

PORTUGAL

LATEST KEY DEVELOPMENTS

FEB 2025

ECONOMIC ACTIVITY

In **2024**, **GDP grew by 1.9% in volume**, after the 2.6% increase in 2023. Real GDP, registered a y-o-y change of 2.8% in the fourth quarter of 2024, a rate 0.9 pp higher than that recorded in the previous quarter. The positive contribution of domestic demand to the year on year growth rate of GDP slightly increased, 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 was less negative, with a slowdown in exports less intense than that of imports. INE's press release available [here](#).

The **Consumer confidence indicator** increased in January and slightly in February. The **economic climate indicator** decreased in January and February, interrupting the upward movement observed since September. The **confidence indicators** increased in Trade, in Manufacturing Industry and in Construction and Public Works, having decreased significantly in Services. INE's press release available [here](#).

LABOUR MARKET

According to INE estimates, the **unemployment rate** in January 2025 stood at 6.2%, down from January 2024 (0.2 pp), from October (0.4 pp) and from December 2024 (0.2 pp). Furthermore, in January, the unemployed population was 342.1 thousand people in a labour force of about 5.5 million people (16 to 74 years).

TOURISM INDUSTRY

The **tourist accommodation sector** registered 1.6 million guests and 3.7 million overnight stays, corresponding to y-o-y changes of 8.3% and 6.3%, respectively. in January 2025. Overnight stays by residents increased by 11.3% (-0.2% in December), amounting to 1.3 million, and those by non-residents grew by 3.8% (4.4% in December 2024), totalling 2.4 million. INE's press release available [here](#).

EXTERNAL ADJUSTMENT

i. International Trade

In December 2024, **exports of goods** decreased by 2.5% and **imports** increased by 4%, in nominal terms and compared to the same period in the previous year (-2.0% and +4.6%, in the same order, in November 2024). Should be emphasized the decrease in exports of Industrial supplies (-13.1%) and the increase in imports of Fuels and lubricants (+21.3%), compared to December 2023. INE's press release available [here](#).

ii. Balance of Payments

In 2024, in cumulative terms, the **current account (CA)** balance recorded a surplus of €6,143.42M (€1,482,05M in 2023). This result was mainly due to the positive contribution of the balance of services (€31,913,24M), which more than offset the deficit of the balance of goods (-€25.259,46M). At the same time, the **capital account** registered a surplus of €3,200.62M. BdP's data available [here](#).

PRICE DEVELOPMENTS

The **CPI annual rate** is estimated to have decreased to 2.4% in February 2025 (2.5% in January), with the index for energy products estimated to be 1.5% (2.4% in January) and for unprocessed food to be 2.4% (1.8% in the previous month). The Portuguese HICP annual rate of change was 2.4% (2.7% in the previous month). INE's flash estimate available [here](#).

According to INE's data, in January, the **Industrial Production Price Index** decreased 0.3% in January, down by 1.9 p.p. from December. Excluding Energy, this variation was -1.2% (0.5% in December).

BUDGETARY OUTTURN

At the end of January, the **general government budget on a cash basis** recorded a €1,672M surplus, €462M more than in the end of January 2024. This evolution is justified by a higher increase in the revenue (11.8%) compared to the expenditure (7.3%). The primary surplus reached €1,932M, more €490M compared to the same period of last year.

The increase in **revenue** is mainly driven by tax revenue (14.1%) and the social contributions (8%). The increase of tax revenue is essentially due to the performance of the VAT and tax on oil and energy products (ISP).

On the **expenditure** side, the increase is mainly driven by the increase in transfers (4.5%), in the compensation of employees (7.4%) and in the acquisition of goods and services (14.95%).

TREASURY FINANCING

According to the Debt Management Agency (IGCP), at the end of January, the Portuguese **State direct debt** **reached** €292,572M before cambial hedging, less €13,214M than at the end of 2024. To this result, it had contributed the decrease of €16,682M in the CEDIC.

GENERAL GOVERNMENT DEBT

According to BdP, at the end of January, **general government debt** **amounted** to €274,278M, more €3,629M compared to the end of 2024. **Maastricht debt net of deposits** of the general government stood at €260,868M, which represents a monthly increase of €3,541M.