

# PORTUGAL

## LATEST KEY DEVELOPMENTS

DEZ 2024

### ECONOMIC ACTIVITY

The **Portuguese economy's net lending** increased in the year ending in the third quarter of 2024, moving from 2.4% of GDP in the second quarter to 2.6% in the third quarter. This improvement reflected the increase in the Household Balance and Non-Financial Corporations (+0.6 p.p. and +0.2 p.p., respectively), and the deterioration of the balance of Financial Corporations and General Government (-0.3 p.p. and -0.2 p.p., accordingly). The **balance of the General Government (GG)** sector was 1% of GDP in the year ending in the third quarter of 2024. INE's press release [here](#).

**Consumer confidence** decreased in December, after increasing slightly in the previous month. The Balance of Consumer opinions on the past price developments decreased in the last two months, after the significant increase observed in October, while the perspectives regarding future price developments increased significantly in December, contrary to the decrease observed in the previous month, and reaching its highest level since December 2022. The **economic climate indicator** increased between September and December, attaining the same value observed in March 2019. **Confidence indicators** in *Construction and Public Works*, *Trade* and, significantly, in *Manufacturing Industry*, and decreased slightly in *Services*. INE's press release [here](#).

### LABOUR MARKET

According to INE, the **unemployment rate** stood at 6.7%, up from October (0.1 pp), up from August 2024 (0.3 pp) and up from November 2023 (0.2 pp). The unemployed population was 363.8 thousand people in a labour force of about 5.5 million people (16 to 74 years).

### TOURISM INDUSTRY

In November, the **tourism accommodation sector** registered 2.2 million guests and 5.0 million overnight stays, with y-o-y increases of 14% and 9.8%, respectively (3.7% and 2.5% in the previous month). Residents' overnight stays had a significant increase (22.2%, after 0.9% in October), corresponding to 1.7 million, while those by non-residents recorded a more modest growth (4.6%, after 3.1% in October), corresponding to 3.4 million. INE's flash estimate [here](#).

### EXTERNAL ADJUSTMENT

#### i. International Trade

In October, **exports and imports of goods** increased y-o-y by 17.1% and 7.5%, respectively. The increases in exports of Industrial supplies (+16.8%) and Transport equipment (+21.7%) stood out. In terms of imports, Consumer goods was the highlight (+20.5%). INE's press release [here](#).

#### ii. Balance of Payments

In October, cumulatively, the **current account (CA) balance** stood at €6,800.28M (€2,429.73M in 2023), negatively impacted

by the **balance of goods** (-€20,325.91M) and positively by the **balance of services** (€27,177.35M). The **capital account** recorded a surplus of €2,550.73. BdP's data [here](#).

### PRICE DEVELOPMENTS

**CPI annual rate** is estimated at 3.0% in December (2.5% in November), with the index for energy products and for unprocessed foods estimated at 4.9% and 3.4%, respectively (2.1% and 1.9% in November). These two aggregates were the main contributors for the CPI acceleration. **HICP annual rate** was 3.1% (2.7% in November). INE's flash estimate [here](#).

According to INE, in November, the **industrial production prices** grew 1.1%, up by 1.0 p.p. from October. Excluding the Energy grouping, the index y-o-y change rate was 0.4% (1.1% in the previous month).

### BUDGETARY OUTTURN

Until the end of November 2024, the **general government budget on a cash basis** recorded a €2,135 surplus, €4,490M 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 €8,798M, less €4,263M vis-à-vis 2023. The observed behaviour is a result of an increase of 10.4% in expenditure, along with an increase of 5.3% in revenue.

The increase in **revenue** is mainly driven by the social contributions (9.8%) and tax revenue (2.6%). The increase of tax revenue is essentially due to the performance of the CIT, VAT and tax on oil and energy products (ISP).

On the **expenditure** side, the increase is mainly driven by the increase in transfers (12.6%), in the compensation of employees (8.1%) and in the acquisition of goods and services (9.9%).

The measures aimed at mitigating the geopolitical shock amounted to €2,189M in November, more €133M compared to previous month.

### TREASURY FINANCING

According to the Debt Management Agency (IGCP), in November 2024, the Portuguese **State direct debt** [reached](#) €288,242M before cambial hedging, less €654M than in October. To this result, it had contributed the decrease of €1,823M in the treasury bills, despite the increase in treasury bonds (€1,271M).

On December 4th, IGCP [issued](#) €750M and €500M of 5-month and 11-month T-Bills at the weighted average of 2.646% and 2.344%, respectively.

### GENERAL GOVERNMENT DEBT

According to BdP, in November 2024, **general government debt** [amounted](#) to €269,100M, less €664 compared to the previous month. **Maastricht debt net of deposits** of the general government stood at €255,340M, which represents a monthly increase of €1,345M.