

PORTUGAL

LATEST KEY DEVELOPMENTS

NOVEMBER 2022

ECONOMIC ACTIVITY

Real GDP registered a y-o-y change of 4.9% in the third quarter of 2022 (7.4% in the previous quarter). This evolution of GDP was influenced by the deceleration of the contributions both of domestic demand and net external demand. Compared to the second quarter of 2022, GDP increased by 0.4% in volume, 0.3 pp. higher than in the previous quarter. The contribution of domestic demand to the q-o-q growth of GDP turned positive, while in the case of net external demand it changed from positive to a null contribution. INE's flash estimate available [here](#).

The **Consumer Confidence Indicator decreased between September and November**, reaching a value close to April 2020, at the beginning of the pandemic. The balance of Consumer opinions on the past evolution of the price level decreased in November, after having renewed the maximum value of the series in October, following the markedly upward trajectory started in March 2021. **The economic climate indicator increased** in November, after decreasing between August and October. The confidence indicators of the Manufacturing Industry, Construction and Public Works, Trade and Services increased compared to September. INE's press release available [here](#).

LABOUR MARKET

According to INE estimates, **the unemployment rate in October stood at 6.1%**, remaining unchanged from September, but less 0.2 pp than one year before. Furthermore, in October, the unemployed population was 316.6 thousand people in a labour force of about 5.2 million people (16 to 74 years).

TOURISM INDUSTRY

In October 2022, **tourism accommodation sector registered 2.6 million guests and 6.8 million overnight stays**, corresponding to y-o-y increase of 23.4% and 23.5%, respectively. Comparing October 2022 with October 2019, the number of guests and overnight stays increased by 5% and 6.2%, respectively. INE's flash estimate available [here](#).

EXTERNAL ADJUSTMENT

i. International Trade

In September 2022, **exports and imports of goods increased 24.7% and 29.6%, respectively**, compared to the same period of the previous year, being worth highlighting the increase in imports of Fuel and lubricants (51%), which was due to the increase in value (39.1%) of Petroleum oils, crude imports, reflecting the price increase of this product in the international market (62.5%), as there was a decrease in volume (-14.4%) INE's press release available [here](#).

ii. Balance of Payments

From January to September, in cumulative terms, the **current account (CA)** balance stood at -€3,597.24M (-€1,721.67 from January to September 2021). As usual, the CA deficit is mainly explained by the negative **balance of goods** (-€19,412.01M).

Balance of services and capital account registered surpluses of €16,655.52M and €1,393.11M. BdP's data available [here](#).

PRICE DEVELOPMENTS

The **CPI annual rate is estimated to be 9.9%** in November, (10.1% in October), with the index for energy products estimated to be 24.8% (27.6% in October). In November, the estimated **HICP annual rate of change was 10.3 %** in Portugal (10.6% in the previous month). INE's flash estimate available [here](#).

According to INE's data, in October the **industrial production prices index increased 16.2%** y-o-y (19.7% in the September). The deceleration in Energy prices largely contributed to this result. Excluding the Energy grouping, prices in industry grew 14.6% (15.5% in September).

BUDGETARY OUTTURN

By the end of November 2022, the general government budget on a cash basis recorded a €2,540M surplus, €9,210M more than in the same period of 2021. This evolution is affected by COVID-19 measures and by measures taken this year to mitigate the effect of inflation (energy crisis). Excluding the impact of COVID-19 measures (€5,126M in 2021 and €2,955M in 2022), the budget balance improved €7,039M. Excluding, additionally, the energy crisis measures (€2,998M), the surplus improved €10,037M.

Excluding COVID-19 measures, revenue increased 13.7% and expenditure increased 4% y-o-y. The increase of tax revenue (17.5%), social contributions (8.2%) and other current revenue (16.7%) explained the revenue behaviour. On the expenditure side, current transfers (5.9%), purchase of goods and services (8.4%) and compensation of employees (3.6%) were the main items that contribute to the increase.

The **primary surplus** was €8,744M, €8,858M more than in the same period of 2021. Excluding COVID-19 measures it improved €6,688M; excluding the energy crisis measures, €9,688M.

TREASURY FINANCING

According to the IGCP, at the end of October 2022 the Portuguese **State direct debt** decreased €5,591M vis-à-vis September, amounting to €274,320M before cambial hedging. The PGB stock decreased €7,294M. On the other hand, the stock of retail debt and CEDIC increased €679M and €768M, respectively.

On November 30th, IGCP bought on a reverse bond auction €250M of PGB4.95%Ict203 and €1,150M of PGB5.65%Feb2024.

IGCP canceled the TB auctions scheduled for November 16th.

GENERAL GOVERNMENT DEBT

According to BdP, **general government Maastricht debt** reached €279,850M in September, €1,634M more than in August. Maastricht debt **net of deposits** of the general government stood at €250,485M, which represents a monthly decrease of €2,002M.