

APR 2022

HIGHLIGHTS

The Portuguese Government submitted the **2022 State Budget** ([here](#)) to the Parliament in April 13th. According to the projections presented, the Portuguese economy will grow by 4.9% this year, thus exceeding the level of GDP recorded in the pre-pandemic period, what should make possible to reduce public debt to 120.7% and the budget deficit to 1.9%. In April 14th, Portugal submitted the corresponding **Draft Budgetary Plan** ([here](#)) to the European Commission. In April 29th, Portugal also submitted the **Stability Programme 2022-2026** ([here](#)) and the **National Reform Programme 2022** ([here](#)) to the European Commission.

ECONOMIC ACTIVITY

Real GDP registered an y-o-y increase of 11.9% in the first quarter of 2022 (5.9% in the previous quarter), reflecting a base effect, since, in January and February 2021, several measures to mitigate the pandemic that conditioned economic activity were in place. INE's release available [here](#).

The **Consumer confidence indicator increased in April**, following the abrupt fall registered in March, the second largest of the series, being only surpassed by the decline registered in April of 2020, when the pandemic begun. Moreover, the **economic climate indicator slightly increased in April**, after decreasing in March. Confidence indicators decreased in Manufacturing Industry, in Trade and in Services, while the Construction and Public Works confidence indicators decreased for the third consecutive month. INE's press release available [here](#).

TOURISM INDUSTRY

In March 2022, **tourism accommodation sector** registered **1.6 million guests and 4 million overnight stays**, corresponding to an y-o-y increase of 464.1% and 543.2%, respectively. Comparing March 2022 with March 2019, the number of guests and overnight stays decreased by 15.3% and 12.7%, respectively. INE's flash estimate available [here](#).

EXTERNAL ADJUSTMENT

i. International Trade

In the first quarter of 2022, according to the flash estimate of International Trade in goods, **exports and imports of goods increased by 18.7% and 36.6%, respectively**, compared to the same period of the previous year. Compared to the first quarter of 2020, exports grew by 26.2% and imports by 28.8%. Vis-à-vis the first quarter of 2019, the increases were 22.0% and 25.7%, respectively. INE's press release available [here](#).

ii. Balance of Payments

In February 2022, the **current account (CA)** balance stood at -€589.28M (-€4.22 in February 2021). As usual, the CA deficit is mainly explained by the negative **balance of goods** (-€1,617.16M). **Balance of services** have registered a surplus

of €799.68M. At the same time, the **capital account** registered a surplus of €173.78M. BdP's data available [here](#).

PRICE DEVELOPMENTS

The **CPI annual rate is estimated to be 7.2%** in April 2022, (5.3% in March 2022), with the index for energy products estimated to be 26.7% (19.8% in March 2022). In April 2022, the estimated **HICP annual rate of change was 7.4%** in Portugal (5.5% in March 2022). INE's flash estimate available [here](#).

According to [INE's data](#), in March the **industrial production prices index increased 26.3%** y-o-y (20.9% in the previous month). Excluding the Energy grouping, the variation was 7.7% (6% in previous month).

BUDGETARY OUTTURN

At the end of the first quarter, the [general government budget on a cash basis](#) registered a €672M surplus, which compares with a deficit of €2,339M at same period of 2021. The observed improvement is explained by an increase of 15.4% in revenue, along with a smaller decrease in expenditure of 0.5%. The primary surplus reached €2,360M, higher €2,976M vis-à-vis 2021.

On the **revenue** side, the increase of tax revenue (18.4%), mainly of VAT revenue (24.6%) and social contributions (9.2%) is mainly explained by the economic recovery.

The decrease of **expenditure** is explained by other current transfers and interest expenditure decrease (5.6% and 5.3%, respectively). They were partially offset by the increase of the acquisition of goods and services (9%), investment (11,9%) and compensation of employees (2.1%). On the other hand The COVID-19 related measures amounted to €1,244M less €660M than in March 2021.

TREASURY FINANCING

According to the Debt Management Agency (IGCP), the Portuguese **State direct debt** [reached](#) €276,079M before cambial hedging, higher €2,653M vis-à-vis February. To this result, it had contributed the increase of PGB (€591M) and Treasury Bills (€137M). On April 20th, €451M and €800M (competitive tranche) of 3 and 12-month T-bills at weighted average yields of -0.655% and -0.314% were [issued](#), respectively.

GENERAL GOVERNMENT DEBT

According to [BdP](#), in January 2022, **general government debt** amounted to €274,823M, more €2,754M than in the previous month. **Maastricht debt net of deposits** of the general government stood at €254,138M, which represents a monthly increase of €959M.