

S&P Global Spain Services PMI®

Service sector growth sustained in March, but costs rise sharply and confidence falls

March 2026

New business volumes increase at slower rate

Middle East conflict weighs on demand growth and raises prices

Sentiment at its lowest since September 2023

Activity in Spain's service sector increased solidly during March in line with a further rise in new business received by companies.

However, new order growth softened to its lowest level in nine months amid reports that the war in the Middle East had led to a noticeable rise in market and client uncertainty. New export sales declined again, whilst confidence in the outlook was the lowest in two-and-a-half years.

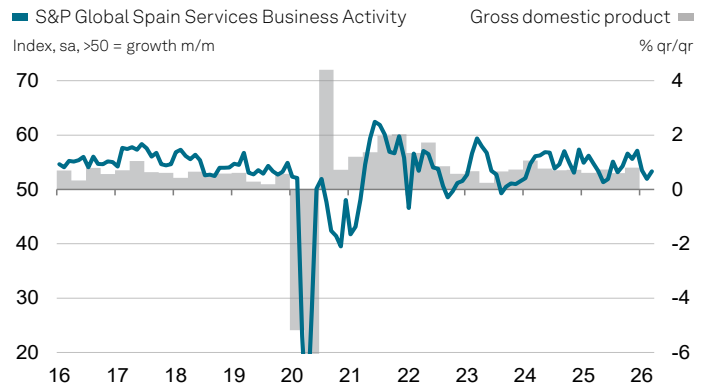
Firms also noted that the war in the Middle East had led to a noticeable acceleration in input price inflation, which hit its highest level for nearly three years. Output charges were increased in response to the greatest degree since August 2025.

The headline S&P Global Spain Services PMI® Business Activity Index improved to 53.3 in March. That was up from 51.9 in February to signal a stronger rate of activity growth. However, over the first quarter of the year, the average index reading was notably lower than typically seen in the final three months of 2025.

Service providers continued to report higher volumes of incoming new business, although growth overall was the weakest for nine months. This was linked to the war in the Middle East, which was reported to have led to a noticeable degree of market uncertainty and hesitancy amongst clients, especially those based outside of Spain. New export business declined in March for a third month running and at the quickest rate since January 2024.

Client uncertainty due to the war in the Middle East was also seen amongst service providers themselves, with confidence regarding future activity sinking to its lowest since September 2023. Service providers are especially concerned about inflation and its adverse impact on spending.

Latest data showed the immediate impact of the war of the Middle East on prices via a steep increase in energy and fuel costs. With salaries also reported to be increasing, overall operating expenses rose at a rate not seen since April 2023, and inflation was substantially higher than in February. In response, companies increased their own output charges. Although output price inflation picked up to its highest level since August 2025, the overall increase was substantially



Data were collected 12-26 March 2026.

Sources: S&P Global PMI, INE via S&P Global Market Intelligence.

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Comment

Paul Smith, Economics Associate Director at S&P Global Market Intelligence:

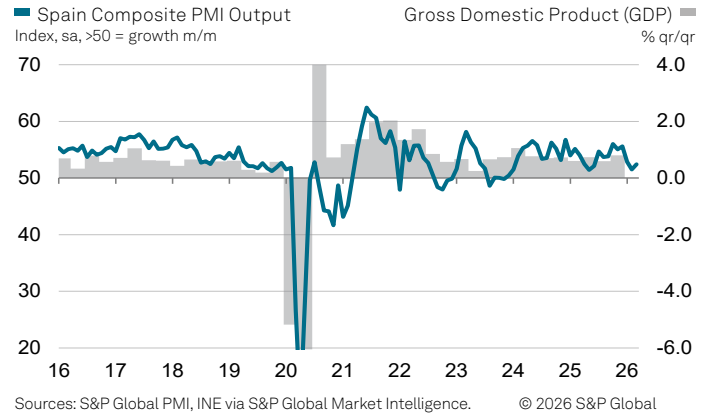
"Spain's service sector expanded at a solid rate in March, with growth picking up on February's low. However, despite this improvement, when combined with a downturn in manufacturing output in March, Spain's economy has experienced a weaker growth profile overall in the first quarter of 2026. Expect therefore official data on GDP for early 2026 to show a slower rate of expansion than the 0.8% quarterly gain reported for the fourth quarter of 2025.

"How growth will develop in the coming months will be very much dependent on the duration of the war in the Middle East. The conflict has already led to a huge degree of business and consumer uncertainty, with panellists noting that services new business growth has softened, and export business, already under strain before the start of the war, has deteriorated sharply.

"Moreover, services firms are seeing big spikes in their energy and fuel bills, leading to the strongest increase in overall input costs for nearly three years. With output charges also rising markedly, firms are understandably worried about the impact that high prices will have on spending in the near-term – and therefore their business performance over the coming months."

lower than for input prices.

Despite steeply rising prices and a deterioration in sentiment, service providers continued to backfill vacancies and expand their operating capacity during March. This was highlighted by a solid increase in employment and extended the current period of growth to three-and-a-half years. Despite higher staffing numbers, backlogs of work increased. Although marginal, it was the first time that a rise in work outstanding has been recorded for four months.



S&P Global Spain Composite PMI®

The S&P Global Spain Composite PMI® registered 52.4 in March, up from 51.5 in the previous month.

Solid growth was, however, driven by the service sector as manufacturing output declined for a second month in a row. Similar trends were seen for new business and employment.

Price data showed a considerable acceleration of input cost inflation due to rising energy and fuel prices (linked to the war in the Middle East). Confidence in the outlook subsequently sank to its lowest level since late-2022.

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Methodology

The S&P Global Spain Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 350 service sector companies.

The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in August 1999.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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