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Economic and Business Outlook

January 2025

Overview

The world economy

- The IMF projects modest global growth of 3.3% for both 2025 and 2026 while inflation is expected to continue decelerating.
- Oil prices rebounded sharply in January following new U.S. sanctions on Russian crude oil.

The Spanish economy

- Forecasts for 2025 are starting to see moderate upward revisions. However, the situation remains marked by regulatory uncertainty at the domestic level, which could have a more pronounced impact on investments and small businesses.
- The Spanish economy concludes 2024 with solid growth, fuelled by stronger private consumption and increased public spending, which are beginning to replace the foreign sector as key drivers. However, investment remains sluggish.
- Social Security registrations showed a slight upturn in Q4, but for 2024 overall, employment growth moderated in comparison to 2023.
- Inflation rebounded in December due to higher prices in services and energy products. The year's average CPI stands at 2.8%.
- The State's economic deficit widens in 2024, but this is offset by surpluses from the Autonomous Regions and local governments.

Business activity

- Turnover improved in October, but sales growth among large companies slowed in November.
- In Q3 2024, companies' labour costs continued to increase (4.4% year-on-year).
- Business confidence indicators remain positive, with Spain's PMI in expansionary territory.
- In December, the number of companies registered with the Social Security exceeded pre-pandemic levels, although the number of small businesses has yet to return to 2019 figures.

The International Scenario

Increased trade tensions, subdued growth and decelerating inflation expected in 2025

The start of 2025 is marked by a complex geopolitical landscape, with ongoing conflicts in Ukraine and the Middle East, although the latter shows signs of easing following a recently brokered ceasefire. Additionally, trade tensions are escalating, driven by Trump's announcements to raise tariffs, particularly on products from China, as well as from the European Union, Mexico, Canada, and other regions.

According to leading international organizations, global growth is expected to remain modest, ranging between 3.2% and 3.3%. This is comparable to the 3.2% estimated for 2024 but notably below the 3.7% average recorded from 2000 to 2019. In January, the IMF revised its 2025 global GDP forecast upward by 0.1 percentage points, bringing it to 3.3%.

IMF Forecasts (January 2025)

	GDP			
(y-o-y rate)	**2023**	**2024**	**2025**	**2026**
World	3.3	3.2	3.3	3.3
United States	2.9	2.8	2.7	2.1
Japan	1.5	-0.2	1.1	0.8
United Kingdom	0.3	0.9	1.6	1.5
Eurozone	0.4	0.8	1.0	1.4
Germany	-0.3	-0.2	0.3	1.1
France	1.1	1.1	0.8	1.1
Spain	2.7	3.1	2.3	1.8
Italy	0.7	0.6	0.7	0.9
China	5.2	4.8	4.6	4.5
India	8.2	6.5	6.5	6.5
Brazil	3.2	3.7	2.2	2.2
Mexico	3.3	1.8	1.4	2.0
Advanced economies	1.7	1.7	1.9	1.8
Emerging economies	4.4	4.2	4.2	4.3
World trade	0.7	3.4	3.2	3.3

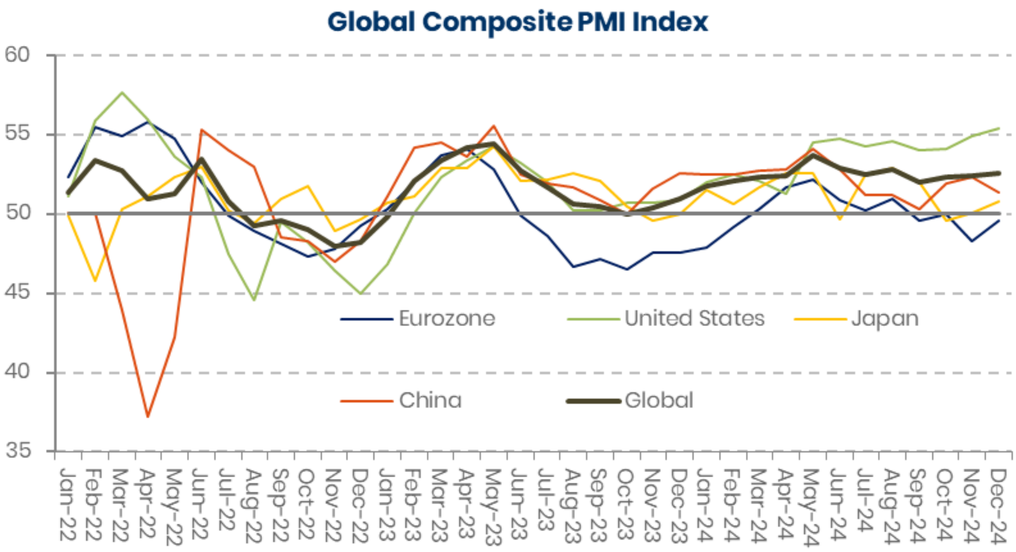
Source: IMF

This upward revision was driven by a 0.5 percentage point increase in growth estimates for the United States and a 0.1 percentage point increase for China. Nevertheless, both countries are expected to experience a gradual slowdown this year and into 2026. In contrast, the Eurozone's forecast has been revised downward by two tenths, although slight growth improvements are anticipated in 2025, followed by a more dynamic performance in 2026. Notably, India continues to show robust economic strength, with growth rates projected between 6.5% and 6.9% for both 2025 and 2026, thus surpassing Japan and becoming the world's fourth-largest economy.

Inflation is expected to continue moderating despite the rebound observed in late 2024 and the persistence of certain components, particularly in the services sector. In many countries, price growth is projected to approach the targets set by their monetary authorities. However, this trend is expected to be more pronounced in advanced economies, while in emerging markets, the process is likely to progress at a slower pace.

The modest pace of economic growth and the slowdown in inflation will allow major central banks to continue reducing interest rates throughout 2025. However, a divergence between the United States and the Eurozone is expected following their similar behaviours throughout 2024, when both the ECB and the Federal Reserve lowered rates by 100 basis points. For the current year, the inflationary impact of Trump's measures has tempered expectations of rate cuts by the Fed, with only two cuts—around 50 basis points—anticipated, in contrast to the four or five cuts the ECB may implement due to weak growth in the Eurozone. This differing outlook on interest rates is driving a significant appreciation of the dollar, which, as of mid-January, was trading near $1.02 per euro, in comparison to it standing at $1.10 per euro at the end of September.

The PMI indices for December indicate a slight improvement in global growth, with the Global Composite Index rising to 52.6 points, up by two-tenths of a point from November. However, performance remains uneven across sectors and countries. Services are showing solid growth, particularly in the real estate and financial sectors, while the manufacturing sectors remain weak. Regionally, the United States appears to be gaining momentum, posting its best composite PMI figure since April 2022, while the Eurozone, despite the improvement in December, still stands in contractionary territory.



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

In the United States, GDP growth for Q3 was revised upward by one tenth of a percentage point to 0.8%, one tenth higher than in Q2. However, on a year-on-year basis, it slowed by three tenths of a percentage points to 2.7%. Meanwhile, the labour market continued to post strong numbers, with 256,000 jobs added in December and unemployment falling by one tenth of a percentage point to 4.1%.

Inflation increased for the third consecutive month in December, rising by two tenths of a percentage points from November to 2.9%, primarily driven by higher petrol prices. In contrast, core inflation declined by one tenth of a percentage point to 3.2%. Given the persistently high inflation levels, along with the strength of economic activity and the labour market, the Federal Reserve is likely to keep interest rates unchanged at its meeting at the end of January at the current range of 4.25% to 4.5%.

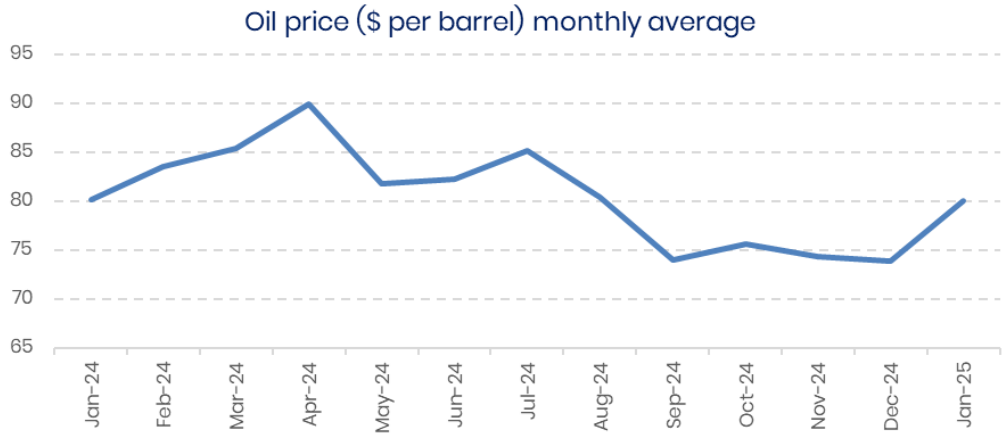
In the Eurozone, industrial production fell by -1.9% year-on-year in November, although it improved slightly compared to October. In contrast, October's services output increased, both at monthly and annual rates (1.7%), as did November's retail trade, which also improved (1.2% y-o-y). In the labour market, the unemployment rate remained stable in November at a record low of 6.3%.

Inflation continued to rise from the September lows of 1.7%, reaching 2.4% in December, with core inflation —excluding energy and food— remaining stable at 2.7%. The ECB is expected to lower interest rates by 25 basis points at its meeting at the end of January, driven by the weakness in the region's economy, particularly in Germany. Preliminary data for Q4 shows a GDP decline of -0.1%, which means that German GDP would contract by -0.2% in 2024. This marks the second consecutive year of contraction, a situation not seen since the early 2000s crisis. Contributing factors include increasing competition in its export industry, high energy costs, and significant uncertainty, among others.

In China, growth in Q4 surprised on the upside and reached 1.6% quarter on quarter, fuelled by government stimulus measures, strong export performance, and a positive external balance. This brings annual growth to 5%. It is worth highlighting the increase in industrial production, while private consumption showed signs of slowing. The real estate sector remains a challenge, with falling house prices and reduced investment in residential development continuing to weigh on the economy.

A certain slowdown is expected for 2025 due to the greater trade frictions that may arise, mainly with the United States, as well as the apathy of domestic demand and the persistence of the real estate crisis in which the Chinese economy is immersed.

As for oil prices, they continued to fall slightly in December, with Brent crude oil at $73.9/barrel on average for the month. However, in January, the new US sanctions on Russian oil, as well as the strength of the dollar, are pushing up the price of crude oil and transport costs. Since mid-January, the price has risen above $82/barrel, bringing the monthly average to around $80/barrel.



Source: Prepared in-house based on data from the Ministry of Economy, Trade and Business

The Spanish Economy

Forecasts for 2025 are starting to be revised upwards to around 2.5%. Uncertainty remains very high in the regulatory, fiscal and employment fields.

A somewhat more positive end to 2024 than expected in terms of GDP and employment is leading to an upward revision of the forecasts for 2025, within a context that continues to be characterised by high uncertainty, but with factors that suggest that there may be a less marked slowdown from the expected 3.1% in 2024.

AIReF and the Funcas Panel have both increased their 2025 GDP growth forecasts for Spain to 2.5% and 2.4% respectively, while CEOE maintains its 2.3% projection. This potential improvement may be driven by increased private consumption, offsetting expected public sector spending restrictions as fiscal rules are implemented. In addition, households are well-positioned, with debt levels at 44.1% of GDP (down from 76% in 2014) and rising disposable income due to wage increases, declining inflation, and steady job creation.

Conversely, business investment is expected to provide an additional boost, supported by improved financing conditions, robust company balance sheets, and European funds. However, several significant challenges remain. Frequent regulatory changes, particularly in tax and labour policies, create legal uncertainty, hindering the execution of new investment projects and discouraging foreign investment. These challenges affect small companies the most.

Regarding the external sector, a modest recovery in Europe, the sustained tourism boom, even if less intense than in previous years, and the competitiveness of non-tourism service export sectors are expected to continue contributing to current account surpluses and modest GDP growth.

In terms of employment, the rate of job creation is expected to slow, potentially falling below 2%. Meanwhile, inflation is projected to move closer to the European Central Bank's target.

Given these positive factors for growth and progress in addressing macroeconomic imbalances—excluding those in the public sector—it would be important to avoid implementing policies that could hinder investment or undermine the competitiveness of the Spanish economy.

Demand and Activity

The Spanish economy concludes 2024 with solid growth even though investment remains sluggish

The National Accounts data for Q3 confirmed the preliminary figure, with quarter-on-quarter GDP growth of 0.8%, the same as in Q2 and only one tenth of a percentage point less than in Q1. Private consumption and public spending were more dynamic this quarter, with 1.2% and 2.5% quarter-on-quarter growth, respectively. However, investment fell again by -1.3% and remains below 2019 levels. Meanwhile, the foreign sector subtracted two tenths of a percentage point from GDP growth, as imports were stronger than exports.

Meanwhile, the Financial Accounts of the Spanish Economy, published by the Bank of Spain, indicate that both companies and households continue to reduce their debt levels. As of September 2024, corporate and household debt totalled €1.709 billion, equivalent to 109% of GDP—down from 114.4% a year earlier. Corporate debt rose by €28.4 billion year-on-year, while household debt decreased by €2.2 billion. Despite these changes, both have declined as a share of GDP, standing at 64.8% and 44.1%, respectively.

Based on the information available to date, GDP growth for the year is projected to be around 3.1%. Indicators for Q4 are showing a favourable evolution and the quarterly GDP rate could stand at around 0.7%.

Regarding private consumption, the combination of employment and wage growth, moderating inflation, and declining interest rates is increasing household disposable income, enabling a rise in private consumption. However, the savings rate remains at historically high levels. While the retail trade index showed strong growth in October, it slowed in November but is expected to rebound significantly in December, as suggested by credit card spending data.

By sector, Spain's PMI data remain firmly expansionary and even show signs of improvement, in contrast to contractionary levels observed in the Eurozone. The manufacturing PMI, which rebounded in September and October, experienced a slight setback in November due to flooding caused by the DANA but recovered in December, reaching one of its highest levels in recent years at 53.3. Spanish industrial companies are notably optimistic, with hiring on the rise as both domestic and export orders continue to grow. However, looking ahead to 2025, there are concerns about the fragility of European economies and the potential impact of a global trade slowdown driven by Trump's tariff policies.

The services PMI, after a slight deceleration in October and November to 53.1, rebounded significantly in December to 57.3, reflecting the sector's continued strong dynamism. New orders rose sharply, driven partly by post-DANA reconstruction efforts and an increase in December tourism, while hiring in the sector also continued to grow. However, service companies remain concerned about rising input costs, particularly wages and fuel, which are being passed on to their selling prices.

In the early part of 2024, both exports and imports followed a contractionary trend. However, from Q2 onwards, both flows began to recover, with exports of goods showing stronger growth, reaching a significant year-on-year increase of 9.3% in October. As a result, the negative external balance for the first ten months of 2024 was slightly reduced compared to the same period in 2023 (-€31.02 billion versus -€34.73 billion). This improvement in the trade deficit was primarily driven by a reduction in the energy deficit.

According to Balance of Payments data published by the Bank of Spain, the current account surplus reached €45.8 billion in the first ten months of 2024, compared to €34.1 billion in the same period the previous year. This result suggests that the current account balance could achieve a surplus exceeding 3% of GDP, up from 2.7% in 2023.

The latest data on the tourism sector indicate a continued strong increase in international tourist arrivals. During the first eleven months of 2024, the number of tourists visiting Spain rose by 10.7%, surpassing 88.5 million. Additionally, with average expenditure per tourist increasing, total tourism revenue during this period was nearly 16.7% higher than in the same period of 2023.

The Labour Market

Slight improvement in Social Security registrations in Q4, although the overall growth rate for 2024 moderated compared to 2023

As anticipated, Q4 closed with a slight increase in employment, as shown by the upward trend in Social Security registrations. Over the course of the year, the Spanish economy continued to generate jobs, albeit at a slower pace than the previous year, contrasting with the stronger GDP growth recorded. Specifically, Social Security registrations grew by an average of 2.4% in 2024, three-tenths of a percentage point lower than in 2023, representing the addition of 505,315 new contributors. Of these, 403,093 individuals found employment in the private sector, accounting for nearly 80% of job creation, while the remaining 20% secured positions in the public sector.

In December, traditionally a favourable month for the labour market due to Christmas-related activity, Social Security registrations increased by 35,500. While this figure is slightly higher than in December 2023, it is nearly half the average growth observed during the 2014-2019 period, which stood at 64,327. As a result, the total number of Social Security registered workers at the end of 2024 stood at 21,337,962.

On the other hand, in seasonally adjusted terms, there was an increase of 42,700 workers, according to the Ministry of Inclusion, Social Security and Migration, a significant improvement over the previous month and the second-best figure since May.

Turning to the gross data, the increase in Social Security registrations in December was driven by both the public and private sectors. The public sector added 20,296 new workers, while the private sector generated 15,203 jobs, although this figure is lower than the typical increase seen in this sector during the month.

By activity sector, notable increases were observed in Agriculture, Trade (due to the end-of-year season), and Health and Social Work Activities. However, there were declines in registrations in Construction, as well as in Accommodation and food service activities, following the end of the summer season.

In year-on-year terms, Social Security registrations held steady at 2.4% in December. In the private sector, the year-on-year rate improved by one tenth of a percentage point to 2.3%. Meanwhile, the public sector continues to show high growth, at 3.1%, although this represents a continuation of the slowdown that began in September.

By economic sector, the year-on-year trend in Social Security registrations varied. Services experienced a slight moderation in December, with growth slowing to 2.7%, but it remained the most dynamic sector in terms of job creation throughout the year. Industry saw a slight improvement in its growth rate, reaching 1.6%, although its performance in the second half of the year was less favourable than in the first. Construction continued to show progress, with a noticeable acceleration, recording a year-on-year growth rate of 2.2% in December —the strongest figure since February 2024. Finally, agriculture showed no growth in December, after 40 consecutive months of declining employment.

As expected, the number of furloughed workers in recent months was revised upwards, as the government extended the notification deadline for companies by one month following the DANA floods. According to the latest data from the Ministry of Inclusion, Social Security, and Migration, the number of workers on furlough schemes stood at an average of 14,200 in October, rebounded to 25,724 in November, and then moderated to 21,111 in December.

Registered unemployment fell in December by 25,300 individuals, which is a smaller fall than those recorded in the same month in 2021, 2022 and 2023. In fact, this is the least favourable figure for a month of December since 2011, with the exception of 2020. In any event, the total number of unemployed stands at 2,560,718, the lowest level in the historical series for this month since 2007.

The evolution of Social Security registrations points to a slight acceleration in the pace of employment growth in the final stretch of 2024. Social Security registrations grew by 2.4% year-on-year in Q4, one tenth of a percentage point more than in Q3. Moreover, effective registrations (discounting furloughed workers) adjusted for seasonal effects is estimated to have increased by 0.5% quarter-on-quarter in Q4, two tenths of a percentage point more than in Q3, although below the figures recorded in the first half of the year.

Inflation

Inflation rebounds in December due to higher prices in services and energy products

In December, inflation picked up again to 2.8%, four tenths of a point higher than in the previous month. Core inflation also rose by two tenths of a percentage point to 2.6%.

The rise in core inflation was driven by an increase in service prices, which continued to outpace the rest of the basket, reaching 3.5%. The strong demand for services, along with rising production costs —including wages— will make it challenging for prices to subdue in the medium term. Meanwhile, other underlying components showed much more moderate trends: Processed food, beverages, and tobacco prices decreased by one-tenth of a percentage point to 2.3%, while industrial goods prices, excluding energy products, rose by one-tenth of a percentage point to 0.6%.

The reversal of part of the tax reduction measures to moderate inflation has also been reflected in this price increase. Thus, CPI growth would have been 2.4% if taxes had remained constant (compared to 2023), versus the 2.8% recorded. In January, VAT on electricity is expected to increase from the current 10% to the regular 21%, which will also be reflected in the CPI evolution.

Unprocessed food prices recorded a significant rebound and increased year-on-year by 1.2 percentage points to 2.3%.

Energy products also contributed to the uptick in December, largely due to a base effect compared to December 2023, when their prices had fallen. Energy product prices rose by 5.8% year-on-year, up from 2.9% the previous month, primarily driven by increases in electricity and gas prices (18.6% and 10.2%, respectively), as well as a smaller decline in fuels and lubricants.

This brings average inflation in 2024 to 2.8% for the year overall. In 2025, inflation is expected to follow a downward path, although this evolution will be conditioned by the extent to which anti-inflationary measures are reversed and by the prices of raw materials in international markets.

The Public Sector

The higher public deficit of the State in 2024 is being offset by regional and local government surpluses

According to data up to September for the government as a whole, the deficit has decreased by 10.6% compared to the same period in 2023. As a percentage of GDP, it stands at -1.5%, down from -1.8% in September 2023. Additionally, a primary surplus (balance excluding interest payments) of 0.3% of GDP was achieved during this period, compared to a deficit of -0.1% of GDP in the previous year.

This improvement in public finances is attributed to surpluses in the regional and local governments through Q3, with surpluses of 0.4% and 0.1% of GDP, respectively. Social Security funds are nearly balanced. In stark contrast, the State has seen a deterioration in its accounts compared to 2023, widening its deficit to -2.2% of GDP (compared to -1.8% in 2023), a trend that has persisted throughout 2024.

The latest data on State government budget execution up to November confirm the worsening of the budget balance at this government level. The central government deficit reached -2.4% of GDP, higher than the -2.1% of GDP recorded in 2023. The primary fiscal imbalance also increased, rising to -0.5% of GDP, compared to -0.3% in November 2023. One notable feature of the government accounts in 2024 is that expenditures are growing at a faster pace than revenues, although both are increasing at a high rate. Expenditures grew by 7.8% in the first eleven months of 2024, surpassing the 6.3% growth in revenues.

The Spanish National Audit Office (IGAE) points out that what has had the greatest impact on the State's accounts was the final 2022 settlement of the financing system for autonomous communities under the common system and local government bodies, with a negative net result that is larger for the State than the 2021 settlement. Moreover, there are more transfers to both administrations (10.2%) in 2024. On the other hand, it should be noted that tax revenues are up by 6.1%, with corporate income tax revenues showing the greatest growth (10%), higher than VAT (7%) and personal income tax (0.5%).

As for expenditures, in addition to transfers to other general government bodies, the highest increases were for interests (10.6%) and social benefits other than social transfers in kind (4,8%).

Business Activity

- **Turnover in October improved notably with respect to the previous month. On the other hand, large companies' sales grew less in November, breaking the upward trend that predominated in the second half of the year.**

- **In November, interest rates for business loans continued the downward trend of recent months, but labour costs continued to rise in Q3 2024.**

- **Business confidence indicators remain strong, with Spain's composite PMI in expansionary territory for the thirteenth consecutive month in December, further accelerating the growth seen in November.**

- **The trend of recent months in business dynamism continues: in December, the number of companies registered with Social Security moderately surpassed pre-pandemic levels. However, smaller firms have yet to return to the levels recorded in 2019.**

Turnover and sales

According to the Spanish National Statistics Institute (INE), **the General Business Turnover Index, adjusted for seasonal and calendar effects, showed a year-on-year increase of 2.5% in October**, improving on the 1.4% growth recorded in September. Seasonally and calendar-adjusted indices revealed positive year-on-year growth in two of the four sectors analysed. Non-financial market services posted the largest increase at 6%, although its growth appears to be stabilizing. Meanwhile, the decline in Electricity and Water Supply, Sewerage, and Waste Management intensified, with a year-on-year drop of -8.9%, accumulating 22 months of consecutive declines.

According to the Tax Agency, **Total Sales of Large Companies, adjusted for inflation and seasonal and calendar variations, grew by 3.2% in November compared to the same month of the previous year**. This rate, lower than the figure recorded in October, breaks the upward trend observed in the second half of the year. The slowdown is attributed to weaker growth in domestic sales and a deceleration in export expansion, partially linked to the impact of the DANA floods. Specifically, domestic sales increased by 2.9% in November, nearly two percentage points below October's growth rate. Exports, on the other hand, grew by 3.8%, more than three percentage points lower than the growth recorded in October.

Labour Costs

According to data from the Collective Bargaining Agreements Statistics published by the Ministry of Labour and Social Economy, on 31 December 2024 there were 3,663 agreements with known economic effects and registered for 2024, covering 1,249,866 companies and 10,634,067 workers. The wage increase agreed in the negotiations with economic effects in 2024, registered up to 31 December, stands at 3.07% (3.46% in the same month of 2023). In national sectoral agreements, wages rose by 3.16%, in regional agreements by 3.02% and in provincial agreements by 3.10%. By sector of activity and taking into account the provisional nature of the data and possible statistical effects, the agricultural sector recorded the highest wage variation (3.16%), followed by services (3.12%), industry (2.95%) and construction (2.91%).

In light of the agreed wage increases in collective agreements, the Quarterly Labour Cost Survey reveals that **the labour cost per company worker rose by 4.4% year-on-year in Q3**, reaching €3,020.71 per month. Wage costs also accelerated, increasing by 4.1% to €2,205.43, while other costs grew by 5.2%. The main component of other costs, compulsory social security contributions, rose by 4.5%, four-tenths of a percentage point increase in comparison to Q2.

Financing conditions and costs

In November, interest rates on loans to companies continued the downward trend observed in recent months, standing at between 4.0% and 4.4%.

Only new corporate lending transactions of more than €1 million increased (12.8%). Transactions between €250,000 and €1 million are practically stagnant (-0.1%) and those of less than €250,000 have fallen by a notable -4.9%.

Business confidence

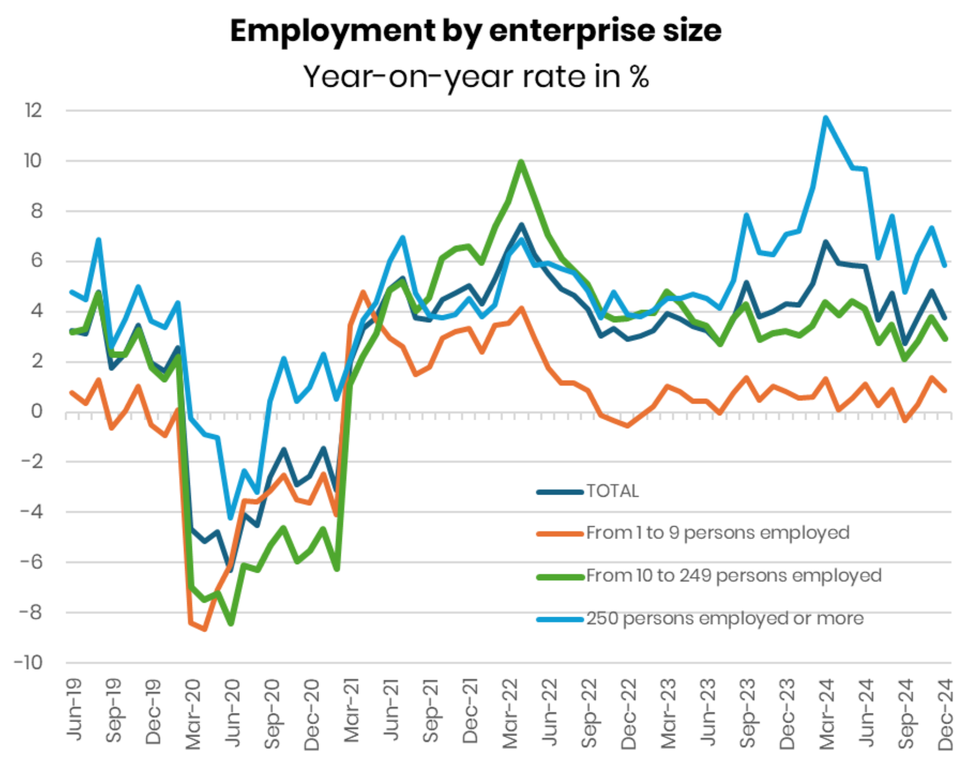
Spain's composite PMI remained in expansionary territory in December for the thirteenth consecutive month, posting a remarkable 56.8. This figure reflects a significant increase compared to November (53.2) and marks the highest level since March 2023. The expansion was primarily driven by a stronger performance in the service sector, which recorded a PMI of 57.3, significantly increasing from 53.1 in the previous month and achieving its largest monthly rise since April 2023. Meanwhile, the manufacturing PMI edged up slightly to 53.3 in December, compared to 53.1 in November. This positions Spain as the only major Eurozone economy in expansionary territory.

The European Commission's Economic Sentiment Indicator shows a moderate increase, standing at favourable levels compared to the historical average. In December, it reached 102.9 points, slightly higher than the 102 points recorded in November.

Business dynamism

In December, the Social Security registered 4,519 more firms than in the same month of 2019, although this increase represents a very modest percentage growth of 0.3%. By size, the number of the smallest companies, with 1 to 2 workers (representing 52% of the total number of registered companies), is still below pre-pandemic levels. By sector, the number of registered enterprises remains below pre-pandemic levels in industry and agriculture, while services and construction have managed to regain their previous position.

Employment in companies registered with the Social Security rose by 3.7% in December compared to a year ago, a slowdown of more than one point compared to October (4.8%). Job creation is mainly concentrated in firms with more than 250 employees, which experienced a year-on-year increase of 5.8% in December. In contrast, in smaller firms (1 to 9 workers), employment grew by only 0.9% year-on-year.



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

Main Business Indicators (last update: January 2025)						
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	1.5	2.5	Oct-24
Sales indicator for large companies	6.1	5.8	1.5	5.2	3.2	Nov-24
Labour costs						
	Annual rate			Year-on-year rate		
Labour cost per worker	5.9	4.2	5.5	4.1	4.4	Q3 24
Business dynamism						
	Annual average level			Monthly level		
Companies registered with the Social Security	1,301,461	1,321,657	1,327,404	1,343,760	1,344,934	Dec-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	4.4	4.4	Nov-24
Interest rates applied to new credit transactions from 250 thousand to 1	1.5	2.0	4.6	4.1	4.0	Nov-24
Interest rates applied to new credit transactions over 1 million Euros	1.3	1.7	4.5	4.4	4.2	Nov-24
	Annual rate			Year-on-year rate		
New corporate loans up to 250 thousand Euros	-2.3	16.6	12.6	17.9	-4.9	Nov-24
New corporate loans from 250 thousand to 1 million Euros	-12.9	11.9	9.4	13.0	-0.1	Nov-24
New corporate loans over 1 million Euros	-15.4	34.5	-17.5	17.4	12.8	Nov-24
Business confidence						
	Annual average level			Monthly or quarterly level		
Economic sentiment indicator	105.2	101.3	100.7	102.0	102.9	Dec-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	53.2	56.8	Dec-24
Manufacturing PMI Index	57.0	51.0	48.0	53.1	53.3	Dec-24
Services PMI Index	55.0	52.5	53.6	53.1	57.3	Dec-24
Stock markets						
	Annual averages level			Monthly level		
IBEX 35 Index	8,645.2	8,252.5	9,441.5	11,641.3	11,595.0	Dec-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: January 2025)

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	2.8	2.1
CPI (Dec/Dec)	0.8	-0.5	6.5	5.7	3.1	2.8	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	4.00
Interest rates Eurozone (Dec)	-0.50	-0.50	-0.50	2.00	4.00	3.00	2.00
Brent Oil ($)	64.4	41.8	70.7	100.8	82.5	80.5	78.9

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.