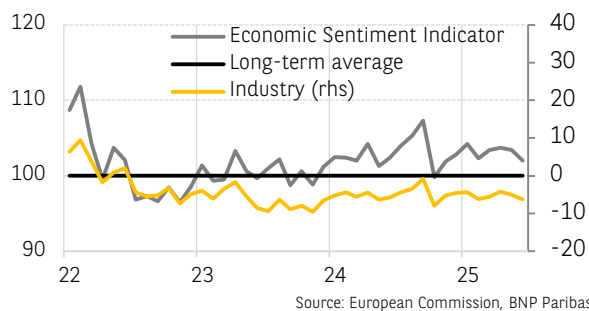
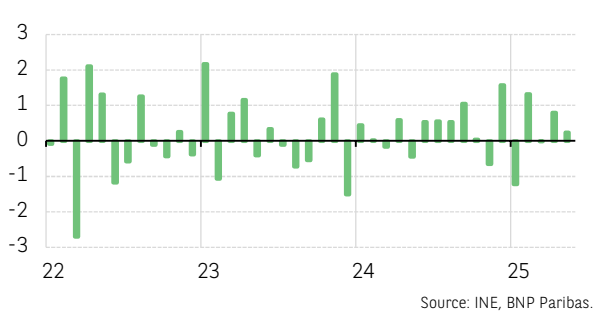


Spain: Economic momentum remains strong

Business climate: Economic sentiment survey



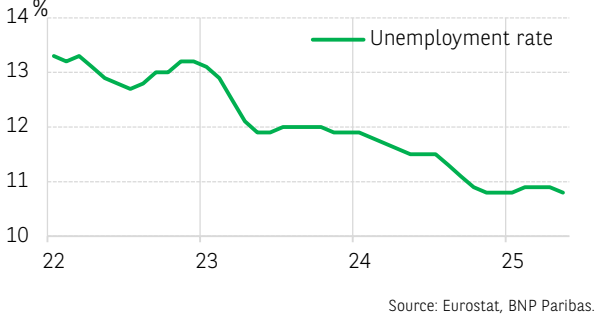
Households: Retail trade (% change m/m, volume)



Business climate: favourable, but slightly weaker. In June, the economic sentiment index remained above its long-term average and that of the eurozone, but weakened for the second consecutive month (102; -1.4 points m/m). The indicator for industry fell by 1.2 points due to a deterioration in production and order books. Industrial companies' expectations for production in the coming months reached their lowest level since February 2021, reflecting a deterioration in the outlook.

Household consumption remains buoyant. Retail sales rose by 0.2% m/m in volume terms in May, reaching their highest level for this month since 2022. New vehicle registrations remain buoyant (+5.5% y/y in June), and the Ipsos household confidence index remains high by historical standards (50; -0.2 points m/m).

Labour market: Unemployment rate



The labour market is breaking new records. The number of people registered with social security reached a historic high in June (21.9 million; +2.2% y/y). At the same time, the number of unemployed people fell to 2.4 million (the lowest since 2008), pushing the unemployment rate down (10.8%; -0.1 pp). Negotiated wages continued to rise (+3.4% y/y in May, the same level as in April).

Inflation (% change y/y)



Inflation rebounds slightly, but the outlook remains favourable. Harmonised inflation rose back above 2% in June (+2.2% y/y; +0.2 pp m/m), while core inflation slowed (+2.1%; -0.1 pp). This change was mainly due to a base effect on fuel prices and to higher food prices. Risks remain on the downside, as producer prices fell sharply between March and May (-3.9% cumulatively).

GDP growth q/q: actual, carry-over, forecasts

Actual				Carry-over	Actual	Forecast		Annual forecasts (y/y)		
Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	2024 (observed)	2025	2026
1,0	0,8	0,7	0,7	1,1	0,6	0,5	0,5	3,2	2,5	2,2

Source: Refinitiv, BNP Paribas

GDP growth remains strong. Growth is expected to remain high throughout the year, particularly in Q2 (+0.5% q/q). On average, real GDP will grow by 2.5% in 2025. It will continue to benefit from catch-up effects (notably, higher employment) and outperform eurozone GDP growth (1.2%).

Lucie Barette (completed on 2 July 2025)



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