,351,703	778	773,227	882,585	179,967	265,831
2023	0.38	18.5	945,963	1,119	6,367,671	1,375	2,351,851	852	801,091	875,969	175,792	272,188
2024	0.41	18.7	965,412	1,163	6,484,984	1,443	2,351,531	896	840,127	869,316	171,353	282,403
2025			1,026,943	1,209	6,594,140	1,506	2,348,268	935	864,169	916,498	167,868	292,951
2026*			1,059,142	1,254	6,713,217	1,572	2,343,672	975	900,823	898,501	164,641	302,404
Sources	MTES	Eurostat	MTES	MTES	MTES	MTES	MTES	MTES	MTES	MTES	MTES	MTES

MTES: Ministerio de Trabajo y Economía Social.

** January to October data, but for unemployment (January-September).*

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	2.7	29.9	0.76	0.65	1.78	3.04	39.0	67	12.3	98
2014	6.1	2.8	30.7	0.76	0.65	1.81	3.14	39.4	65	11.4	87
2015	6.1	2.7	29.7	0.76	0.64	1.85	3.19	43.4	58	12.2	89
2016	6.0	2.7	29.5	0.76	0.65	1.90	3.27	45.7	72	13.7	115
2017	5.9	2.8	30.5	0.77	0.65	1.93	3.38	45.9	66	13.1	106
2018	6.0	2.8	30.8	0.77	0.66	1.98	3.45	62.5	96	14.8	129
2019	6.1	2.8	30.6	0.78	0.67	1.97	3.50	63.7	88	15.5	121
2020	7.6	3.0	27.9	0.78	0.66	2.02	3.74	53.6	99	15.1	155
2021	7.2	2.8	27.4	0.77	0.66	2.11	3.90	77.2	89	15.4	123
2022	6.8	2.6	27.1	0.78	0.70	2.14	3.87	85.4	95	17.1	120
2023	6.6	2.5	26.8	0.79	0.73	2.15	3.87	81.5	101	18.1	128
2024	6.5	2.6	27.7	0.79	0.75	2.21	3.91	83.2	105	17.8	126
2025		2.6	28.2	0.79	0.75			84.4	102	17.7	122
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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