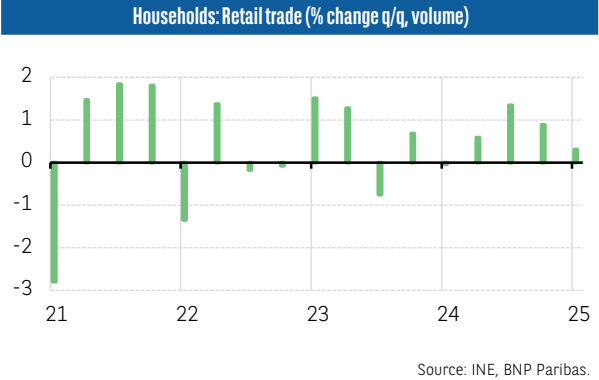
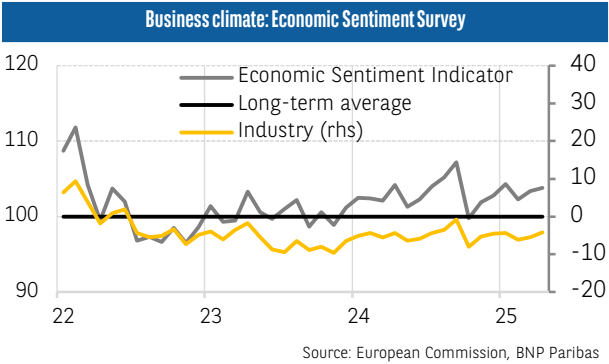
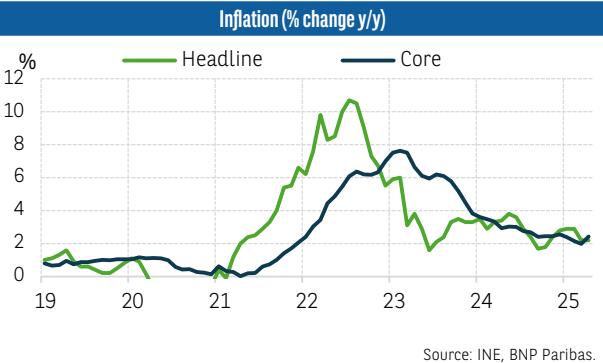
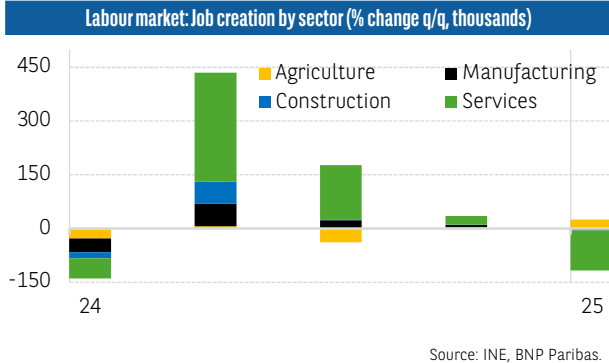


Spain: The Situation Remains Favourable



Business sentiment remains buoyant. The European Commission's economic sentiment index has been rising for three months (103.8; +0.4 points m/m), driven by an improvement in industry (-4.2; +1.3 pt). Indices of production expectations for the months ahead and of stocks of finished products are improving.

Household consumption: less dynamic, but still a driving force for growth. Household consumption rose by 0.4% q/q in Q1, compared with 0.8% in Q4. New car registrations stagnated (+0.0% 3m/3m), suggesting that households are postponing major purchases.



The unemployment rate rose slightly (11.4% in Q1; +0.8pp q/q). As is the case every year, the number of workers employed fell (-92,500 q/q to 21.8 million) as a result of reduced seasonal demand in the services sector. At the same time, the proportion of foreign workers among those in employment continues to climb (15.5%) and negotiated wages to rise (+3.3% y/y in March).

Inflation is approaching 2%. Harmonised inflation (HICP) held steady at 2.2% y/y in April. Core inflation rebounds (2.4%; +0.4pp m/m) and rises above HICP for the first time in six months. The outlook remains favourable, with the monthly change in the producer price index falling back into negative territory (-3.9%) for the first time since September 2024.

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

*Q1 2025 preliminary estimation

Source: Refinitiv, BNP Paribas

After moderating slightly in Q1 2025 (+0.6% q/q compared with +0.7% q/q in Q4 2024), Spanish growth will slow further in Q2 and Q3 (+0.5% q/q) but will still remain well above that of the Eurozone. It will pick up again in Q4 (0.6% q/q). On an annual average, it should reach 2.5% in 2025 (compared with 1.1% in the Eurozone).

Lucie Barette (completed on May 2, 2025)



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