

PORTUGAL

LATEST KEY DEVELOPMENTS

Sep 2025

ECONOMIC ACTIVITY

According to INE, the **net lending of the Portuguese economy** was 2.1% of the GDP in the second quarter of 2025, which represents a decrease of 0.2 p.p. compared with the previous quarter. The reduction in the economy's external balance is reflected by the overall decrease in the balances of most domestic sectors except for Non-Financial Corporations. The **balance of General Government (GG) sector** stood at 0.5% of GDP in the year ending in the second quarter of 2025 (less 0.2 p.p. vis-à-vis the previous quarter). INE's estimate available [here](#).

Consumer confidence increased in September, following the decrease of the previous month. The **economic climate indicator** increased in both August and September, keeping the upward trend since April. **Confidence indicators** increased in Trade and Manufacturing Industry, while decreasing in Services and in Construction and Public Works. INE's press release available [here](#).

LABOUR MARKET

According to INE's provisional estimates, the **unemployment rate** in August stood at 6.1%, up from July 2025 (+0.1 p.p.), and down from May 2025 and from August 2024 (-0.1 p.p. and -0.2 p.p., respectively). Furthermore, in August, the employed population was 5,265.4 thousand people, reaching the highest value since February 1998.

TOURISM INDUSTRY

In August 2025, the **tourism accommodation sector** registered 3.8 million guests and 10.7 million overnight stays, resulting in y-o-y increases of 0.9% and 1.1%, respectively. Overnight stays by residents grew by 4.1% to 3.8 million, while those by non-residents declined by 0.5%, totalizing 6.9 million. INE's flash estimate available [here](#).

EXTERNAL ADJUSTMENT

i. International Trade

In July, **exports and imports** recorded nominal year-on-year changes of -11.3% and +2.8%, respectively (+0.2% and +3.7%, in the same order, in the previous month). However, when transactions without transfer of ownership (TTE) are excluded, increases were observed in both flows: +0.3% in exports and +0.2% in imports (+2.3% and +5.0%, in the same order, in June). INE's press release available [here](#).

ii. Balance of Payments

In July 2025, in cumulative terms, the **current account (CA)** balance recorded a surplus of €1,983.01M (€3,820.66M in July 2024). The CA deficit is negatively influenced by the **balance of goods** (-€16,190.75M) and positively by the **balance of services** which registered a surplus of €18,824.32M. The **capital account** registered a surplus of €2,082.25M. BdP's data available [here](#).

PRICE DEVELOPMENTS

The **CPI annual rate** is estimated to have decreased to 2.4% in September 2025 (2.8% in August). The annual rate of change of the index for energy products was 0.3% (-0.2% in August), while the estimated rate for unprocessed food remained at 7.0%. In September 2025, the estimated **HICP** annual rate of change was 1.9% (2.5% in August). INE's flash estimate available [here](#).

According to INE's data, in August, the **Industrial Production Prices Index recorded a y-o-y decrease of 4.3%** (-3.7% in July), mainly reflecting the decrease in prices of Intermediate Goods, Energy, and Non-Durable Consumer Goods. Excluding the Energy grouping, industrial production prices fell by 3.3% (-2.9% in July).

BUDGETARY OUTTURN

Until August 2025, the general government budget, on a cash basis, recorded a surplus of €2,011.2M, compared to a surplus of €524.1M in the same period of 2024. The primary surplus reached €6,738.8M, up €1,430.5M year-on-year. This performance reflects an 8% increase in revenue, outpacing the 6.1% growth in expenditure.

Revenue growth was primarily driven by tax revenue (+9.1%), particularly Personal Income Tax (+16.6%) and VAT (+9%), as well as social contributions (+8.2%), largely from the Social Security system (+9%). Non-tax and non-contributory revenue also rose 4.5%, supported by higher transfers (+10%), fees and fines (+6.5%), and property income (+10.1%).

On the **expenditure** side, the 6.6% rise in primary expenditure was mainly due to increases in transfers (+4.9%), compensation of employees (+9.3%), and public investment (+17.8%).

TREASURY FINANCING

According to the Debt Management Agency (IGCP), in August 2025, the Portuguese **State direct debt reached** €312,410M, an increase of €2,571M compared to the previous month. This rise was mainly driven by the issuance of short-term certificates (CEDIC), which increased by €1,927M.

On September 17th, 2025, IGCP issued €750M of 10-month T-Bills at the weighted average interest rate of 2.005%, and €1,000M of 12-month T-Bills at the weighted average interest rate of 2.009%

On September 10th, IGCP, E.P.E. auctioned €621M of PGB 3% 15June 2035 and €510M of PGB 1.15% 11April 2042.

GENERAL GOVERNMENT DEBT

According to Bank of Portugal (bdp), at the end of August 2025, general government debt amounted to €288,361M, an increase of €266M compared to July. Maastricht debt net of general government deposits stood at €259,206M, reflecting a monthly decrease of €63M.