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Economic and Business Outlook

December 2024

Overview

The world economy

- The OECD forecasts moderate global economic growth, along with a sustained slowdown in inflation.
- The PMIs show greater dynamism in the US, while there are signs of weakness in the Eurozone.
- Brent crude oil prices remain around 74 $/barrel, despite tensions in the Middle East.

The Spanish economy

- The overall performance of the Spanish economy in 2024 is favourable, particularly in the context of heightened geopolitical uncertainty and the sluggish performance of key European partners. However, certain weaknesses persist, and this positive momentum is not uniformly distributed across sectors or enterprises of different sizes.
- In Q4, the economy continued to post significant momentum, although it slowed slightly with respect to previous quarters.
- The rate of growth in Social Security registrations moderated slightly in November, after the unexpected upturn recorded in October. Nevertheless, for Q4, employment is expected to be somewhat more dynamic than in Q3.
- Inflation is picking up in the last months of 2024 due to higher energy prices and the elimination of VAT reductions.
- The central government deficit shows no signs of improvement in 2024, as expenditures are rising faster than revenues—an occurrence not seen in recent years.

Business activity

- Turnover in September improved slightly, after stagnating in the previous month. Large companies' sales showed greater momentum in October.
- In October, interest rates on corporate loans continued the downward trend observed in recent months.
- Business confidence indicators remain strong, with Spain's composite PMI staying in positive territory for the twelfth consecutive month, though the pace of growth has slowed compared to October.
- The trend of recent months continues in terms of business dynamism: the number of companies registered with the Social Security is moderately above pre-pandemic levels, although the number of smaller companies has yet to reach the figures recorded in 2019.

The International Scenario

Forecasts indicate that global growth will remain moderate and inflation will continue to fall

The OECD, in line with other international institutions, estimates that global GDP growth in 2024 will continue to be very modest, averaging 3.2%, the same as in the previous year, and that in 2025 and 2026 the situation will be similar, with rates around 3.3%. Inflation will continue to decelerate and is expected to reach rates compatible with central bank targets in most countries by 2025.

OECD Forecasts (December 2024)

	GDP			Inflation		
(y-o-y rate)	**2024**	**2025**	**2026**	**2024**	**2025**	**2026**
World	3.2	3.3	3.3			
OECD	1.7	1.9	1.9	5.4	3.8	3.0
United States	2.8	2.4	2.1	2.5	2.1	2.0
Japan	-0.3	1.5	0.6	2.6	1.9	2.1
United Kingdom	0.9	1.7	1.3	2.6	2.7	2.3
Eurozone	0.8	1.3	1.5	2.4	2.1	2.0
Germany	0.0	0.7	1.2	2.4	2.0	1.9
France	1.1	0.9	1.0	2.4	1.6	1.8
Spain	3.0	2.3	2.0	2.8	2.1	2.0
Italy	0.5	0.9	1.2	1.2	2.1	2.0
China	4.9	4.7	4.4	0.4	1.1	1.4
India	6.8	6.9	6.8	4.8	4.2	4.0
Brazil	3.2	2.3	1.9	4.5	4.2	3.6
Mexico	1.4	1.2	1.6	4.7	3.3	3.0
World trade	3.5	3.6	3.5			

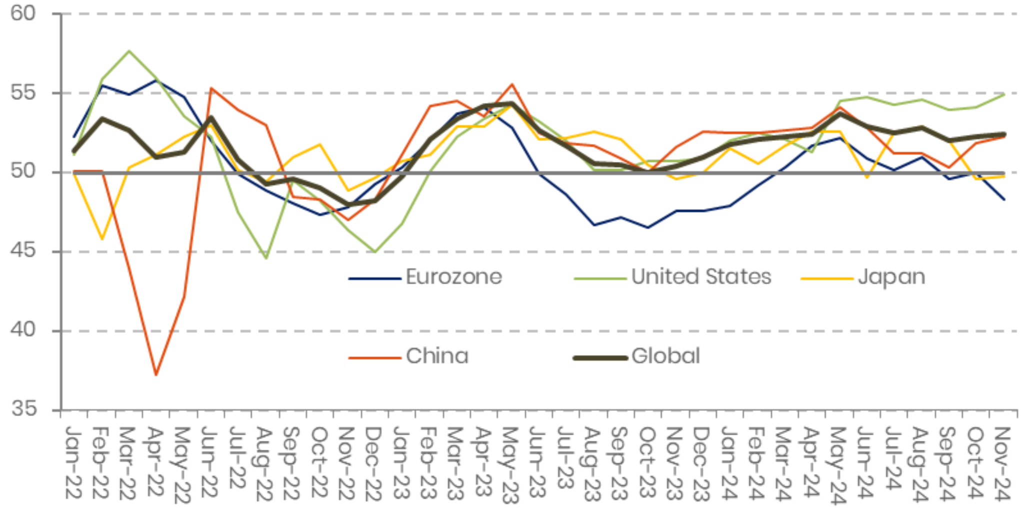
Source: OECD

The forecasts are characterized by significant uncertainty, with most risks tilted to the downside. Notable concerns include the rise in geopolitical tensions, increased trade fragmentation, persistent inflationary pressures, and the potential for financial market volatility.

The OECD points out that, in order to boost activity, it is necessary to keep inflation under control and address the sustainability of public accounts through credible adjustment plans. They also stress the importance of carrying out structural reforms aimed at generating higher potential GDP growth, boosting investment, improving training, encouraging greater labour mobility, and promoting increased participation in the labour market.

The PMIs also point to continued weakness in the global economy, albeit with significant differences across regions. The global composite PMI for November stood at 52.4 points, one tenth of a point higher than in October, although the average for both months is at similar levels to Q3 2023. The United States is still remarkably buoyant, with the composite PMI at its highest level since April 2022, while in the Eurozone and Japan the index is in contractionary territory and in China it is showing moderate growth.

Global Composite PMI Index



Source: Prepared in-house based on data from Markit Economics

In the United States, activity continues to show remarkable strength. GDP growth in Q3, which came in at 0.7% quarter-on-quarter, was the same as in Q2, supported by the strength of private consumption. Employment rebounded in November with the addition of 227,000 jobs, following a weak October due to strikes and hurricane-related disruptions. Despite this recovery, the unemployment rate edged up by 0.1 percentage points to 4.2%.

Inflation also rose by one tenth of a percentage point in November to 2.7%, the highest in the last four months, while core inflation, excluding energy and food, remained stable at 3.3%. This context of economic strength, coupled with the rebound in inflation, increases uncertainty over whether the Federal Reserve will adjust its interest rates -currently set between 4.5% and 4.75%- at its December meeting. Looking ahead to 2025, expectations have been tempered, with two to three additional rate cuts anticipated.

In the Eurozone the situation is noticeably different. GDP surprised on the upside in Q3, growing by 0.4% quarter-on-quarter. However, the PMIs for November stood in negative territory, which might be anticipating a slowdown in activity in the last months of the year. Meanwhile, the unemployment rate in October remained constant at 6.3%, unchanged from September and August, and the lowest in the historical series.

At its December meeting, the European Central Bank (ECB) cut interest rates by 25 basis points, lowering the deposit rate to 3%, a cumulative reduction of 100 basis points since the easing cycle began in June. The main refinancing rate remains at 3.15%, while the marginal lending facility holds steady at 3.4%. The ECB also revised its inflation and growth forecasts downward. The Eurozone is now expected to grow by 0.7% in 2024 (0.1 percentage points lower than the September projection), 1.1% in 2025, and 1.4% in 2026 (revisions of -0.2 and -0.1 percentage points, respectively). Average inflation is forecast to be 2.4% this year, easing to 2.1% in 2025 (both figures revised down by 0.1 percentage points from September estimates).

In China, PMIs improved slightly in November, as did retail sales, reflecting some momentum in activity following the fiscal and monetary measures adopted. However, foreign investment continues to fall at rates close to 30%, while the granting of new loans continues to decelerate. The external sector, in turn, continues to perform positively. The outlook is for the GDP slowdown to continue in the coming years, despite the measures taken. Although this trend is expected to be gradual, there is a risk that it could be somewhat more intense if the crisis in its real estate sector were to get out of control or if trade tensions, especially with the United States, were to significantly damage its trade balance.

The price of Brent crude oil averaged $74.4/barrel in November, slightly lower than in October, although in year-on-year terms it fell by 10.4%. The price in the first days of December has remained relatively stable at around $74/barrel despite the tensions in the Middle East, including the change of regime in Syria, and the fact that the OPEC+ countries have agreed to extend the production cuts agreed at previous meetings until the end of 2026. These upward pressures have been counterbalanced by the downward revision of demand growth forecasts for 2025 and the prospects for increased production in countries outside the cartel. Moreover, instability in the Middle East seems to be contained, so futures point to a moderation in prices.

The Spanish Economy

Positive performance of the Spanish economy in 2024, although some weaknesses persist

The overall performance of the Spanish economy in 2024 is favourable, particularly against a backdrop of heightened geopolitical uncertainty and sluggish growth among Spain's main European partners. Spain is projected to achieve average growth of 3% in 2024, a stark contrast to the 0.8% expected for Europe. Employment growth at 2.3% has turned productivity per employee and per hour positive, while inflation is set to remain below 3% for the year. On the external front, the surplus is expected to widen, driven by a boom in service exports. However, challenges persist: investment remains weak, fiscal adjustment is limited, and the unemployment rate remains high relative to Europe despite rising vacancies. Moreover, this economic buoyancy is not evenly distributed across all productive sectors or among businesses of different sizes.

In 2025, GDP growth is forecast at around 2.3% and inflation at 2%. Job creation is expected to moderate slightly, while the external surplus should fall by a few tenths of a percentage point. No significant fiscal adjustment is foreseen in light of the policies announced by the government and the fiscal plan itself, which should take into account the requirements of the new fiscal rules.

The risks for the 2025 outlook largely stem from external factors. While Trump's tariff policies are expected to have a lesser impact on Spain than on Europe as a whole, certain sectors -such as agri-food, machinery, chemicals, and automotive- could face greater challenges. This may hurt Spanish exports and widen the trade deficit. Additionally, geopolitical tensions in the Middle East and the ongoing war in Ukraine pose risks to the supply and prices of key energy inputs. Further concerns include potential turbulence in financial markets, particularly involving assets with high exposure to risk.

Domestic risks arise from political and regulatory uncertainty, which continues to impact business costs. Current economic policy measures, such as tax hikes, increased wage costs (including higher social security contributions, reduced working hours, and increases to the minimum wage), imply greater fiscal and labour burdens. Additionally, it is important to monitor competitiveness closely, including both cyclical factors (prices, wages, costs, the trade balance) and structural factors (productivity, innovation, education, etc.).

Demand and Activity

The Spanish economy continues to show notable dynamism in the last quarter, albeit at a slightly slower pace than in the previous one

The Spanish economy continues to perform well, with notable quarterly GDP growth of 0.9% in Q1 and 0.8% in both Q2 and Q3. Based on the available data, annual growth is expected to be around 3.0%. However, a slight slowdown is anticipated in Q4, primarily due to the impact of the DANA weather event, which is estimated to have reduced quarter-on-quarter growth by approximately 0.2 percentage points.

The factors behind private consumption are performing favourably: employment continues to grow at a good pace, wages are rising, inflation has moderated compared to last year, household confidence is also positive and interest rates have already started to come down. However, private consumption is not growing at the pace that might be expected and the household savings rate is at historically very high levels. Nonetheless, financing conditions are already improving, which could help consumption and investment in the coming quarters.

According to the Bank Lending Survey, general conditions for new lending eased across all segments in Q3 2024. Interest rates declined moderately for corporate loans and household loans for consumption and other purposes, while the decline was somewhat more pronounced for mortgage lending. Loan demand increased moderately across all segments in both Q2 and Q3 2024. Financial institutions attribute this growth to lower interest rates, with firms also citing higher financing needs for fixed asset investments as a contributing factor.

By sector, industrial activity could exhibit greater dynamism in the final part of the year, while the services sector may experience a slight slowdown, though still maintaining high growth rates. The manufacturing PMI, which had shown a clear downward trend to 50.5 in August, rebounded to 54.5 in September and October before deteriorating somewhat in November due to the floods caused by the DANA floods, particularly in Valencia and other affected areas. The flood damage may also be impacting order delivery times. In this context, hiring in manufacturing companies is on the rise, alongside increasing input prices-particularly for raw materials. However, the ability to pass these costs on to final prices remains very limited due to intense competition.

The services PMI slowed between June and August, improving to 57.0 in September but falling again to 54.9 in October and 53.1 in November. While the sector continues to show notable growth, signs of reduced dynamism are emerging. The DANA floods have further limited both activity growth and new orders, which is coupled with a decline in foreign demand. The services sector is also grappling with rising input costs, particularly wages, which make up a significant portion of expenditures in this labour-intensive sector. However, due to competitive pressures, service companies are unable to fully pass these costs on to consumers, leading to a decline in margins.

Although the contractionary trend in both exports and imports persisted during the first months of 2024, both flows turned positive from Q2 onward, with exports of goods showing a stronger growth trajectory. As a result, the negative external balance was slightly lower than in the same period of 2023, at -€27.091 billion compared to -€29.596 billion. This improvement was almost entirely driven by a reduction in the energy deficit.

According to the Balance of Payments data published by the Bank of Spain, in the first nine months of 2024 the current account surplus reached 40.5 billion, compared with a surplus of 31.0 billion in the same period of the previous year. With this result, the current account balance could post a surplus of around 3% of GDP.

The latest available data for the tourism sector show that the inflow of international tourists continues to increase at a remarkable pace. In the first ten months of 2024, the number of tourists visiting Spain increased by 10.8% to almost 82.9 million. Moreover, as average expenditure has been increasing, total tourist expenditure during this period was almost 15.5% higher than in the same period in 2023.

The Labour Market

Following the rebound in October, the growth rate of Social Security registrations moderated slightly in November

After the surprising upturn in Social Security registrations in October, the pace of growth in the number of contributors moderated in November, albeit only slightly. Nonetheless, for Q4 2024, employment is expected to be somewhat more dynamic than in Q3.

The month of November, which is usually unfavourable for the labour market, recorded a fall of 30,051 in Social Security registrations, the worst figure since 2019. In relative terms, this figure represents a decrease of -0.14% over the previous month, slightly more unfavourable than the average for the month of November over the 2014-2019 period, which was -0.12%. Thus, the total number of people registered with Social Security stands at 21,302,463.

In seasonally adjusted terms, November saw a weaker increase in Social Security registrations than in previous months this year, with the exception of July, which was particularly unfavourable. Thus, according to the Ministry of Inclusion, Social Security and Migration, there was an increase of 13,116 persons in seasonally-adjusted registrations, well below the average monthly growth recorded in the period from January to October (44,573 persons).

Turning to the gross data, it should be noted that the fall in Social Security registrations in November came from the private sector, which lost 37,948 jobs. In contrast, the public sector added 7,898 new workers. By branch of activity, it is worth noting, on the one hand, the fall in Social Security registrations in the Accommodation and food service activities (due to the end of activity linked to the summer season). On the other hand, the increase in registrations in Education (with the latest recruitments linked to the start of the school year) and in Trade (with the start of the end-of-year season) should be highlighted.

In year-on-year terms, Social Security registrations slowed slightly in November, after the unexpected upturn recorded in October. Thus, the year-on-year rate stood at 2.4%, one tenth of a percentage point lower than in the previous month, but more favourable than the figures posted in August and September. The private sector also shows this slight loss of dynamism in job creation, recording 2.2% year-on-year. In turn, the public sector shows high growth, of 3.3%, but this still represents a continuation of the slowdown that began in September.

By economic sector, the year-on-year rate of growth in Social Security registrations is heterogeneous. The slight loss of momentum in November was primarily due to services, where growth moderated to 2.8%, even though this is still the most dynamic sector in terms of job creation. Meanwhile, the industrial sector kept growing at 1.5% for the fifth consecutive month, though this represents a slowdown compared to the first half of the year. The construction sector showed a slight pick-up in November, with a growth rate of 1.9%, after three months of steady growth at 1.8%. Finally, agriculture continues to lose employment, although its rate of decline has stabilised at -1.0%.

During the summer, the number of workers under furlough schemes gradually declined to end September at 8,713 people in this situation (on average for the month). However, in October and November, according to the figures published so far by the Ministry of Inclusion, Social Security and Migration, there has been an increase that could be considered moderate, taking into account the aftermath of the DANA weather event that affected several provinces and, most notably, Valencia. Specifically, the number of workers in furloughs reached 9,863 in October and 11,606 in November. However, these figures could be revised upwards in the coming months, given that the government has extended by one month the deadline for companies to notify of how many workers they have furloughed.

Registered unemployment fell by 16,036 in November, following three consecutive months of increases. While this decline is less pronounced than in November of 2021 2022, and 2023, it is more favourable compared to the average for the 2014-2019 period, which saw an increase of 1,506 people. As a result, the total number of unemployed stands at 2,586,018, the lowest level for this month since 2007.

Pending the results for December, everything suggests that employment is showing slightly more dynamism in Q4. According to estimates from CEOE's Economics Department, effective registrations (discounting people under furloughs) adjusted for seasonal effects will increase by around 0.5% quarter-on-quarter in Q4, two tenths of a percentage point higher than in Q3, although below the figures for the first half of the year.

Inflation

Inflation rises on the back of energy and food prices

As expected, inflation in November picked up again to 2.4%, six tenths of a point higher than in the previous month. Core inflation fell by one tenth of a percentage point to 2.4%.

Within core inflation, prices of all its components continued to rise at a very similar pace to those recorded in October. Services prices held their year-on-year rate at 3.3% and remained the most inflationary element of the basket. Processed food, beverages and tobacco decreased by one tenth of a percentage point to 2.4% and industrial goods prices without energy products held their rate of change at 0.5%.

This price increase is also attributed to the reversal of certain tax reduction measures designed to moderate inflation. For instance, the rise in unprocessed food prices would have been 0.2% had the VAT reduction remained in place, compared to the 1.1% recorded. A similar effect, though smaller (two tenths of a percentage point), was observed for processed foods.

Energy products were the main contributors to the upturn in November, primarily due to a base effect compared to November 2023, when prices had declined. In November, energy product prices registered a year-on-year increase of 2.9%, up from -3.7% in the previous month. This was largely driven by higher electricity and gas prices, which rose by 19.8% and 9.4%, respectively, while fuels and lubricants continued to show significant declines for the fourth consecutive month.

Service prices continue to rise more sharply than other components of the basket, posting 3.3%. Strong demand for services, combined with rising production costs, particularly wage costs, may make it challenging to contain service price rises in the medium term.

Forecasts suggest that inflation could pick up slightly in December, ending the year at around 2.5%, which would bring average inflation in 2024 to 2.7% for the year. In 2025 inflation is expected to continue on a downward path, although this evolution will be conditioned by the extent to which anti-inflationary measures are reversed and by commodity prices on international markets.

The Public Sector

The central government deficit in 2024 keeps exceeding the figures posted in 2023

The State's budget execution data up to October shows that the financing requirement has risen to -1.7% of GDP, compared to -1.3% of GDP in the same period of 2023. Meanwhile, the primary balance remains in equilibrium, down from a surplus of 0.3% of GDP recorded in the first ten months of 2023.

It is worth noting the change that has been taking place in 2024, with government spending growing faster than revenues. Thus, expenditure has risen by 8.7% up to October, increasing its weight in GDP to 16.8%. Revenues increased by 6.3%, practically stabilising their weight in GDP at 15.1%.

According to the Spanish National Audit Office (IGAE), this greater fiscal imbalance of the State is explained by the settlement of the regional financing system (Autonomous Regions under the common scheme) and Local Authorities in 2022, which in 2024 is showing a negative balance for the State (25.3 billion, compared to 13.5 billion in 2021). Additionally, higher interim payments to the Autonomous Regions and Local Authorities have further contributed to the imbalance, driving current transfers from the State to these levels of general government up by 11.2%. Interest payments have also risen significantly, increasing by 12.3%.

Among the uses that fell, the most significant were subsidies (-14.7%) due to the end of the aid implemented to alleviate the high energy costs, and also the EU's own resources (-6.1%), just to mention those items with the largest monetary amounts.

With regard to revenues, tax collection increased by 5.7% up to October, with clear differences in behaviour among the main taxes. VAT increased by 7%, while personal income tax fell by -0.4%, with corporate income tax showing the greatest revenue growth (10.3%). It should be noted that revenue from Social Security contributions fell by -1.7% and the remaining revenue items increased by 10.8%. This notable increase is explained by the transfer received from the State Public Employment Service (SEPE) corresponding to resources from the REACT-EU Fund and the higher transfers received from the Autonomous Communities.

Business Activity

- **Turnover in September improved slightly after stagnating in the previous month. At the same time, sales by large firms showed greater strength in October, reinforcing the positive trend observed during the second half of the year.**

- **In October, interest rates on loans to companies continued the downward trend of the last few months.**

- **Business confidence indicators continue to show momentum: Spain's composite PMI remained in expansionary territory for the twelfth consecutive month, albeit at a slower pace of growth than in October.**

- **The trend of recent months continues in terms of business dynamism: the number of companies registered with Social Security is moderately above pre-pandemic levels, although the number of smaller companies has yet to reach the figures recorded in 2019.**

Turnover and sales

According to the National Statistics Institute (INE), **the seasonally and calendar-adjusted General Business Turnover Index increased by 1.4% in September compared to the same month last year**, marking an improvement from the -0.1% recorded in August. Three of the four sectors analysed showed positive annual growth rates, with non-financial market services standing out as the largest contributor (7.7%). In contrast, the energy, water, and sanitation sector continued its decline, falling by -4.1% and extending its streak of consecutive declines to 21 months.

According to the Tax Agency, the **Total Sales of Large Companies**, adjusted for inflation, seasonality, and calendar effects, **increased by 5.1% in October compared to the same month last year**. This figure, higher than September's, reinforces the positive trend seen in the second half of the year. The growth was driven by both strong domestic sales and a recovery in exports. Domestically, sales rose by 4.7% in October, a full percentage point higher than in September. Meanwhile, exports grew by 6.4%, nearly three points more than the previous month, solidifying the recovery that began in June.

According to the Central Balance Sheet Data Office Quarterly Survey, companies' **Net Ordinary Profit (NOP) recorded an increase of 0.7% during the first three quarters of 2024, significantly lower than the 13.1% increase observed in the same period of 2023**. Negative rates were observed in the energy (-4.7%), industry (-34.3%) and information and communications (-18.1%) sectors. In particular, the sharp decline in the industrial sector is mainly attributed to the fall in the oil refining sub-sector (-68.6%), which represents an important component in the Basic Basket sample. It should be noted that most of the industrial sub-sectors also showed negative rates. On the other hand, the trade, the accommodation and food service activities and other activities sectors posted positive growth rates.

The Bank of Spain's Business Activity Survey (EBAE) highlights that companies perceive an increase in turnover in Q4, compared with the decreases in the same quarter of the previous two years. Inflationary pressures picked up slightly in Q4, both in the cost of inputs and in sales prices. In the meantime, the percentage of companies affected by higher financial expenditures and insufficient demand has fallen, but economic policy uncertainty and labour shortages remain high.

Labour Costs

As of 30 November 2024, data from the Collective Bargaining Agreements Statistics of the Ministry of Labour and Social Economy indicate that 3,556 agreements with known economic effects have been registered for 2024. These agreements cover 1,218,266 companies and 10,267,554 workers. The average wage increase agreed upon in these negotiations stands at 3.05%, compared to 3.49% in the same period of 2023. In national sectoral agreements, the average wage increase is 3.09%, while regional agreements show a variation of 3.02% and provincial agreements 3.10%. By sector of activity and considering the provisional nature of the data and potential statistical effects, the Agricultural sector recorded the highest wage increase (3.14%), followed by Services (3.10%), Industry (2.94%), and Construction (2.91%).

Financing conditions and costs

In October, interest rates on loans to companies continued the downward trend observed in recent months, falling to between 4.1% and 4.4%. This reduction has driven increases in all new business credit transactions, especially in transactions of up to €250,000 (17.9%) and between €250,000 and €1 million (12.4%).

Business confidence

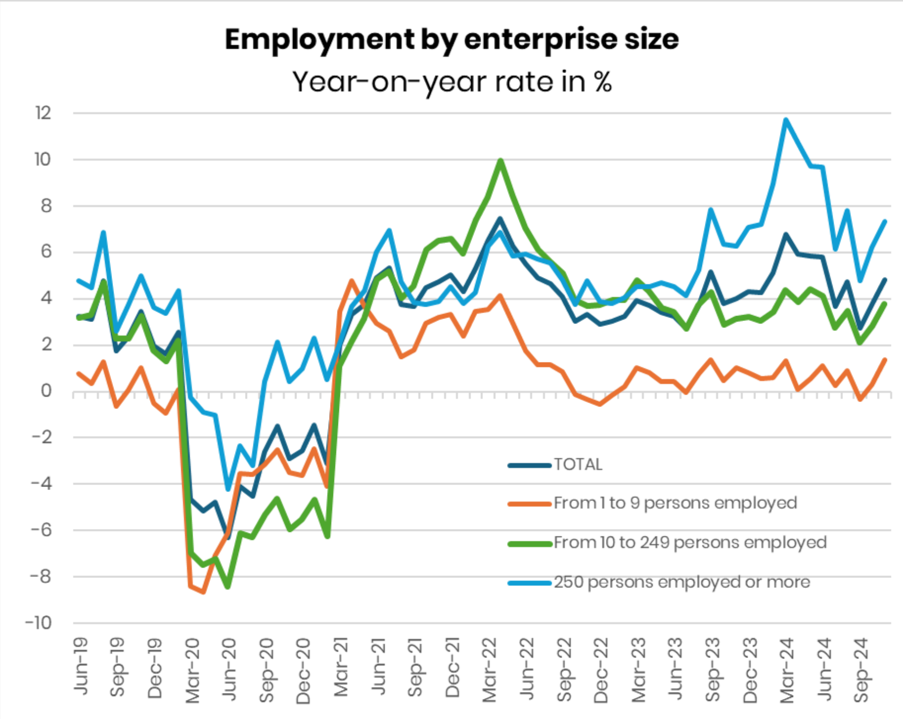
In November, Spain's composite PMI remained in expansionary territory for the twelfth consecutive month, registering 53.2, albeit showing slower growth than in October (55.2). This result was due to the services sector still posting expansionary numbers, recording a PMI of 53.1, down from 54.9 in October. Similarly, the manufacturing PMI declined to 53.1 from 54.5 in the previous month. Despite the slowdown, Spain remains the only major economy in the Eurozone still in expansionary territory.

The European Commission's Economic Sentiment Indicator shows a moderate increase, standing at favourable levels compared to the historical average. In November, it reached 102.1 points, surpassing the 100 points recorded in October.

Business dynamism

In November, the Social Security registered 10,777 more companies than in the same month of 2019, although this increase represents a very moderate percentage growth of 0.8%. By size, the smallest companies, with 1 to 2 workers (representing 52% of the total number of registered companies), have not yet reached pre-pandemic levels. By sector, the number of registered firms remains below pre-pandemic levels in industry, while agriculture, services and construction have managed to regain their previous levels.

Employment in the companies registered with the Social Security rose by 4.8% in November compared to a year ago, a slight increase compared to October (3.8%). However, job creation is mainly concentrated in firms with more than 250 employees, which experienced a year-on-year increase of 7.4% in November. By contrast, in smaller firms (1 to 9 workers), employment grew by only 1.4% year-on-year.



Source: prepared in-house based on data from the Ministry of Labour and Social Economy

Main Business Indicators (last update: December 2024)						
Indicator	2021	2022	2023	Penultimate data	Last data	Last given period
Turnover and sales						
	Annual rate			Year-on-year rate		
Business turnover index corrected for seasonal and calendar effects	17.8	23.5	-2.5	-0.1	1.4	Sep-24
Sales indicator for large companies	6.1	5.8	1.5	3.5	5.1	Oct-24
Labour costs						
	Annual rate			Year-on-year rate		
Labour cost per worker	5.9	4.2	5.5	3.9	4.1	Q2 24
Business dynamism						
	Annual average level			Monthly level		
Companies registered with the Social Security	1,301,461	1,321,657	1,327,404	1,325,048	1,343,760	Nov-24
Financing conditions and costs						
	Annual average level			Monthly level		
Interest rates applied to new credit transactions up to 250 thousand Euros	1.9	2.3	4.8	4.7	4.4	Oct-24
Interest rates applied to new credit transactions from 250 thousand to 1	1.5	2.0	4.6	4.4	4.1	Oct-24
Interest rates applied to new credit transactions over 1 million Euros	1.3	1.7	4.5	4.5	4.2	Oct-24
	Annual rate			Year-on-year rate		
New corporate loans up to 250 thousand Euros	-2.3	16.6	12.6	6.8	17.9	Oct-24
New corporate loans from 250 thousand to 1 million Euros	-12.9	11.9	9.4	6.4	12.4	Oct-24
New corporate loans over 1 million Euros	-15.4	34.5	-17.7	6.7	1.5	Oct-24
Business confidence						
	Annual average level			Monthly or quarterly level		
Economic sentiment indicator	105.3	101.3	100.7	100.0	102.1	Nov-24
Business confidence indicator	120.8	126.8	132.7	138.0	136.3	Q4 24
Composite PMI Index	55.3	51.8	52.5	55.2	53.2	Nov-24
Manufacturing PMI Index	57.0	51.0	48.0	54.5	53.1	Nov-24
Services PMI Index	55.0	52.5	53.6	54.9	53.1	Nov-24
Stock markets						
	Annual averages level			Monthly level		
IBEX 35 Index	8,645.2	8,252.5	9,441.5	11,672.6	11,641.3	Nov-24

Source: INE, Bank of Spain, Eurostat, Ministry of Labour and Social Economy, Tax Agency, Ministry of Economy, Trade and Business, Madrid Stock Market.

Forecasts

Economic forecasts for Spain (last update: December 2024)							
Annual rates of change, unless otherwise indicated							
	2019	2020	2021	2022	2023	2024	2025
GDP	2.0	-10.9	6.7	6.2	2.7	3.1	2.3
Private consumption expenditure	1.0	-12.2	7.2	4.9	1.7	2.5	2.1
Government consumption expenditure	2.2	3.5	3.6	0.6	5.2	4.2	1.5
Gross fixed capital formation	4.9	-8.9	2.6	3.3	2.1	2.2	2.0
-Tangible fixed assets	5.8	-10.2	1.4	2.2	2.4	2.3	2.1
Construction	8.4	-8.4	0.5	2.2	3.0	2.7	2.3
Equipment and cultivated assets	2.0	-13.0	2.9	2.4	1.3	1.7	1.8
-Intangible fixed assets	0.4	-2.7	8.4	7.7	1.0	1.7	1.2
Domestic demand (*)	1.6	-8.8	7.0	3.9	1.7	2.6	2.0
Exports	2.3	-20.1	13.4	14.3	2.8	3.4	3.6
Imports	1.3	-15.1	15.0	7.7	0.3	2.0	2.9
External demand (*)	0.4	-2.2	-0.4	2.3	1.0	0.5	0.3
GDP current prices	3.4	-9.9	9.4	11.2	9.1	6.2	4.7
GDP deflator	1.5	1.0	2.7	5.0	6.4	3.1	2.4
CPI (average annual rate)	0.7	-0.3	3.1	8.4	3.5	2.7	1.7
CPI (Dec/Dec)	0.8	-0.5	6.5	5.7	3.1	2.5	2.0
Core CPI (average annual rate)	0.9	0.7	0.8	5.2	6.0	2.9	2.1
Employment (Quarterly National Accounts)(**)	3.1	-7.1	7.3	4.1	3.2	2.3	2.0
Employment (LFS)	2.3	-2.9	3.3	3.6	3.1	2.1	1.9
Unemployment rate (LFS) (% active population)	14.1	15.5	14.9	13.0	12.2	11.5	10.7
Productivity	-1.1	-4.2	-0.5	2.0	-0.5	0.8	0.3
Compensation per employee	3.0	3.2	0.7	3.9	5.6	4.7	2.9
Unit labour cost (ULC)	4.1	7.7	1.2	1.9	6.1	3.9	2.5
Current Account Balance (% of GDP)	2.1	0.8	0.8	0.4	2.7	3.0	2.6
General government net lending (+) / net borrowing (–) (% of GDP)	-3.1	-9.9	-6.7	-4.6	-3.5	-3.2	-2.8
Interest rates USA (Dec)	1.75	0.25	0.25	4.50	5.50	4.50	3.50
Interest rates Eurozone (Dec)	-0.50	-0.50	-0.50	2.00	4.00	3.00	2.25
Brent Oil ($)	64.4	41.8	70.7	100.8	82.5	80.6	73.1

Source: CEOE, INE (National Statistics Institute), Banco de España, Eurostat

(*) Contribution to GDP growth

(**) Full-time equivalent jobs

(***) This interest rate refers to the interest rate on the deposit facility, which is the new reference adopted by the ECB as a guide for the orientation of monetary policy.