

PORTUGAL

LATEST KEY DEVELOPMENTS

May 2025

ECONOMIC ACTIVITY

Real GDP, registered a y-o-y change of 1.6% in the first quarter of 2025, (+2.8% in the previous quarter). The positive contribution of domestic demand to the year on year growth rate of GDP slightly declined, reflecting a deceleration in private consumption. The negative contribution of net external demand to the y-o-y growth rate of GDP was more pronounced in the first quarter, driven by a sharp slowdown in exports of goods and services and a slight acceleration in imports of goods and services. INE's press release available [here](#).

The **Consumer confidence indicator** increased in May, following the decreases of the previous two months. The **economic climate indicator** increased in April and May, interrupting the downward movement observed in the last three months. The **confidence indicators** increased in Services, Manufacturing Industry and in Construction and Public Works, and decreased in Trade. INE's press release available [here](#).

LABOUR MARKET

According to INE estimates, the **unemployment rate** in April stood at 6.3%, down by 0.1 p.p. from the three periods: the previous month, three months before and the same month of 2024. Furthermore, in April, the unemployed population was 349.1 thousand people in a labour force of about 5.6 million people (16 to 74 years).

TOURISM INDUSTRY

The **tourist accommodation sector** registered 2.9 million guests (+8.5%) and 7.1 million overnight stays (+9.2%) in April 2025. Overnight stays by residents increased by 13.1% (2.1% in March), amounting to 2.0 million, and those by non-residents grew by 7.7% (-4.94% in March), totalling 5.1 million. INE's press release available [here](#).

EXTERNAL ADJUSTMENT

i. International Trade

In March, **exports and imports of goods** increased by 0.5% and 8.4%, respectively, in nominal terms and compared to the same period in the previous year (+11.6% and +3.8%, in the same order, in March 2024). Should be emphasised the increase in exports of Capital goods (+8.5%) and Food and beverages (+2.7%), mainly to Spain in both cases. INE's press release available [here](#).

ii. Balance of Payments

In March, in cumulative terms, the **current account (CA)** balance recorded a deficit of €25.6M (surplus of €1,746.9M in March 2024). The current account deficit is negatively influenced by the **balance of goods** (-€6,704.0M) and positively by the **balance of services** which registered a surplus of €6,581.4M. At the same time, the **capital account** registered a surplus of €855.0M. BdP's data available [here](#).

PRICE DEVELOPMENTS

The **CPI annual rate** is estimated to have increased to 2.3% in May 2025 (2.1% in April), with the index for energy products estimated to be 0.1% (-0.1% in April) and for unprocessed food to be 4.1% (3.3% in the previous month). The Portuguese HICP annual rate of change was 1.7% (2.1% in the previous month). INE's flash estimate available [here](#).

According to INE's data, in April, the **Industrial Production Price Index** recorded a year-on-year rate of -2.7% (-1.3% in March). Excluding Energy, this variation was -2.1% (1.4% in March).

BUDGETARY OUTTURN

At the end of April 2025, the **general government budget on a cash basis** recorded a €134.8M surplus, an improvement of €2,111.4M compared to the €1,976.6M deficit registered in April 2024. This result reflects a 9.9% increase in revenue, outpacing the 3.3% growth in expenditure. The primary surplus amounted to €2,752.9M, up €1,871.7M year-on-year.

The revenue increase was mainly driven by tax revenue (+11.6%), particularly VAT (+11.9%), PIT (+9.2%), and IMT (+42.6%) and social contributions (8.1%).

On the expenditure side, the increase was mostly due to the compensation of employees (+8.6%), reflecting wage enhancement measures, career valuation, and the increase in the minimum wage. Transfers grew by 1.5%, driven by pension updates and social support. Public investment rose by 13.1%, mainly from local and regional government and infrastructure programs, including the Recovery and Resilience Plan (PRR).

TREASURY FINANCING

According to the Debt Management Agency (IGCP), at the end of April 2025, the Portuguese State direct debt **reached** €300,435M before exchange rate hedging, €5,787M more than in the previous month. This increase was mainly driven by a €3,034M rise in non-tradable debt instruments and a €2,639M increase in CEDIC

On May 21th, 2025, IGCP **issued** €900M of 12-month T-Bills at the weighted average interest rate of 1.949%, and €600M of 6-month T-Bills at the weighted average interest rate of 1.947%.

On the 14th of May, IGCP, E.P.E. **auctioned** €548M of PGB 1.65% 16July 2032 and €702M of PGB 4.1% 15February 2045.

GENERAL GOVERNMENT DEBT

According to bdp, at the end of April, general government debt **amounted** to €280,856M, more €2,594M compared to March 2025. Maastricht debt net of deposits of the general government stood at €260,477M, which represents a monthly increase of €971m.