

PORTUGAL

LATEST KEY DEVELOPMENTS

Aug 2025

ECONOMIC ACTIVITY

In the second quarter of 2025, **real GDP**, recorded a y-o-y change of 1.9%, 0.2 p.p. higher than that observed in the first quarter. The negative contribution of net external demand to the y-o-y growth rate of GDP was less pronounced in the second quarter, driven by a sharper slowdown in imports of goods and services than in exports. The positive contribution of domestic demand to the y-o-y growth rate of GDP slightly declined, from 3.7 p.p. in the first quarter to 3.6 p.p., reflecting a slowdown in investment. INE's release available [here](#).

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

LABOUR MARKET

According to INE estimates, the **unemployment rate** in July stood at 5.8%, down for June, April and July 2024 (0.3 p.p., 0.4 p.p. and 0.7 p.p., respectively). Furthermore, in July, the employed population was 5,260.4 thousand people, reaching the highest value since February 1998.

TOURISM INDUSTRY

In July 2025, the **tourism accommodation sector** registered 3.4 million guests and 9.4 million overnight stays, resulting in y-o-y increases of 10.6% and 9.2%, respectively. Overnight stays by residents grew by 6.7% to 2.9 million, while those by non-residents increased by 2.2%, totalling 6.5 million. INE's flash estimate available [here](#).

EXTERNAL ADJUSTMENT

i. International Trade

In June, **exports and imports** recorded nominal y-o-y changes of -0.1% and +3.9%, respectively (+2.6% and +13.2%, in the same order, in the previous month). However, when transactions without transfer of ownership (TTE) are excluded, increases were observed in both flows: +2.1% in exports and +5.1% in imports (+1.3% and +4.6%, in the same order, in May). INE's press release available [here](#).

ii. Balance of Payments

In June 2025, in cumulative terms, the **current account (CA)** balance recorded a surplus of €576.94M (€2,860.15M in June 2024). The CA deficit is negatively influenced by the **balance of goods** (-€13,667.47M) and positively by the **balance of services** which registered a surplus of €14,940.20M. The **capital account** registered a surplus of €1,687.70M. BdP's data available [here](#).

PRICE DEVELOPMENTS

The **CPI annual rate** is estimated to have increased to 2.8% in August 2025 (2.6% in July). The annual rate of change of the index for energy products decreased to -0.2% (-1.1% in July), while the estimated rate for unprocessed food increased to 7.0% (6.27% in the previous month). In August 2025, the estimated **HICP** annual rate of change was 2.5% in Portugal (2.5% in July). 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 3.7%** (-3.0% in June), mainly reflecting the decrease in prices of Intermediate Goods, Non-Durable Consumer Goods and Energy. Excluding the Energy grouping, industrial production prices fell by 2.9% (-2.5% in June).

BUDGETARY OUTTURN

In July 2025, the **general government budget on a cash basis** registered a surplus of €2,327.6M, compared to a surplus of €940.9M in the same period of 2024. The primary surplus reached €6,908.8M, up €1,339.9M vis-à-vis 2024. The observed behaviour is a result of a 7.1% increase in revenue, along with a 5.1% increase in expenditure.

The increase in **revenue** is mainly driven by the increase of tax revenue (6.9%), and, at a secondary level, by contributory revenue (8.3%) and non-tax and non-contributory revenue (5.8%).

On the **expenditure** side, the increase is mainly driven by the increase in compensation of employees (8.8%), in transfers (3.7%), and in investment (19.0%).

TREASURY FINANCING

According to the Debt Management Agency (IGCP), at the end of July 2025, the Portuguese State's direct debt **reached** €309,839M before exchange rate hedging, an increase of €2,582M from the previous month. This increase was mainly driven by a €1,260M rise in OT / Fixed-rate Treasury Bonds and a €404M rise in Non Tradable Asving Certificates.

GENERAL GOVERNMENT DEBT

According to bdp, at the end of June, general government debt **amounted** to €289,996.4M, more €998.3M compared to June 2025. Maastricht debt net of deposits of the general government stood at €259,205.3M, which represents a monthly increase of €376.7M.