

PORTUGAL

LATEST KEY DEVELOPMENTS

JUL 2025

ECONOMIC ACTIVITY

In the second quarter of 2025, **real GDP** experienced a y-o-y growth of 1.9% (1.7% in the previous quarter, revision of +0.1 pp). The negative contribution of net external demand to the y-o-y rate of change of GDP was less pronounced, reflecting the more pronounced slowdown of imports of goods and services than of exports. The positive contribution of domestic demand to the y-o-y growth rate of GDP decreased in the second quarter, as a result of the slowdown of investment. INE's release available [here](#).

Consumer confidence increased in July, after stabilizing in the previous month. The **confidence indicators** increased in Manufacturing Industry and Trade and decreased in Services and in Construction and Public Works. INE's press release available [here](#).

LABOUR MARKET

According to INE estimates, the **unemployment rate** in June stood at 6.0%, down for May, March and June 2024 (0.1 pp, 0.4 pp and 0.3 pp, respectively). Furthermore, in June, the employed population was 5,227.8 thousand people, reaching the highest value since February 1998.

TOURISM INDUSTRY

In June 2025, the **tourism accommodation sector** registered 3.1 million guests and 8.1 million overnight stays, resulting in increases y-o-y of 2.5% and 3.1%, respectively. Overnight stays by residents grew by 5.8% to 2.4 million, while those by non-residents increased by 2.0%, totalling 5.7 million. INE's flash estimate available [here](#).

EXTERNAL ADJUSTMENT

i. International Trade

In the second quarter of 2025, according to [INE's flash estimate](#), **exports and imports** recorded nominal y-o-y changes of -1.3% and +6.4%, respectively (+7.7% and +7.0%, in the same order, in the previous quarter). This estimate indicates that exports of goods declined for the first time since the second quarter of 2024, while imports of goods increased for the fifth consecutive quarter. Transactions of goods increased for the third consecutive quarter.

ii. Balance of Payments

In May 2025, in cumulative terms, the **current account (CA)** balance recorded a deficit of €365.21M (-€197.584M in 2024). The CA deficit is negatively influenced by the **balance of goods** (-€2,337.36M) and positively by the **balance of services** which registered a surplus of €2,786.08M. The **capital account** registered a surplus of €245.36M. BdP's data available [here](#).

PRICE DEVELOPMENTS

The **CPI annual rate** is estimated to have increased to 2.6% in July 2025 (2.4% in June). The annual rate of change of the index

for energy products decreased to -1.1% (-1.3% in June), while the estimated rate for unprocessed food increased to 6.2% (4.7% in the previous month). In July 2025, the estimated **HICP** annual rate of change was 2.5% in Portugal (2.1% in June). INE's flash estimate available [here](#).

According to INE's data, in June, the **Industrial Production Prices Index recorded a y-o-y decrease of 3.0%** the same as in May), mainly reflecting the decrease in prices of Non-Durable Consumer Goods and Intermediate Goods. Excluding the Energy grouping, industrial production prices fell by 2.5% (-2.2% in the first quarter).

BUDGETARY OUTTURN

At the end of June 2025, the [general government budget on a cash basis](#) recorded a €2,008.6M surplus, an improvement of €4,680.6M compared to the €2,672.0M deficit registered in May 2024. This result reflects a 13.9% increase in revenue, outpacing the 4.5% growth in expenditure. The primary surplus amounted to €5,733.8M, up €4,716.2M year-on-year.

The revenue increase was mainly driven by tax revenue (+20.0%), particularly CIT (+210.5%), VAT (+11.3%) and PIT (+12.0%). Social contributions grew by 8.3%, notably due to the performance of the Social Security system (+9.1%). Non-tax and non-contributory revenue rose by 6.1%, supported by property income (+35.2%) and transfers (+12.4%).

On the expenditure side, the increase was mostly due to the compensation of employees (+8.5%), reflecting wage enhancement measures, career valuation, and the increase in the minimum wage. Transfers grew by 3.0%, driven by pension updates and social support. Public investment rose by 15.6%, mainly from local and regional government and infrastructure programs, including the Recovery and Resilience Plan (PRR), as well as that achieved in the defence sector.

TREASURY FINANCING

According to the Debt Management Agency (IGCP), at the end of June 2025, the Portuguese State direct debt [reached](#) €307,258M before exchange rate hedging, €2,302M more than in the previous month. This increase was mainly driven by a €1,494M rise in Treasury Bonds.

On July 16th, 2025, IGCP [issued](#) €1,000M of 12-month T-Bills at the weighted average interest rate of 1.906.

On the 9th of July, IGCP, E.P.E. [auctioned](#) €610M of PGB 1% 12Apr2025 and €650M of PGB 0.3% 17Oct2031.

GENERAL GOVERNMENT DEBT

According to bdp, at the end of June, general government debt [amounted](#) to €286,998M, more €2.456M compared to May 2025. Maastricht debt net of deposits of the general government stood at €258,826M, which represents a monthly decrease of €1,466M.