

# PORTUGAL

## LATEST KEY DEVELOPMENTS

MAR 2025

### ECONOMIC ACTIVITY

The **2024 general government surplus stood at 0.7% of GDP** (1.2% in 2023), reaching €1.994M. Portugal recorded a primary surplus of 2.8% of GDP (€7.869M), fell by 0.5 p.p. (€904M) compared to 2023. INE's press release available [here](#).

**Portuguese economy recorded a net lending of 2.9% GDP in the fourth quarter of 2024**, representing an increase of 0.2 percentage points compared with the previous quarter. The increase in the economy's external balance mainly reflected the improvement in the Households balance by 0.8 percentage points of GDP.

The **Consumer confidence indicator** decreased in March, after increasing in January and slightly in February, registering the lowest value of the last twelve months. The **economic climate indicator** decreased in the last three months, interrupting the upward movement observed since September. The **confidence indicators** decreased in all sectors, in Construction and Public Works, in Services, and only slightly, in Trade and in Manufacturing Industry. INE's press release available [here](#).

### LABOUR MARKET

According to INE estimates, the **unemployment rate** in February 2025 stood at 6.4%, up from January 2025 (0.1 pp), but down from November (0.2 pp) and from February 2024 (0.1 pp). Furthermore, in February, the unemployed population was 354.2 thousand people in a labour force of about 5.5 million people (16 to 74 years).

### TOURISM INDUSTRY

The **tourist accommodation sector** registered 1.8 million guests (+0.6%) and 4.2 million overnight stays (-2.5%) in February 2025. Overnight stays by residents fell by 0.8% (-11% in January), amounting to 1.4 million, and those by non-residents decreased by 3.3% (+3.9% in January), totalling 2.8 million. INE's press release available [here](#).

### EXTERNAL ADJUSTMENT

#### i. International Trade

In January 2025, **exports and imports of goods** increased by 11.7% and 8.4%, respectively, in nominal terms and compared to the same period in the previous year (-2.3% and +4.6%, in the same order, in December 2024). Should be emphasised the increase in exports of Industrial supplies (+42.1%), especially Chemical products to Germany. INE's press release available [here](#).

#### ii. Balance of Payments

In January 2025, the **current account (CA)** balance recorded a surplus of €492.754M (€733.64M in the same period of 2024). This result was mainly due to the positive contribution of the balance of services (€31,927.48M), which more than offset the

deficit of the balance of goods (-€1,598.56M). At the same time, the **capital account** registered a surplus of €198.33M. BdP's data available [here](#).

### PRICE DEVELOPMENTS

The **CPI annual rate** is estimated to have decreased to 1.9% in March 2025 (2.4% in February). The core inflation index, which excludes energy and unprocessed food products components was 1.9% (2.5% in the previous month). The Portuguese HICP annual rate of change was 1.9% (2.5% in the previous month). INE's flash estimate available [here](#).

According to INE's data, in February, the **Industrial Production Price Index** decreased 0.4%, reflecting the decrease in prices of Non-Durable Consumer Goods, influenced by the drop in olive oil production prices. Excluding Energy, this variation was -1.6% (-1.2% in January).

### BUDGETARY OUTTURN

At the end of February, the **general government budget on a cash basis** recorded a €2,098M surplus, €1,250M more than in the end of February 2024. This evolution is justified by a higher increase in the revenue (11.1%) compared to the expenditure (4.1%). The primary surplus reached €3,171M, more €1,082M compared to the same period of last year.

The increase in **revenue** is mainly driven by tax revenue (15.3%) and the social contributions (7.8%). The increase of tax revenue is essentially due to the performance of the PIT and VAT.

On the **expenditure** side, the increase is mainly driven by the increase in transfers (5.3%), in the compensation of employees (9.2%) and in the investment (11.8%).

### TREASURY FINANCING

According to the Debt Management Agency (IGCP), at the end of February, the Portuguese **State direct debt reached** €196,347M before cambial hedging, more €3,775M than at the January 2025. To this result, it had contributed the increase of €1,833M in the treasure bonds.

On March 19th, IGCP **issued** €1,223M of 12-month T-Bills at the weighted average of 2.227%.

On the 12th of March, IGCP, E.P.E. **auctioned** €563M of PGB 3.000%15Jun2035 and €537M of PGB 3.5%18Jun2038.

### GENERAL GOVERNMENT DEBT

According to BdP, at the end of February, **general government debt amounted** to €277,231M, more €2,914M compared to January 2025. **Maastricht debt net of deposits** of the general government stood at €259,712M, which represents a monthly increase of €2,996M.