

Sectoral Observatory

S2 2024

Robust growth across virtually all sectors, with some differences

Widespread growth across virtually all sectors after overcoming the shocks of recent years

Outlook for the Spanish economy and its sectors in 2024-2025

The automotive sector in Spain: the challenge of remaining competitive in the new global ecosystem

The climate transition of Spain's economic sectors



SECTORAL OBSERVATORY

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CaixaBank Research

Enric Fernández Chief Economist

José Ramón Díez Director of International Economics and Markets

Oriol Aspachs Director of Spanish Economics

Sandra Jódar Director of Strategic Planning

Judit Montoriol Garriga Coordinator of the *Sectoral Observatory*

Contributors to this issue: Pedro Álvarez Ondina, David César Heymann and Sergio Díaz Valverde

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Summary

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The sector's future lies in the development and implementation of high-value-added activities linked to autonomous, connected and electric mobility.



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To achieve the decarbonisation targets set for 2030 and 2050, it is crucial to improve the implementation of public policies and accelerate the execution of funds in the sectors that are struggling to reduce their emissions.

«There is one rule for the industrialist and that is: make the best quality goods possible at the lowest cost possible, paying the highest wages possible.»

HENRY FORD



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SECTORAL RECAP FOR 2024



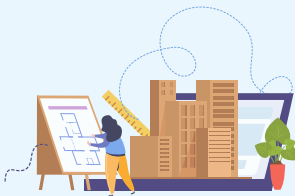
SECTORS THAT HAVE IMPROVED COMPARED TO 2023

- Chemicals and pharmaceutical industry
- Paper industry
- Agrifood sector
- Information and communications

SUPPORTING FACTORS

- Moderation of energy costs
- Growth of exports
- Falling interest rates

SECTORAL OUTLOOK FOR 2025



ABOVE-AVERAGE EXPANSION AND ACCELERATING:

- Construction and real estate activities
- Information and communications
- Professional services



Sectors that benefit from the reduction of interest rates or have very positive secular trends.



ABOVE-AVERAGE EXPANSION, BUT SLOWING:

- Tourism
- Food products sector
- Chemicals and pharmaceutical industry



Strong but more moderate growth due to the fading of exceptional factors which previously drove their expansion.

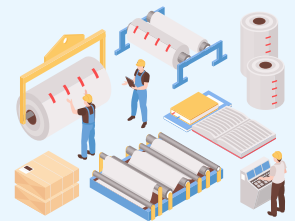


NEAR-AVERAGE GROWTH:

- Automotive industry
- Machinery manufacturing
- Trade



Sectors most affected by international competition and the challenges linked to the digital and sustainable transition.



MODERATE WEAKNESS:

- Textile industry
- Paper industry
- Timber and furniture industry



They share weaker secular trends, due to cost pressures and greater exposure to international competition.

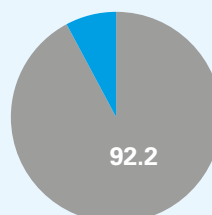
GREEN TRANSITION



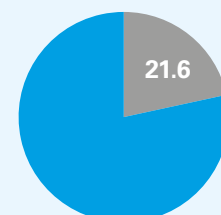
MOST POLLUTING SECTORS

- Manufacturing
- Energy
- Transport
- Primary sector

% OF TOTAL GHG EMISSIONS



% OF GVA



Executive summary

Robust growth across virtually all sectors, but with some differences

In 2024, the Spanish economy has recorded widespread growth across virtually all of its sectors. **The CaixaBank Research Sectoral Indicator** – a tool which encompasses information from a variety of indicators covering economic activity, the labour market and the external sector – shows that the number of sectors in a situation of weakness has reduced, while that of sectors in expansion has increased, following the gradual absorption of the major shocks that affected their performance in recent years.

The tourism sector has continued to break records and is a key driver of growth in the Spanish economy. However, its growth has moderated as part of the normalisation process after overcoming the effects of the pandemic. In addition to tourism, high value-added services are also enjoying significant growth, including information and communication technologies, and professional, scientific and technical activities – sectors that are increasingly selling abroad and which offer high growth potential.

Also of note is the boom in some branches of manufacturing, such as the chemicals, pharmaceuticals and paper industries, driven by the fall in energy costs and the increase in exports. On the other hand, the automotive sector has slowed significantly, following the strong rebound in 2023, in a context of fierce competition in the production of electric vehicles. Indeed, we dedicate an article to analysing **the state of the automotive industry**, which is a key sector for the Spanish economy in terms of employment, innovation and its positive contribution to the balance of trade. In the midst of the transformation towards electrified and digitalised vehicles, the sector must focus on the development and implementation of high-value-added activities in order to strengthen its competitiveness in a market that is in the midst of a revolution.

The 2025 outlook looks promising, although there will be differences in growth rates between sectors. In the second article we present **our growth forecasts by sector**. The sectors where we expect to see a high and accelerating growth rate primarily include those linked to the digital transition (information and communication technologies, and professional services). Construction and real estate activities also stand out, as they will benefit from the rate cuts which, although initiated in 2024, will have their greatest impact on the real economy in 2025.

Other sectors will enjoy above-average growth but will also experience a slowdown relative to the high growth rates of 2024. These include the agriculture, forestry and fishing sector, which is still recovering following the sharp drop in 2022 triggered by the drought and the rise in production costs; tourism, which is seeing a normalisation of its growth rate after the pandemic, and the manufacturing industry, which will continue to enjoy strong growth despite the gradual fading of the boost provided by the reduction in energy costs.

Finally, in the last article we analyse how the **transition to a more sustainable production system is taking place**. 92.2% of all greenhouse gas emissions in 2022 came from manufacturing, energy, transport and the agriculture, forestry and fishing sector. While the energy and manufacturing sectors have reduced their emissions through the use of renewable energies and efficiency gains, transport and the agriculture, forestry and fishing sector show limited progress. Electrification and the adoption of clean technologies such as green hydrogen are essential in order to accelerate the transition, and the NGEU funds are critical for making progress towards sustainability. The execution of those funds is progressing, with significant investments in rail transport, but there is significant potential to accelerate the decarbonisation of industry, transport and the agriculture, forestry and fishing sector.



Situation and outlook

Widespread growth across virtually all sectors after overcoming the shocks of recent years

The Spanish economy has once again beaten expectations in 2024. In fact, the CaixaBank Research Sectoral Indicator shows an acceleration of economic activity towards rates of around 3.0% year-on-year in the final stretch of the year. The improvement is fairly widespread across the various sectors, but it has been particularly pronounced in some branches of manufacturing, such as the chemicals, pharmaceutical and paper industries, which have benefited from lower energy costs and an improvement in exports. By contrast, the automotive sector has slowed sharply over the course of this year, following the recovery experienced in 2023. Within services, those related to tourism continue to enjoy strong growth, albeit at a slower rate than in 2023 due to the normalisation of growth rates after overcoming the effects of the pandemic. Real estate activities have also recorded rapid growth and lead the sector ranking thanks to the strength of housing demand. On balance, the Spanish economy has shown strong growth, with a reduction in the number of sectors in a situation of weakness and an increase in those in expansion.

The Spanish economy beats expectations once again in 2024

As we approach the end of 2024, we can safely say that this has been a good year for the Spanish economy. This is largely thanks to the fact that inflation and interest rates – although still high – have steadily declined, as well as thanks to the good performance of the foreign sector, driven by tourism and non-tourism services.¹ Spain's GDP has recorded very buoyant growth rates, exceeding 3.0% year-on-year in Q2 and Q3, compared to rates closer to 2.0% observed in mid-2023. The indicators available for Q4 suggest that this buoyancy has continued in the final stretch of the year, as reflected by the CaixaBank Research Sectoral Indicator.^{2,3} According to the latest CaixaBank Research forecast scenario, the Spanish economy as a whole will grow by around 2.8% in 2024, 1 point more than was expected at the beginning of the year.⁴

① See «New economic outlook: upward revision of Spain's GDP growth forecast» in the *Monthly Report* of October 2024.

② The CaixaBank Research Sectoral Indicator is a tool that combines information from various economic activity indicators, the labour market and the foreign sector, allowing us to analyse the evolution of the economy from a sector-based perspective. For a closer look at how this indicator is built and which sectors are included, see «Methodology note: CaixaBank Research Sectoral Indicator» published in the Sectoral Observatory of May 2024.

③ It should be recalled that our Sectoral Indicator does not cover the financial sector, general government, education or health. Excluding these sectors, the economy would have accelerated from 2.0% in Q3 2023 to the 3.5% recorded in Q3 2024.

④ Following the publication of the GDP data for Q3 2024 (growth of 0.8% quarter-on-quarter, higher than our forecast), there are upside risks to both the 2024 and the 2025 growth forecasts.



The CaixaBank Research Sectoral Indicator shows an acceleration of economic activity in the second half of 2024 toward rates around 3.0% year-on-year

CaixaBank Research Sectoral Indicator and real GVA*



Notes: (*) GVA excludes the general government and defence, education and health sectors, as well as the energy and financial sectors.
Source: CaixaBank Research, based on data from the Spanish National Statistics Institute (INE), the Spanish Tax Agency (AEAT), the Ministry of Inclusion, Social Security and Migration (MISSM), DataComex and the Spanish national grid (REE).

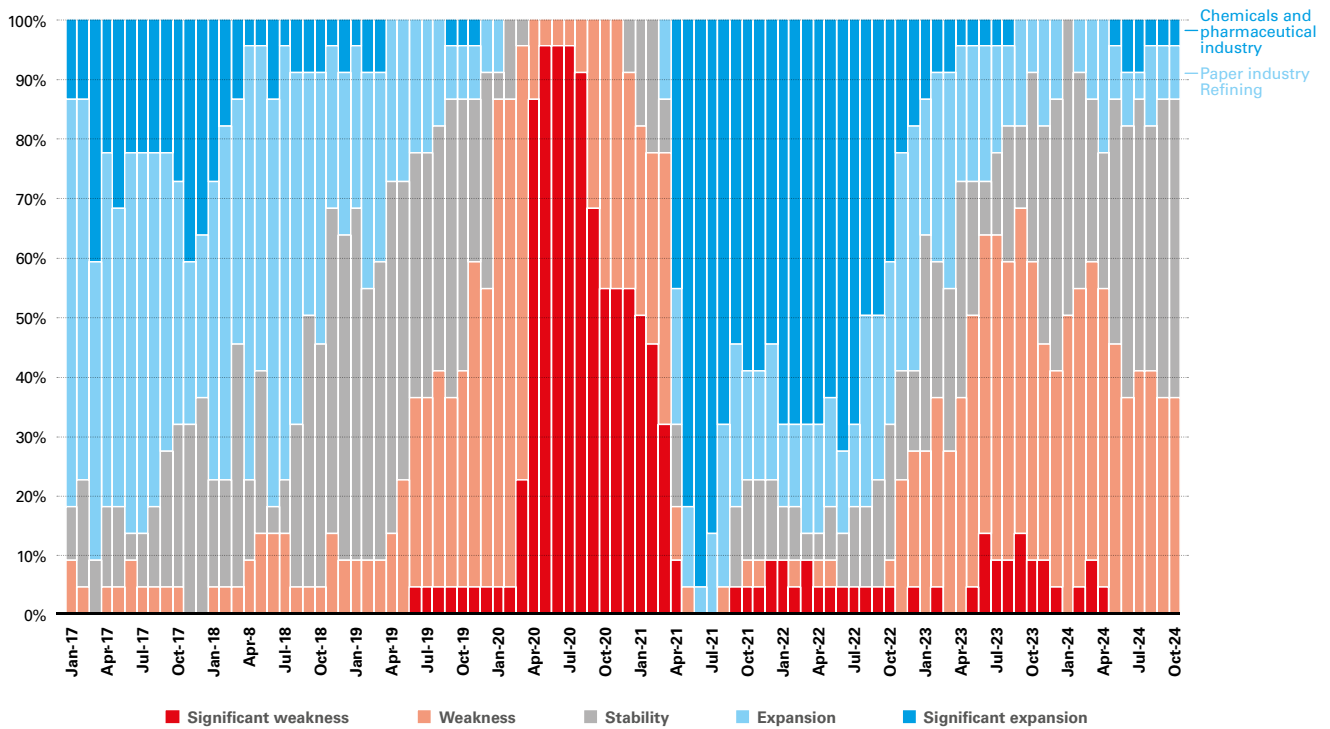


How rapidly are Spain's various economic sectors growing?

The sectoral traffic light chart provides a graphical summary of the rate of growth (or contraction) of the various sectors that make up the Spanish economy.⁵ From the chart below, several conclusions can be drawn about the current state of the economy.

Sectoral traffic light for the Spanish economy

(% of the total number of sectors)



Note: The traffic light chart indicates the percentage of sectors classified in each of the five growth categories, which are defined as follows: «significant weakness» if the value taken by the sectoral indicator lies below the 15th percentile (P15) of that indicator's historical distribution; a position of «weakness» when it takes a value between P15 and P40; «stability» between P40 and P60; «expansion» between P60 and P85, and «significant expansion» when the indicator lies above P85.

Source: CaixaBank Research, based on data from the Spanish National Statistics Institute (INE), the Spanish Tax Agency (AEAT), the Ministry of Inclusion, Social Security and Migration (MISSM), DataComex and the Spanish national grid (REE).

Firstly, we note that the number of sectors facing difficulties is gradually decreasing: whereas in the second half of 2023 over 55% of the sectors considered showed signs of weakness, at the end of 2024 only 36% of them are in a situation of weakness. Moreover, there are no sectors suffering significant weakness.

Secondly, there is an increase in the number of sectors in a stationary or stable situation. At the end of 2024, 50% were in the «stability» category, whereas in the second half of 2023 only 1 in 4 sectors were at that point of the cycle.

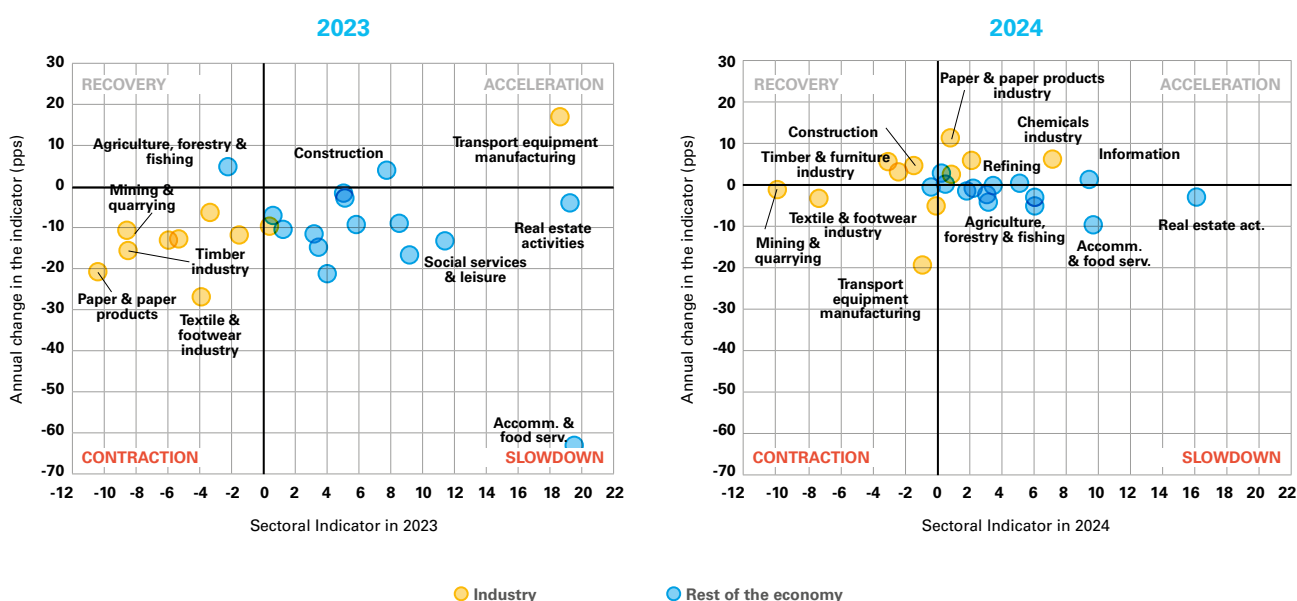
Thirdly, there is a reappearance of sectors in significant expansion, indicating that some sectors have seen a marked improvement in their cyclical position during 2024. Next, we will look at which sectors correspond to each of these dynamics.

⁵ In particular, a sector is considered to be in a position of «significant weakness» if the value taken by the sectoral indicator lies below the 15th percentile (P15) of that indicator's historical distribution; a position of «weakness» when it takes a value between P15 and P40; «stability» between P40 and P60; «expansion» between P60 and P85, and «significant expansion» when the indicator lies above P85.

CaixaBank Research sectoral clock: at what point in the cycle does each sector currently lie?

In order to analyse which sectors have driven the growth of the Spanish economy during 2024, and which ones have faced the greatest challenges, we refer to the CaixaBank Research sector clock and we compare the situation in 2023 with that of 2024 to date (with data up until October at the closure of this report).

CaixaBank Research sector clock



Notes: The 2024 clock reflects the average between January and October 2024.
Source: CaixaBank Research, based on data from the Spanish National Statistics Institute (INE), the Spanish Tax Agency (AEAT), the Ministry of Inclusion, Social Security and Migration (MISSM), DataComex and the Spanish national grid (REE).

The first point to note is that there are no major annual swings so far in 2024; rather, most sectors are gradually converging towards the Sectoral Clock's horizontal axis, with much smoother movements than those noted during 2023. This reflects the fact that, now that the multiple shocks that have been affecting the Spanish economy since the pandemic have been largely absorbed, the big «step effects» have also steadily faded and the variations in activity at the sector level over the course of the year have been more moderate.

Secondly, the improvement compared to 2023 is clear: only 3 sectors (transport equipment manufacturing, textiles, and mining and quarrying) are in contraction, compared to 8 sectors in 2023 (1 in 3). In addition, there are 7 sectors that are currently in a state of expansion, compared to just 2 in 2023 (construction and transport equipment manufacturing).

The manufacturing sectors registered the greatest improvements, particularly the chemicals, pharmaceutical and paper industries



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Broadly speaking, the greatest improvements in the indicator are to be found in the manufacturing sectors, particularly in the case of the chemicals and pharmaceutical industry (the sector with the second highest growth according to our indicator, behind only real estate activities) and the paper industry (which benefited from the reduction in costs and increased demand for more sustainable packaging materials). On the other hand, the textile industry and transport equipment manufacturing, together with the mining and quarrying industry, are the sectors in a state of contraction. The pattern followed by the automotive sector is particularly alarming: it enjoyed a strong recovery in 2023, after the severe blow dealt by the pandemic and the multiple factors that held it back thereafter, so there is a slight step effect which explains part of the weakness we now see.⁶

6 In this Sectoral Observatory we dedicate the article «The automotive sector in Spain: the challenge of remaining competitive in the new global ecosystem» to taking a closer look at the current state of the sector, as well as the challenges it faces in the coming years.

The construction sector continues to enjoy strong growth and shows some improvement in the second half of 2024 thanks to the stabilisation of production costs and the reduction of financing costs, which are supporting a certain revival of the housing supply, as shown in the number of new construction permits being granted (+14.6% year-on-year between January and July 2024).

The services sectors generally show positive signs in our indicator (i.e. they are growing), although their growth rate is moderating following the rapid expansion recorded in 2023. The clearest example of this is the accommodation and food services sector, which recovered significantly during 2022, and above all in 2023. Today it remains one of the Spanish economy's most buoyant sectors, although its growth rates have normalised in 2024 as the post-pandemic momentum has gradually dissipated.

What factors explain the behaviour of the various sectors?

In order to understand the economy's behaviour on the supply side, we must first recall the factors that have held back the various economic sectors in recent years: the deterioration of global supply chains (in 2021 and in certain periods of 2022, particularly affecting the automotive sector), the energy crisis (triggered by the war in Ukraine, affecting the most energy-intensive branches of manufacturing), the drought (which severely affected agricultural production), and the tightening of financial conditions (the interest rate hikes in 2022-2023 by the ECB, which particularly affected the most credit-dependent sectors, such as construction and real estate activities, as well as the sectors that are the most intensive in investment in equipment). Currently, all these factors have been gradually dissipating, so their impact is beginning to have an opposite effect. In other words, the sectors that suffered the most are now the ones which, generally speaking, are growing the fastest.

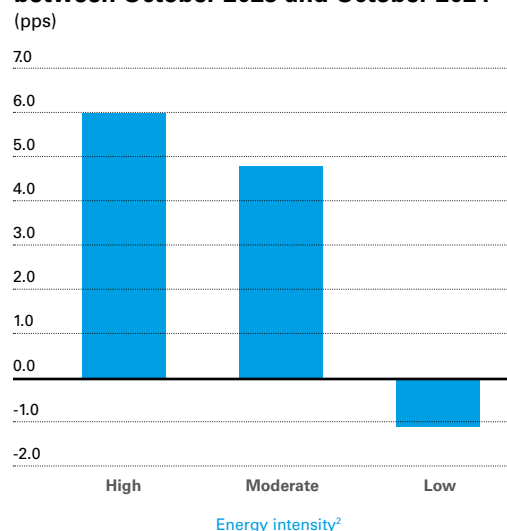
A key factor in explaining the good performance of the Spanish economy is the moderation of energy costs relative to the peaks reached in the summer of 2022: of the 16 sectors that have seen an increase in their year-on-year growth rates in the last 12 months, 12 are energy-intensive.⁷ As summarised in the chart below, for the most energy-intensive sectors, the sectoral indicator increased by around 6 pps over the last 12 months. On the contrary, the indicator decreased by just over 1 pp in the less energy-intensive sectors.

⁷ We define energy intensity as the amount of expenditure on energy consumption as a percentage of the sector's GVA. In this case, energy-intensive sectors are considered to be those that lie above the 50th percentile of the distribution for all sectors of the Spanish economy.

The moderation of energy costs as a factor for growth in the economy

	Energy cost ¹ (% of GVA)	Energy intensity ²
Agriculture, forestry & fishing	8.5	Moderate
Mining & quarrying	10.6	Moderate
Manufacturing	15.2	High
Food products	11.0	Moderate
Textiles	3.3	Low
Paper & paper products	18.0	High
Refining	159.7	High
Chemicals	18.7	High
Construction	24.5	High
Machinery & equipment	3.5	Low
Transport equipment	5.5	Low
Timber & furniture	10.8	Moderate
Other manufacturing	9.9	Moderate
Water supply & waste management	10.4	Moderate
Construction	2.4	Low
Services	4.1	Low
Wholesale trade	3.2	Low
Retail trade	4.8	Low
Transport & logistics	22.7	High
Accommodation & food services	5.3	Low
Information	4.3	Low
Real estate activities	1.4	Low
Professional, scientific & technical activities	1.6	Low
Social services & leisure	3.0	Low

Change in the sectoral indicator between October 2023 and October 2024 (pps)



Notes: (1) Energy costs are defined as the intermediate consumption of refining, electricity and gas as a percentage of GVA, according to CaixaBank Research, based on data from the Spanish National Statistics Institute's origin and destination tables. (2) Energy intensity is defined according to the distribution of the energy cost variable, such that it is defined as either high (it exceeds the 75th percentile, or P75), moderate (P50) or low (P25).

Source: CaixaBank Research, based on data from the Spanish National Statistics Institute (INE), the Spanish Tax Agency (AEAT), the Ministry of Inclusion, Social Security and Migration (MISSEM), DataComex and the Spanish national grid (REE).



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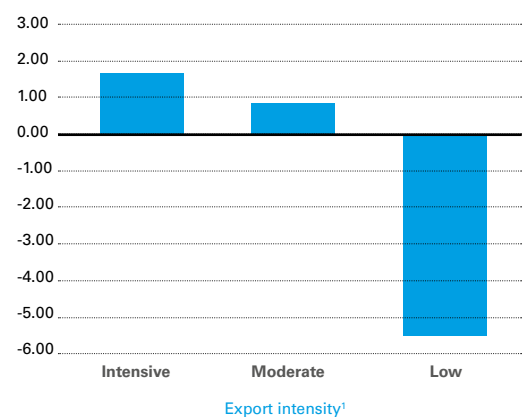
Another factor that could be driving certain sectors of the Spanish economy is the recent good performance of exports of goods and services: in fact, the 16 sectors that have seen an increase in their year-on-year rate in the sectoral indicator over the past 12 months are particularly dependent on export earnings.⁸ It should be noted that most of the sectors that are dependent on foreign sales have seen an increase in their exports in the current year to date, with the exception of the mining and quarrying industry, and the machinery and transport equipment manufacturing sectors, which are precisely the manufacturing sectors that have been performing the worst in recent months. The following chart, meanwhile, shows how the sectors that are most dependent on foreign sales have generally seen a greater improvement in their exports over the last 12 months. In contrast, the indicator fell in the branches of the economy that are less dependent on foreign sales.⁹

⁸ We define a sector's export intensity as the value of foreign sales as a percentage of total sales in the sector. In this case, export-dependent sectors are considered to be those that lie above the 50th percentile of the distribution for all sectors of the Spanish economy.

The improvement in exports is also a supporting factor for the economy

	Exports (% of revenues)	Export intensity ¹	Change in exports ^{2,3}
Agriculture, forestry & fishing	10	Moderate	8.9
Mining & quarrying	27	Moderate	-15.5
Manufacturing	39	Intensive	1.5
Food products	22	Moderate	1.1
Textiles	33	Moderate	-31.2
Paper & paper products	25	Moderate	10.0
Refining	59	Intensive	5.2
Chemicals	46	Intensive	10.8
Construction	36	Moderate	-2.7
Machinery & equipment	41	Intensive	-22.4
Transport equipment	64	Intensive	-4.4
Timber & furniture	21	Moderate	1.7
Other manufacturing	38	Intensive	2.9
Water supply & waste management	7	Low	4.2
Construction	7	Low	-15.3
Services	13	Moderate	0.4
Wholesale trade	15	Moderate	-5.4
Retail trade	4	Low	21.7
Transport & logistics	19	Moderate	2.0
Accommodation & food services	7	Low	2.0
Information	19	Moderate	11.3
Real estate activities	2	Low	-6.2
Professional, scientific & technical activities	16	Moderate	2.1
Social services & leisure	5	Low	-68.6

Change in the sectoral indicator between October 2023 and October 2024 (pps)⁴



⁹ It should be noted that the transport equipment manufacturing sector has been excluded from this analysis as it distorts the conclusions: it is the most export-intensive branch of manufacturing in the case of the Spanish economy and it is going through a particularly difficult time due to supply problems, increased costs, changes in demand and new environmental regulations, among other factors, which have forced the sector to undertake a profound shift in its business model.

Notes: (1) A sector's export intensity is considered intensive when the ratio exceeds the 75th percentile (P75), moderate when it is between P75 and P50, and low if it lies below P25. (2) Year-on-year change in 2024 to date (%). (3) Data obtained from DataComex for industry and the agriculture, forestry & fishing sector, and from the Spanish Tax Agency (AEAT) for services and construction. (4) The changes in the sectoral indicator are weighted according to the relative importance of each sector.

Source: CaixaBank Research, based on data from the Spanish National Statistics Institute (INE), the Spanish Tax Agency (AEAT), the Ministry of Inclusion, Social Security and Migration (MISSM), DataComex and the Spanish national grid (REE).

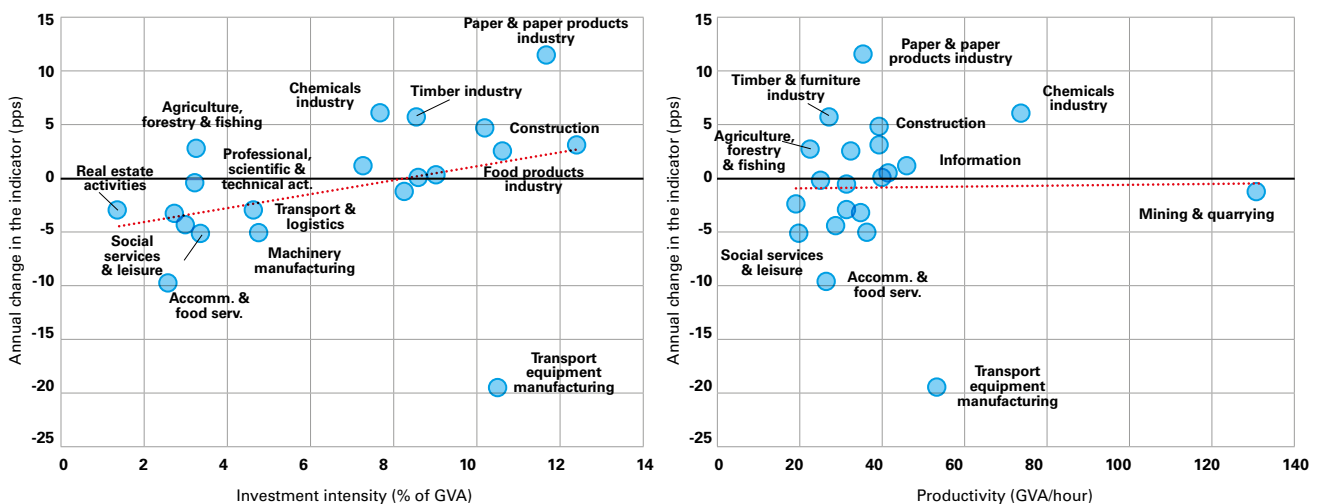
The impact which the monetary tightening process – implemented through the aggressive interest rate hikes between 2022 and 2023 – had on the various sectors of the Spanish economy could be established through the sectors that are the most intensive in terms of investment in equipment. Today, the most investment-intensive sectors (according to the value of investment in equipment as a percentage of GVA for each sector), such as the food products industry, paper and paper products and construction, are some of the branches of industry that have improved the most so far this year (the only big exception is the transport equipment manufacturing sector). In the case of services, transport and logistics stands out as the most capital-intensive branch, and it is also among the sectors with the highest scores in our indicator thanks to the positive secular trends it is currently enjoying (benefiting from the boost provided by e-commerce).¹⁰

¹⁰ The refining and wholesale and retail trade sectors are excluded from the investment intensity analysis, in all cases due to a lack of data.

There is also, to some extent, a positive relationship between the sectors that are showing more buoyancy and those that are most productive. As can be seen in the chart below, there are sectors that have improved significantly of late and which also have above-average productivity (the chemicals and pharmaceutical industry is a prime example). However, there are also other sectors which have high productivity but have seen their position deteriorate (again, transport equipment manufacturing stands out). In services, information and telecommunications is the most productive sector, but it has hardly improved in the last 12 months, although it continues to score well in the indicator thanks to new digitalisation trends.¹¹

¹¹ The productivity analysis excludes the refining sector, due to a lack of data, and real estate activities, since it includes attributed rents which significantly distort the data.

Investment intensity by sector explains part of the improvement in 2024



Notes: The refining and trade sectors are excluded from the investment analysis, while the productivity analysis excludes refining and real estate activities. The data shows the average of the last five years.

Source: CaixaBank Research, based on data from the Spanish National Statistics Institute (INE), the Spanish Tax Agency (AEAT), the Ministry of Inclusion, Social Security and Migration (MISSM), DataComex and the Spanish national grid (REE).

This robust growth across virtually all economic sectors in 2024 places them on a good footing as we move into next year. For 2025, the Spanish economy is expected to continue to enjoy buoyant growth, albeit at a more moderate pace compared to previous years and with differences between sectors, as we will discover in the next article of this *Sectoral Observatory*.



Trends

Outlook for the Spanish economy and its sectors in 2024-2025

In 2024, the Spanish economy has experienced widespread growth across its sectors – a positive trend that we expect to continue throughout 2025. This year, the sectors that have performed particularly well are those that have been recovering from the various shocks of prior years: the agriculture, forestry and fishing sector, which has recovered from the drought; manufacturing, from the energy crisis, and tourism, converging on its pre-COVID trend. For 2025, while we anticipate continued strength in these sectors, we expect a slight slowdown in their growth rates as the effects of these shocks dissipate. On the other hand, sectors with more positive secular trends, such as information and communication technologies, professional services and the pharmaceutical industry, will strengthen, as will those that have a higher sensitivity to lower interest rates, such as construction and real estate. Although the economy is broadly strong, there are some branches of industry, such as textiles and paper, in which cost pressures and fierce international competition could lead to slow growth.

Sectoral trends in Spain: recent developments and future outlook

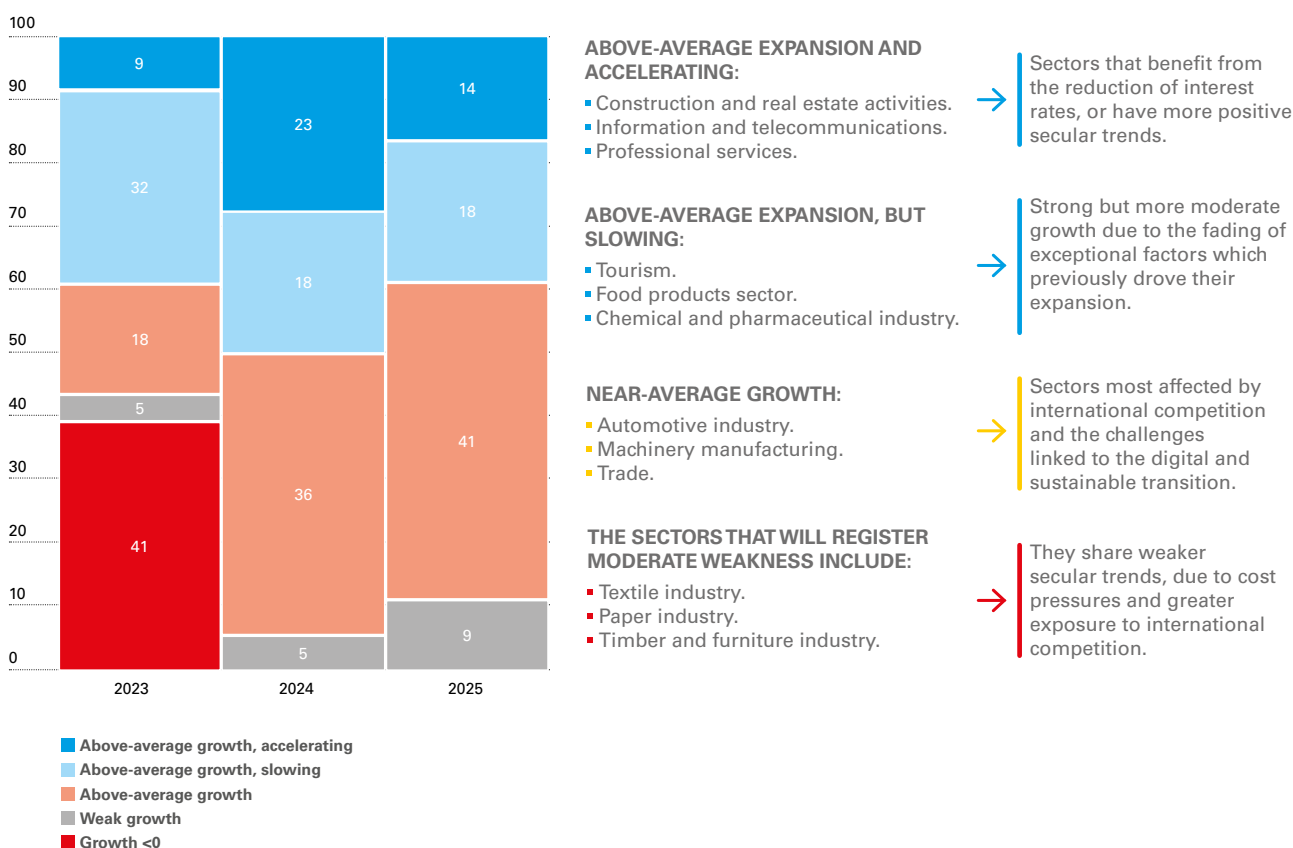
In 2024, CaixaBank Research expects the Spanish economy to grow by 2.8%. This is a solid rate of growth and slightly higher than that recorded in 2023 (+2.7%). If we look at the breakdown of this growth by sector, we see widespread momentum and a particularly strong performance from sectors that have endured shocks in recent years, as discussed in the first article of this report. For 2024 as a whole, the tourism sector looks set to top the ranking with an expected growth rate of 6%, as it continues its path of recovery and approaches its pre-COVID trend. The manufacturing industry also stands out, with a solid growth of 3.9%, driven by the strong performance of industries that were particularly affected by the blow dealt by the pandemic, such as transport equipment manufacturing (+4.5%), and some of those hardest hit by the energy shock, such as the paper industry and the chemicals and pharmaceutical sector. In addition, the GVA of the agriculture, forestry & fishing sector is expected to increase by 7.0% in 2024, consolidating its recovery following the sharp decline it recorded in 2022 (–20.3%), thanks to the improvement in the climatic conditions and the reduction of production costs. On the other hand, the sectors with weaker growth are those feeling the effects of less positive long-term trends, such as the textile industry (–2.0%), or which saw their growth rates slowed by their sensitivity to high interest rates, as in the case of the construction sector (+2.4%).

The outlook for the Spanish economy in 2025 is positive, although we anticipate a slight moderation in GDP growth. Specifically, it is expected to slow from +2.8% in 2024 to +2.3% in 2025, according to CaixaBank Research's latest forecasts. In this scenario, while we expect to see continued strength in the sectors with the highest growth in 2024, such as the agriculture, forestry & fishing sector (+5.5% in 2025), manufacturing (+2.3%) and tourism (+3.4%), these growth rates reflect a certain slowdown as the effects of the previous shocks finish dissipating. On the other hand, sectors with more positive secular trends, such as information and communication technologies (+4.6%) and professional and administrative activities (+4.8%), will gain strength. Moreover, sectors that are more sensitive to the reduction in interest rates, such as construction (+3.3%) and real estate activities (+5.5%), will accelerate, driven by increased investment activity and improved financing conditions. Although the economy is looking strong across the board, some branches of industry, such as textiles and the mining and quarrying industry, could see their growth rates curbed by cost pressures and fierce international competition. Overall, we do not expect to see negative GVA growth in any of the sectors analysed in 2025.

According to the growth rate anticipated for the period 2024-2025, we classify the various sectors into four main groups: 1) sectors with high and accelerating growth, 2) sectors with high but slowing growth, 3) sectors with near-average growth and 4) sectors with weaker growth.

Classification of economic sectors according to the growth rate forecast by CaixaBank Research

(% of sectors)



Source: CaixaBank Research, based on data from the Spanish National Statistics Institute (INE) and internal forecasts.



The rate cuts and the fading of shocks will be the key determining factors for the performance of Spain's economic sectors

1) Sectors that have high growth and are accelerating

These sectors have high growth potential, with positive secular trends, or are particularly sensitive to interest rates and thus will benefit from their decline. These include:

Information and communication technologies (ICT): with a boost provided by digitalisation and the adoption of new technologies, the ICT sector is benefiting from solid structural growth (+5.4% on average between 2015 and 2019). In 2024, this sector's growth (+3.2%) has been below its historical average, but we expect that it will approach its long-term growth rate in 2025, reaching +4.6%.

Professional and administrative activities: the growing complexity of businesses and the need for specialised services are driving demand in this sector. Consulting, advisory and administrative services have a positive secular trend, and after recording growth of 3.7% in 2024, we expect them to accelerate to 4.8% in 2025.

Construction: in 2023, the construction sector grew by 2.1%, falling short of the growth rate of the economy as a whole. Despite the significant mismatch between supply (around 110,000 units per year) and demand (the creation of 265,400 net households in 2023, according to the Labour Force Survey, due to the significant increase in migration flows), the sector was weighed down by increased financing and construction costs. With the fall in rates, the sector will receive a boost from the lower financing costs and we expect it to accelerate to 2.4% in 2024 and to 3.3% in 2025. Even so, we expect that the mismatch between supply and demand will persist, mainly because of factors restricting supply, such as the lack of available land. The deployment of NGEU funds will help provide a boost to the sector, although according to the Independent Authority for Fiscal Responsibility (AIReF), the volume of contracts in urban refurbishment projects is lagging, with only 23% of contracts formalised and grants awarded. This stands in stark contrast with the execution of grants for sustainable mobility infrastructure, which stands between 72 and 92%.

Real estate activities: following a buoyant 2022 (16.2%), the real estate sector experienced a sharp slowdown in 2023 (5.4%) as a result of the rate hikes. With the start of the rate cuts, 2024 has been a year of transition for the sector and we expect it to have grown by 4.5%. As rates continue to decline in 2025, we expect the sector to accelerate to 5.5%, outpacing the Spanish economy as a whole.

2) Sectors that have high growth but are slowing

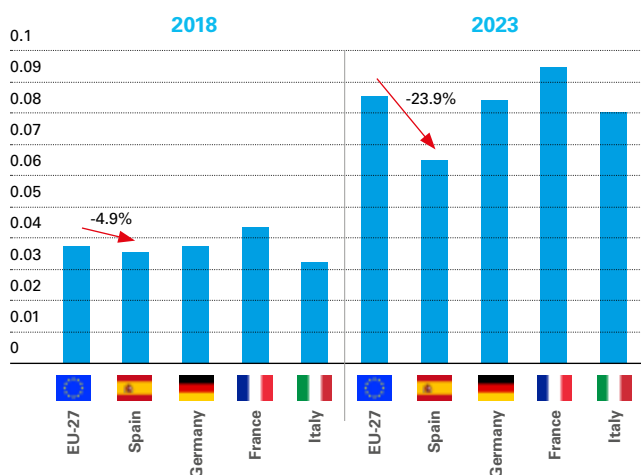
These sectors continue to show robust growth, although the pace of that growth is moderating as the exceptional factors which previously drove their expansion steadily fade:

Agriculture, forestry and fishing: following a slump in 2022 (-20.3%), the sector is experiencing a rapid recovery driven by the improvement in climatic conditions and the reduction of production costs. In 2023, the sector recovered by 6.5% and for 2024 we expect growth of 7.0%. This will be followed by a slight slowdown in 2025, at 5.5%, as the momentum provided by the end of the drought dissipates. The food products industry will continue to enjoy a recovery, in line with production in the agriculture, forestry and fishing sector and the decline in its input prices. In the medium term, the sector's outlook will be highly dependent on its capacity to adapt to climate change.

Manufacturing industry: the manufacturing industry recorded moderate growth in 2023 (+2.1%), held back by the rise in energy costs that followed Russia's invasion of Ukraine, as well as by the rise in rates. In 2024, the sector has enjoyed a recovery and we expect it to grow by 3.9%, driven by the improved competitiveness of Spain's industry relative to that of the rest of Europe. Compared to the situation prior to 2022, energy costs in Spain have been at a lower level relative to that of our European competitors. This is due to the country's lower exposure to Russian gas and the significant role of renewables in Spain's electricity generation. For 2025, we forecast growth of 2.3% in the GVA of manufacturing, which is similar to that of the Spanish economy as a whole.

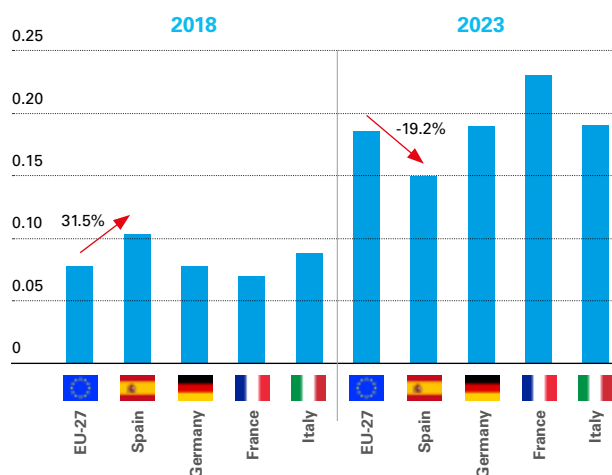
Industrial price of natural gas

Euros per kilowatt hour (€/kWh)



Industrial price of electricity

Euros per kilowatt hour (€/kWh)



Note: «Price» includes taxes and charges.

Source: CaixaBank Research, based on data from Eurostat.

Within manufacturing, of particular note is the growth of the chemicals industry, which is benefiting from the competitive advantage in energy inputs, and the pharmaceutical industry, which has positive secular trends and a high degree of international competitiveness and specialisation. We expect the pharmaceutical industry will continue to see its role in the economy grow in the medium and long term, and that it will be a driver of exports and of investment in R&D.



Manufacturing is growing steadily thanks to the improvement in energy input prices relative to the main European competitors

Tourism and accommodation and food services: the tourism sector has been a key driver in the post-COVID 19 recovery and now lies well above its pre-pandemic levels. In 2024 we expect it to grow by 6.0%, placing it 11.5% above its level of 2019. For 2025, we expect to see a moderation of the growth rate to 3.4% as the sector converges towards its historical trend and the factors related to the post-COVID recovery lose steam. Still, it will continue to outpace the economy as a whole. The key factor behind this strength is the recovery of purchasing power in the main source countries for tourists visiting Spain, thanks to a decline in inflation and a moderate increase in wages. Moreover, Spain's greater geopolitical stability relative to that of competing countries will also continue to play in the sector's favour.

3) Sectors with near-average growth

These sectors show a similar rate of growth to the economy as a whole. Among others, they include:

Wholesale trade: supported by a favourable consumption outlook due to the decline in inflation, rising incomes and job creation, we expect the sector to grow by 2.7% in 2024 and by 1.8% in 2025. Real private consumption is showing encouraging signs, supporting the sector's growth. Thus, we expect it to grow by 2.5% in both 2024 and 2025, up from the 1.7% recorded in 2023. These favourable dynamics will support the trade sector, for which we anticipate positive growth rates, slightly below the average for the economy as a whole.

Manufacture of machinery and equipment: the sector suffered a major decline during the pandemic due to the disruption of global supply chains and, subsequently, the rise in production costs. In 2023, the sector enjoyed rapid growth (+5.5%). We expect it to continue to grow (+3.5% in 2024 and +2.0% in 2025), although the increased global competition will push it towards growth rates closer to that of the economy as a whole.

Automotive industry: between 2021 and 2023 the automotive industry experienced solid growth rates, following a slump in 2020. Although there are factors that will support demand (and which we examine in the third article of this report, such as the ageing of the existing car fleet and the high level of automation in Spain, second in Europe after Germany), the sector is also facing major challenges. In the context of the transition to electric vehicles, the sector faces fierce international competition, particularly from China. The balance of these factors will result in the sector growing at around the same rate as the economy as a whole. It is crucial that the sector adapts to these changes and that a high-value-added position is achieved in the electric vehicle production ecosystem. To improve the outlook, it will be key to deploy the charging infrastructure and to stimulate Spain's presence throughout the value chain through the Strategic Project for Economic Recovery and Transformation (PERTE) related to the Electric and Connected Vehicle (ECV).



4) Sectors with weaker growth

Although in our baseline scenario we do not forecast a sharp decline in any of the sectors considered, there are sectors for which we expect growth to be significantly below the average for the economy as a whole. On the manufacturing side, the relatively weaker sectors include branches of industry such as **textiles** and **paper**, which present negative secular trends due to significant international competition and the pressure of structural costs related to these competitors. These branches of industry remain substantially below the activity levels they recorded in 2019. In the case of the textile industry, we expect negative growth in 2024, followed by growth close to zero in 2025. In the case of the paper industry, after declines were recorded in 2022 and 2023, we anticipate a revival in 2024 linked to energy prices, which will steadily dissipate in 2025.

On the services side, **retail trade** is facing significant challenges despite the general economic expansion. Fierce competition from e-commerce and changes in consumer habits, accelerated by the pandemic, represent a headwind for the sector. With growth of 2.1% in 2024 and of 1.3% in 2025, we expect it to be the component of the services sector with the weakest growth.

Fierce competition from e-commerce and changes in consumer habits represent a headwind for the retail sector



Forecasts for GVA growth by sector

Annual change (%)

	2015-2019	2020	2021	2022	Estimate 2023	Forecast 2024	Forecast 2025
Agriculture, forestry & fishing	1.5	-2.0	7.0	-20.3	6.5	7.0	5.5
Mining & quarrying	12.1	-2.2	31.7	37.0	-30.1	-	-
Manufacturing	2.6	-14.1	13.9	6.3	2.1	3.9	2.3
Food products	0.9	-16.0	11.7	14.0	-1.5	4.5	3.0
Textiles	1.1	-14.6	9.8	-2.1	-3.0	-2.0	0.7
Paper & paper products	0.3	-11.0	3.3	-5.8	-1.0	5.0	1.5
Refining	100.8	-100.0	-464.2	110.7	-0.8	-	-
Chemicals	1.4	2.6	5.1	-12.6	5.0	9.0	6.0
Construction	0.9	-6.2	-8.9	-6.7	-1.0	-	-
Machinery and equipment	3.6	-11.5	15.5	3.3	5.5	3.5	2.0
Transport equipment	1.0	-16.9	13.1	29.3	11.8	4.5	2.3
Timber & furniture	3.5	-16.0	26.4	3.1	-3.5	-	-
Other manufacturing	3.1	-6.4	13.6	9.8	1.5	-	-
Water supply & waste management	1.6	-2.8	10.9	13.7	-15.1	-	-
Construction	3.8	-14.7	-1.0	9.2	2.1	2.4	3.3
Services	2.7	-11.1	7.0	8.5	3.3	3.4	2.8
Wholesale trade	3.9	-7.1	6.9	5.4	4.3	2.7	1.8
Retail trade	3.6	-9.1	6.1	-7.7	2.6	2.1	1.3
Transport & logistics	2.5	-27.5	15.5	25.8	3.1	2.8	1.7
Accommodation & food services	3.4	-55.3	46.6	47.8	17.3	4.8	2.7
Information	5.4	-4.8	8.4	12.4	5.0	3.2	4.6
Real estate activities ¹	3.4	-2.6	4.6	16.8	5.4	4.5	5.5
Professional, scientific & technical act.	5.6	-11.7	12.0	12.3	1.2	3.7	4.8
Social services & leisure	3.1	-20.8	1.5	13.4	6.3	2.8	1.8
Total economy	2.7	-10.9	6.7	6.2	2.7	2.8	2.3
Tourism GDP²	4.6	-54.9	37.4	58.6	7.6	6.0	3.4

Notes: The figures shaded in blue and dark grey are internal estimates and forecasts. (1) Real estate activities excluding attributed rents. (2) Tourism GDP is shown separately, since tourism demand includes activities in several sectors (accommodation and food services, trade, transportation, etc.). Tourism GDP data since 2016.

Source: CaixaBank Research, based on data from the Spanish National Statistics Institute (INE) and internal forecasts.

The sectoral perspective and the Draghi report

In broad terms, the Draghi plan analyzes the situation of key sectors of the European economy—such as the automotive and pharmaceutical industries, and within the technological sphere, green technologies—in the context of the challenge to maintain competitiveness in the 21st century. Draghi highlights the difficulties posed by dependence on fossil fuels, generally imported, and the fragmentation of capital markets in Europe. He underscores the necessity for the continent to bolster its competitiveness through the integration of capital markets, higher levels of public investment on a European scale, and an acceleration of the climate transition.

A sectoral examination of the state of the Spanish economy reveals that, although Spain shares many of the challenges outlined by Draghi—particularly regarding the automotive sector and the fragmentation of capital markets—the country is in a relatively better position concerning the energy challenge. According to Draghi, one source of the recent stagnation in the European economy, especially in manufacturing, is the high energy costs. In this realm, Spain sets itself apart, enjoying low energy costs compared to its European competitors, which is boosting manufacturing. However, this should not lead to complacency: it is crucial that Spain continues investing in renewable energies, a sector where favorable climatic conditions grant it a competitive advantage, also potentially paving the way for a new export industry.

The Draghi report highlights the challenge of boosting competitiveness and the need for investment in order to adapt key sectors of the economy

One of the most significant challenges highlighted by the Draghi report, and which affects the Spanish economy, is that of the **automotive industry**. While it has shown signs of recovery in the wake of the energy shock and the supply crisis, it faces increasing pressure amid the transition to electric mobility and fierce competition from other major producers such as China. The Draghi plan emphasises that, in order for the European and Spanish automotive sectors to be competitive globally, it is essential to address this transition. This will require not only greater investment in R&D, but also a regulatory framework that simultaneously promotes innovation and competitiveness.



Automotive industry

The automotive sector in Spain: the challenge of remaining competitive in the new global ecosystem

The automotive sector is key to the productive fabric of our country, not only because of its contribution to GDP growth and job creation, but also for its positive contribution to the balance of trade and its high capacity for innovation. With highly efficient and automated production plants and a highly skilled workforce, the sector enjoys a leading position worldwide. Having overcome the adverse environment of recent years, marked by the international supply problems affecting essential inputs such as microchips and semiconductors, as well as increases in prices and interest rates, the sector is trying to find its place in the new global automotive ecosystem.. In an era dominated by the technological transformation towards electrification, the sector's future lies in the development and implementation of high-value-added activities linked to autonomous, connected and electric mobility.

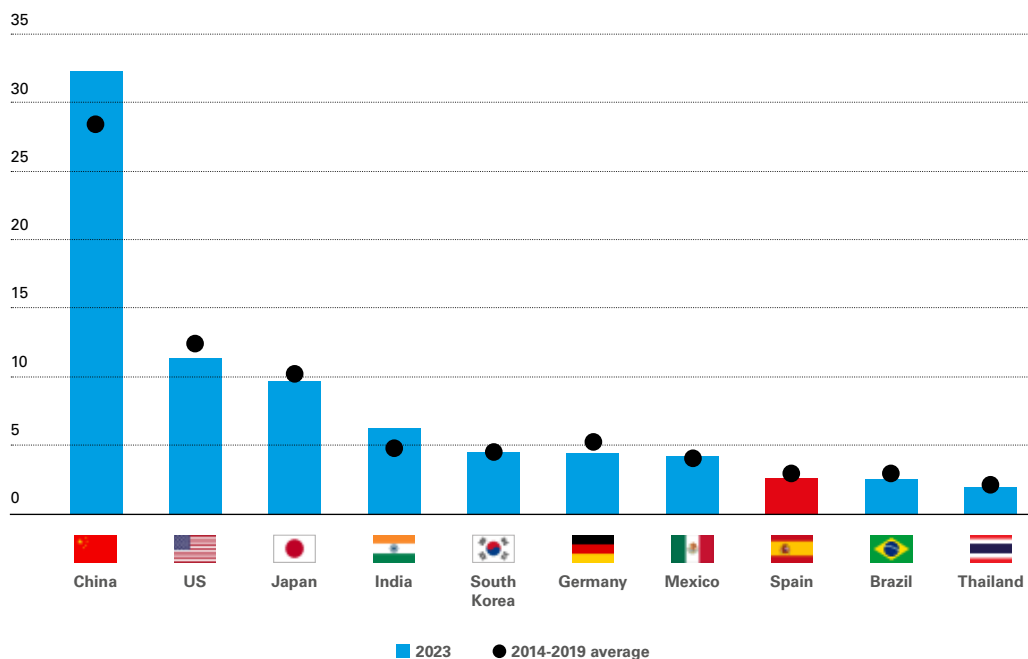
The automotive sector, a strategic pillar of the Spanish economy

Spain's automotive sector not only plays a fundamental role in the productive fabric of our country, but it is also one of the strongest in the world. In 2023, Spain manufactured over 2.45 million vehicles and was the second largest producer in Europe, surpassed only by Germany. Moreover, it is the leading European producer of commercial vehicles, the second largest producer of passenger cars and the fourth in terms of components.

In 2023, Spain manufactured over 2.45 million vehicles and was the second largest producer in Europe, surpassed only by Germany

Production of passenger cars and commercial vehicles by country

(% of the global total)



Note: Data on the number of vehicles manufactured.

Source: CaixaBank Research, based on data from OICA.

Spain is the eighth largest producer of vehicles in the world, with a share of 2.6% of the global market. This figure represents a slight fall (of 0.3 pps) compared to the pre-pandemic period (average for 2014-2019), but it contrasts with the sharper declines (of around 1 pp) recorded by other major producers such as Germany and the United States. In fact, among the world's leading producers, only Mexico, India and, above all, China have increased their market share. As for the automotive sector's direct contribution to the economy's GVA,¹² Spain, at 1.1%, lies below the EU average (1.7%) and well below Germany (4.1%), although it is one of the few countries where the automotive industry's share has not decreased compared to 2014-2019.

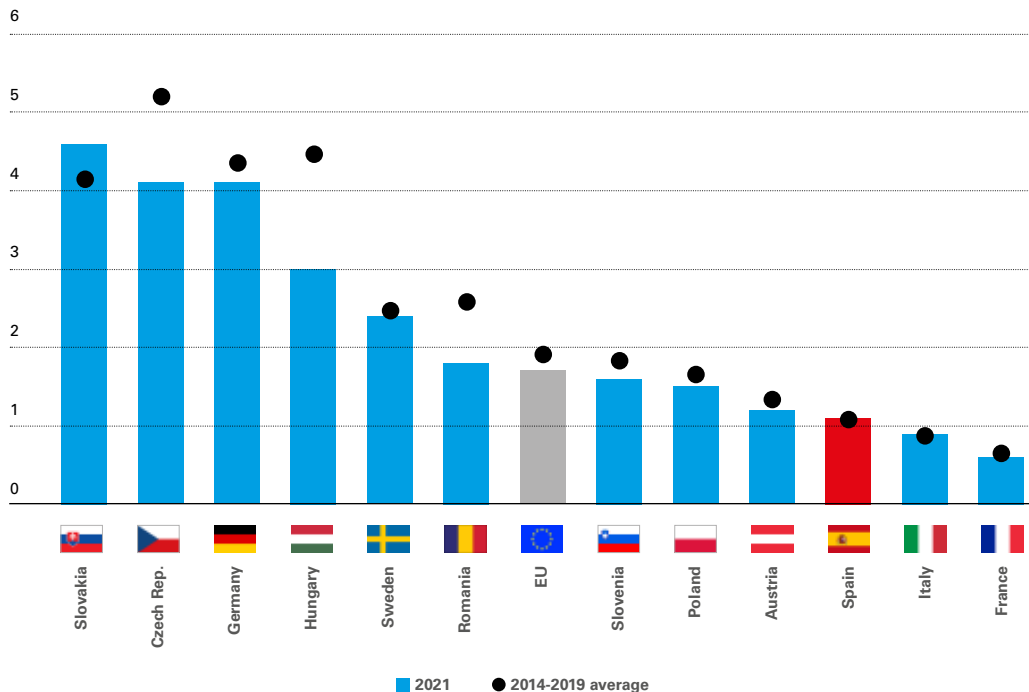
¹² Includes the manufacture of motor vehicles, trailers, semi-trailers and components (group 29 of the National Classification of Economic Activities, or CNAE). Data from Eurostat for 2021.





Automotive industry share of GVA in the EU

(% of the total GVA of each economy)



Notes: Motor vehicles, trailers, semi-trailers and components. Data at current prices.
Source: CaixaBank Research, based on data from Eurostat.

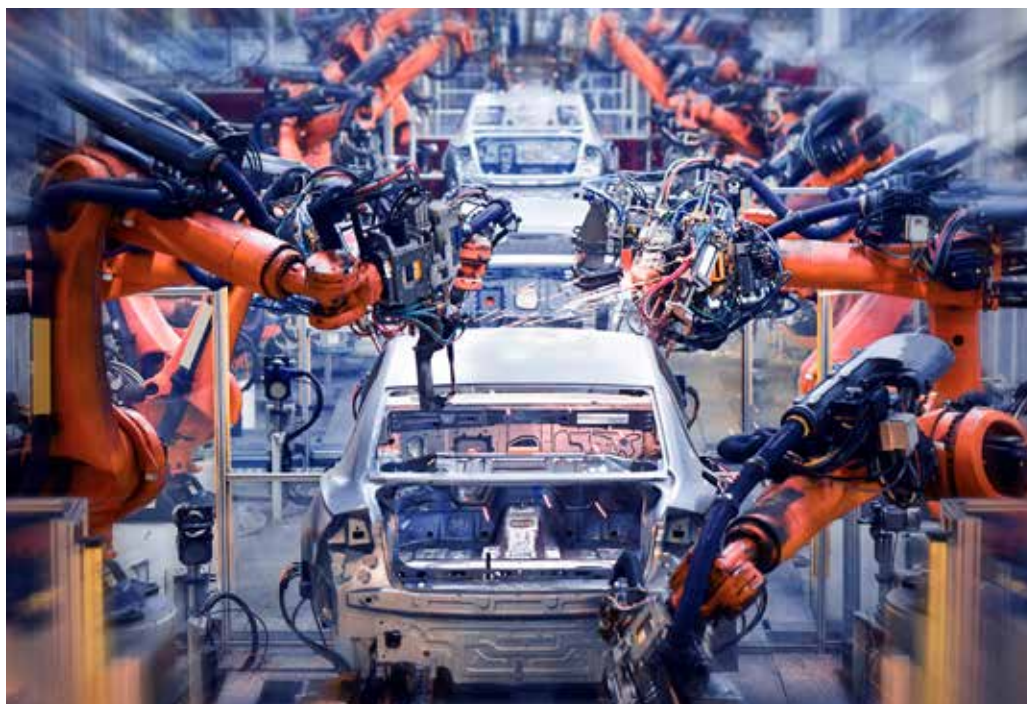
The importance of the automotive sector is reflected not only in its direct contribution to GDP and employment, but also in its interaction with other sectors and its emphasis on innovation

Within Spain's manufacturing industry, the automotive sector¹³ is the third biggest, behind the food products sector and the manufacture of metallic products. It contributes 8.6% of the total GVA and 6.9% of manufacturing employment¹⁴ (8.9% and 8.0%, respectively, in the period 2014-2019).

Activity in the automotive sector generates an increase in demand in other sectors. According to an analysis of the input-output tables, the sector's knock-on (economic multiplier) effect is significant: for each euro generated directly by the automotive sector, an additional 0.8 euros, approximately, is generated in the economy as a whole. Among the intermediate consumption components that are in the highest demand in the sector, we find metal products (12.8% of the total), wholesale and retail trade (7.5% and 5.0%, respectively), rubber and plastics (5.1%) and metallurgy (4.0%). Thus, taking into account both the direct and the indirect effect, the GVA of the automotive sector represents 1.9% of the Spanish economy's total GVA.

¹³ Includes group 29 of the National Classification of Economic Activities (CNAE): the manufacture of motor vehicles, trailers, semi-trailers and components, parts and accessories for motor vehicles.

¹⁴ Data for 2021 from the National Accounts: GVA in current terms and employment in terms of full-time equivalent (FTE) jobs.



The automotive sector is one of the biggest investors in R&D&I in the economy, which places its production plants among the most efficient and highly automated in Europe: they have 1,199 industrial robots per 10,000 employees, a figure only slightly lower than that of Germany (1,213).¹⁵ It is the third largest sector in terms of expenditure on innovative activities, accounting for 9.3% of the total expenditure, behind only information and communications activities (telecommunications, programming, consulting and other IT activities) and professional, scientific and technical activities (R&D and other services).¹⁶ The innovation intensity (innovation expenditure over turnover) of the vehicle manufacturing sector stands at 2.5%, well above the figures for the economy or industry as a whole (0.9% and 1.0%, respectively). All this makes the sector one of the most productive in Europe: each worker produces an average of 15.5 vehicles a year, three times the EU average.¹⁷ Within the Spanish economy, the sector is also one of the most productive: real productivity per hour worked is 19.5% higher than that of the economy as a whole.¹⁸

The production of the automotive sector is highly export-oriented: 9 out of every 10 vehicles manufactured in Spain are sold abroad

¹⁵ Data from the International Federation of Robotics (2022).

¹⁶ National Statistics Institute (INE, 2023): Innovation in Companies Survey, 2022. Innovation expenditure includes spending on R&D, engineering, design and other creative work, marketing and brand-value activities, those related to intellectual property, staff training, software development, as well as activities related to databases and the acquisition and leasing of tangible assets used in innovation.

¹⁷ Data from the European Automobile Manufacturers' Association (ACEA).

¹⁸ National Accounting data for 2022.

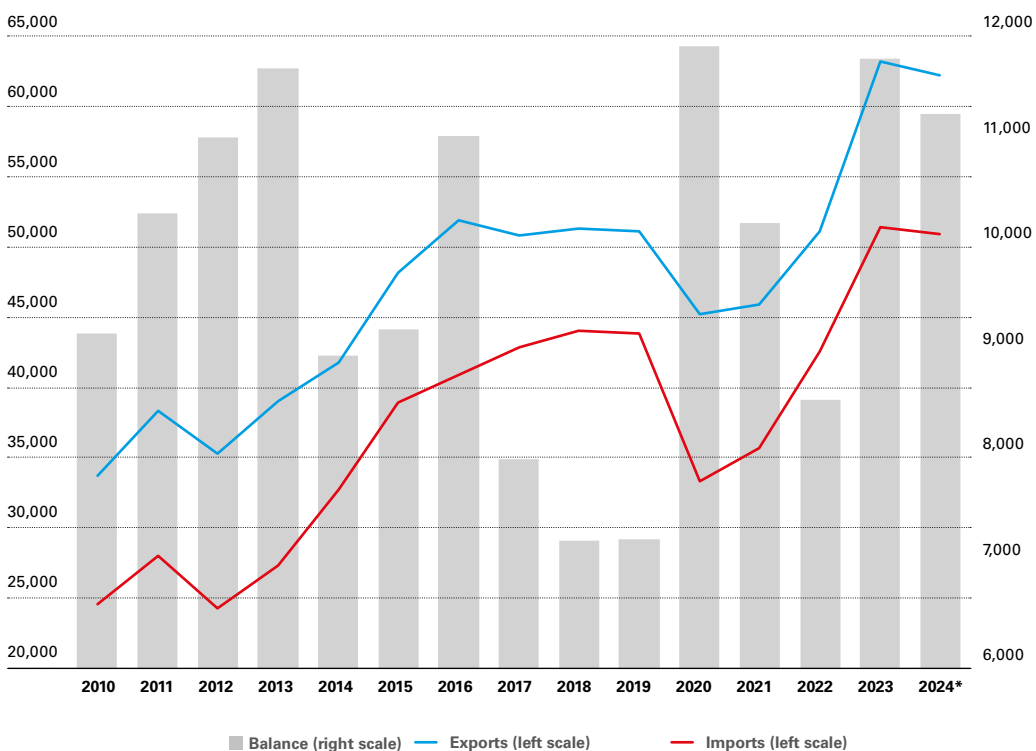


Sectoral Observatory

Spain's automotive sector is highly export-oriented: in 2024 (data for the trailing 12 months to August), 89.4% of the vehicles manufactured in Spain were destined for the foreign market. Moreover, this percentage has increased in recent years (+8 pps compared to the average for 2014-2019). In value terms, the sector's exports (CNAE group 29) amounted to 62.2 billion euros on an annualised basis up to July, representing 16.3% of all exports of goods and 4.0% of GDP. Around two thirds of the sector's exports go to our EU partners, particularly France and Germany.

Foreign trade of the automotive sector

EUR millions



Destination of exports 2024*

18.3%	France
17.3%	Germany
10.3%	Italy

Origin of imports 2024*

24.1%	Germany
12.4%	France
6.5%	Morocco

Notes: Group 29 of the National Classification of Economic Activities (CNAE). (*) Trailing 12 months to July.
Source: CaixaBank Research, based on data from DataComex.

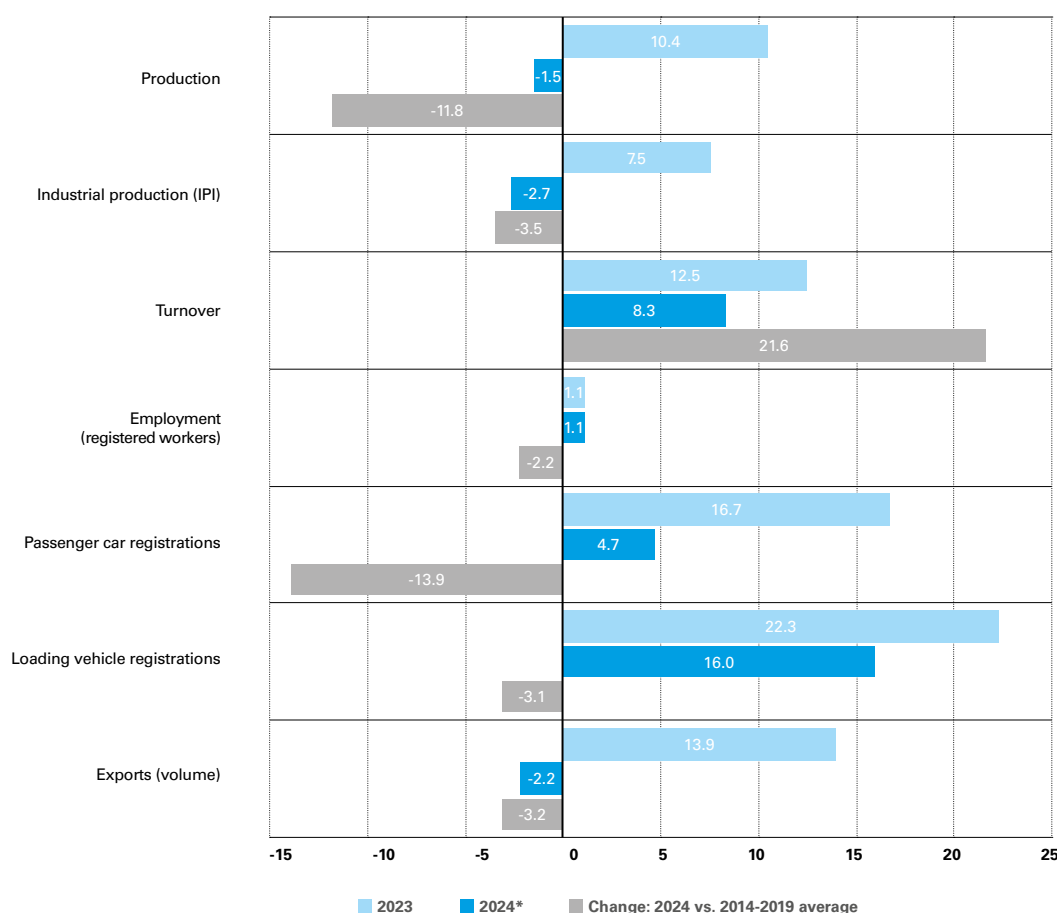
Consequently, only one in five vehicles sold in Spain (specifically, 21.7% in 2023) is manufactured domestically; the rest are imported, mainly from other EU countries. In addition, in recent years there has been an increase in the arrival of vehicles through Spain as a gateway to other European markets, which would be reflected in both the import and the export data. In any case, the sector's balance of trade shows a high surplus, amounting to almost 11.3 billion euros in the trailing 12 months to July, or 0.7% of GDP.

Recent trends in the automotive sector

After suffering the ravages of the pandemic in 2020-2021, with the consequent shutdown of activity, the automotive sector has shown a remarkable capacity for revival in recent years, even in a context fraught with difficulties. Indeed, these difficulties limited (i) the productive capacity of our factories, due to the supply problems of some components and the uncertainty arising from the wars in Ukraine and the Middle East, and (ii) the capacity for demand of potential buyers, given the price and interest rate increases. As a result, the return to the pre-pandemic normal remains incomplete.

Indicators for the automotive sector

Year-on-year change (%)



Note: (*) Year to date up until the latest available data.

Source: CaixaBank Research, based on data from the Spanish Association of Car and Lorry Manufacturers (ANFAC), the Spanish National Statistics Institute (INE) and the Ministry of Inclusion, Social Security and Migration (MISSM).

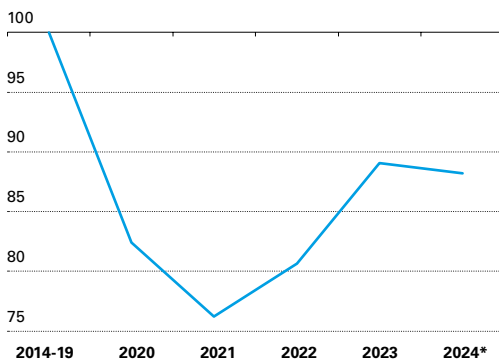
Generally speaking, all indicators in the sector have been showing signs of improvement in recent years, although the sector appears to have lost some steam during the course of 2024



Firstly, after reaching a low point in 2021, when just over 2 million vehicles were manufactured (the lowest figure since 2012), production in the sector resumed its upward path and recorded growth rates of 5.8% and 10.4% in 2022 and 2023, respectively. However, between January and August this year, weighed down mainly by the weakness of European markets, it recorded a decline of 1.5% year-on-year, ending up at around 2.43 million vehicles (in annualised terms). Consequently, production remains far short of pre-pandemic levels, specifically 11.8% below the 2014-2019 average. By segment, the decrease in manufacturing in the first eight months of the year was concentrated in commercial and industrial vehicles, which represented 19% of the total and fell by 12.9% year-on-year, offsetting the slight increase in passenger car production (1.6%).

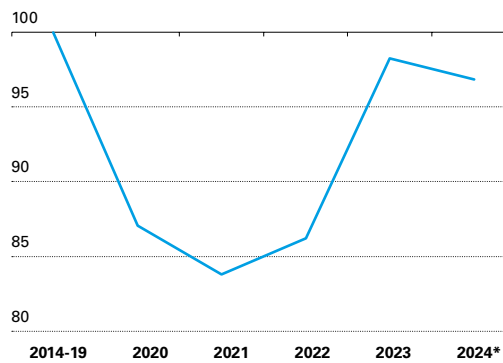
Vehicle production

Index (100 = 2014-2019 average)



Vehicle exports

Index (100 = 2014-2019 average)



Note: (*) Trailing 12 months to August.

Source: CaixaBank Research, based on data from the Spanish Association of Car and Lorry Manufacturers (ANFAC).

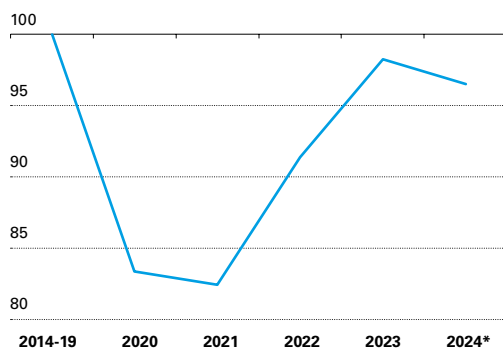
Given that most production is exported, it is not surprising that vehicle exports have followed a similar pattern. After growing by a significant 13.9% in 2023, between January and August this year this growth was truncated and exports registered a 2.2% year-on-year setback, affected by the stagnation of the market in Spain's main destination countries¹⁹ (vehicle registrations fell by 0.3% in France and by 0.5% in Germany in this period). Of the slightly more than 1.42 million vehicles exported up until August, the majority (1.14 million) were passenger cars, which recorded sales growth of 1.8%. This contrasts with the sharp decline suffered by exports of commercial and industrial vehicles (-16.0%).

¹⁹ Another factor that may be holding back the growth of vehicle exports is the limited progress in the production of alternative models, a topic which we will analyse in greater detail later on.

Of the slightly more than 1.42 million vehicles exported up until August, the majority (1.14 million) were passenger cars, which recorded sales growth of 1.8%

IPI of the automotive sector

Index (100 = 2014-2019 average)

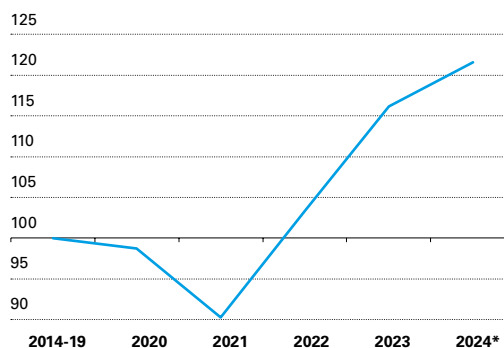


Notes: Group 29 of the National Classification of Economic Activities (CNAE). (*) Average for the trailing 12 months to August.

Source: CaixaBank Research, based on data from the Spanish National Statistics Institute (INE).

Turnover of the automotive sector

Index (100 = 2014-2019 average)



Notes: Group 29 of the National Classification of Economic Activities (CNAE). (*) Average for the 12 months to July.

Source: CaixaBank Research, based on data from the Spanish National Statistics Institute (INE).

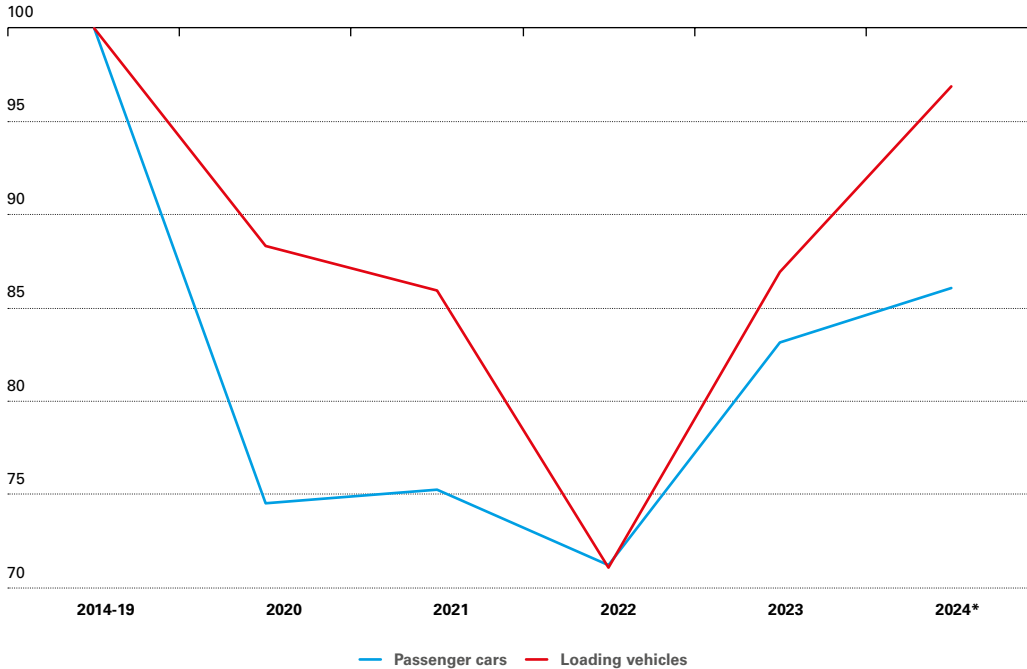
The industrial production index for vehicle manufacturing fell this year by 2.7% year-on-year to August, but turnover grew by 8.3% year-on-year in the period January-July

The Industrial Production Index (IPI), which measures the evolution of value added in the various branches of industry, paints a somewhat better picture of activity in the sector. This is thanks to a combination of several related factors: (i) an improvement in the quality of the vehicles manufactured, which strengthens brand reputation and customer satisfaction, helping to boost demand and, in turn, increase supply; (ii) an improvement in production efficiency (focusing on energy efficiency, safety and digitalisation), with the consequent boost to productivity, and (iii) a gradual recovery of business margins following the pandemic (through process optimisation, the reduction of commodity costs and the recovery of demand), which is enabling companies to undertake costly investments in innovation and technology. In short, the IPI of vehicle manufacturing recorded two consecutive years of strong growth in 2022 and 2023 (10.8% and 7.5%, respectively), but this pattern was truncated in 2024 (it fell 2.7% year-on-year to August), so it remains 3.5% below where it stood in 2014-2019. In the case of the sector's turnover, which is measured in monetary terms (and, therefore, is affected by the significant rise in prices in recent years), the trend is much better than that mentioned for the IPI. Specifically, strong growth was recorded in 2023 (12.5%), with slightly more moderate growth in January-July this year (8.3% year-on-year), exceeding the pre-pandemic levels by as much as 22%.



Vehicle registrations

Index (100 = 2014-2019 average)



Note: (*) Trailing 12 months to September.

Source: CaixaBank Research, based on data from the Spanish Association of Car and Lorry Manufacturers (ANFAC).

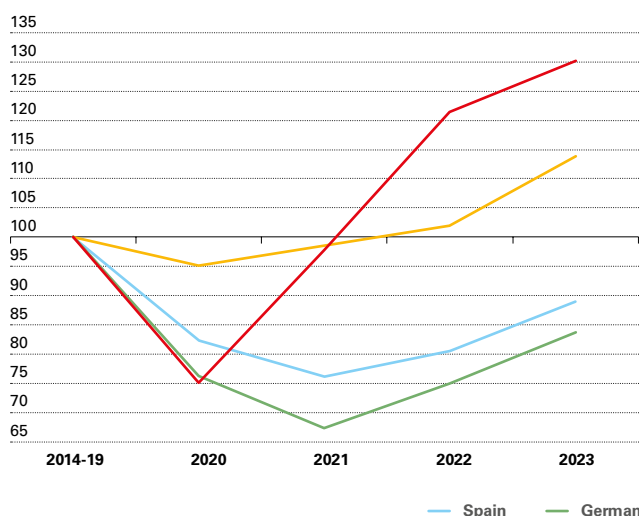
On the demand side, domestic sales (registrations) began to recover in 2023, one year behind production, and they have not yet returned to the levels of 2014-2019. By segment, passenger car sales have been particularly weak and remain 13.9% below the 2014-2019 average in annualised terms up to September. In contrast, in the case of loading vehicles the gap is much narrower (-3.1%).

The ailing performance of production and sales in Spain's automotive sector is similar to that of other mature markets, such as Germany

As can be seen in the charts on the following page, the trend in the production and sales of Spain's automotive sector is similar to that of Germany, our main European competitor, but it contrasts clearly with the much more positive tone shown by other major players on the international scene, such as India and China. This confirms that we are witnessing a shift in the dominance of the global automotive industry away from the traditional leaders of recent decades (the US, euro area and Japan) and in favour of emerging economies, such as the aforementioned China and India, which have become major powers, but also Brazil and Mexico.

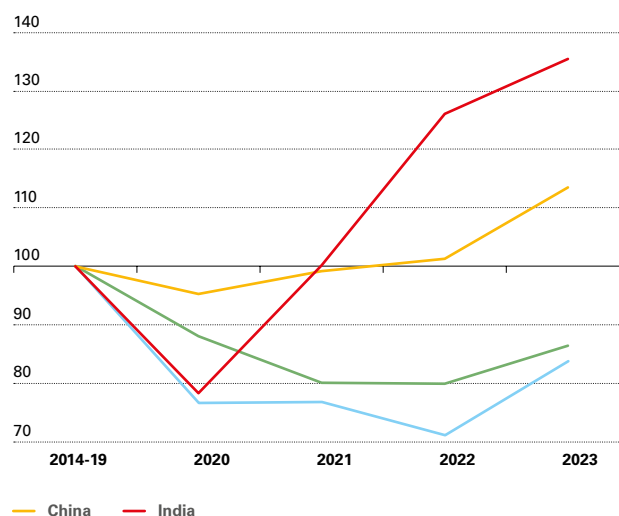
Vehicle production by country

Index (100 = 2014-2019 average)



Vehicle registrations by country

Index (100 = 2014-2019 average)



Source: CaixaBank Research, based on data from OICA.

Employment in the automotive sector, which took a heavy blow during the pandemic, has been rapidly recovering in recent years

After overcoming the pandemic, the recovery of production and sales in the automotive sector has filtered through to employment, although the pre-pandemic levels have not yet been recovered. After growing by 1.1% in 2023 and by another 1.1% year-on-year between January and September this year, the number of registered workers affiliated with Social Security (on average over the last 12 months) is 2.2% below the records for the period 2014-2019.²⁰

Positive outlook for the automotive industry in Spain, albeit with some issues still unresolved

Looking ahead to 2025, the outlook for the automotive sector is positive in a context in which the Spanish economy will remain buoyant, albeit with slightly slower growth than this year. We expect GDP to grow by 2.3%, compared to the 2.8% estimated for 2024, supported by the boost from domestic demand. This demand will materialise both in the form of household consumption (thanks to the steady recovery in purchasing power and a solid financial position) and through investment (enhanced by more favourable financing conditions and greater deployment of NGEU funds). All this, together with the need to renew the ageing vehicle fleet (the average age was 14.2 years in 2023, one of the highest in Europe, with an average of 12.3 years),²¹ will continue to drive the demand for vehicles.

²⁰ If we consider effective employment (registered workers, discounting those still on furlough), the gap versus the 2014-2019 average is somewhat wider, at 3.0%.

²¹ Data from ANFAC for Spain (2023) and from ACEA for Europe (2022). It is concerning that almost half of the vehicles on Spanish roads are 15 years old or more. ANFAC points out that, for each new passenger car that was registered in 2023, around 1.3 cars over 10 years old were sold. Thus, the market is diverting towards older vehicles, which delays the renewal of the vehicle fleet and makes it more difficult to meet emission reduction targets.



However, there are certain factors that continue to shape the future of the automotive industry. For several years now, the sector has been facing major changes worldwide, mainly derived from new priorities such as climate sustainability and connectivity/digitalisation.²² In order to remain competitive in an increasingly global market, companies are forced to adapt and innovation has become the differentiating factor. In this context, the European NGEU funds, which are largely allocated precisely to projects related to the green transition and digitalisation, are mobilising a huge amount of resources through the Recovery, Transformation and Resilience Plan (RTRP), and they are a key tool for galvanising the sector's transformation.

The implementation of electric vehicle technology in the automotive industry is a key factor for decarbonising the economy and curbing climate change

EU climate policies have set ambitious targets for road transport and vehicle production, but the adaptation is slow. As the recently published Draghi report points out,²³ the automotive supply chain in the EU suffers from significant competitive gaps vis-à-vis its major competitors, in terms of both cost and technology.²⁴ On the one hand, China is progressing much faster and enjoys (i) lower costs, mainly derived from comprehensive control of the supply chain (especially battery manufacturing), government support policies in the various stages of production and the early development of electric vehicles in the country (the government has considered it a strategic priority since the early 2000s),²⁵ and (ii) a technological advantage, thanks to technical knowledge and economies of scale. In the case of the US, the country

²² For more information, see the article «Spain's automotive industry: strategic and undergoing a transformation», included in the *Manufacturing Industry Sector Report 2021*.

²³ See the article «Draghi proposes a European industrial policy as a driving force to address the challenges of the coming decades» in the *October Monthly Report*.

²⁴ European Commission (2024): *The future of European competitiveness*. Vehicle production costs, mainly energy and labour, are some 30% higher in the EU than in China, while in terms of technology Chinese manufacturers are ahead in all areas, including in the performance of electric vehicles, software and development times for new models.

²⁵ Bank of Spain (2024): *The rise of the electric vehicle in China and its impact in the EU*, Economic Bulletin 2024/Q4.

has opted for large stimulus measures (such as the Inflation Reduction Act) and the introduction of trade barriers. Overall, the increased regulation and lack of incentives are hampering the competitiveness of the sector in Europe vis-à-vis the US and China: according to the Draghi report, if it is unable to quickly adapt to the new environment, the European automotive sector could be displaced and lose more than 10% of its production in the next five years.

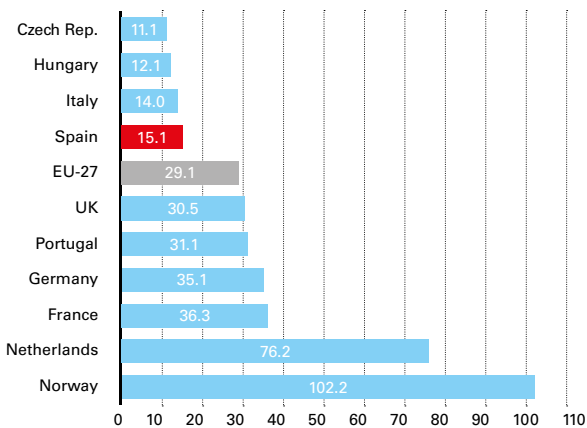
In the case of Spain, we are a long way behind in terms of electric vehicle penetration and charging infrastructure (see the following charts). On the supply side, although the production of electrified vehicles (pure electric and plug-in hybrids) has grown significantly in recent years, doubling between 2020 and 2023, it has suffered a sharp slowdown in 2024. Specifically, production fell 25.1% year-on-year between January and August, with a total of 139,445 units. This figure represents 8.8% of total production, compared to 11.4% in 2023. On the demand side, registrations of electric vehicles fell between January and September by 1.4% year-on-year to stand at 9.7% of the total, compared to 11.1% in 2023.²⁶ In terms of the vehicle fleet, in 2023 there were 367,144 electrified vehicles, which represents an increase of 50.5% over the previous year, although they still represent just 1.1% of all cars on the road.

²⁶ If we consider only passenger cars, the share in the first nine months of 2024 is 10.4%, almost half that of the EU (19.5%).

Electrification is struggling to take off in Spain

Global electromobility indicator

Index (100 = 2030 target)

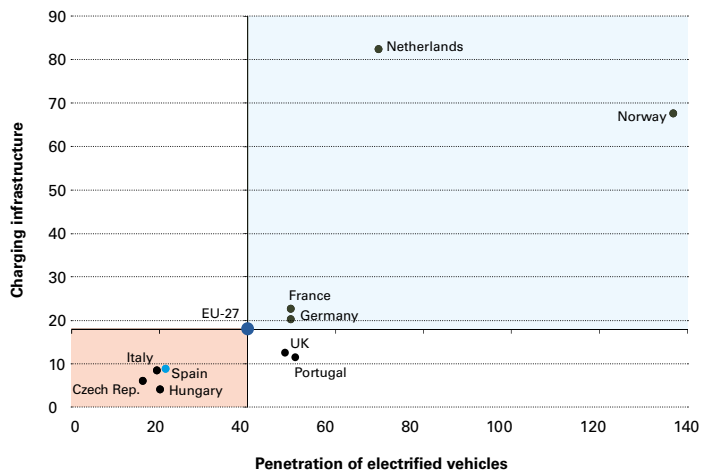


Notes: Result of the average of the electrified vehicle penetration indicator and the charging infrastructure indicator, each of which shows the distance to the target (= 100) set for 2030. Data for Q2 2024.

Source: CaixaBank Research, based on data from the Spanish Association of Car and Lorry Manufacturers (ANFAC).

Components of the global electromobility indicator

Index (100 = 2030 target for each indicator)



Notes: The blue (red) area indicates countries above (below) the European average in both indicators; the other areas show countries that are above the average in just one of the indicators. Data for Q2 2024.

Source: CaixaBank Research, based on data from the Spanish Association of Car and Lorry Manufacturers (ANFAC).



As regards charging infrastructure, at the end of Q2 2024 Spain had around 35,700 publicly accessible charging points, which is 6,400 more than at the end of 2023, but well short of the targets (63,500 by the end of 2024 and 300,000 by 2030); this puts the ratio of charging points per 1,000 people of driving age at 1.1, one of the lowest in Europe.²⁷ Moreover, only 29% of this infrastructure offers charging speeds exceeding 22 kW, when the objective was to reach 51% this year:²⁸ this is essential in order for (i) electric vehicles to become all-purpose vehicles, including for long-distance journeys, rather than exclusively as a second vehicle for use in urban areas, and (ii) progress to be made in the electrification of heavy goods and passenger transport, where vehicles require higher charging speeds (starting from 150 kW).

Improving charging infrastructure is critical to allow the demand for electric vehicles to take off

Improvements in the public charging infrastructure would improve market perception, as caution still prevails among potential buyers, particularly due to range anxiety.²⁹ The Spanish Association of Car and Lorry Manufacturers (ANFAC), for its part, has stressed the importance of expanding the programme of incentives for efficient and sustainable mobility (the MOVES programme, the third edition of which is due to end on 31 December), as well as improving its effectiveness through direct support measures (payment at the time of purchase, rather than through subsidies which entail a delay for the customer)³⁰ and an appropriate taxation scheme.

²⁷ Spanish Association of Car and Lorry Manufacturers (ANFAC, 2024): Electromobility barometer, second quarter.

²⁸ This means that 7 out of 10 charging points are low-capacity, with charging times of at least 3 hours. On the other hand, only 6.8% of all charging points are high-capacity (at least 150 kW), offering charging times of between 15 and 27 minutes.

²⁹ Another handicap is the high upfront cost of the vehicles, although it is true that there are other elements for which consumers would be willing to pay a higher price, such as brand differentiation or leadership in environmental or safety measures.

³⁰ The time lag for collecting the aid offered under the MOVES III Plan varies between eight months and one year, depending on the autonomous community region.

Spain's place in the new global automotive ecosystem

The electrification of the automotive sector represents a radical change in technology, production processes and the skills required of the workforce. New business opportunities and new participants are emerging, carrying out tasks related to design, engineering or R&D – knowledge-intensive activities and with a high degree of technological innovation – and supplying the market with batteries, semiconductors or software. Electrification is reconfiguring the sector's value chain, shifting the focus away from hardware and more standardised activities, such as vehicle assembly, towards software and all things digital: since 2015, the software content per vehicle has tripled and by 2030 it could account for up to 50% of a car's value.³¹

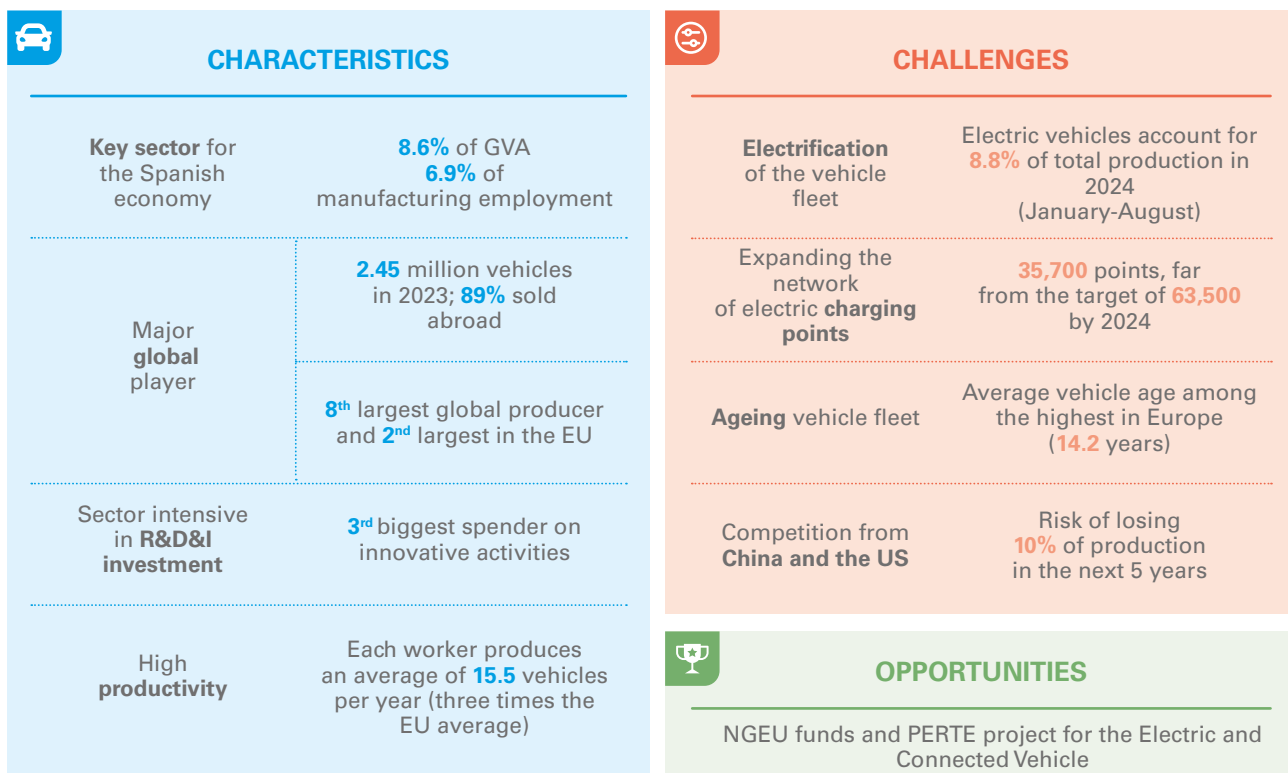
³¹ McKinsey (2023): A road map for Europe's automotive industry and the Draghi Report.

The value chain of batteries is highly dependent on raw materials and components from other regions, particularly China, which supplies over 70% of the world's lithium-ion battery cells. This increases the sector's vulnerability to potential shocks or bottlenecks that could lead to a situation like the one experienced in 2020-2021, with the microchip and semiconductor crisis. Therefore, it is of vital importance for the sector to safeguard crucial supplies, increasing the safety stock and implementing dual supply strategies, as well as improving the circularity of supply chains: vertical integration of battery production could considerably reduce the cost gap between European manufacturers and their Chinese competitors, but this will require the construction of a large number of gigafactories and semiconductor manufacturing plants.³² This will result in a higher proportion of local GVA in critical electric vehicle components, generating high-quality jobs and economic growth.

³² McKinsey (2023): A road map for Europe's automotive industry. According to this study, the gap between European supply and demand for batteries could reach 40% by 2030, so an additional 20 gigafactories and 37 new semiconductor manufacturing plants would be needed, with a combined investment of over 200 billion euros.


Spain's automotive industry

The challenge of remaining competitive in the new global ecosystem





What role will Spain play in the new value chain? Our country must nurture a competitive environment that guarantees the presence of all the links in the value chain of the electrified and connected vehicle,³³ positioning itself especially in the most critical and value-added phases. These include lithium extraction and refining, the manufacture of lithium-ion cells/batteries, the extraction of materials for semiconductors and the manufacture of microchips, electric motors and electronic components. To do this, we must establish gigafactories, promote the production of electronic components and prioritise technology and knowledge, digitalisation in the production chain and the establishment of technological development centres.

 ANFAC and SERNAUTO (2023): *Nuevos retos del sector de la automoción en España.*

With these objectives on the table, in recent years there have been movements in the sector, with the support of aid linked to the Strategic Project for Economic Recovery and Transformation (PERTE project) related to the development of the Electric and Connected Vehicle (ECV), the aim of which is to «integrate Spanish companies into the major value chains of the automotive and mobility industry, positioning Spain in Europe and the world as a key hub for the focal points of the sector's transformation». In the first tender process under the PERTE project, 793 million euros were awarded to projects such as gigafactories, while in the second tender process, which is about to be completed, 609 million euros have been awarded to various projects related to the manufacture of a new generation of electric vehicles in our country. In addition to this amount, a further 40 million euros were approved in September. Currently, the tender process for phase three of the ECV PERTE project is underway, with a budget of 200 million euros to be allocated, and the government plans to launch a fourth process before the end of 2024, with a budget of 1.25 billion euros.

Map of automotive factories with models in production and awarded

European exclusive	🇪🇺
World exclusive	★
Electrified versions	🔌
End of production in 2024	✗
New	!

1 Vigo - Stellantis	
Peugeot 301	✗
Peugeot 2008	🔌
Citroën C-Elysse	
Citroën Berlingo and Berlingo Van	🔌
Toyota Proace City	🔌
Fiat Dobló	🔌
Opel Combo Life and Cargo	🔌
Peugeot Rifter/Partner	🔌
Battery assembly	

2 Santander - Nissan	
Nissan components	

3 Santander - Daimler truck	
Mercedes-Benz OC 500 chassis	

4 Vitoria - Mercedes Benz	
Vito	🔌
V-Class	🔌

5 Pamplona - Volkswagen	
Taigo	★
Polo	🇪🇺
T-Cross	★
Skoda Epiq (2026)	🔌 !

6 Barcelona - SEAT / Audi / Cupra	
Seat and Cupra Leon 5D and Sportstourer	★ 🔌
Audi A1	★
Seat Arona	★
Cupra Formentor	★ 🔌
Seat Ibiza	★
Gearboxes	

7 Barcelona - Hispano Suiza	
Carmen	★ 🔌
Carmen Boulogne	★ 🔌



8 Zaragoza - Stellantis	
Opel Crossland	★
Citroën C3 Aircross	★
Opel Corsa	★ 🔌
Peugeot 208	🔌
Lancia Ypsilon	🔌
Battery assembly	

9 Palencia - Renault	
Austral	★
Megane	★ 🔌
Espace	★
Rafale (2024)	🔌 !
Symbioz (2024)	!

10 Valladolid - Renault / Mitsubishi	
Captur	★ 🔌
Mitsubishi ASX	🇪🇺 🔌

11 Valladolid - Renault	
K9 diesel and Austral hybrid engines	
H4Bt and H5f petrol engines	

12 Ávila - Nissan	
Nissan components	

13 Valladolid - IVECO	
Daily chassis cab	🇪🇺

14 Madrid - IVECO	
IVECO S-WAY	★
IVECO T-WAY	★
IVECO X-WAY	★

15 Madrid - Stellantis	
Citroën C4 X	★ 🔌
Citroën C4	★ 🔌
Battery assembly (2024)	!

16 Valencia - Ford	
Transit Connect Tourneo Connect	★
EcoBoost engines (petrol)	
Kuga	🇪🇺 🔌
Battery assembly	

17 Barcelona - Ebro / Cherry / Omoda	
Omoda 5 (2024)	🔌 !
Omoda 7 (2024)	🔌 !
Ebro Pick-up (2024)	🔌 !
Ebro Van (202X)	🔌 !

18 Seville - Renault	
Renault RDO and DB45 gearboxes and reduction gearboxes	

Notes: Information as at May 2024.
Source: Spanish Association of Car and Lorry Manufacturers (ANFAC).



On the other hand, the trade war that the EU and China are waging, with tariffs being imposed on Chinese electric vehicles,³⁴ contrasts with the plans of some countries (Spain included) to attract Chinese companies that are seeking to produce in Europe. Doing so would bring these firms the benefits terms of circumventing tariffs, as well as operating close to the end markets, taking advantage of the specific advantages of the location and improving the brand image among local consumers.

In short, the automotive sector in Spain faces challenges of a global nature, including the transition towards sustainable mobility and the electrification and digitalisation of its vehicles. To address these challenges, it has advanced technological capabilities, a highly skilled workforce and a strong supplier network. Innovation plays a crucial role, driven by investment in R&D and collaboration with technology hubs. With regard to EU policies, the Draghi report underscores the urgent need for reforms and new strategies in order to revitalise the automotive sector in Europe and maintain its leadership position amid the transition to electric and digital mobility. Among other measures, the report proposes: (i) implementing measures to reduce production costs and encourage local production of critical raw materials, (ii) developing a coordinated industrial strategy at the European level that includes the standardisation of regulations and support for innovative projects, (iii) accelerating the adoption of electric vehicles through tax incentives and subsidies, as well as improving the charging infrastructure, (iv) investing in digital and software technologies, as they are expected to represent a significant portion of the value of cars in the future, and (v) boosting joint financing at the European level, using common debt instruments to finance investment projects that boost the EU's competitiveness and security.

³⁴The goal of these tariffs is to restore a level playing field in response to the unfair competition posed by the subsidies that are granted to Chinese electric vehicle manufacturers. However, they could have unwanted effects, such as driving up prices or holding back the development of electric vehicles in Europe. Bank of Spain (2024): The rise of the electric vehicle in China and its impact in the EU, Economic Bulletin 2024/Q4.

Emissions

The climate transition of Spain's economic sectors

In Spain, greenhouse gas emissions are highly concentrated in the manufacturing, energy, transport, and agriculture, forestry and fishing sectors. The decarbonisation of these energy-intensive sectors is taking place at very different rates: while the energy and manufacturing sectors have reduced their emissions significantly through the use of renewable energies and efficiency gains, transport and the agriculture, forestry and fishing sector show limited progress. Despite the fact that electrification and the adoption of sustainable practices and clean technologies are essential for accelerating their climate transition, the execution of funds under the National Recovery and Resilience Plan is also uneven: investments in rail transport are making progress, but certain key programmes for the electrification of transport and the decarbonisation of industry are behind schedule. To achieve the decarbonisation targets set for 2030 and 2050, it is crucial to improve the implementation of public policies and accelerate the execution of funds in these sectors.

The structure of emissions in Spain

In the Spanish economy, greenhouse gas emissions are highly concentrated in just a handful of sectors: according to data for 2022, manufacturing, the energy sector, transport and the agriculture, forestry and fishing sector accounted for 92.2% of the total emissions generated by the production sectors. This figure is far higher than their contribution to the GVA of the economy as a whole (21.6%). Specifically, manufacturing contributed 11.1% of the economy's GVA and 31.6% of all emissions. The energy sector contributed 4.2% of GVA, but generated 23.5% of total emissions. The agriculture, forestry and fishing sector, for its part, represented 2.3% of GVA, but 18.9% of emissions, while transport was 4.1% of GVA and 18.3% of emissions. These energy-intensive sectors contrast with those that are less so, highlighting the fact that the sectors which are less dependent on energy-intensive processes have a much lower environmental impact. A prime example is services, which (excluding transport) contributes more than 52% of the economy's GVA, while it is responsible for just 3.8% of greenhouse gas emissions.

Manufacturing, the energy sector, transport and the agriculture, forestry and fishing sector accounted for 92.2% of emissions in 2022

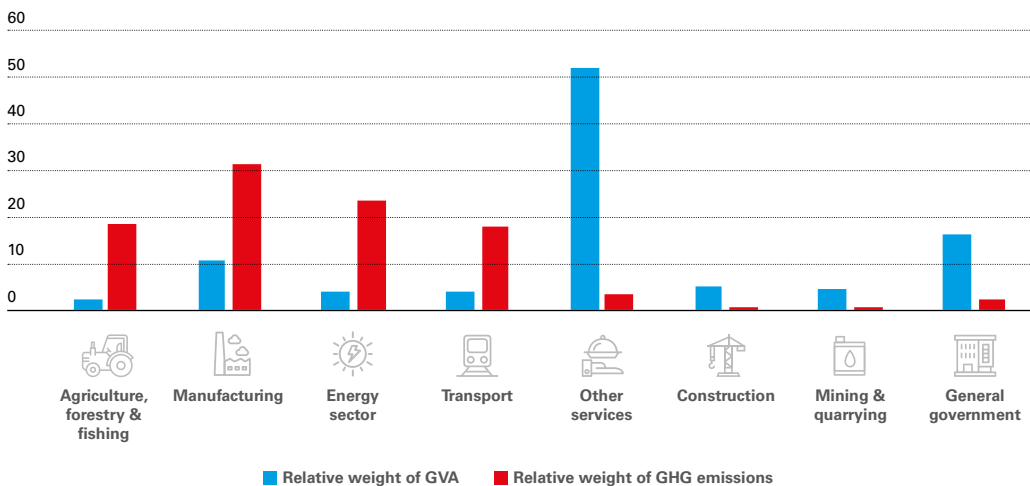


Sectoral Observatory

These emission-intensive sectors are key to the Spanish economy and produce inputs that are necessary for production in all sectors of the economy. However, in view of their high contribution to greenhouse gas emissions, monitoring and facilitating their climate transition is essential in order to achieve the country's decarbonisation goals set for 2030 and 2050. Key to achieving this transition in these energy-intensive sectors is the electrification of their processes, together with the promotion of energy efficiency and the integration of renewable energies. In addition, decarbonising these sectors will require greater adoption of clean technologies, such as green hydrogen in heavy industry and electrification in the case of transport. Below, we will examine where these sectors stand in their emissions reduction process, and we will assess the degree to which public policies designed to accelerate the climate transition are being executed.

Relative weight of emissions and gross value added by sector

(% of each sector over the total)



Note: Data for 2022.

Source: CaixaBank Research, based on data from the Spanish National Statistics Institute (INE).

The energy-intensive sectors are reducing their emissions at varying rates

When analysing the trend in emissions, there is a clear difference between the sectors that have managed to reduce their emissions and those that have made less progress. Below, we classify sectors according to their success in reducing their greenhouse gas emissions:

Sectors that are cutting emissions: the energy sector in particular has managed to significantly reduce its emissions. According to the National Statistics Institute (INE), between 2008 and 2022 the energy sector's greenhouse gas emissions fell by 49.5%. This is primarily due to the growing role of renewable energies in electricity production. According to data from the Spanish national grid (Red Eléctrica), in 2023 renewables generated 50.3% of electricity in Spain, while nuclear produced 20.3%. Therefore, over 70% of all electricity generation was carbon neutral, significantly reducing the sector's emissions. Although the energy sector remains one of the biggest emitters, investments



in clean energy and the phasing-out of coal-fired power stations have contributed to a reduction in emissions. The **manufacturing sector** has also reduced its greenhouse gas emissions by 30.5% between 2008 and 2022. However, this decline was concentrated in the period 2008-2013, during which the sector experienced a significant contraction. Since 2014, the reduction in emissions has slowed substantially. Given the sector's significant relative weight in the economy's total emissions, and its importance for the economy as a whole, decarbonising Spain's industry while remaining competitive will be key for both the energy transition and the country's economy.

Sectors that are not cutting emissions: among the sectors that have not significantly reduced their greenhouse gas emissions, the **transport** sector stands out, having only done so by 6.8% between 2008 and 2022. This highlights its high dependence on fossil fuels and the slow progress in electrifying the vehicle fleet, which are the main factors behind this lack of progress in the sector. The **primary sector** (agriculture, livestock, forestry and fishing) increased its emissions by 0.4% between 2008 and 2022. However, this was a period in which the sector also increased its production volumes, and therefore the intensity of its emissions was reduced. Nevertheless, since the primary sector accounts for 18.9% of all the primary sector, which accounts for 18.9% of all the greenhouse gas emissions generated by Spain's productive sectors, is key to the country's climate transition.

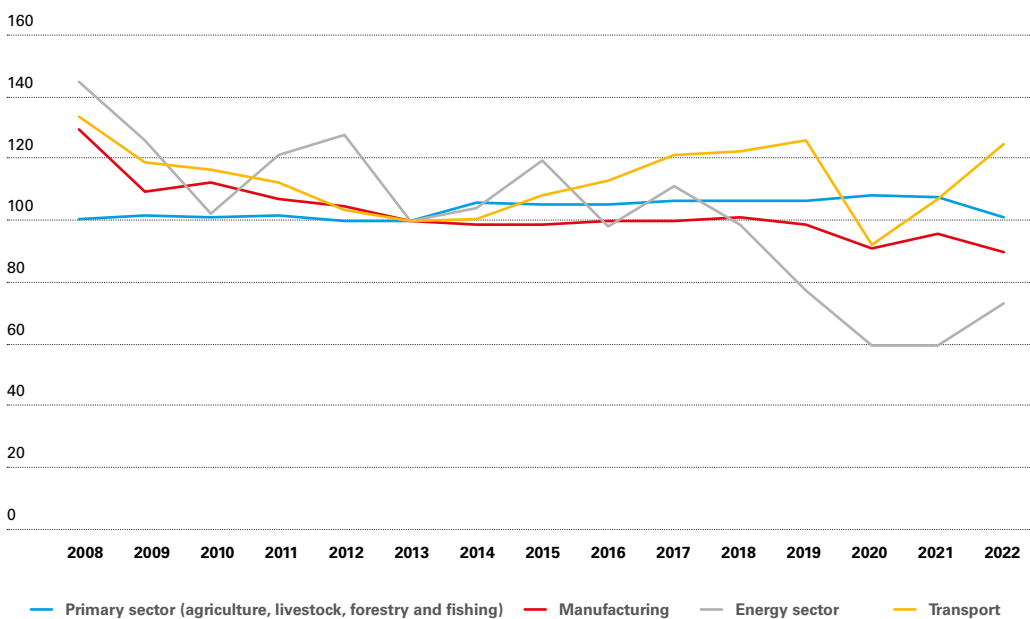
Among the sectors with the highest greenhouse gas emissions, there are significant disparities in the rate at which they are decarbonising: some have not reduced their emissions (transport) or have even increased them (primary sector)



For these sectors, technological modernisation and the adoption of more sustainable practices will be key. In the case of transport, the electrification of the vehicle fleet is a priority, as is the development of charging infrastructure. For the primary sector, regenerative farming practices and a reduction in the use of fertilisers and pesticides that generate methane and nitrous oxide emissions are required. It is crucial that public policies support the transition of these sectors through economic incentives and investment.

Total emissions by economic sector over time

Index (100 = 2013)



Source: CaixaBank Research, based on data from the Spanish National Statistics Institute (INE).

Mixed picture in the implementation of the National Recovery and Resilience Plan

The NGEU and RePowerEU funds present an opportunity to make the necessary investments in order to accelerate the decarbonisation of Spain's economic sectors, and to achieve the emission reduction targets set for 2030 and 2050 (a 37.7% reduction of greenhouse gas emissions by 2030 relative to 2005 levels, before achieving carbon neutrality by 2050). Unfortunately, the current state of the implementation/execution of these funds, according to data from the Independent Authority for Fiscal Responsibility (AIReF), paints a mixed picture.

In the categories related to the decarbonisation of the transport sector, we see a significant gap between the implementation/execution of the components related to rail transport and those related to vehicles. On the one hand, the investments aimed at promoting rail transport show a high degree of implementation/execution. The transformation of metro lines has reached 73% implementation/execution, while the same figure for investments in sustainable mobility in commuter and long-distance rail networks exceeds 95%. Promoting rail transport, which is very low in emissions, will

help to decarbonise the transport sector. On the other hand, the MOVES programme, which is key for the roll-out of charging infrastructure, shows an implementation/execution of 39%. Improving the charging infrastructure will be key to electrifying the vehicle fleet – especially considering that just 1.1% of all vehicles in 2023 were electric, as we explain in the previous article.

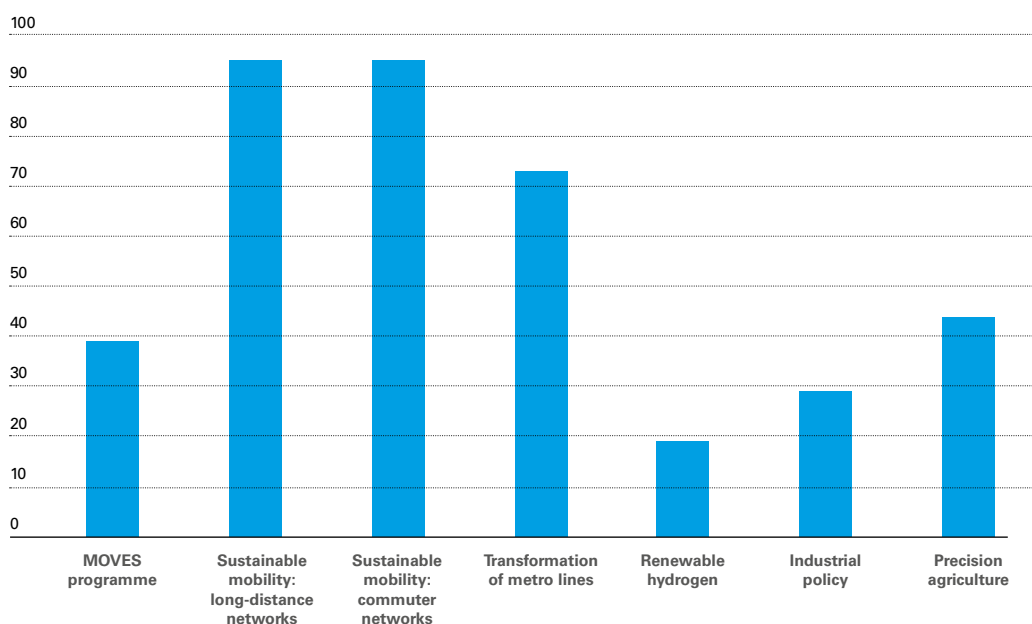
It is necessary to accelerate the implementation of the components of the National Recovery and Resilience Plan linked to the decarbonisation of key sectors

The components of the recovery plan linked to reducing emissions in the manufacturing industry show a limited degree of implementation/execution. Investment in renewable hydrogen, which is key to reducing emissions in heavy industry, is only 19% executed, while in the case of the items related to industrial policy, the percentage is 29%. Accelerating the execution of these components will be key in helping to decarbonise manufacturing, which is the sector with the highest greenhouse gas emissions, and in helping to ensure it remains competitive in the coming decades.

Another essential factor is the need to accelerate the execution of projects under the precision agriculture category, which currently stands at 44%. Supporting agriculture in its decarbonisation process will be key to reducing its emissions, particularly at a time when the sector is facing major challenges such as the impact of climate change, the lack of generational succession, new trends in consumption and fierce international competition.

Implementation/execution of the Recovery, Transformation and Resilience Plan

(% of the total funds allocated)



Note: Implemented/executed as at 30/09/2024.

Source: CaixaBank Research, based on data from the Independent Authority for Fiscal Responsibility (AIReF).



CaixaBank Research Sectoral Indicator

	Average 2011-2014	Average 2015-2019	2020	Average 2021-2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024 ⁽²⁾	Change in the past (pps)		
										3 months	6 months	12 months
Agriculture, forestry & fishing	3.1	8.4	-1.7	-1.8	-4.0	-2.9	1.0	2.5	2.8	0.3	1.8	6.8
Mining & quarrying	-7.3	3.6	-12.4	4.2	-8.8	-13.2	-10.3	-7.3	-6.7	0.6	3.6	2.1
Manufacturing	-4.3	5.1	-15.4	5.8	-0.9	-1.3	1.2	1.8	1.8	0.1	0.6	2.7
Food products	-0.1	5.5	-8.1	5.5	-4.9	-0.8	2.1	1.5	1.5	0.0	-0.6	6.4
Textiles	-1.9	2.9	-31.5	11.5	-11.1	-10.3	-7.4	-5.0	-4.8	0.1	2.5	6.3
Paper & paper products	-7.8	1.3	-15.0	3.7	-7.6	-0.4	1.0	1.7	2.3	0.6	1.3	9.9
Refining	2.0	-0.2	-18.0	-0.4	-3.8	-2.2	5.5	3.5	2.6	-1.0	-2.9	6.4
Chemicals	-1.4	5.1	-6.5	7.3	3.4	3.7	7.1	10.2	10.6	0.3	3.5	7.2
Construction	-11.1	4.6	-19.1	6.7	-3.2	-4.1	-1.8	1.0	1.4	0.3	3.2	4.5
Machinery & equipment	-6.4	7.0	-13.6	8.5	2.3	0.1	0.1	0.0	0.2	0.3	0.2	-2.0
Transport equipment	-1.4	6.7	-20.3	7.3	11.6	1.6	-1.3	-2.2	-2.2	0.1	-0.8	-13.8
Timber & furniture	-14.0	6.8	-17.9	8.0	-6.9	-4.7	-2.7	-1.9	-1.6	0.2	1.1	5.3
Other manufacturing	-3.0	4.7	-13.5	6.0	-6.5	-5.5	-1.6	-0.6	-0.1	0.5	1.5	6.4
Water supply & waste management	-0.3	13.8	-10.2	8.8	9.2	2.7	5.4	7.4	7.5	0.0	2.1	-1.7
Construction	-25.5	7.7	-11.1	6.2	5.6	3.1	3.1	3.8	4.0	0.2	0.9	-1.6
Services	-0.7	8.5	-19.8	11.5	1.4	1.9	2.0	2.2	2.4	0.2	0.3	1.0
Wholesale trade	-2.0	7.0	-15.8	7.0	-1.5	-1.3	0.0	0.5	0.6	0.1	0.6	2.0
Retail trade	-0.3	8.2	-14.6	11.4	5.0	4.4	3.1	2.7	2.8	0.1	-0.3	-2.3
Transport & logistics	-2.7	9.1	-19.4	16.8	6.3	6.6	5.7	6.4	6.9	0.5	1.2	0.6
Accommodation & food services	1.4	14.7	-67.9	44.5	11.6	11.9	10.4	8.0	8.2	0.1	-2.2	-3.4
Information	0.8	10.7	-7.8	11.8	8.0	11.5	9.4	8.7	8.7	0.0	-0.7	0.7
Real estate activities	-5.4	17.2	-10.5	17.7	15.5	17.1	16.2	16.1	16.0	0.0	-0.1	0.5
Professional, scientific & technical act.	-0.6	11.7	-18.8	16.0	1.8	2.5	4.0	4.3	4.4	0.1	0.4	2.6
Social services & leisure	1.8	13.0	-29.6	11.8	10.9	9.2	6.4	4.1	4.0	-0.1	-2.4	-6.9
Total economy ⁽¹⁾	-3.0	7.8	-17.8	10.0	1.4	1.5	2.6	3.0	3.0	0.1	0.5	1.7

Notes: (1) Excludes general government and defence, education and health activities, as well as highly regulated sectors (the energy and financial sectors). (2) Q4 2024 corresponds to data for October.

Source: CaixaBank Research, based on data from the Spanish National Statistics Institute (INE), the Spanish Tax Agency (AEAT), the Ministry of Inclusion, Social Security and Migration (MISSM) and the Spanish national grid (REE).

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 www.caixabankresearch.com

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