IEB. Spain's financial and economic challenges in 2026

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It is an honour to open this conference on Spain's financial and economic challenges in 2026 here at the IEB, an institution so closely connected to the CNMV's areas of work, and on this campus you have just inaugurated.
The year 2025, now coming to an end, has been particularly good for financial markets, which have shown great resilience in the face of the uncertainty that lately seems to be the new norm.
This strong performance puts us in a good position to face the challenges of 2026. It's time to address the structural problems plaguing our markets. We must remain vigilant and be prepared for existing risks that could materialise next year.
Furthermore, Europe is at a turning point. Digitalisation, sustainability and defence will shape the agenda for the coming years. It is crucial to ensure a suitable framework to boost the competitiveness of our companies in these areas. In this respect, the Savings and Investment Union strategy (the details of which will be published in the coming days) plays a pivotal role in promoting the development and integration of European financial markets.

I will begin with a brief overview of the financial markets in 2025 and then analyse the challenges we may face next year.

1. 2025 FINANCIAL MARKETS OVERVIEW

1.1. International Context

Throughout 2025, financial markets have experienced a remarkable expansion:

- In equity markets, year-to-date gains exceed 12-15% in almost all benchmark indices.
- In fixed-income markets, risk premiums have remained very tight, although, as we will see, some changes are beginning to emerge in the sovereign sector. Moreover, gross issuances were slightly higher than in 2024.
- 2025 has also been marked by the expansion of crypto assets. The global crypto-asset market capitalisation reached a peak of $4 trillion in August, almost double what it was a year ago. Stablecoins, although to a lesser extent, have also followed a growth trajectory (increasing by two-thirds in 2024).

And all of this unfolded in an environment marked by episodes of uncertainty, to which the markets have responded with remarkable resilience, such as:

- Relatively modest economic growth on the international stage: the IMF projects a slowdown in global growth from 3.3% in 2024 to 3.2% in 2025 and 3.1% in 2026.
- Prolongation of geopolitical risks, with several conflicts still unresolved.
- Uncertainty related to the trade war. Although it now seems to have eased, after the tariff announcement in April, equity indices accumulated declines of 10%-15% in just a few days.
- Fiscal vulnerabilities in some highly indebted economies.
- Divergence among central banks: US with rate cuts, Japan with increases and the EU with no changes planned.
- New technologies and AI, which have opened a world of opportunities, yet require us to adapt in order to benefit from them safely.

1.2. Spanish financial market

In line with international trends, the Spanish financial market has performed very well. This has been further supported by the highest growth rate in the eurozone.

1.2.1. Equity

- The IBEX 35 continues its upward trend that began in October 2022, which has propelled it to lead the European stock markets in recent years:
    - In 2023, it led the advance of EU stock markets, posting a 23% growth.
    - In 2024, it was the second highest-rising stock market index among major European markets, at 14.78%.
    - In 2025, so far, the IBEX 35 reached its all-time high in November, exceeding 16,600 points, with a year-to-date gain of over 40%[1]. This is primarily due to the performance of the banking sector.

- Although the number of initial public offerings (IPOs) is limited, there is significant dynamism in the use of the primary market by listed companies:
    - There have been capital increases: €11,261 million by September (around 40% more than at the end of 2024)[2].
    - Among the cash capital increases, Iberdrola notably stands out, with a capital increase exceeding €5 billion (the largest since 2021).
    - Following Puig's IPO in 2024, one of the largest transactions of the year in Europe, two companies have entered the Spanish continuous market in 2025 (CIRSA and Hotelbeds).
    - Cash capital increases on BME Growth has been steadily improving this year, although only one company has been listed (compared to two in

[1] Data as of 27 November 2025: IBEX 35 at 16,361.8 points; 41.82% change versus the previous year (link). Data as of 2 January 2025: 11,677 points

[2] Total capital increases in 2024: €7,933 million. Capital increases comprise cash capital increases (€7,656 million by September 2025) and scrip issues under shareholder remuneration schemes (€3,605.7 million by September 2025).

the same period of 2024). In contrast, BME Scaleup and the SMN Portfolio Stock Exchange have seen significant issuance activity, mostly in the form of listed real estate investment companies (SOCIMIs).

- Furthermore, it is worth highlighting the launch of BME Easy Access, a new IPO option with simplified requirements, which allows companies to list without achieving the required free float from the outset. With this initiative, we hope more companies will be encouraged to enter the market.

1.2.2. Fixed income

The cumulative amount of fixed income issuances by Spanish issuers increased slightly compared to last year.

- The dynamism of the emissions carried out in Spain stands out, which exceeded €68 billion, almost 42% more than last year.
- This contrasts with the reduction in debt issuance by Spanish issuers abroad, amounting to almost €70 billion, which represents a decrease of 21%.

Yields on short-term public and private debt have declined throughout 2025 (from 21 to 67 basis points for public debt and from 46 to 156 basis points for private debt, depending on the maturity). Long-term yields on public debt have led to some normalisation of the yield curve, with slight declines in the 3-year bond and slight increases in the 10-year bond. Yields on long-term private debt declined across all maturities.

1.2.3. Venture capital

This positive trend has also extended to venture capital, which is gaining market share in Spain. Over the last decade, the number of venture capital firms and their assets have quadrupled, and their contribution to GDP has tripled.
This sector is key to driving innovation and growth in early-stage companies.

1.2.4. Collective investment

Finally, it is worth highlighting the positive performance of the collective investment sector in Spain. This year, it has reached record highs in terms of assets under management (€460 billion at the end of September) and investor accounts (over 17 million accounts).

2. 2026 FINANCIAL MARKETS OVERVIEW

2.1. What should we expect by 2026?

Potential market adjustments: There is a possibility of price corrections in the markets when considering the extraordinary appreciation of share prices at the international and national levels, especially among technology and artificial intelligence companies.

Perceptions of overvaluation of these companies—many of them based in the US, though not exclusively—are increasing. Until a few months ago, analyses suggested that the price increases seemed justified in light of the growth in their earnings, and in contrast to what happened in previous bubbles related to this sector (for example, during the dot-com boom).

However, there is a growing concern about the potential mismatch between profit expectations for these companies and their short and medium-term reality. At times, it might seem that the markets are undervaluing some of the existing risks.

Therefore, it will be essential to closely monitor the evolution of companies and sectors whose revaluations seem less justified by their fundamental values, not only because of the turbulence that could occur if they experience abrupt corrections in their prices, but especially because of the consequences for stakeholders exposed to these companies.

Highly indebted sovereign states, not only in certain European economies, but also in other major economies, such as the United States. All of this will be happening within a context of moderate growth and significant financing challenges related to infrastructure spending, defence, an ageing population, and areas such as digital transformation and the decarbonisation of economies.

Private debt funds: Potential tensions arising from interest rate hikes or lower economic growth could lead to higher default rates, which could have a systematic effect.

Interconnection: We can observe an increase in interconnection between the different parts of the financial system (especially in non-bank financial intermediation, with high interconnections between investment funds).

Crypto assets: Special attention should be paid to the growing interrelationship between the crypto-asset sector and the traditional financial system. This interrelationship stems from the increased direct exposure of many market participants to these assets, as well as the expansion of trading in assets with direct exposure to crypto assets. Furthermore, we also see an increase in the correlation between the performance of crypto assets and that of other assets in the traditional financial system, particularly US equities.

New technologies: The use of AI-developed tools is particularly noteworthy, as they offer substantial efficiency and productivity gains in many areas, although not without risks—some related to errors in training data, potential algorithmic manipulation or the generation of "herd behaviour" in investment decisions.

These factors can result in inappropriate investment decisions and trigger market turbulence at certain times.

In the technological sphere, cybersecurity risks also stand out prominently. These are particularly significant for the financial sector, as they can undermine stakeholders' confidence in the system and, consequently, affect financial stability.

2.2. Challenges

The coming year will also present numerous challenges in the financial markets. Many of these will relate to the need to reverse the gradual decline in market weight observed in recent years, as well as to the need to protect investors in an increasingly complex environment.

I. Financial market boost

The good performance of the Spanish financial markets in the last year should not shift focus away from the structural problems that have been accumulating over the past decade, with a marked decline in their relative importance and appeal to companies.

This trend is shared with many European markets, but diverges from the situation in the United States:

- The number of companies listed on the regulated market has decreased from 155 to 126.
- Stock market capitalisation relative to nominal GDP has not experienced major changes: from 56% to 59.4% (US: from 140% to 223%).
- Stock market turnover relative to nominal GDP has fallen from 77% to 21% (US: from 160% to 240%).

This is a trend that needs to be reversed. Markets must regain their appeal and relevance as a source of financing. They are a fundamental instrument for channelling savings into investment, as well as for proper and transparent price formation, and, ultimately, a key element for a country's financial stability.

To achieve this, progress is being made on several fronts, including:

a. **Regulatory simplification and harmonisation:** Following the international financial crisis, a regulatory process was initiated, which, at times, placed excessive burdens on businesses. Aware of this, Europe has begun a simplification and harmonisation process aimed at better regulation, not deregulation. The objective is to eliminate unnecessary burdens, reduce costs for companies and guarantee a clearer and more rational framework. Ultimately, the aim is to ensure that the complexity of European regulations does not create a competitive disadvantage for our companies.

   Examples include the Listing Act to facilitate IPOs; the Omnibus I sustainability package, which will simplify reporting requirements; and Project T+1, which will shorten the liquidation cycle.

   At the CNMV, we are working on a Simplification plan that will be governed by the principles of proportionality, operational efficiency, regulatory effectiveness and transparency. This plan will include a list of measures to promote regulatory simplification and reduce timing and frequency requirements for reporting, among other things.

b. **Savings and Investment Union:** The Commission will publish its proposal in the coming days, although some details have already been revealed. Its objective is to integrate EU capital markets and improve the functioning of the single market for financial services, in the interest of investors, companies, and the Union's economy.

   The initiative seeks to:
   - Enable greater market integration and economies of scale.
   - Allow for integrated monitoring.
   - Foster innovation.

   Some of the new measures likely to be included in the proposal are:
   - Direct supervisory powers for ESMA over certain significant cross-border entities in trading and post-trading, and in new areas such as crypto-asset service providers.
   - Substantial harmonisation to reduce fragmentation in trading and post-trading.

II. The Investor: Market Participation and Protection

The development of financial markets must also address investors' needs. In Spain, we still lag behind other European countries with a stronger investment culture. Generally, Spanish savers are conservative and invest most of their savings in real estate or hold them in deposits.

To encourage greater participation of savers in the markets, it is essential to act through two avenues:

- Financial Education. This is a key tool for managing personal finances, gaining a better understanding of available investment options and protecting oneself against potential fraud. This is especially important given the proliferation of financial fraud through new digital channels and the ease of access to risky products such as crypto assets. At the CNMV, we are doubling our efforts to improve our fraud detection and investor protection systems.
- Appropriate incentives. A clear example is savings and investment accounts which, with a suitable design, would allow retail investors to easily invest in a wide range of assets and benefit from tax incentives.

3. CONCLUSION

2025 was an exceptionally good year for Spanish financial markets, which demonstrated remarkable resilience in the face of a complex and unstable environment. This puts us in a strong position to address the challenges ahead in the coming year and to strengthen our awareness of risks.