

Spain Economic Outlook



MARCH
2025



GDP recovery to **continue throughout 2025 and 2026**

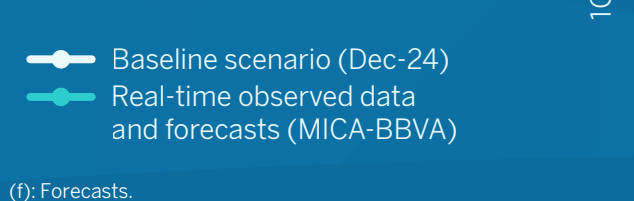
	2024	2025 (f)	2026 (f)
PIB*	3.2% ▲ +0.1 pp	2.8% ▲ +0.5 pp	1.8% ▲ +0.1 pp
Inflation (average for the period)	2.8% ▶	2.4% ▲ +0.6 pp	2.1% ▲ +0.2 pp
Unemployment rate	11.3% ▼ -0.1 pp	10.4% ▼ -0.3 pp	9.9% ▼ -0.4 pp

▲ Outlook raised ▶ Outlook unchanged ▼ Outlook lowered
* Average annual change.
(f): Forecasts.
Source: BBVA Research, based on INE data.

2025

GDP GROWTH could remain high in the first quarter of 2025

QUARTERLY GDP GROWTH (%)



— Baseline scenario (Dec-24)
— Real-time observed data and forecasts (MICA-BBVA)
(f): Forecasts.
Source: BBVA Research, based on INE data.

The impact of the **flash floods** due to a **DANA** on economic growth looks to have **been less negative than feared**

EFFECTIVE SOCIAL SECURITY AFFILIATION* IN THE PROVINCE OF VALENCIA (PRE-FLASH FLOOD SCENARIO = 100)

100.2
Feb-25

*Excluding contributors on an ERTE.

Social Security affiliation data show **a pick-up**

SOCIAL SECURITY AFFILIATION
Quarter-on-quarter growth

10.7%
1Q25 (f)

Household consumption continues to play a leading role

HOUSEHOLD CONSUMPTION
Quarter-on-quarter growth

0.7%
1Q25 (f)

Investment begins to **recover**

GROSS FIXED CAPITAL FORMATION
Quarter-on-quarter growth

1.4%
1Q25 (f)

Resilience of services exports

EXPORTS OF SERVICES
Quarter-on-quarter growth

0.7%
1Q25 (f)

(f): Forecasts.
Source: BBVA Research, based on INE, MISSM and EM-DAT.



Growth is likely to remain **strong moving through 2025**, although a certain **slowdown is expected**

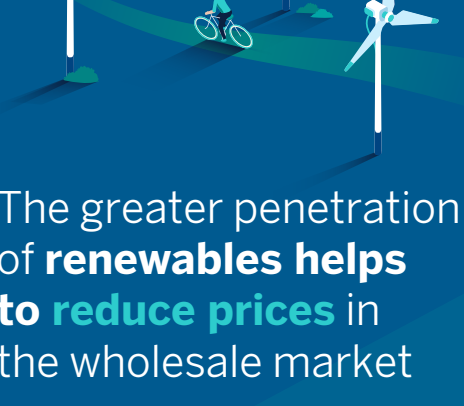
ESTIMATED IMPACT OF THE EXPECTED DEPRECIATION OF THE EURO (DEVIATION FROM BASELINE IN PP)

	2025
Depreciation	3.2%
Impacts	
GDP	0.1
Exports	0.7
Imports	0.1

Source: BBVA Research, based on INE data.

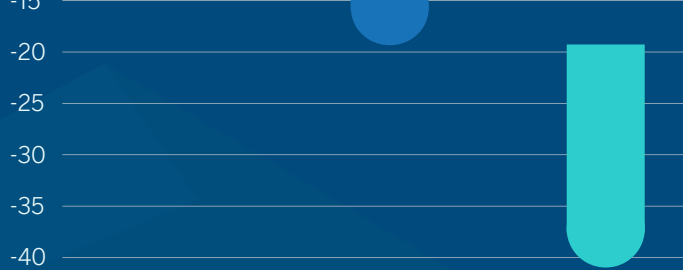


The **depreciation of the euro against the dollar** could **increase sales of goods and services abroad**



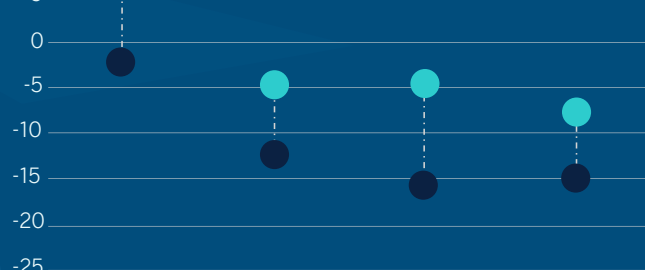
The greater penetration of **renewables helps to reduce prices** in the wholesale market

IMPACT OF RENEWABLE ENERGIES ON WHOLESALE ELECTRICITY PRICES IN SPAIN (%)



* The 2024 estimate includes observed data up to June 2024.
Source: BBVA Research, based on OMIE, SENDECO and NECP.

INDUSTRIAL PRODUCTION INDEX (AVERAGE % CHANGE 2024 VS. 2022)



Non-energy intensive sectors include the manufacture of basic pharmaceuticals, furniture production, or the repair and installation of machinery and equipment. Energy-intensive industries include, among others, food and beverage production, chemical production and metal production.
Source: Source: BBVA Research based on Eurostat data.

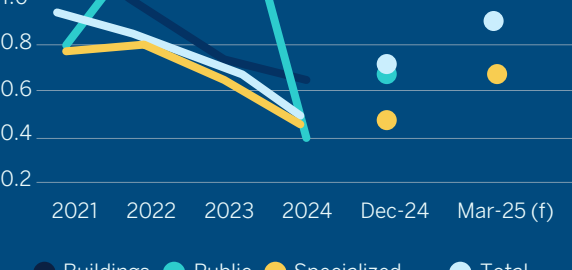


Improved competitiveness will benefit services and industry



Lower interest rates will boost a recovery in investment

CHANGE IN SOCIAL SECURITY AFFILIATION IN CONSTRUCTION (ANNUAL AVERAGES AND QUARTERLY CHANGE, SWDA)



(f): Forecast with data until Feb-25.
Source: BBVA Research, based on Ministry of Inclusion, Social Security and Migration data.

The current recovery **breaks the pattern observed** after previous crises

1 Labour market indicators point to a **greater capacity for growth of the Spanish economy.**

2 Spending on intangible assets continues to **outpace all other components of investment.**

3 The economy is about to **reach the GDP level** it would have attained if the pre-pandemic growth trend had continued.

Higher likelihood of risk scenarios

The **increase in the price of gas** and its **pass-through to the rest of the consumer basket** may limit **the fall in inflation**

IMPACT OF THE INCREASE IN GAS PRICES ON ACTIVITY AND PRICES IN 2025

-0.3 pp Growth **+0.4 pp** Headline inflation

Note: Estimated impact for gas price growth of 33.1%
Source: BBVA Research, based on REE and INE data.

QUARTER-ON-QUARTER GROWTH OF THE EMU

0.5 % Average 2019 **0.1 %** Average 2023-2024

Source: BBVA Research

Low growth in the eurozone is a drag on Spanish exports.

A possible increase in tariffs by the United States on imports from the European Union is a **source of uncertainty.**

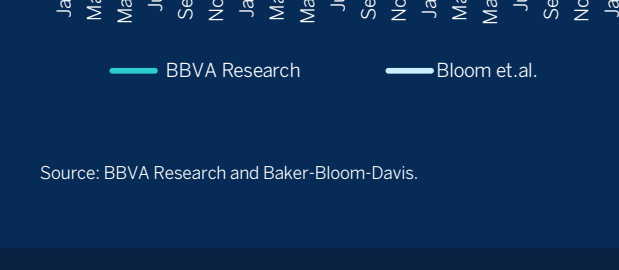
HOUSEHOLD SAVING RATE (% OF GROSS DISPOSABLE INCOME)

12.0 % 2023 **13.6 %** 2024(e)

(e): Estimated.
Source: BBVA Research, based on INE data.

The **savings rate of households in Spain remains uncharacteristically high**, which shows the difficulties for consumption to lead the advance of activity.

The **recovery in investment** remains **historically weak**, partly weighed down by increased policy uncertainty.



Source: BBVA Research and Baker-Bloom-Davis.