

# PORTUGAL

## LATEST KEY DEVELOPMENTS

NOV 2024

### ECONOMIC ACTIVITY

**Real GDP grew 1.9% in the third quarter** of 2024 (1.6% in the previous quarter). The positive contribution of domestic demand to the y-o-y growth rate of GDP increased slightly, from 2.5 to 2.6 p.p. in the third quarter, with an acceleration of private consumption and a reduction of investment. The contribution of net external demand to the y-o-y growth rate of GDP remained negative, moving from -0.9 to -0.8 p.p., with an acceleration of imports and exports of goods and services. Compared to the second quarter of 2024, GDP increased by 0.2% in volume, the same rate as that observed in the previous quarter. INE's release [here](#).

**Consumer confidence** increased slightly in November, after decreasing in the previous month. The **Balance of Consumer opinions on the past evolution of the price level** decreased in November, following the significant increases observed in October. The **economic climate indicator** increased between September and November, reaching the maximum since March 2019. **Confidence indicators** increased in *Construction and Public Works, Services and Trade*, having decreased slightly in the *Manufacturing Industry*. INE's press release [here](#).

### LABOUR MARKET

According to INE, the **unemployment rate** stood at 6.6%, the same value as in September, up from July 2024 (0.1 p.p.) and down from October 2023 (0.1 p.p.). The unemployed population was 357.9 thousand people in a labour force of about 5.5 million people (16 to 74 years).

### TOURISM INDUSTRY

In October, the **tourism accommodation sector** registered 3 million guests and 7.6 million overnight stays, with y-o-y variations of 3.8% and 2.5%, respectively (2.9% and 2.5% in the previous month, in the same order). External markets continued to ensure the growth in overnight stays. INE's flash estimate [here](#).

### EXTERNAL ADJUSTMENT

#### i. International Trade

In September, **exports and imports of goods** increased y-o-y by 5.1% and 3.3%, respectively (-1.9% and 1.1%, in the same order, in August 2024). The increase in exports and in imports of Transport equipment (20.1% and 28.0%, respectively), the increase in imports of Industrial supplies (10.7%) and the decrease in imports of Fuels and lubricants (-38.4%) were noteworthy. INE's press release [here](#).

#### ii. Balance of Payments

In September, cumulatively, the **current account (CA) balance** stood at €6,202.32M (€2,386.19M in 2023), negatively impacted

by the **balance of goods** (-€17,894.10M) and positively by the **balance of services** (€24,475.13M). The **capital account** recorded a surplus of €1,977.20M. BdP's data [here](#).

### PRICE DEVELOPMENTS

**CPI annual rate** is estimated at 2.5% in November (2.3% in October), with the index for energy products and for unprocessed foods estimated at 2.1% and 1.9%, respectively (-0.2% and 2.1% in October). **HICP annual rate** was 2.7% (2.6% in October). INE's flash estimate is available [here](#).

According to INE, in October, **industrial production prices** grew 0.1%, down by 0.9 p.p. from September. Excluding the Energy grouping, the index y-o-y change rate was 1.0% (1.9% in the previous month).

### BUDGETARY OUTTURN

Until the end of October 2024, the general government budget on a cash basis recorded a €3,302 surplus, €3,05M less than in the same period of 2023 (excluding the transfer from CGD Pensions Fund to the civil servants' Pension Scheme (CGA)). The primary surplus reached €9,647M, less €2,868M vis-à-vis 2023. The observed behaviour is a result of an increase of 11.8% in expenditure, along with an increase of 7.6% in revenue.

The increase in **revenue** is mainly driven by the social contributions (9.8%) and tax revenue (3.9%). 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 (8.3%) and in the acquisition of goods and services (11.7%).

The measures aimed at mitigating the geopolitical shock amounted to €2,055M, more €135M compared to previous month.

### TREASURY FINANCING

According to the Debt Management Agency (IGCP), in October 2024, the Portuguese **State direct debt** reached €288,296M before cambial hedging, less €1,331M than in September. To this result, it had contributed the decrease of €2,365M in the MTN stock, despite the increase in treasury bills (€929M).

On the 15th of November, IGCP, E.P.E. auctioned €577M of PGB 2.875%20Oct2034 and €432M of PGB 4.1%15Feb2045.

### GENERAL GOVERNMENT DEBT

According to BdP, in October 2024, **general government debt** amounted to €269,777M, less €2,395 compared to the previous month. **Maastricht debt net of deposits** of the general government stood at €254,979M, which represents a monthly decrease of €2,755M.