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Economic and Business Outlook

**Inset: Social Security Registrations by
Economic Activity in 2025**

February 2026
(closing date: February 16th)

Overview

The Global Economy

- Trump's foreign policy agenda adds further uncertainty to international trade, supply chains and the stability of global financial markets.
- The global PMI improves, albeit at two speeds: dynamism in services and less momentum in industry.
- Crude oil prices start the year on the rise, but with prospects for moderation throughout 2026.

The Spanish Economy

- Following the National Statistics Institute (INE)'s revision, economic activity gained momentum in the final stretch of 2025. For the year as a whole, GDP grew by 2.8%.
- Quarterly GDP growth reached 0.8% in Q4, driven primarily by domestic demand, which contributed 1 percentage point to growth, while the external sector subtracted 0.2 percentage points.
- Job creation rebounded in Q4 and strengthened over 2025. However, productivity continued to decline throughout the year, and unit labour costs rose markedly, accelerating further in 2025.
- Inflation eased to 2.3% in January, mainly due to lower energy prices. Looking ahead, inflation is expected to remain more contained this year than in 2025.

Business activity

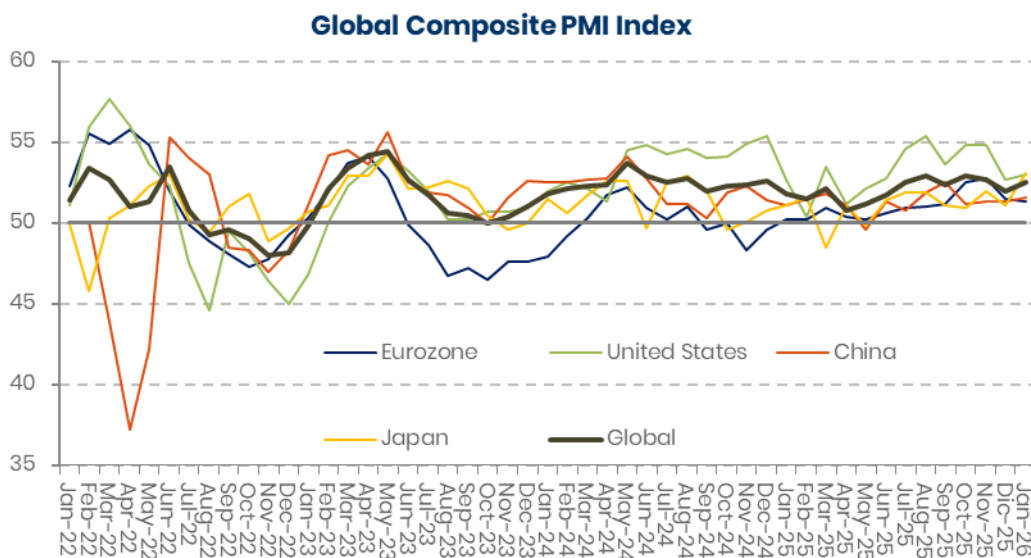
- According to the PMIs, the Spanish economy began the year with weaker momentum.
- Lower financing costs have so far failed to revive credit growth.
- Companies are seeing a further increase in labour shortages.

The International scenario

The new US security strategy redefines alliances and adds pressure to the global economy

Against a backdrop of growing geopolitical uncertainty, US foreign and defence policy has become a determining factor in the evolution of the global economy. The new National Security Strategy promoted by the Trump Administration represents a significant shift in the country's international positioning, explicitly prioritising national interests. It also proposes a thorough review of traditional alliances, requiring international partners to make a greater financial contribution to the cost of their own defence, including the maintenance of military bases and the deployment of US troops. This includes Japan, NATO allies, Latin American countries, and Greenland. This more unilateral and assertive stance, combined with persistent trade tensions and sanctions, including the imposition of an additional 25% tariff on countries trading with Iran (primarily Russia and China), adds new sources of strain on international trade, global supply chains, and the stability of financial markets.

In January, PMIs showed signs of improvement, with the Global Composite PMI rising to 52.5 from 52.0 in December. The services sector once again outperformed manufacturing, although both sectors recorded faster rates of expansion at the start of the year.



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

The decline in production was concentrated in manufacturing sectors, specifically Metals and Mining, Automotive and Construction materials. Among the expanding segments, Other financial services, Insurance, and Telecommunications services recorded the strongest growth.

The US economy is showing signs of a dynamic start to the year in the private sector. The Composite PMI rose to 53.0 in January, confirming solid growth in activity. The most notable development came from manufacturing. The ISM Manufacturing PMI surprised to the upside, climbing to 52.6 from 47.9 in December. This marks the first expansion in twelve months and the strongest reading since 2022. Meanwhile, the services sector continues to follow a more stable growth path, with the index at 52.7, extending its expansionary streak to nearly three years.

The labour market is showing signs of recovery. In January, non-farm payrolls increased by 130,000. This is the largest increase since last June. The unemployment rate fell again by one tenth of a percentage point in January to 4.3%, showing a slight improvement that slows the upward trend seen in recent months.

Inflation surprised to the downside in January, with headline inflation easing to 2.4%, three tenths of a percentage point lower than in December. Core inflation, which excludes energy and food, declined by one tenth to 2.5%. Although inflation has not yet fully converged to the 2% target, it is now at a relatively moderate level, following the price pressures of recent years and despite the impact of tariffs, which could have generated stronger upward pressure. In this context of moderating inflation and continued resilience in the labour market, expectations of an interest rate cut by the Federal Reserve at its March meeting have faded, with rates likely to remain unchanged within the 3.5% to 3.75% range set in December.

In the Eurozone, GDP maintained its quarter-on-quarter growth rate of 0.3% in the final quarter of 2025, although performance varied across countries. Among the largest economies, Spain's robust expansion contrasted with the more subdued outcomes in Germany, France, and Italy. On a year-on-year basis, growth eased slightly to 1.3% in Q4, bringing full year growth in the Eurozone to 1.5%, a clear improvement over the 0.8% recorded in 2024.

Labour market indicators continue to point to a favourable trend. Employment is still increasing, albeit at a moderate pace, having posted 0.6% year-on-year in Q4 2025 according to National Accounts data. Meanwhile, the unemployment rate declined by one tenth of a percentage point in December to 6.2%, returning to the historic lows previously reached in October 2024.

Inflation in the Eurozone slowed to 1.7% in January, down from 2.0% in December 2025. Core inflation fell to 2.2%, also slightly below expectations and somewhat lower than December's 2.3%. By component, services continued to show the highest annual increase, although there was a slight moderation (3.2%, compared to 3.4% previously). This was followed by food, alcohol, and tobacco, with a rise of 2.7% from the previous 2.5%, non-energy industrial goods, with an increase of 0.4% (0.3% in December), and energy, which intensified its decline to -4.1% (compared to the previous -1.9%). Meanwhile, the European Central Bank left interest rates unchanged at its February meeting, marking the fifth consecutive meeting without adjustments. The deposit facility rate remained at 2.0%, the main refinancing operations rate at 2.15%, and the marginal lending facility rate at 2.4%.

In China, Q4 GDP grew by 1.2% quarter-on-quarter, one tenth above the growth recorded in Q3. The year-on-year rate fell from 4.8% to 4.5%. Activity indicators reflect a slowdown in Q4. Industrial production moderated its year-on-year growth to 5%, and retail sales slowed to 1.7%, confirming a loss of momentum compared to previous quarters. In addition, fixed investment in urban areas closed the year with a 3.8% decline. Chinese exports grew 3.8% year-on-year in Q4, compared to 6.5% in Q3. In the last month of the year, there was a notable acceleration in exports to some Asian countries, such as India, Thailand, and Japan. Despite trade tensions, China's exports grew by 5.5% over the year, driven by increased shipments to Africa, ASEAN, and the EU. Against a backdrop marked by weak imports, the growth in exports led China to close 2025 with a trade surplus of \$1.2 trillion. On the other hand, deflationary pressures are moderating. In any case, inflation closed 2025 at very low levels, with an overall rate of 0.1% and an underlying rate of 0.8%.

Markets remain attentive to tensions between Iran and the United States, although in the absence of actual supply disruptions, the impact on prices is likely to remain limited. In early February, prices continued to rise, reaching an average of \$70.2 per barrel. Beyond specific episodes of volatility, crude oil prices are being shaped by excess supply amid moderating demand. Analysts expect that by 2026, the price per barrel will stabilise within a range of \$55 and \$60.

The Spanish economy

Following the revision by the National Statistics Institute, economic activity gained momentum in the final stretch of 2025.

Quarterly national accounts data point to robust growth in the Spanish economy in Q4, with GDP rising by 0.8% quarter on quarter. Domestic demand was the main driver, contributing 1 percentage point to growth, while the external sector subtracted 0.2 percentage points, reflecting weak goods exports. With this latest reading, Spain's GDP expanded by 2.8% for the year as a whole, marking a slowdown from the 3.5% recorded the previous year. Even so, Spain remains one of the most dynamic economies in the Eurozone, where overall GDP growth is estimated at 1.5%. The most notable features of economic developments in 2025 were as follows:

- A shift in the growth pattern, with domestic demand accelerating to annual rates close to 4%, while the external sector subtracts 1 percentage point from GDP, reflecting the persistent weakness in goods exports since 2023.
- A recovery in business investment, with spending on capital goods rising by an average of 9% in 2025. The increased use of European funds and lower interest rates have partly supported this rebound.
- On the supply side, a marked increase in GVA in construction (5.6%) and in certain service branches, particularly professional, scientific and technical activities (5.5%). By contrast, manufacturing (2.1%) and agriculture (0.5%) posted more moderate growth.
- A limited improvement in productivity per hour worked and a decline in productivity per employee, together with a rise in unit labour costs, which are weighing on competitiveness and remain a source of inflationary pressure.
- Strong growth in employee compensation, supported by the virtuous circle of job creation, wage gains and lower inflation. As a result, the share of labour income in GDP increased, while the gross operating surplus lost relative weight in 2025.

The labour market also performed strongly over the year, supported by the resilience of the private sector, which has been the main driver of job creation. An average of 567,200 jobs were created in 2025 and the unemployment rate continued to fall, averaging 10.5%, the lowest since 2007.

Demand and activity

The Spanish economy closed 2025 with robust growth, driven by strong gains in consumption and investment

National Accounts data for Q4 confirmed the economy's strong momentum in the final part of 2025, with GDP rising by 0.8% quarter-on-quarter, two tenths higher than in Q3. With the release of the Q4 figures, the National Statistics Institute (INE) also revised earlier data, particularly for Q1, which was adjusted to 0.5%. As a result, quarterly growth did not follow a clearly defined trend over the year. In year-on-year terms, however, a gradual slowdown is evident, from 3.0% in Q1 to 2.6% in Q4.

Given the improved performance in the latter part of the year, the Spanish economy enters 2026 with a significant carry over effect. Even if quarterly growth were to remain at zero throughout the year, GDP would still expand by 1.1%. Therefore, even modest quarterly gains would translate into solid overall growth in 2026.

The 0.8% quarterly increase in Q4 was driven by domestic demand, which contributed 1 percentage point to growth, supported by a 1.0% rise in private consumption and a 2.2% increase in gross fixed capital formation. By contrast, the external sector subtracted 0.2 percentage points from growth, reflecting stronger import growth.

Private consumption continues to benefit from rising disposable income, underpinned by robust employment growth and wage increases in a context of lower inflation and interest rates. Other indicators, such as the Retail Trade Index and Large Company Sales, also point to solid momentum.

Investment showed a favourable performance in Q4, particularly in housing and other construction, which grew by 2.7% quarter-on-quarter. Investment in machinery and equipment moderated compared with Q3, rising by 1.2% versus 1.9% previously, although it remained on a positive trajectory.

In the external sector, exports accelerated to 0.8% quarter-on-quarter, while imports gained momentum, rising by 1.4%. As a result, net external demand made a negative contribution of 0.2 percentage points to GDP growth in Q4.

According to Customs data, exports of goods showed very modest growth throughout 2025, continuing the trend of previous years, with a timid increase of 0.6% in the first eleven months. By contrast, imports rebounded strongly, rising 4.5% after two years of declines. As a result, the negative external balance for the first eleven months of 2025 widened significantly compared with the same period in

2024, reaching –€51.4812 billion versus –€36.1544 billion. Despite this deterioration in the trade balance, Balance of Payments data indicate that the current account surplus for the twelve months to November 2025 stood at €48.7 billion (2.9% of GDP), slightly below the €52 billion (3.3% of GDP) recorded in the same period the previous year, supported by the strong performance of the services balance, particularly tourism.

There was significant heterogeneity in the evolution of GVA across sectors in Q4. Construction stood out, rising 7.2% compared with Q4 2024, while industry and services maintained solid growth, both at 2.8%. Within services, the most dynamic sectors included trade, transport, and hospitality; financial and insurance activities; and professional, scientific and technical services. However, PMI data for Spain in Q4 highlighted a notable sectoral divergence. The services PMI remained firmly in expansion territory, exceeding 55 points and reaching 57.1 in December, reflecting accelerated activity, new orders, and employment growth in the sector. In contrast, the manufacturing PMI lost momentum as the quarter progressed. After expansionary readings in October and November, it fell to 49.6 points in December, signalling a contraction in industrial activity at year-end due to weak demand and a decline in new orders.

Throughout 2025, almost 96.8 million tourists visited Spain, setting a new record and representing a 3.2% increase over the previous year. However, growth in visitor numbers slowed from May onwards, suggesting that the peak may have been reached, with December seeing only a 0.4% increase year-on-year. Tourist spending rose 6.8% compared with 2024, supported by a 5.0% increase in spending per visitor, bringing total receipts to €134.712 billion. The outlook for 2026 remains positive, though more moderate.

The Labour market

Job creation rebounded in 2025, although Social Security registrations showed a slowdown in the beginning of 2026

Social Security registrations in Q4 2025 reflected stronger employment momentum than in Q3, according to the Labour Force Survey, with the unemployment rate falling below 10% for the first time since 2008. Overall, the labour market performed well over the year, supported by a rebound in job creation, primarily driven by the private sector. On the downside, productivity declined notably, while labour costs rose significantly. Social Security registrations began 2026 on a weaker note, reflecting a slowdown that is expected to persist throughout the year as overall economic activity moderates.

In 2025, the Spanish economy continued to create jobs at a faster pace than the previous year, with employment rising 2.6% according to the Labour Force Survey and 3.1% according to National Accounts. The business sector was the main driver of job creation, with an increase of 3.2%, seven tenths higher than in 2024. Overall, Spanish companies generated 567,200 jobs during the year, supported by the private sector, which added 578,700 positions, while the public sector shed 11,500 jobs. Unemployment continued to decline, reaching 10.5%, though it remains among the highest in the European Union. Another positive development was the continued reduction in temporary employment in the private sector, which fell to 12.5% in 2025, less than half the 27.4% observed in the public sector.

In Q4, according to the LFS, the number of people employed increased by 76,200, the best figure for this period since 2021, with growth exceeding the average increase recorded in the same period before the pandemic (+28,300 employed in 2014-2019). As a result, the total number of people employed reached an all-time high of 22,463,300. However, job creation in Q4 was concentrated in the public sector, while the private sector lost 32,500 jobs.

In year-on-year terms, employment rebounded in Q4, rising 2.8% compared with 2.6% in the previous quarter. Private sector employment slowed slightly to 3.0%, though this remains a strong rate. Within the private sector, however, there was a notable divergence: salaried employment accelerated to 3.5% year on year, while self-employment growth moderated sharply to 1.1%.

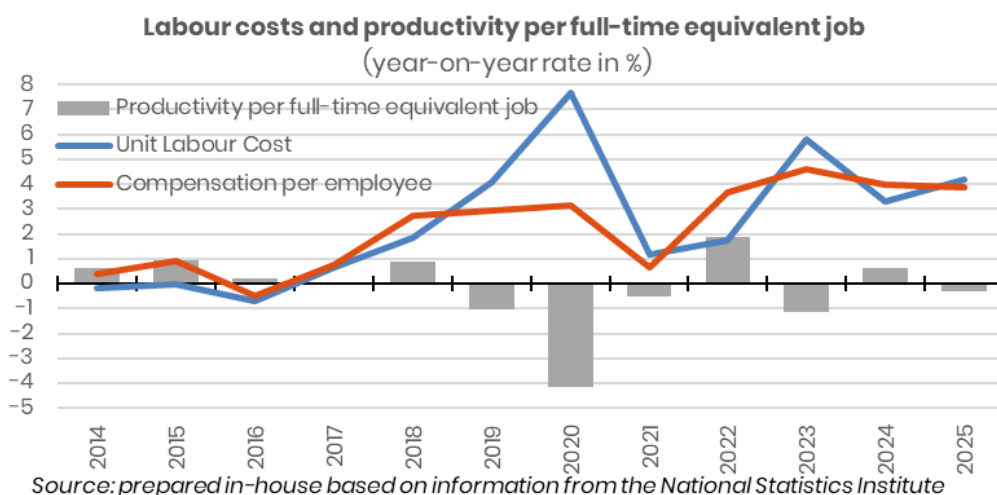
The number of unemployed fell by 136,100 in Q4 compared to Q3, bringing the total number of unemployed to 2,477,100, the lowest level since 2008. Meanwhile, the unemployment rate fell by five tenths of a percentage point to 9.9%, also the lowest

figure since 2008. Nonetheless, according to Eurostat data, Spain's unemployment rate in December was the second highest in the EU, only behind Finland.

The National Accounts results for Q4 show a loss of momentum in employment in year-on-year terms, in contrast to the greater momentum observed in the LFS results and in the number of Social Security registrations. Specifically, full-time equivalent jobs slowed to a year-on-year rate of 2.8%, although the strength of employment in the middle of the year, with growth above 3%, must be taken into account. Hours worked also showed slower growth in the final stretch of 2025, rising by 2.2% year-on-year, four tenths less than in the previous quarter.

The slower growth of GDP compared with employment meant that productivity per worker remained in negative territory for the third consecutive quarter, with a year-on-year decline of 0.2% in Q4. On average for 2025, productivity per worker fell by 0.3%, remaining below pre-pandemic levels and 3.7% lower than in 2019. Productivity per hour worked increased over the year, albeit modestly, rising 0.7% year on year, five tenths below the rate recorded in 2024.

Compensation per employee and unit labour costs continued to show a notable increase and even accelerated in the last quarter of 2025. Compensation per employee grew by 4.6% year-on-year, one percentage point more than in Q3, bringing the average growth for 2025 to 3.9%. Meanwhile, unit labour costs rebounded, reaching year-on-year growth of 4.8% in Q4, representing an increase of 4.2% for the year as a whole.



The year 2026 began with a loss of momentum in employment. January, typically a weak month due to the end of the Christmas season, recorded a decline of 270,782 Social Security registrations, representing a month on month decrease of 1.24%, the second worst January result since 2013. Nearly 90% of the drop was concentrated in

the private sector, which lost 239,463 contributors, compared with a decline of 31,319 in the public sector.

The weak result is also evident in the seasonally adjusted figures. In seasonally adjusted terms, according to the Ministry of Inclusion, Social Security and Migration, there was an increase of 17,311 registrations in January, well below the monthly average of 2025 (42,313 people).

In year-on-year terms, the pace of Social Security registration growth eased slightly to 2.3% in January. In the private sector, growth also slowed to 2.2%, the lowest rate since June 2025, while the public sector maintained a growth rate of 2.9%.

The year started with a slowdown in registrations across nearly all sectors. In construction and services, year-on-year growth moderated by two tenths of a percentage point, to 3.8% and 2.4%, respectively. Industrial employment eased slightly to 1.7%, down one tenth of a percentage point, while agriculture continued to shed jobs, albeit more slowly, with a rate of -0.9%.

In January, registered unemployment rose by 30,392 people, although this figure is lower than usual for this month. By sector, unemployment rose particularly in services and slightly in agriculture, while it fell in construction and among those who had not previously been employed and remained virtually stable in industry. However, the number of job seekers in employment or with an employment relationship (including those with permanent contracts for intermittent work who are currently inactive) increased by 25,584 in January, a figure similar to that for the same month in 2025.

Inflation

Inflation eased to 2.3% in January, supported by lower energy prices following the normalization of VAT on electricity

With the January 2026 data, the new 2025 base is implemented. The entry into force of the change in base, which usually takes place every five years, has been brought forward by one year with the aim of implementing the new international classification of consumption, ECOICOP v2, jointly in the CPI and the HICP, as established in the Commission Delegated Regulation (EU) 2024/3159.

As expected, headline inflation slowed significantly in January to 2.3%, six tenths less than in December. Core inflation, however, remained at 2.6%, although we can still talk about a moderate increase in core prices.

The slowdown in overall inflation in January is mainly due to the decline in energy prices, particularly electricity. Energy prices showed a notable slowdown (-2.5%, compared to 3.4% in December), mainly due to the lower increase in electricity prices (3.7%, compared to 12.6% in December) and the greater fall in fuel prices (-6.3%, compared to -1.9% in December). The decline in electricity rates is explained by the fact that, since January, prices are once again being compared with VAT at 21%, whereas in the second half of 2025, prices with 21% VAT were compared to 2024 prices with 10% VAT, thus reflecting not only the increase in the price of supply but also the tax differential.

Prices for unprocessed foods recorded a slight moderation in their year-on-year increase, falling by one tenth of a percentage point to 6.1%, and they are the most inflationary component of the consumer basket.

Within core inflation, all components showed little change compared with previous months. Services, which experienced the largest increases, saw their year-on-year rate ease slightly by one tenth of a percentage point to 3.6%, while industrial goods excluding energy slowed by one tenth to 0.6%. Prices for processed food, beverages, and tobacco remained steady at 2.1% year-on-year.

Forecasts for 2026 point to more contained inflation throughout the year, below 3%, with the annual average standing at slightly above 2.0%.

Social Security Registrations by Economic Activity in 2025

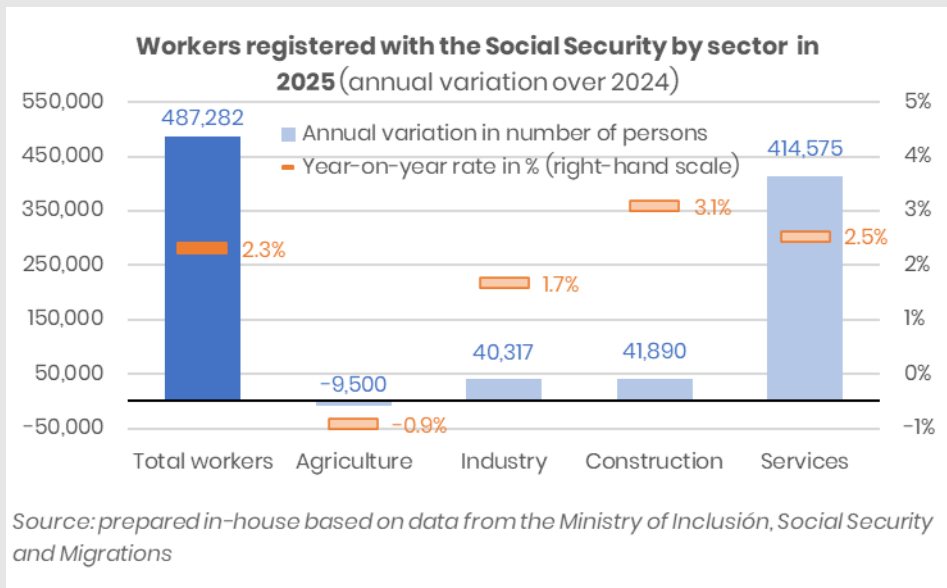
- **Strong job creation in 2025, despite uncertainties and higher costs.**
- **The private sector accounted for nearly 85% of new Social Security registrations in 2025.**
- **While services added the largest number of jobs in 2025, construction overtook it as the sector with the most dynamic growth in Social Security registrations in terms of rate of change.**
- **The sectors with the largest increases in Social Security registrations by number of workers include the public sector, postal and courier services, new technologies, and tourism.**

In 2025, GDP grew by 2.8%, a high figure, especially when compared to our European neighbours (GDP in the Eurozone increased by 1.5%). This growth in activity was reflected in strong job creation last year, despite the uncertainties and significant cost increases faced by businesses, which, after all, have been the main driver of job creation in recent years.

In 2025, Social Security registrations rose by 2.3%, reaching 21.6 million contributors, of whom 3.1 million were employed in the public sector and 18.5 million in the private sector. Over the year, 487,282 new contributors were added, with nearly 84% coming from the private sector.

This section examines the evolution of Social Security registrations by sector and branch of activity in 2025, highlighting that job creation was not uniform across all areas of the economy.

Among the major sectors, employment trends in 2025 were mixed. Services, the largest employment sector in Spain, slowed to a growth rate of 2.5% after several years as the most dynamic sector, adding nearly 415,000 jobs. In contrast, construction emerged as the fastest-growing sector, with year-on-year employment rising 3.1%, equivalent to almost 42,000 new jobs. Industry added a similar number of jobs, around 40,000, but its growth rate was more moderate at 1.7%, reflecting a pattern of stable expansion in recent years. Meanwhile, agriculture continued to contract, losing approximately 9,500 workers in 2025, a decline of 0.9%.



Social Security registration data for 2025 by sector is available by two-digit activity divisions of the CNAE-2009 for all contributors under the General Scheme and the Self-Employed Scheme. This allows for a more detailed analysis of the sectors that drove employment last year.

Most sectors of activity showed growth in jobs last year. Specifically, in 68 of the 87 sectors available, the number of Social Security registrations increased to a greater or lesser extent, representing almost 80% of the sectors.

As shown in the graphs, the sectors with the largest increases in Social Security registrations, in terms of number of contributors, are within construction and services, including activities related to the public sector, postal and courier services, new technologies, and tourism. Notably, the top twenty branches generating the most employment in 2025 added nearly 411,000 new jobs, accounting for 84% of the total increase in registrations across the entire economy.

- Within the public sector, education, health, public administration, and social services stand out, with demand for professionals in these areas being driven by the aging of the population.
- Employment in the postal and courier services sector, which has doubled the number of workers in the last ten years, is positively influenced by the boom in e-commerce, which is increasing the activity of courier and postal companies.
- Jobs in the new technologies sector, specifically in programming, consulting, and other IT activities, which have also doubled its workforce in the last ten years,

are being driven by the increasing digitalisation of the economy and businesses in recent years.

- Tourism in Spain has experienced remarkable growth in recent years, attracting nearly 97 million foreign visitors in 2025, a new record high. This is reflected in the strong performance of the food and beverage services and accommodation sectors. However, a slowdown in the sector's growth rates is already becoming apparent.
- Construction, as already mentioned, is the most dynamic sector in terms of job creation (in percentage change), helped by strong demand for housing, and this is reflected in the number of workers registered under this sector, with notable increases in specialised construction and building construction. Furthermore, it should be borne in mind that this is one of the sectors facing labour shortages, so employment figures could probably be even stronger.

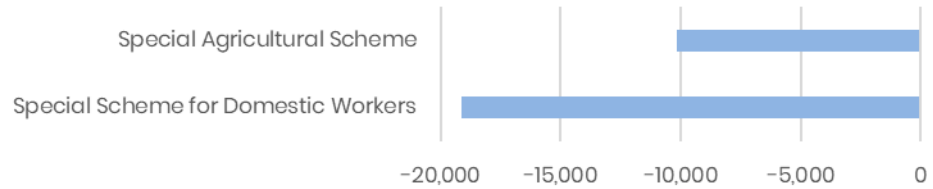
Employment growth in industrial branches has been more moderate. This sector may be more exposed than others to factors such as international geopolitical risks or export tariffs. The branches with the highest increases in contributors include the food industry and the manufacture of metal products (excluding machinery), the latter benefiting from the ongoing construction boom.

Not all branches of activity performed positively in 2025 in terms of employment. The automotive, textile, and leather and footwear industries all saw job losses, likely reflecting strong international competition in these sectors. Employment also declined in telecommunications and air transport for the second consecutive year, as well as in the repair of computers and other personal or household goods (a branch that has been losing workers consistently since 2009, when the historical series began).

This analysis covers contributors under the General Scheme and the Special Scheme for the self-employed, for which data by branch of activity is available. It is also worth noting two additional schemes in which Social Security registrations declined in 2025, continuing a downward trend observed in recent years. This decline may have been influenced by the significant increase in the minimum wage over the period 2014–2025, which rose by 83.5%.

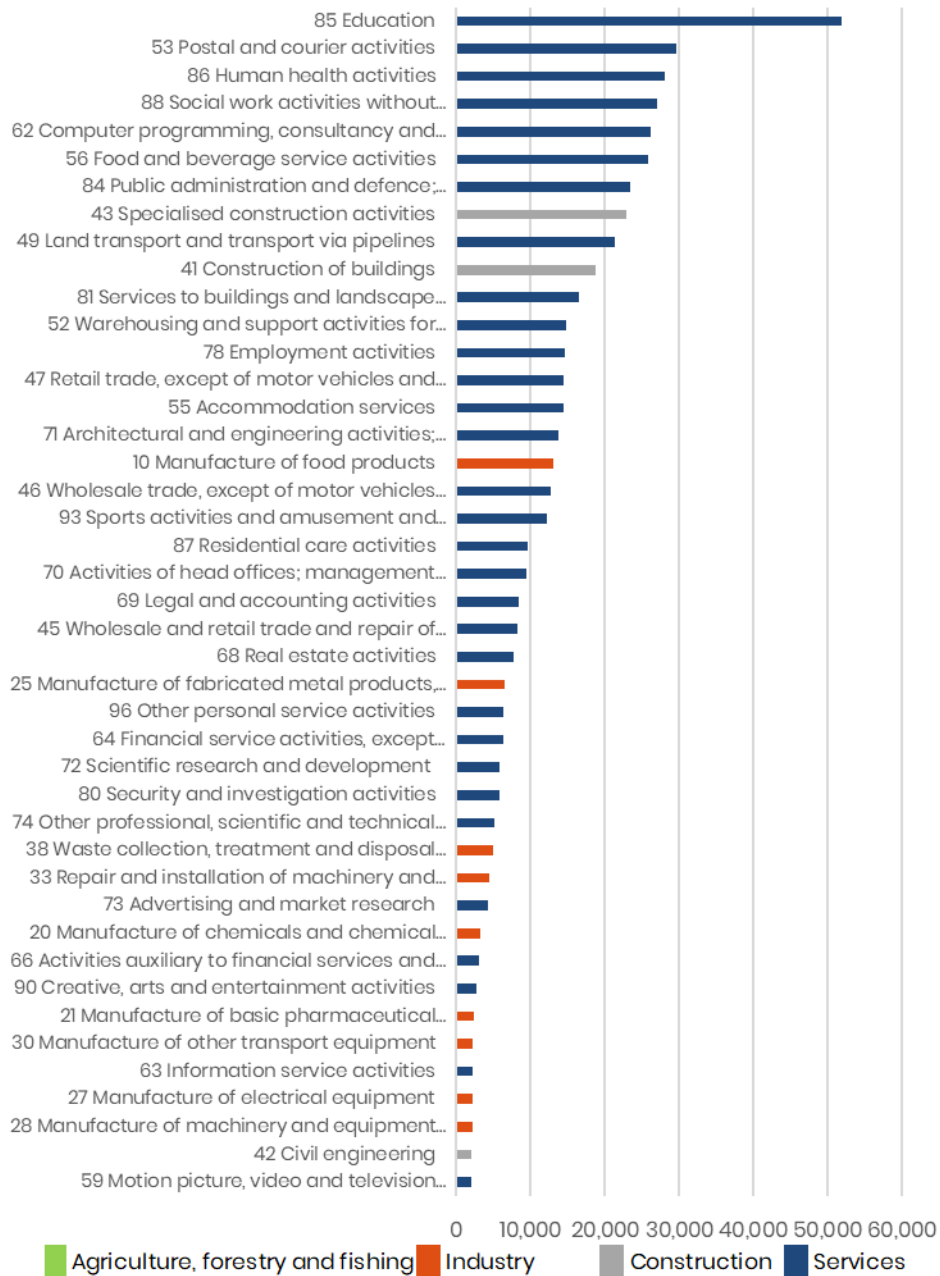
The first is the Special Agricultural Scheme, which covers more than 650,000 workers and has been losing jobs continuously since 2018 (in 2017, there were some 777,000 workers). The second is the Special Scheme for Domestic Workers, which covers some 345,000 people, a figure well below the almost 430,000 people it had ten years ago, in 2015, with more intense declines since 2018. This downward trend contrasts with the increased demand for this type of personnel for childcare, elderly care, and household tasks.

Workers registered with the Social Security in 2025 (Special Agricultural Scheme and Special Scheme for Domestic Employees) (Annual variation in number of persons)



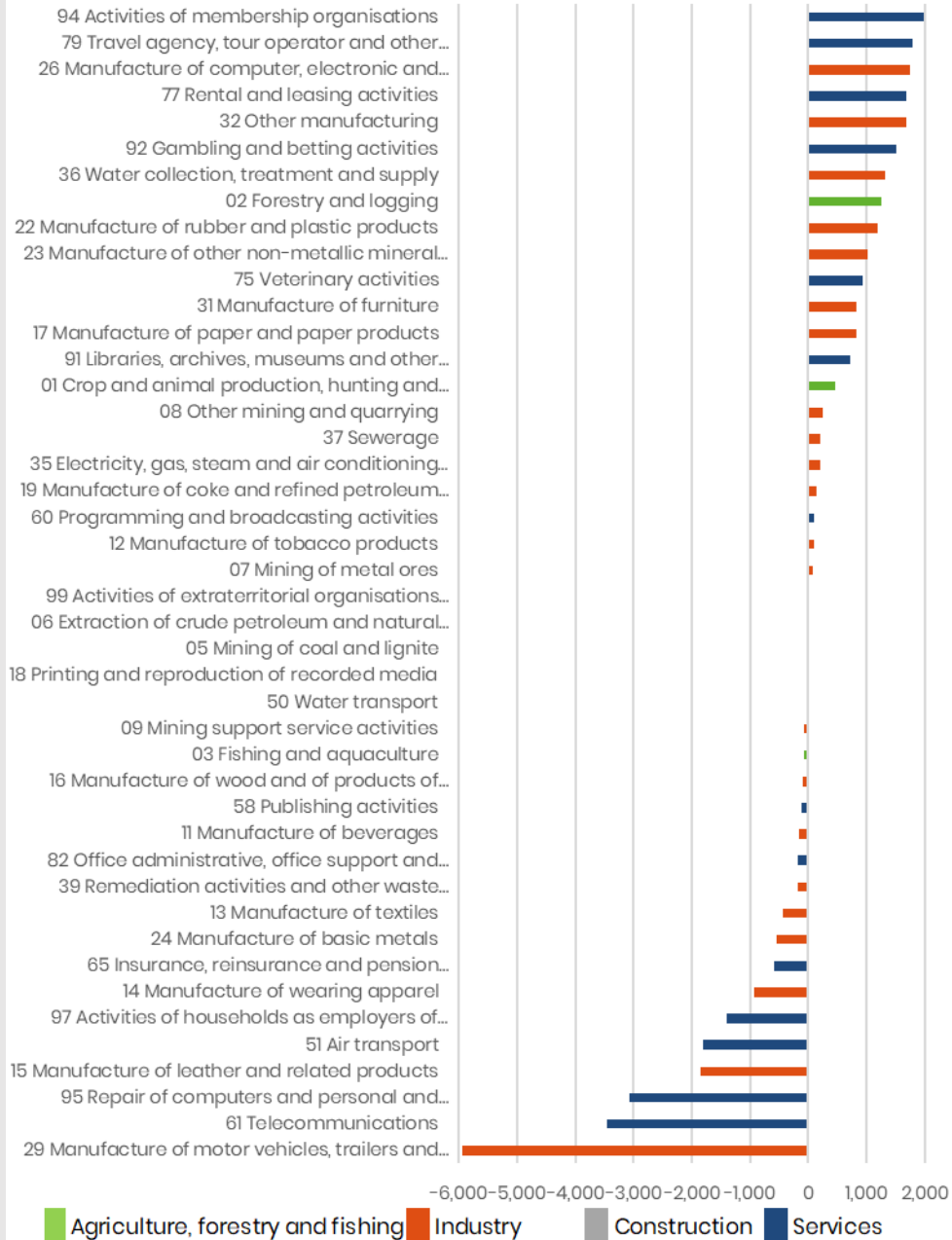
Source: prepared in-house based on data from the Ministry of Inclusion, Social Security and Migrations.

Workers registered with the Social Security by economic activity in 2025 (Annual variation in number of persons)



Note: the breakdown of Social Security contributors by branches (CNAE 2009) is carried out for the aggregate of the General Scheme and the Self-Employed Scheme. Source: prepared in-house based on data from the Ministry of Inclusion, Social Security and Migrations.

Workers registered with the Social Security by economic activity in 2025 (Annual variation in number of persons) (continued)



Note: the breakdown of Social Security contributors by branches (CNAE 2009) is carried out for the aggregate of the General Scheme and the Self-Employed Scheme.
 Source: prepared in-house based on data from the Ministry of Inclusion, Social Security and Migrations.

Business activity

- **Sales by large companies closed 2025 with solid growth, driven by strong domestic demand.**
- **The Spanish economy is starting the year with less momentum, according to PMIs.**
- **Despite lower financing costs in 2025, new business lending has been less dynamic than expected.**
- **Micro-enterprises continue to show weakness and their business fabric and employment levels are still below pre-health crisis levels.**
- **The Bank of Spain's Business Activity Survey reflects a renewed increase in problems related to labour shortages in a scenario of asymmetric investment by large companies and SMEs.**

Turnover and sales

Business activity continued to grow in November, but it showed signs of stabilization compared with previous months. The General **Business Turnover** Index, **adjusted for seasonal and calendar effects, rose 3.3 year-on-year**, the same rate recorded in the previous month. Indicators adjusted for seasonal and calendar effects showed year-on-year growth in three of the four sectors. **Trade recorded the largest increase, up 5.6%**, while the only decline was seen in **Extractive and Manufacturing Industries, which fell -1.6%**.

Total sales by large companies, deflated and adjusted for seasonal and calendar variations, grew by 4.2% in December compared to the same month last year, matching the rate recorded in November. This resulted in a Q4 increase of 3.6%, similar to Q3, **and brought the full-year growth for 2025 to 3.8%, double the rate recorded in 2024.** Monthly stability reflected a slowdown in domestic sales, partially offset by stronger exports. **Domestic sales increased by 4.2% in December** (5.2% in November), **closing the year with a 4.6% increase**, more than twice that of 2024. **Exports in December rose by 4.3%**, 2.4 points above the previous month. For the year as a whole, export **growth reached 1.7%**, slightly higher than 2024, driven mainly by sales to countries outside the EU, which increased 2.6%, while exports to the EU market rose 0.8%.

The Bank of Spain's Business Activity Survey shows that, once seasonal effects have been eliminated, **turnover for Q4 2025 grew slightly, marking its third consecutive quarterly increase**. In terms of employment, the companies surveyed report a slight improvement compared to the previous quarter. However, **there has been a renewed increase in problems related to labour shortages**. As for the behaviour of **intermediate consumption costs**, there has been a slight increase compared to the previous quarter, with a greater impact on the **hospitality and agriculture sectors, which are particularly sensitive to increases in the minimum wage**. Despite this, **it has not yet been passed on to sales prices**, which remain stable compared to the previous quarter. **Investment activity** has also shown **a positive trend for the seventh consecutive quarter**. Even so, **investment activity appears to be increasing in large companies, in contrast to the contraction seen in SMEs**.

Labour costs

As of 31 January, there are **1,948 agreements with known economic effects registered for 2026, covering 641,127 companies and 6,311,681 people**. The **average wage increase agreed stands at 2.87%** (3.03% in the same month of 2025). In national sectoral agreements, wages are up 2.9%; in regional agreements, also 2.9%; and in provincial agreements, 2.91%. By sector of activity and taking into account the provisional nature of the data and possible statistical effects, **construction recorded the highest wage increase (3%), followed by services (2.91%), industry (2.66%) and agriculture (2.46%)**.

Financing conditions and costs

In 2025, average interest rates fell significantly, in line with the ECB's less restrictive monetary policy stance. Average rates were 3.5% (4.9% in 2024) for transactions up to €250,000; 3.2% (4.6% in 2024) for transactions between €250,000 and €1 million; and 3.4% (4.6% in 2024) for transactions over €1 million. **Despite this reduction in financing costs, new business lending has performed below expectations**. Thus, the growth in new loans in 2025 was 3.3% for transactions up to €250,000 (16.4% in 2024); 7.3% in transactions between €250,000 and €1 million (13.7% in 2024); and 15.7% in transactions over €1 million (16% in 2024).

The Bank Lending Survey indicates that there were no changes in the conditions applied to business loans during Q4 2025. However, these conditions have been more relaxed than institutions anticipated three months ago. Meanwhile, demand for business financing fell slightly. **Looking ahead to Q1 2026, the financial institutions surveyed expect lending criteria to remain unchanged**.

Business confidence

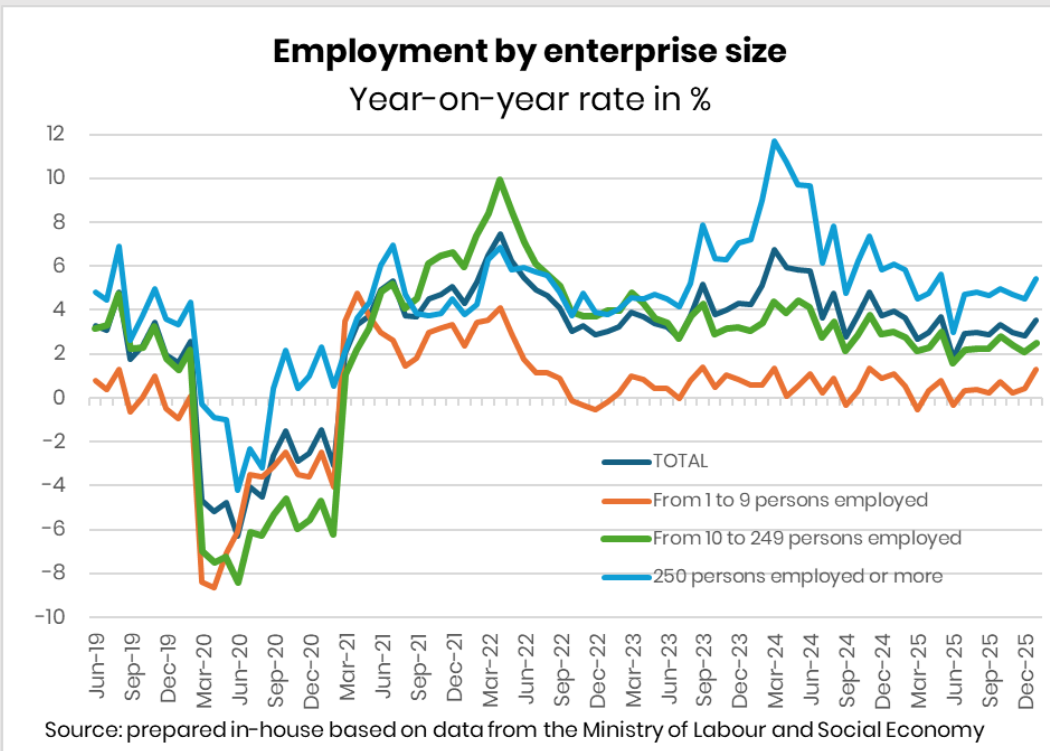
The composite PMI index stood at **52.9 points in January, a significant drop from 55.6 points in December**. Activity in the **services sector posted 53.5 points, a considerable decrease from 57.1 points in December** and the lowest reading since August 2025. The **manufacturing sector posted 49.2 points in January (49.6 in December), marking the second consecutive month in which the index has been in contractionary territory**. It also recorded its weakest reading since April 2025, which was closely related to an accelerated slowdown in new orders. **The Eurozone's composite PMI again showed a monthly improvement, but with less intensity**. The decline from 51.5 points in December to 51.3 in January confirmed a weak pace of expansion, the lowest since September 2025.

In January, **Spain's Economic Sentiment Index stood at 106.2 points**. With this figure, it has accumulated **26 consecutive months with a confidence level above its historical average**.

The Business Confidence Index rose by 0.1% in Q1 of 2026 compared to Q4 of 2025. **The percentage of business managers who believe that their business will perform well in Q1 fell from 21.5% in Q4 of 2025 to 19.7% in Q1 of this year**. On the other hand, **those who believe that it will perform poorly increased from 13.6% to 15.2%**.

Business dynamism

In January, the Social Security registered 19,063 more companies than in the same month in 2020. By size, the smallest companies, with 1 to 2 employees (representing 51.4% of all registered companies), have not yet reached pre-pandemic levels. **In fact, there are still 20,017 fewer micro-enterprises than in January 2020**. **By sector, the number of registered companies remains below pre-pandemic levels in industry**. In agriculture, despite a slight monthly upturn, there is still no sign of a sustained recovery.



Employment in companies registered with the Social Security increased by 3.5% in January compared to a year ago. However, **job creation is mainly concentrated in companies with more than 250 employees**, which experienced a year-on-year increase of 5.4% in January. In contrast, in smaller companies (1 to 9 employees), employment grew by only 1.3% year-on-year.

Main Business Indicators							
(last update: February 2026)							
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	21,2	23,4	-2,2	0,3	3,3	3,3	nov-25
Sales indicator for large companies	6,1	5,8	1,5	1,9	4,2	4,2	Dec-25
Labour costs							
	Annual rate				Year-on-year rate		
Labour cost per worker	5,9	4,2	5,5	4,0	3,0	3,0	Q3 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	1.349.396	1.337.388	Jan-26
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	3,4	3,2	Dec-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	Dec-25
Interest rates applied to new credit transactions over 1 million Euros	1,3	1,7	4,5	4,6	3,3	3,4	Dec-25
	Annual rate				Year-on-year rate		
New corporate loans up to 250 thousand Euros	-5,9	15,7	12,8	16,4	3,9	15,6	Dec-25
New corporate loans from 250 thousand to 1 million Euros	-28,9	8,9	9,0	13,7	7,5	6,8	Dec-25
New corporate loans over 1 million Euros	-19,6	25,7	-17,6	16,0	1,7	0,0	Dec-25
Business confidence							
	Annual average level				Monthly or quarterly level		
Economic sentiment indicator	105,2	101,1	100,4	103,1	104,5	106,2	Jan-26
Business confidence indicator	120,8	126,8	132,7	136,1	136,8	137,0	Q1 26
Composite PMI Index	55,3	51,8	52,5	54,8	55,6	52,9	Jan-26
Manufacturing PMI Index	57,0	51,0	48,0	52,2	49,6	49,2	Jan-26
Services PMI Index	55,0	52,5	53,6	55,3	57,1	53,5	Jan-26
Stock markets							
	Annual averages level				Monthly level		
IBEX 35 Index	8.645,2	8.252,5	9.441,5	11.127,2	17.307,8	17.880,9	Jan-26

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: February 2026)								
Annual rates of change, unless otherwise indicated								
	2020	2021	2022	2023	2024	2025	2026	2027
GDP	-10,9	6,7	6,4	2,5	3,5	2,8	2,3	1,8
<i>Private consumption expenditure</i>	-12,2	7,2	4,9	1,7	3,0	3,4	2,4	2,0
<i>Government consumption expenditure</i>	3,5	3,6	0,8	4,5	2,9	1,8	1,4	1,1
<i>Gross fixed capital formation</i>	-8,9	2,6	4,2	5,9	3,6	6,3	2,9	1,8
<i>-Tangible fixed assets</i>	-10,2	1,4	3,1	4,4	3,3	6,5	2,7	1,2
<i>Construction</i>	-8,4	0,5	4,0	5,5	4,0	5,2	3,2	1,2
<i>Equipment and cultivated assets</i>	-13,0	2,9	1,6	2,4	2,1	9,0	1,9	1,2
<i>-Intangible fixed assets</i>	-2,7	8,4	9,4	12,3	4,6	5,4	3,5	4,1
<i>Domestic demand (*)</i>	-8,8	7,0	4,1	1,6	3,4	3,8	2,4	1,8
<i>Exports</i>	-20,1	13,4	14,2	2,2	3,2	3,4	3,7	3,0
<i>Imports</i>	-15,1	15,0	7,7	0,0	2,9	6,3	4,1	3,1
<i>External demand (*)</i>	-2,2	-0,4	2,2	0,9	0,1	-1,0	-0,1	0,0
GDP current prices	-9,9	9,4	11,4	8,9	6,5	5,2	4,3	3,6
GDP deflator	1,1	2,6	4,7	6,2	3,0	2,4	2,0	1,8
CPI (average annual rate)	-0,3	3,1	8,4	3,5	2,8	2,7	2,3	2,4
CPI (Dec/Dec)	-0,5	6,5	5,7	3,1	2,8	2,9	2,2	2,4
Core CPI (average annual rate)	0,7	0,8	5,2	6,0	2,9	2,3	2,6	2,7
Employment (Quarterly National Accounts)**)	-7,1	7,3	4,4	3,6	2,8	3,1	2,0	1,5
Employment (LFS)	-2,9	3,3	3,6	3,1	2,2	2,6	2,0	1,5
Unemployment rate (LFS) (% active population)	15,5	14,9	13,0	12,2	11,3	10,5	9,9	9,5
Productivity per occupied person (***)	-4,2	-0,5	1,9	-1,1	0,6	-0,3	0,3	0,3
Productivity per hour worked	0,3	-0,8	1,2	-0,2	1,2	0,7	0,4	0,3
Compensation per employee	3,2	0,7	3,7	4,6	4,0	3,9	2,9	2,8
Unit labour cost (ULC)	7,7	1,2	1,8	5,8	3,3	4,2	2,7	2,5
Current Account Balance (% of GDP)	0,8	0,8	0,4	2,7	3,0	2,7	2,2	1,8
General government net lending (+) / net borrowing (-) (% of GDP) (i)	-9,9	-6,7	-4,6	-3,5	-3,2	-2,6	-2,3	-2,0
Interest rates USA (Dec)	0,25	0,25	4,50	5,50	4,50	3,75	3,25	3,25
Interest rates Eurozone (Dec)****)	-0,50	-0,50	2,00	4,00	3,00	2,00	2,00	2,00
Brent Oil (\$)	41,8	70,7	100,8	82,5	80,5	69,1	62,5	61,4

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.

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