

# PORTUGAL

## LATEST KEY DEVELOPMENTS

APR 2024

### ECONOMIC ACTIVITY

**Real GDP registered a y-o-y increase of 1.4% in the first quarter** of 2024 (2.1% in the previous quarter). This reflects the positive, but lower, contribution of domestic demand, as well as the null contribution of net external demand. INE's release available [here](#).

**Consumer confidence increased between December and April**, recording the highest value since February 2022 and above the historical average of the series. The balance of Consumer opinions on the past evolution of prices increased in April, after having decreased in the last two months. INE's press release available [here](#).

### LABOUR MARKET

According to INE estimates, **the unemployment rate in March stood at 6.5%**, down 0.1 and 0.3 pp from the previous month and a year earlier, respectively. Furthermore, in March, the unemployed population was 346.5 thousand people in a labour force of about 5.4 million people (16 to 74 years).

### TOURISM INDUSTRY

In March 2024, the **tourism accommodation sector** registered **2.3 million guests and 5.7 million overnight stays**, resulting in y-o-y increases of 12.2% and 12.8%, respectively. These results were by the effect of the Easter holiday period, which this year was spread over March and April, whereas last year it was concentrated only in April. INE's flash estimate available [here](#).

### EXTERNAL ADJUSTMENT

#### i. International Trade

**In the first quarter of 2024**, according to [INE's flash estimate](#), **exports and imports decreased y-o-y by 4.2% and 6.0%**, respectively, in nominal terms and compared to the same period of 2023.

**In February 2024, exports and imports of goods grew y-o-y by 2.3% and 1.5%**, respectively. There were increases in exports of Food and beverages (+14.8%) and imports of Transport equipment (+5.0%). Excluding Fuels and lubricants, there were increases of 1.4% in exports and 2.6% in imports in February 2024. INE's press release available [here](#).

#### ii. Balance of Payments

In February 2024, in cumulative terms, the **current account (CA) balance** stood at €1,024.73M (€28.75M in 2023). The CA deficit is negatively influenced by the **balance of goods** (-€3,306.58M) and positively by the **balance of services** which registered a surplus of €3,603.90M. The **capital account** registered a surplus of €547.63M. BdP's data available [here](#).

### PRICE DEVELOPMENTS

The **CPI annual rate is estimated to have decreased to 2.2%** in April 2024 (2.3% in March). The annual rate of change

of the index for energy products increased to 7.9% (4.8% in March), due to the base effect related to the monthly decrease of 3.2% recorded in April 2023. The estimated rate for unprocessed food was nil (-0.5% in the previous month). In April 2024, the estimated **HICP annual rate of change was 2.3%** in Portugal (2.6% in March). INE's flash estimate available [here](#).

According to INE's data, in March, the **Industrial Production Prices Index recorded a y-o-y decrease of 1.4%**, up by 1.1 p.p. compared to the rate reported in the previous month. Excluding the Energy grouping, the index change rate was -1.9% (-2.4% in February). In the first quarter of 2024, prices in industrial production fell by 2.1% (-3.6% in the previous quarter).

### BUDGETARY OUTTURN

At the end of the first quarter, the [general government budget on a cash basis](#) registered a deficit of €259,3M, comparing to the surplus of €1,880M in the same period of 2023, excluding the transfer from FPCGD to CGA. The primary surplus reached €1,142M, €2,221M less than in the same period of 2023. The behaviour of the overall balance was explained by a decrease of 7.4% in revenue and an increase of the expenditure by 15.1%.

Excluding the effect of the mentioned transfer, the **revenue** increased 4.3%, for which the social contributions (9.6%) contributed positively, while the transfers (-67.5%) contributed negatively. Concerning the tax revenue, it decreased by 0.3%, mainly due to VAT revenue (-5.6%), despite the evolution of personal income tax (3.1%).

The increase in **expenditure** is explained by the compensation of employees (2%) and the current transfers (22.3%).

Additionally, the measures related to the geopolitical shock reached €924M.

### TREASURY FINANCING

According to the Debt Management Agency (IGCP), the Portuguese **State direct debt reached** €287,205M before cambial hedging in March, €1,080M higher compared to the previous month. To this result, it had contributed the increase in the Treasury Bills stock (€1,037M) and PGB stock (€1,001M), despite the decrease in the CEDIC stock (€1,584M).

On the 12<sup>th</sup> of April, IGCP, E.P.E. [auctioned](#) €641M of PGB 2.25%18Apr2034, €353M of PGB 3.5%18Jun2038 and 529M of PGB 4.1%15Feb2045. On the 17<sup>th</sup> of April, it was [issued](#) €735M and €845M (competitive tranche) of 3-month and 11-month T-bills at weighted average yields of 3.769% and 3.457%, respectively.

### GENERAL GOVERNMENT DEBT

According to [BdP](#), in March, **general government debt** amounted to €270,873M, more 2,360M than in the previous month. **Maastricht debt net of deposits** of the general government stood at €257,119M, which represents a monthly increase of €3,177M.