CEOE Empresas Españolas

Liderar
Defender
Impulsar
Promover

Informe Economía

Economic and Business Outlook

November 2025
(closing date: 18th of November)

Overview

The Global Economy

- The global economy continues to show remarkable resilience, and the European Commission has revised its forecasts for 2025 and 2026 upwards. For the Eurozone, it estimates GDP growth of 1.3% in 2025 and 1.2% in 2026.
- Oil prices continued their downward trend in October, reaching their lowest levels since April 2021.

The Spanish economy

- In line with CEOE, the European Commission, the Government and the Funcas Panel increased GDP growth forecasts to 2.9% in 2025. A slowdown is still foreseen for 2026.
- Slight moderation in GDP and employment in Q3 of 2025, in line with expectations. The strength of domestic demand is confirmed: private consumption and investment are the main drivers of the economy.
- Slight slowdown in job creation and increase in the unemployment rate in Q3, although Social Security registrations remained strong at the beginning of Q4.
- Productivity per employed person continued to decline in Q3, while productivity per hour worked posted a slight increase. Meanwhile, labour costs continue to rise significantly and spiked up.
- Inflation rose to 3.1%, driven by energy and unprocessed food prices, although a slowdown is expected towards the end of the year.
- Defence spending has begun to increase, according to budget execution data.
- The Government approved a record-high spending ceiling of 216.177 billion for 2026 and projects a fiscal deficit of –2.1% of GDP for next year.

Business activity

- The Ibex 35 reached record highs, surpassing 16,600 points at the start of November, but has since fallen below 16,000 this past week.
- Large companies closed the quarter amid a slowdown in domestic sales and flat export activity.
- Spain remains a benchmark for business confidence in the Eurozone.
- Corporate loans are picking up again with a significant increase in large-volume transactions.

The International Scenario

Signs of improvement in the global economy as China and the US reduce trade tensions

The global economy remains buoyant, supported by more relaxed monetary policies in some countries and reduced trade uncertainty as agreements between the United States and other economies take shape, with the agreement reached with China in early November standing out. The agreed terms include a mutual reduction of tariffs. The United States will lower tariffs on Chinese imports related to fentanyl from 20% to 10%, reducing the average tariff applied to Chinese goods from 57% to 47%. China, in turn, will suspend the retaliatory tariffs announced on 4 March 2025. The agreement also provides for China to halt controls on rare earth exports, resume agricultural trade, particularly the purchase of US soybeans, and temporarily suspend port fees imposed by both governments.

This economic resilience is also reflected in the European Commission's fall report. The report highlights that growth has exceeded expectations in the first three quarters of the year, despite a challenging environment marked by trade tensions and US tariffs, which are now at their highest average levels in nearly a century. Overall, global growth projections for 2025 and 2026 have been revised slightly upward compared with the spring forecast, standing at 3.1% in both years, which is two-tenths and one-tenth of a percentage point higher than the May estimates, respectively.

European Commission Forecasts (November 2025)

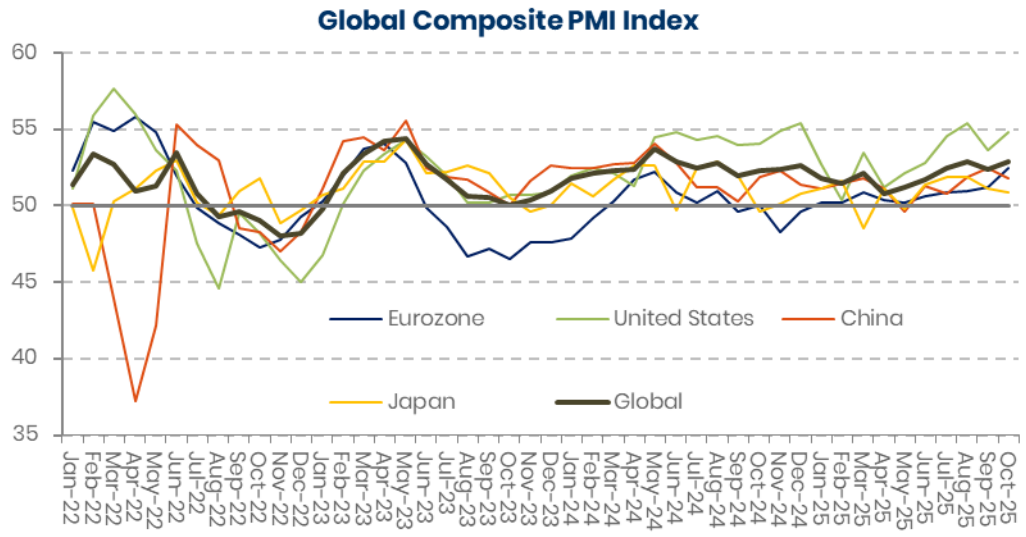
	GDP			Inflation		
(y-o-y rate)	2025	2026	2027	2025	2026	2027
World	3.1	3.1	3.2			
United States	1.8	1.9	2.1	2.8	3.0	2.3
Japan	1.1	0.7	0.7	3.2	2.2	2.0
United Kingdom	1.4	1.2	1.4	3.7	2.6	2.0
European Union	1.4	1.4	1.5	2.5	2.1	2.2
Eurozone	1.3	1.2	1.4	2.1	1.9	2.0
Germany	0.2	1.2	1.2	2.3	2.2	1.9
France	0.7	0.9	1.1	1.0	1.3	1.8
Spain	2.9	2.3	2.0	2.6	2.0	2.0
Italy	0.4	0.8	0.8	1.7	1.3	2.0
India	6.8	6.5	6.4	2.3	3.5	4.0
China	4.8	4.6	4.4			
Brazil	2.2	1.8	2.0			
World trade	2.8	2.1	2.7			

Source: European Commission

For the European Union, the Commission projects real GDP growth of 1.4% in both 2025 and 2026, followed by a slight acceleration to 1.5% in 2027. The euro area is expected to follow a similar trajectory, with GDP growth of 1.3% in 2025, 1.2% in 2026 and a modest improvement in 2027, when it is projected to reach 1.4%. Growth is expected to be supported by a robust labour market, a continued decline in inflation and favourable financial conditions. In addition, the Recovery and Resilience Facility and other EU funds are mitigating the impact of fiscal tightening in several Member States.

The report suggests that the public deficit will continue to increase in both the European Union and the euro area over the next few years, rising from 3.1% in 2024 to 3.3% in 2025 and 2026 and to 3.4% in 2027. This upward trend reflects higher defence spending, ongoing growth in interest expenditure and a slight decline in revenue. Even so, the fiscal adjustment plans of several Member States are expected to partially offset these deficit-increasing pressures.

Meanwhile, October's PMIs improved in both the United States and the Eurozone, while remaining uncertain in China and Japan. The global composite PMI reached 52.9 points, returning to its August level, which was the highest since May 2024. By sector, insurance, banking, real estate, and other financial services recorded solid performance, whereas the machinery and equipment sector and telecommunications services continued to contract.



Source: Prepared-in house based on data from S&P Global

In the United States, we are still awaiting the release of some official figures which has been delayed as a result of the longest government shutdown in the country's history (43 days). However, PMIs point to robust growth in recent months. In contrast, there are increasing signs of weakness in the labour market. Although there are no official figures on job creation, it is known that layoffs have increased, with several sectors reversing the hiring surge that followed the pandemic. This adjustment is taking place in a context of rising costs, technological restructuring within companies and weaker demand.

Inflation rose by one-tenth of a percentage point in September to 3.0%, coming in lower than expected, while core inflation declined by one-tenth of a percentage point to 3.0%. The weakness of the labour market led the Federal Reserve to cut interest rates again at the end of October by 25 basis points, bringing the target range to 3.75%–4%, despite uncertainty about the recent performance of the economy due to the lack of official statistics. Looking ahead to December, Federal Reserve Chair Jerome Powell has emphasised that no decision has yet been made and that it will depend on the data available at that time, although markets widely expect another rate cut.

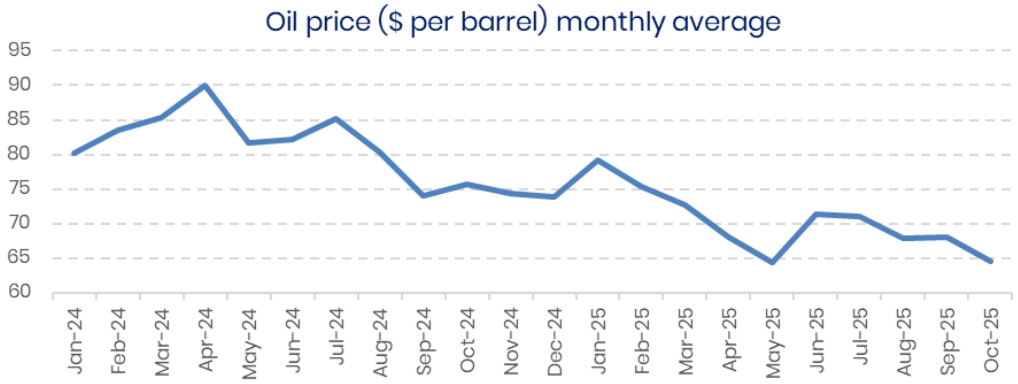
In the Eurozone, GDP in Q3 maintained a modest pace of growth, with a quarterly rate of 0.2%, one tenth higher than in Q2. However, year-on-year growth stood at 1.3%, two tenths lower than in the previous quarter. There are, nevertheless, significant differences across countries. Among the larger economies, the stagnation seen in Germany and Italy contrasts with growth of 0.6% in Spain and 0.5% in France. In Germany, the slight improvement compared with the –0.2% recorded in Q2 was driven by stronger investment, although this was offset by a decline in exports. In Q4, the impact of investment programmes and defence-related funds is expected to be more visible, supporting a return to positive growth. In Italy, stagnation also represented an improvement on the –0.1% contraction in Q2, with domestic demand making a negative contribution that was offset by the foreign sector. In France, the figures exceeded expectations, following 0.3% growth in Q2, supported by strong exports, particularly of aeronautical equipment. However, the exceptional boost from external demand in Q3 suggests that this acceleration is temporary and likely to moderate in the final months of the year.

The labour market in the Eurozone continues to show remarkable resilience, with the unemployment rate holding at 6.3% in September, close to the historic low of 6.2% reached in November 2024. Meanwhile, activity indicators present mixed signals, with services production rising by 0.1% month-on-month and retail sales falling by 0.1%. On a year-on-year basis, both variables improved, and the PMIs also showed some recovery in October. Inflation remains very subdued, with headline inflation at 2.1% in October, one tenth of a percentage point lower than the previous month, while core inflation held steady at 2.4%. Against this backdrop, the ECB kept interest

rates unchanged for the third consecutive meeting, maintaining the deposit facility (its reference rate) at 2%

China has agreed to a one-year pause in its trade war with the United States. In addition, at the end of October, the draft of the 15th Five-Year Plan was published, setting out the strategic guidelines for the 2026-2030 period. These include modernising industry, strengthening scientific and technological innovation to ensure strategic autonomy, boosting consumption and the domestic market, and increasing openness to the outside world. In the short term, September data point to some improvement in industrial production, while retail sales continue to lose momentum. Given the weakness of certain indicators, the government has approved a stimulus plan, using a financial instrument worth around $70 billion, to strengthen financing for the real economy and support investment. Meanwhile, foreign direct investment continues to decline, although at a more moderate pace, and inflation returned to positive territory in October at 0.2%. Even so, price developments still reflect weak domestic demand, weighed down by ongoing difficulties in the real estate sector.

Oil prices resumed their downward trend in October, with Brent crude averaging $64.5 per barrel, as in May, and at their lowest levels since April 2021. Increased crude oil production, a certain easing of geopolitical risks and uncertainty about the strength of global growth have contributed to the moderation in oil prices. In view of this situation, the OPEC+ countries agreed to continue increasing their production in December and to pause these increases during Q1 of 2026.



Source: Prepared in-house based on data from datosmacro.com

The Spanish Economy

Slight slowdown in GDP and employment in Q3 2025, in line with expectations

In line with CEOE's forecasts, activity moderated in Q3, but only slightly. GDP grew by 0.6%, two tenths less than in Q2, although still above the Eurozone average of 0.2%. Domestic demand remains the main driver of growth, in contrast with the external sector, which is weighing on GDP due to weak goods exports.

The most positive development is the consolidation of the recovery in business investment that began at the end of 2024. After several years of weakness, it is now the fastest-growing component of GDP in 2025, averaging 6.0% over the first three quarters. This improvement has been supported by more favourable financial conditions, greater execution of European funds and increased defence spending. In this regard, data from the General Comptroller of the State Administration (IGAE) up to September (see The Public Sector section) shows that the amount allocated to defence has doubled.

Also noteworthy is the strength of private consumption, which is expected to increase by 3% in 2025, due to the virtuous circle generated by job creation, inflation containment and asset revaluation. As a result, households have greater disposable income, consistent with savings rates of around 12%.

On the negative side, hourly productivity shows very weak growth and a tendency toward stagnation, while productivity per employed person continues to fall. In addition, rising business costs, particularly those linked to the labour market, are evident in the evolution of unit labour costs, which have increased by almost 25% since 2019. This trend reduces the competitiveness of the Spanish economy and is especially detrimental to SMEs. Also noteworthy is the decline in the share of Gross Operating Surplus (GOS) in GDP, which has fallen to its lowest level relative to its historical average, comparable only to figures recorded in 2020 and 2021.

Job creation also slowed in Q3, according to the Labour Force Survey (LFS), with the unemployment rate at 10.45%. However, Social Security registrations for October indicate a renewed boost in the labour market.

After rising to 3.1% in October, inflation is expected to slow down to a forecasted 2.7% in December.

This positive assessment of economic activity and employment is reflected in November Funcas Panel as well as in the European Commission's and the Government's respective forecasts.

The consensus among Spanish analysts raises the GDP growth forecast to 2.9% for 2025, matching the projections of CEOE, the Government, and the European Commission. For 2026, a slowdown to 2.1% is expected, while both CEOE and the European Commission forecast a slightly higher growth rate of 2.3%.

Spanish economic forecasts

	2024	2025	2026		2024	2025	2026
GDP, volume (y-o-y rate)	**3.5**			**Inflation** (CPI y-o-y rate)	**2.8**		
Government		2.9	2.2	Government		--	--
CEOE		2.9	2.3	CEOE		2.6	2.3
European Commission		2.9	2.3	European Commission		2.6	2.0
Funcas Panel		2.9	2.1	Funcas Panel		2.6	2.1
Unemployment rate (%)	**11.3**			**Public deficit (% GDP)**	**-3.2**		
Government		10.5	9.9	Government		-2.5	-2.1
CEOE		10.4	9.7	CEOE		-2.6	-2.3
European Commission		10.4	9.8	European Commission		-2.5	-2.1
Funcas Panel		10.5	10.0	Funcas Panel		-2.7	-2.6

Source: Ministry of Economy, Trade and Business, European Commission, CEOE and Funcas

Regarding inflation, the average CPI is forecasted at 2.6% for this year, and between 2.0% and 2.3% for 2026.

Job creation is expected to grow at 2.4% and 1.7, respectively, leading to a slight reduction in the unemployment rate, which will stand at 10% in 2026, according to the Funcas Panel (CEOE forecasts 9.7%).

As for the public deficit, it will stand at around -2.5% of GDP, below the Eurozone average (-3.3% of GDP in 2025). The Government approved a record-high spending ceiling of 216.177 billion for 2026 and projects a fiscal deficit of –2.1% of GDP for said year. This result is due to strong tax revenues, which will close 2025 above 325 billion and are estimated to grow above nominal GDP in 2026, meaning that the tax burden will continue to increase.

Demand and activity

The economy shows solid growth in Q3 with some signs of slowing down

So far in 2025, the Spanish economy has remained remarkably dynamic, supported by growth in domestic demand, household consumption, and investment, which is boosting activity in certain industrial and service sectors. The main downside comes from goods exports, which continue to show some weakness.

Nevertheless, the preliminary data from the Quarterly National Accounts for Q3 show fairly solid quarterly growth (0.6% in Q1, 0.8% in Q2 and 0.6% in Q3), which, together with a predictably good performance in Q4, will see the Spanish economy close the year with growth significantly above the Eurozone average, at around 3.0%.

Household consumption has been the main driver of growth in recent months, accelerating to 1.2% quarter-on-quarter in Q3, which represents a 3.3% increase year-on-year. These figures reflect the strength of private consumption and an improvement in household purchasing power, supported by strong employment and wage growth, as well as moderate inflation and interest rates.

In this context of lower interest rates, demand for loans has increased among both businesses and, especially, households. For households, there has been a notable rise in mortgages for home purchases. However, as highlighted by the Bank of Spain in its latest Financial Stability Report, private sector debt levels and the associated interest burden remain historically low and are expected to remain moderate in the coming years.

Total investment accelerated significantly in Q3. According to the National Statistics Institute (INE), gross fixed capital formation (GFCF) rose 1.7% quarter-on-quarter, equivalent to 7.6% year-on-year, with positive contributions from both investment in equipment and construction. This suggests a recovery in productive investment and construction projects.

By sector, during Q3 2025, the industrial sector showed some signs of weakness. According to manufacturing PMI data, it slowed to 51.5 in September after a strong rebound in August (54.3), indicating a slowdown in new order demand and some caution among manufacturers. In turn, the services sector maintained a more solid pace, despite some fluctuations: the PMI fell from 55.1 in July to 53.2 in August, then recovered to 54.3 in September. This reflects the strength of domestic consumption, alongside persistent pressure on input prices and margin tensions. In October, both sectors gained momentum. The manufacturing PMI rose to 52.1, marking its sixth

consecutive month of expansion, although falling export orders limited producers' optimism. Meanwhile, the services PMI accelerated sharply to 56.6, the highest level in months, driven by new contracts, domestic demand, and improved business confidence.

Regarding the external sector, customs data show that in the first eight months of 2025, goods trade flows accelerated compared with the previous year. In the year to August, imports increased more sharply than exports (4.3% versus 0.3%), resulting in a higher external deficit than in the same period of 2024 (–€35.1 billion compared with –€23.8 billion). This rise was mainly driven by the non-energy deficit, which widened to –€13.677 billion from –€3.403 billion in the same period of 2024. The energy deficit increased only slightly, by around €1 billion to –€21.428 billion, but still accounts for more than 60% of the total trade deficit.

Similarly, data from the Bank of Spain's Balance of Payments show that, in the twelve months to August, the current account surplus stood at 2.9% of GDP, down from 3.2% in the same period of 2024. This decline was mainly due to a larger deficit in the balance of goods and non-tourism services (–0.4% of GDP, compared with a balanced position in the twelve months prior to August 2024). However, this effect was partially offset by an increase in the surplus for tourist services, which rose to 4.3% of GDP from 4.2% the previous year, reflecting the continued dynamism of the tourism sector during this period.

In the first three quarters of 2025, the number of international tourists arriving in Spain reached a record high of nearly 76.5 million, 3.5% more than in the same period of the previous year. In September alone, Spain welcomed 9.7 million international tourists, 0.8% more than in September 2024. During the January–September period, total spending by international tourists rose 7.0%, reaching €105.828 billion.

The Labour Market

There was a slight slowdown in job creation in Q3, although Social Security registrations remained buoyant in October.

The labour market showed signs of a slight slowdown in job creation in Q3, according to the Labour Force Survey (LFS) and the Quarterly National Accounts. The private sector remained the main driver of employment growth, accounting for 90% of the total, although this was not enough to prevent a rise in the unemployment rate. At the same time, productivity per employed person continued to decline, while labour costs accelerated in Q3. Looking ahead, Social Security registrations point to a positive start to Q4, with an above-average increase in contributors and solid performance across most sectors, which are consolidating their growth rates, except for agriculture, which continues to lose jobs.

The Labour Force Survey (LFS) reported a Q3 employment increase of 118,400 people, the lowest figure for this period since 2019. The private sector was the main driver of job creation, adding 107,600 jobs, or 90.9% of the total, highlighting the resilience of businesses amid high uncertainty and rising costs. As a result, total employment reached a new all-time high of 22,387,100 people.

In seasonally adjusted terms, the quarter-on-quarter change in employment according to the LFS was 0.4%, below the figures recorded in the first part of the year (0.7% and 0.6% in Q1 and Q2, respectively).

Looking at the raw data, job creation showed a slight slowdown, with a year-on-year growth rate of 2.6%, one tenth lower than in the previous quarter. Employment growth in the private sector also eased to 3.1% vs. 3.4% previously. It is worth noting, however, that the temporary employment rate in the private sector stands at 13%, less than half the rate in the public sector, where it reaches 27%.

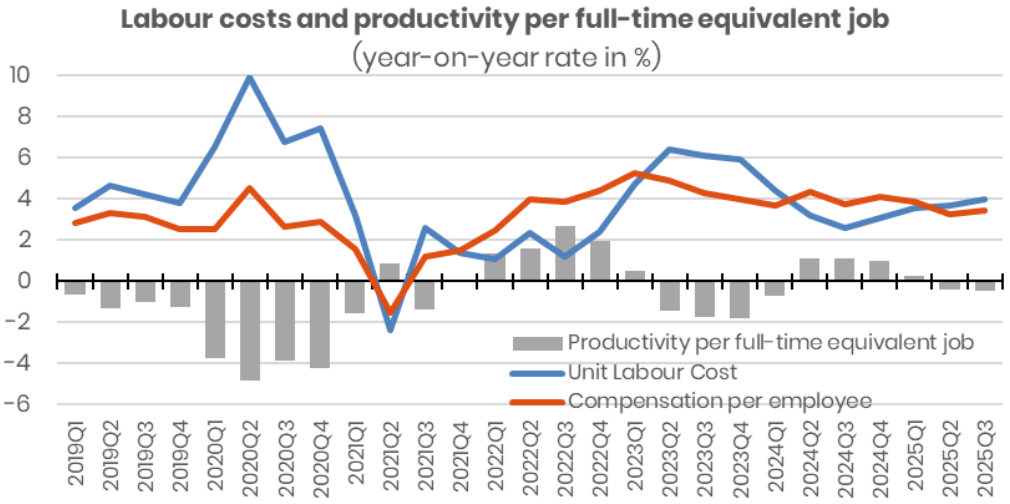
The notable growth in the labour force, by 178,500 people in Q3 compared to Q2, led to an increase in the number of unemployed people, despite the increase in employment during this period. Thus, the number of unemployed workers rose by 60,100 to a total of 2,613,200, while the unemployment rate rose to 10.45% from 10.3% previously. Thus, the Spanish unemployment rate remains the highest in the EU and in the OECD.

Like the LFS, the National Accounts results show a slight loss of momentum in employment in Q3. Full-time equivalent jobs slowed their year-on-year growth by one tenth of a percentage point to 3.3%. However, hours worked rebounded

significantly, increasing by 2.5% year-on-year, nine tenths more than in the previous quarter.

The slower growth of GDP relative to employment has kept productivity per employed person in negative territory, with a year-on-year decline of –0.5%, slightly worsening from –0.4% in Q2. In addition, productivity per employed person remains below pre-pandemic levels, specifically 3.6% lower than in Q4 2019. Productivity per hour worked grew modestly, but its pace slowed significantly to 0.3% year-on-year.

Compensation per employee and unit labour costs continue to show remarkable strength and rebounded in Q3. Compensation per employee increased by 3.5% year-on-year, two tenths more than in the previous quarter. Meanwhile, unit labour costs continued to accelerate, reaching 4.0% year-on-year, compared to 3.7% previously. Compared to the pre-crisis levels, unit labour costs are 24.8% higher than in the last quarter of 2019.



Source: prepared in-house based on information from the National Statistics Institute

The most recent Social Security data point to strong employment performance at the start of Q4. In October, Social Security registrations rose by 141,926 people, a month-on-month increase of 0.65%, in a period that is typically favourable for job creation, largely driven by the education sector. These results exceed the usual figures for October and represent the second-largest increase for this month in the historical series (the first one was in 2021 during the post-pandemic recovery). Meanwhile, according to the Ministry of Inclusion, Social Security and Migration, the seasonally adjusted series also improved in October, with an increase of 64,569 people, the highest since April of this year.

Looking at the raw data, the growth in Social Security registrations in October came from both the private and public sectors. The private sector added 97,655 jobs, nearly 70% of the total, while the public sector contributed 44,272 new positions, around 30% of the total.

On a year-on-year basis, registrations remained at 2.4%, which is a favourable performance, given that in recent months Social Security registrations have shown a slight improvement from 2.2% in May and June. In the private sector, they held steady at 2.3% year-on-year for the fourth consecutive month. Meanwhile, in the public sector, October recorded a 2.8% increase year-on-year, continuing the acceleration that began in September.

By economic sector, the evolution of Social Security registrations remains heterogeneous on a year-on-year basis. Construction continues to gain momentum, accelerating to 3.9% in October, making it the most dynamic sector for job creation. Industry, which has shown tentative signs of improvement in recent months, maintained its growth at 1.8% for the second consecutive month, the highest rate in a year and a half. In services, the year-on-year rate held steady at 2.5%, reflecting a slight improvement compared with mid-year figures. Finally, agriculture continues to decline, with a 1.0% drop in October.

Registered unemployment rose by 22,101 people in October, although this figure is lower than usual for this month. It rose in almost all sectors, including the segment of people without previous employment, and especially in services. Unemployment only fell in construction. In addition, job seekers who are employed or in an employment relationship, including those under permanent contracts for intermittent work who are inactive, increased by 38,993 people, a figure slightly lower than in the same month in 2024.

Inflation

Inflation rose to 3.1%, driven by energy and unprocessed food prices, although a slowdown is expected towards the end of the year.

Headline inflation has risen slightly over the past two months, reaching 3.1% in October, while core inflation also edged up to 2.5%, reflecting a moderate increase in core prices. The recent rise in inflation is driven both by higher energy prices and more significant growth in unprocessed food prices.

Specifically, energy prices accelerated to 6.5% in October, following the declines in Q2. This increase is mainly due to smaller decreases in fuel and lubricant prices, alongside higher prices for natural gas and other liquefied hydrocarbons, such as butane. Electricity prices have also rebounded since July, reflecting the step effect from the VAT reduction from 10% in 2024 to the current 21%. As a result, energy products remain the most inflationary component of the basket. Meanwhile, unprocessed food prices rose slightly, increasing by one tenth of a percentage point to 6.0% year-on-year.

Within core inflation, all components showed similar rates of change to previous months. Thus, Services, which showed the greatest increase, rose slightly by one-tenth of a percentage point to 3.6%, while industrial goods excluding energy products also rose by one-tenth of a percentage point to 0.8%. Meanwhile, Processed food, beverages and tobacco fell by one tenth of a percentage point to 1.4%.

In the Monetary Union, inflation in October fell by one tenth of a percentage point to 2.1%, while in Spain it rose by two tenths of a percentage point to 3.2%, widening the gap to 1.1 points.

Forecasts for the remainder of 2025 suggest that this figure could be the annual maximum, to be followed by a downward trend in the last months of the year and leave the year-end annual average at around 2.6%. This downward trend will continue during the first part of 2026, with inflation expected to be slightly above 2.0%, which would mean the average for 2026 would be lower than that for 2025.

The Public Sector

The Central Government's public deficit continued to moderate in September. Defence spending began to increase.

After the first nine months of 2025, the Central Government deficit continues the slow reduction process that began in the summer. Thus, with information accumulated up to September, the financing requirement stood at -1.9% of GDP, compared to -2.2% of GDP in 2024. The primary balance remains negative (-0.3% of GDP), although lower than in the same period of 2024 (-0.7% of GDP). The European Commission's forecasts point to a public deficit of -2.5% of GDP for the public administrations (-2.6% of GDP according to CEOE estimates) for 2025.

Revenues continue to show exceptional dynamism, growing above nominal GDP and exceeding those of the cumulative period up to September 2024 by 8.6%. Tax revenues (83% of the total) are growing at a faster rate, up to 10%, due to the strength of the main tax items.

It should be noted that VAT revenue shows year-on-year growth of 9.1%, personal income tax revenue increases by 17.6%, corporate income tax revenue by 6.3% and non-resident income tax revenue by 31.4%. The reversal of the fiscal measures adopted to address the rise in prices in 2022 and 2023 has also allowed for the recovery of revenue from the Tax on the Value of Electricity Production (1.308 billion in 2025) and the Special Tax on Electricity (1.195 billion in 2025).

Likewise, spending continues to grow faster than GDP, though at a slightly slower pace, with a year-to-September increase of 5.8%, similar to the rate recorded up to August. Extraordinary spending related to the severe flooding in the Levante region amounts to €2.566 billion, of which €1.905 billion corresponds to final transfers to local governments.

Among non-financial transactions, investment showed the highest growth, rising 33.0%, mainly due to increased spending on Special Armament Programmes (PEAs), which grew from €527 million to €1.082 billion. Subsidies ranked second, up 24.8%, followed by Spain's contribution to the EU from VAT and GNI resources, which increased 21.6%. Current international cooperation grew by 17.0%, and interest expenditure rose by 9.3%. Almost all expenditure items increased, with the exception of intermediate consumption (as there were no elections this year), investment aid and other capital transfers.

Business activity

- **The Ibex 35 reached historic highs, exceeding 16,600 points at the beginning of November. In the last week, it has fallen below 16,000.**
- **Sales by large companies moderated their growth in September and ended the quarter marked by a slowdown in the domestic market and stagnant exports.**
- **Solid rebound in the October PMI: growth in services and manufacturing keeps Spain above the Eurozone average.**
- **Business lending picked up after the summer with a significant increase in large-volume transactions.**
- **Registered employment grew significantly in October, although small businesses showed a much slower pace.**

Turnover and sales

In August, company turnover continued to show dynamic performance, consistent with the trend of previous months. The General Business Turnover Index, adjusted for seasonal and calendar effects, **rose 4.4% compared with the same month in the previous year.** Positive annual rates were recorded across all analysed sectors, although these were significantly lower than in the previous month. Notably, electricity supply and water, sanitation, and waste management increased by 9.1%, while extractive and manufacturing industries posted a 0.8% rise. **On a month-on-month basis, however, momentum slowed. The variation between August and July 2025, after adjusting for seasonal and calendar effects, stood at –0.7%, confirming the loss of momentum observed since July.**

Sales by large companies grew at a slower pace in in September and ended the quarter marked by a slowdown in the domestic market and stagnant exports. In fact, total sales by large companies, deflated and adjusted for seasonal and calendar variations, **increased by 1.9% year-on-year,** slightly below the 2.1% recorded in August**. On a quarterly basis, sales increased 2.7%, marking a slowdown of 1.5 percentage points compared with Q2.** This moderation reflects both weaker domestic sales growth and a sharper decline in exports. **Domestic sales rose 3% (3.2% in August), resulting in a quarterly increase of 3.5%,** over one point lower than in the first half of the year, yet still above the level recorded in the previous year. Notably, **quarterly sales of equipment and software remained robust, with growth exceeding 10% over the last three quarters. Exports fell 2.2% in September, leaving quarterly export growth at zero,** although the

cumulative figure for the year remains similar to that of the previous year. **Sales to the EU fell by 2.2%, while exports to non-EU countries fell by 1.4%.**

Labour costs

By the end of October 2025, 3,033 agreements with known economic effects had been registered, covering 1,010,046 companies and 9,427,072 employees. The **average wage increase** established in these agreements stands at 3.5%, significantly higher than the 3.06% recorded in the same month of 2024. Nearly 80% of workers covered by these agreements received an increase of more than 2.5%.

In national sectoral agreements, the wage increase stands at 3.8%, in regional agreements at 3.81%, and in provincial agreements at 3.10%, figures similar to those recorded in the previous month. By sector, services registered the highest wage increase at 3.77%, followed by construction at 3.04%, industry at 2.87%, and agriculture at 2.05%.

Financing conditions and costs

Business lending picked up after the summer, with a sharp increase in larger transactions. In September, average interest rates for new business loans fell by one tenth of a percentage point to 3.2%, both for amounts up to €250,000 and for those over €1 million. Meanwhile, the average interest rate for amounts between €250,000 and €1 million remained unchanged (3.1%). **After the summer decline, new business lending transactions grew again across all segments. Of particular note is the 16.4% increase in transactions of more than €1 million,** although it should be noted that this segment has historically been the most volatile.

Business confidence

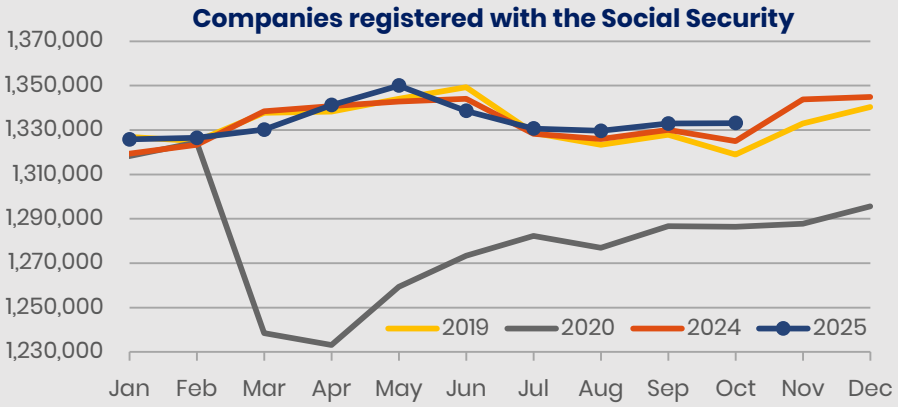
The composite PMI index stood at 56 points in October, marking a solid rebound from the previous month (53.8) and reaching its highest level this year. Activity in the services sector has seen twenty consecutive months of increases (index values above 50). It reached 56.6 points in October (54.3 in September), its highest level so far this year. Meanwhile, activity in the manufacturing sector showed a faster pace of expansion, with a PMI index of 52.1, compared to the previous month (51.5). **Spain continues to lead business confidence in the Eurozone.**

The Spanish economic sentiment index stood at 103.9 points in October maintaining a level of confidence above the Eurozone average for the 37th consecutive month. Specifically, in the Eurozone, economic sentiment improved to 96.8 points, but the indicator remains below its historical average, reflecting a still subdued recovery across the region, in contrast to Spain.

Business dynamism

The business fabric continued to gain momentum in October, with 1,333,121 companies registered with the Social Security. This figure represents 14,206 more companies than in October 2019 (1.1%). However, micro-enterprises with between 1 and 2 employees, which represent more than half of all companies, have not yet recovered to pre-pandemic levels, with 20,846 fewer registered businesses. **The recovery is also lagging in agriculture and industry, where figures remain below pre-health crisis levels.**

Employment in companies registered with the Social Security system grew by a notable 3.3% year-on-year. Disparities by size still persist: in October, employment in large companies (more than 250 employees) rose by 5%, while in small companies (1–9 employees) it rose by only 0.7%.



Source: Prepared-in-house based on data from the MInistry of Labour and Social Economy

Main Business Indicators
(last update: November 2025)

Indicator	2021	2022	2023	2024	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	17.7	23.4	-2.2	0.3	4.2	4.4	Aug-25
Sales indicator for large companies	6.1	5.8	1.5	1.9	2.1	1.9	Sep-25
Labour costs							
	Annual rate				Year-on-year rate		
Labour cost per worker	5.9	4.2	5.5	4.0	3.8	3.0	Q2 25
Business dynamism							
	Annual average level				Monthly level		
Companies registered with the Social Security	1,301,461	1,321,657	1,327,404	1,333,914	1,332,921	1,333,121	Oct-25
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	4.9	3.3	3.2	Sep-25
Interest rates applied to new credit transactions from 250 thousand to 1 million Euros	1.5	2.0	4.6	4.6	3.1	3.1	Sep-25
Interest rates applied to new credit transactions over 1 million Euros	1.3	1.7	4.5	4.6	3.3	3.2	Sep-25
	Annual rate				Year-on-year rate		
New corporate loans up to 250 thousand Euros	-5.9	15.7	12.8	16.6	-5.6	5.2	Sep-25
New corporate loans from 250 thousand to 1 million Euros	-28.9	8.9	9.0	13.7	0.5	10.4	Sep-25
New corporate loans over 1 million Euros	-19.6	25.7	-17.6	16.0	-0.9	16.4	Sep-25
Business confidence							
	Annual average level				Monthly or quarterly level		
Economic sentiment indicator	105.2	101.2	100.5	103.0	104.8	103.9	Oct-25
Business confidence indicator	120.8	126.8	132.7	136.1	138.6	136.8	Q4 25
Composite PMI Index	55.3	51.8	52.5	54.8	53.8	56.0	Oct-25
Manufacturing PMI Index	57.0	51.0	48.0	52.2	51.5	52.1	Oct-25
Services PMI Index	55.0	52.5	53.6	55.3	54.3	56.6	Oct-25
Stock markets							
	Annual averages level				Monthly level		
IBEX 35 Index	8,645.2	8,252.5	9,441.5	11,127.2	15,475.0	16,032.6	Oct-25

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: November 2025) Annual rates of change, unless otherwise indicated	2019	2020	2021	2022	2023	2024	2025	2026
GDP	2.0	-10.9	6.7	6.4	2.5	3.5	2.9	2.3
Private consumption expenditure	1.0	-12.2	7.2	4.9	1.7	3.0	3.3	2.4
Government consumption expenditure	2.2	3.5	3.6	0.8	4.5	2.9	1.7	1.4
Gross fixed capital formation	4.9	-8.9	2.6	4.2	5.9	3.6	5.4	2.1
-Tangible fixed assets	5.8	-10.2	1.4	3.1	4.4	3.3	5.5	1.5
Construction	8.4	-8.4	0.5	4.0	5.5	4.0	4.0	1.3
Equipment and cultivated assets	2.0	-13.0	2.9	1.6	2.4	2.1	8.3	1.8
-Intangible fixed assets	0.4	-2.7	8.4	9.4	12.3	4.6	5.0	4.8
Domestic demand (*)	1.6	-8.8	7.0	4.1	1.6	3.4	3.5	2.2
Exports	2.3	-20.1	13.4	14.2	2.2	3.2	3.8	4.0
Imports	1.3	-15.1	15.0	7.7	0.0	2.9	5.7	4.1
External demand (*)	0.4	-2.2	-0.4	2.2	0.9	0.1	-0.6	0.1
GDP current prices	3.4	-9.9	9.4	11.4	8.9	6.5	5.3	4.3
GDP deflator	1.5	1.0	2.7	5.0	6.4	3.0	2.4	2.0
CPI (average annual rate)	0.7	-0.3	3.1	8.4	3.5	2.8	2.6	2.3
CPI (Dec/Dec)	0.8	-0.5	6.5	5.7	3.1	2.8	2.7	2.1
Core CPI (average annual rate)	0.9	0.7	0.8	5.2	6.0	2.9	2.3	2.3
Employment (Quarterly National Accounts) (**)	3.1	-7.1	7.3	4.4	3.6	2.8	3.2	2.3
Employment (LFS)	2.3	-2.9	3.3	3.6	3.1	2.2	2.6	2.1
Unemployment rate (LFS) (% active population)	14.1	15.5	14.9	13.0	12.2	11.3	10.4	9.7
Productivity per occupied person (***)	-1.1	-4.2	-0.5	1.9	-1.1	0.6	-0.2	0.0
Productivity per hour worked	0.2	0.3	-0.8	1.2	-0.2	1.2	1.3	0.4
Compensation per employee	3.0	3.2	0.7	3.7	4.6	4.0	3.5	2.9
Unit labour cost (ULC)	4.1	7.7	1.2	1.8	5.8	3.3	3.7	2.9
Current Account Balance (% of GDP)	2.1	0.8	0.8	0.4	2.7	3.0	2.5	2.2
General government net lending (+) / net borrowing (–) (% of GDP) (1)	-3.1	-9.9	-6.7	-4.6	-3.5	-3.2	-2.6	-2.3
Interest rates USA (Dec)	1.75	0.25	0.25	4.50	5.50	4.50	4.00	3.50
Interest rates Eurozone (Dec) (****)	-0.50	-0.50	-0.50	2.00	4.00	3.00	2.00	1.75
Brent Oil ($)	64.4	41.8	70.7	100.8	82.5	80.5	69.3	64.9

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

(*) Contribution to GDP growth

(**) Full-time equivalent jobs

(***) It refers to productivity per full-time equivalent job

(****) 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.

(1) Public deficit in 2024 taking into account the expenses linked to the DANA storm.