

## Spanish manufacturing expansion holds despite slowing momentum

Spanish manufacturing activity remained in expansion territory in November, with the S&P Global Manufacturing PMI easing from 52.1 to 51.5. Growth has moderated but the sector has now recorded seven consecutive months of expansion, driven by strong domestic demand despite weaker exports



### Manufacturing growth persists amid slight PMI decline

The Spanish Manufacturing PMI declined from 52.1 in October to 51.5 in November, returning to its October level. Despite this moderation, the index remains above the 50-point threshold, indicating continued expansion. The sector, which represents 10.6% of Spain's value-added and grew by 2.9% year-on-year in 3Q 2025, continues to show resilience in 4Q. Combined with strong services sentiment at the start of the quarter, accounting for nearly 70% of value-added, overall activity is set to maintain the pace of the third quarter. This supports full-year growth expectations of 2.9% for 2025, before easing to a projected 2.2% in 2026.

### Domestic demand offsets weaker external environment

Growth is supported by rising output and stronger order books, as confirmed by the DG ECFIN

industrial sentiment indicator, which reached its highest level since September 2024. Order book evaluations improved to an 11-month high, while inventories of finished goods declined to early-2025 levels after recent volatility and capacity utilisation increased to 78.3%. Overall, this indicates robust domestic demand while export orders weakened, highlighting persistent challenges in international markets.

## Selling price expectations continue to decline

The PMI data also showed continued reductions in output prices amid competitive pressures, even as input costs edged up slightly. With Spain's inflation rate at 3% in November, further declines in selling price expectations are helping to ease inflationary pressures and support the continued convergence of inflation towards slightly above target, at 2.2% in 2026, down from an expected 2.6% for 2025.

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