

According to CaixaBank Research, the Spanish economy remains strong despite the rise in uncertainty

- **The Spanish economy faces the recent war in the Middle East from a relatively strong position, although the conflict has triggered global uncertainty again and heightened downside risks to growth and upside risks to inflation**

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In its March Report, CaixaBank Research analyses the potential impact of the war in the Middle East on the Spanish economy, which closed 2025 exceeding expectations and with growth levels outpacing many advanced economies, thanks to domestic demand. In the first few months of 2026, several activity indicators have shown a light moderation, partly because of the adverse weather conditions in several autonomous communities. Economic activity remains strong and retains significant growth potential.

The Rising tensions in the Middle East conflict could have an impact on the Spanish economy through the following channels: rising energy prices, alteration of the commercial flows, worsening of global financial conditions and of consumer and company trust levels. The final impact will depend on the duration, intensity and geographical extent of the war, as well as on the damage caused to key energy infrastructures.

This report discusses how Spain does not have a big direct exposure to energy imports crossing the Strait of Hormuz, around 5% in the case of oil and 2% in the case of gas. The diversification of the sources of supply and the boost in renewable energies have become relevant assets in the current context of tensions and uncertainties. Although supply shortages are not expected, the increase in energy prices will have an impact on economic activity. As reference, a €10 increase in oil prices usually cuts GDP growth by around 0.15 percentage points, whereas a similar increase in gas prices cuts GDP growth by 0.10 points.

Therefore, for example, the latest figures show average oil prices of \$82 per barrel (about \$15 more than CaixaBank Research's forecasts before the war) and gas prices of €45 per MWh (about €15 more than the forecasts before the war), which would place the growth of the Spanish economy at around 2% when compared to the expected 2.4% growth for 2026, according to the forecasts of CaixaBank Research. It is worth noting that, in this scenario of very high volatility levels, there have been high oil and gas price fluctuations over these past few days, above and below these reference levels.

The impact on the rise in energy prices will be heterogeneous across all sectors. Industry uses energy more intensively and will therefore be the most affected. Moreover, the adverse impact on

tourism could be partially offset by the perception of Spain as a safe destination. With regard to prices, inflation is expected to ease down to 2.4% during the year, although this might not occur and levels might be similar to those of 2025, maintaining inflation at a level of around 3%.

The report also highlights that an upturn in inflationary pressures could force the European Central Bank to raise interest rates, which would result in a worsening of global financial conditions in scenarios of high uncertainty and risk aversion. Spain is facing this scenario from a stronger macro-financial position than in previous years. The private debt of households and companies continues to drop and is clearly below the euro area average. Net external debt has been steadily declining for over a decade, also reducing exposure and vulnerability to changes in international investor sentiment.

US Supreme Court's ruling on tariffs

In addition to the analysis on the economic impact of the conflict in the Middle East, CaixaBank Research's March Report addresses other key topics of the international financial and economic environment. The Report also highlights the implications of the US Supreme Court's ruling on tariffs and its potential impact on international trade and on the reconfiguration of commercial flows.

The chapter on the international economy also analyses the current fiscal and monetary outlook in Japan, indicating that sovereign yields have risen above 2% for the first time in almost 30 years. Moreover, the report also focuses on financial markets, which are reacting strongly to the latest geopolitical developments and trends in AI.

Monthly Report & CaixaBank Research

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