

# PORTUGAL

## LATEST KEY DEVELOPMENTS

AUG 2024

### ECONOMIC ACTIVITY

**Real GDP registered a y-o-y increase of 1.5% in the second quarter of 2024** (same as in the previous quarter). The positive contribution of domestic demand to the y-o-y growth rate of GDP increased in the second quarter, with investment and private consumption accelerating. The contribution of net external demand to the year on-year growth rate of GDP was negative, after being positive in the previous two quarters. INE's release available [here](#).

**Consumer confidence** indicator decreased in August, after reaching in July the highest value since February of 2022. The Balance of Consumer **opinions on the past evolution of the price level** decreased in the last month, after the slight increase observed in July. The **economic climate indicator** stabilized in August, having decreased in June and July. **Confidence indicators** increased in Manufacturing Industry, moderately in Construction and Public Works and slightly in Trade, having decreased in Services. INE's press release available [here](#).

### LABOUR MARKET

According to INE estimates, the **unemployment rate in July** stood at 6.2%, down 0.2 pp both from April and June of 2024 and equal to July 2023. The unemployed population was 331.8 thousand people in a labour force of about 5.4 million people (16 to 74 years).

### TOURISM INDUSTRY

In July 2024, the **tourism accommodation sector** registered 3.2 million guests and 9.0 million overnight stays in July 2024, resulting in y-o-y increases of 1.5% and 2.1%, respectively. Residents' overnight stays reversed the growth path of the last two months and fell, while those from non-residents slowed down for the second month in a row. INE's flash estimate available [here](#).

### EXTERNAL ADJUSTMENT

#### i. International Trade

**In June 2024, exports and imports of goods decreased y-o-y by 3.8% and 6.4%.** The decrease in exports of Transport equipment (-18.5%), mostly Passenger motor cars, and imports of Fuels and lubricants (-19.9%), mostly due to the decrease in volume of Crude oil, stood out. INE's press release available [here](#).

#### ii. Balance of Payments

In June 2024, in cumulative terms, the **current account (CA) balance** stood at €2,767.56M (€578.10M in 2023). The CA balance is negatively influenced by the **balance of goods** (-€10,923.42M) and positively by the **balance of services** which registered a surplus of €13,499.11M. The **capital account** registered a surplus of €1,345.76M. BdP's data available [here](#).

### PRICE DEVELOPMENTS

The **CPI annual rate is estimated at 1.9%** in August (2.5% in July). The annual rate of change of the index for energy products decreased to -1.4% (4.2% in July), mainly as a combination of the monthly decrease in fuels and lubricants (-2.5%) with the base effect of the increase registered in August 2023 (9.3%). The estimated rate for unprocessed food decreased to 0.8% (2.8% in the previous month). The estimated **HICP annual rate of change was 1.8%** in Portugal (2.7% in July). INE's flash estimate available [here](#).

According to INE's data, in July, the **industrial production prices index** slowed down to a y-o-y growth rate of 1.9% (2.1% in June). Excluding the Energy grouping, the index variation was 1.7% (0.9% in the previous month).

### BUDGETARY OUTTURN

In July 2024, the general government budget on a cash basis registered a surplus of €1,060M, compared to a surplus of €1,964M in the same period of 2023 (excluding the transfer from CGD Pensions Fund to the civil servants' Pension Scheme (CGA)). The primary surplus reached €5,686M, less €451M vis-à-vis 2023. The observed behaviour is a result of an increase of 11.3% in expenditure, along with an increase of 9.5% in revenue.

The increase in **revenue** is mainly driven by the social contributions (10.0%) and tax revenue (7.2%). The increase of tax revenue is essentially due to the performance of the CIT.

On the **expenditure** side, the increase is mainly driven by the increase in transfers (14.4%), in the compensation of employees (7.0%) and in the acquisition of goods and services (10.3%).

The measures aimed at mitigating the geopolitical shock amounted to €1,652M, more €138M compared to previous month.

### TREASURY FINANCING

According to the Debt Management Agency (IGCP), the Portuguese **State direct debt** reached €292,045M before cambial hedging, less €1,640M than in June. To this result, it had contributed the decrease in the Treasury Bills (€1,445M).

### GENERAL GOVERNMENT DEBT

According to BdP, in June 2024, **general government debt** amounted to €275,910M, less €2,119M compared to the previous month. **Maastricht debt net of deposits** of the general government stood at €259,155M, which represents a monthly decrease of €4,916M.