

PORTUGAL

LATEST KEY DEVELOPMENTS

JUN 2025

ECONOMIC ACTIVITY

According to INE, the **General Government (GG) balance** increased by 0.1pp in the year ending in the first quarter of 2025, to a surplus of 0.8% of GDP. This behaviour was due to a slightly larger increase in revenue (1.6%) than in expenditure (1.4%).

Net lending of households decreased from 4.6% to 4.4% of GDP in the year ending in the first quarter of 2025 and reflected the higher growth of Gross Capital Formation than savings (3.2% and 0.1% compared to the previous quarter, respectively).

Consumer confidence stabilized in June, after increasing in the previous month. The **balance of Consumer opinions on past price developments** decreased in May and June, following a significant increase observed in April. The **economic climate indicator** increased in June, extending the upward movement observed in the last two months. **Confidence indicators** increased in Services, Manufacturing Industry and in Construction and Public Works, and decreased in Trade. INE's press release is available [here](#).

LABOUR MARKET

According to INE estimates, the **unemployment rate** in May stood at 6.3%, unchanged from April 2025, but down from February 2025 and from May 2024 (0.1 pp in both). The unemployed population was 348.9 thousand people in a labour force of about 5.6 million people (16 to 74 years).

TOURISM INDUSTRY

In May 2025, the **tourism accommodation sector** registered **3.2 million guests and 7.8 million overnight stays**, resulting in y-o-y increases of 2.6% and 1.3%, respectively. Overnight stays by residents grew by 5.9% to 2 million, while those by non-residents slightly decreased by 0.2%, totalling 5.8 million. INE's flash estimate is available [here](#).

EXTERNAL ADJUSTMENT

i. International Trade

In April 2025, **exports and imports of goods** recorded nominal y-o-y changes of -5.7% and +2.4%, respectively (+0.1% and +8.5%, in the same order, in March 2025). Excluding Fuels and lubricants, exports fell by 3.0% (+0.3% in March 2025), as a result of the significant decrease in transactions in this category of products. In the case of imports, the variation was essentially due to an increase in the imports of Industrial supplies (+13.0%). INE's press release is available [here](#).

ii. Balance of Payments

In April 2025, in cumulative terms, the **current account (CA)** balance stood at €164.98M (€1,653.24M in 2024). CA balance is negatively influenced by the **balance of goods** (-€9,102.07M) and positively by the **balance of services** which registered a surplus of €9,172.30M. The **capital account** registered a surplus of €1,136.76M. BdP's data is available [here](#).

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PRICE DEVELOPMENTS

The **CPI annual rate** is estimated at 2.4% in June (2.3% in May). The annual rate of change of the index for energy products decreased to -1.3% (0.1% in May), while the estimated index for unprocessed food accelerated again to 4.7% (4.0% in the previous month). In May, the estimated **HICP annual rate** of change was 2.1% (1.7% in the previous month). INE's flash estimate is available [here](#).

According to INE's data, the **industrial production prices index** registered a y-o-y change rate of -3.1% in May (-2.6% in April), mainly reflecting price reductions in Energy and Non-Durable Consumer Goods, the latter notably due to a decrease in olive oil production prices. Excluding the Energy grouping, industrial production prices fell by 2.2% (-2.1% in April).

BUDGETARY OUTTURN

At the end of May 2025, the **general government budget on a cash basis** recorded a €597.2M surplus, an improvement of €3,095.0M compared to the €2,497.8M deficit registered in May 2024. This result reflects a 12.3% increase in revenue, outpacing the 4.5% growth in expenditure. The primary surplus amounted to €3,491.7M, up €2,913.1M year-on-year.

The revenue increase was mainly driven by tax revenue (+13.2%), particularly PIT (+17.7%) and VAT (+9.1%). Social contributions grew by 8.2%, notably due to the performance of the Social Security system (+9.0%). Non-tax and non-contributory revenue rose by 16.6%, supported by property income (+166.6%) and transfers (+18.1%).

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 2.9%, driven by pension updates and social support. Public investment rose by 14.6%, mainly from local and regional government and infrastructure programs, as well as that achieved in the defence sector.

TREASURY FINANCING

According to the Debt Management Agency (IGCP), at the end of May 2025, the Portuguese State direct debt **reached** €304,956M before exchange rate hedging, €4,520M more than in the previous month. This increase was mainly driven by a €4,490M rise in Treasury Bonds.

On June 18th, 2025, IGCP **issued** €750M of 11-month T-Bills at the weighted average interest rate of 1.941.

On the 11th of June, IGCP, E.P.E. **auctioned** €490M of PGB 3.625% 12June2054 and €677M of PGB 0.9% 12October2035.

GENERAL GOVERNMENT DEBT

According to bdp, at the end of May, general government debt **amounted** to €284,542M, more €3,719M compared to April 2025. Maastricht debt net of deposits of the general government stood at €260,292M, which represents a monthly decrease of €123M.