

PORTUGAL

LATEST KEY DEVELOPMENTS

Oct 2025

ECONOMIC ACTIVITY

Real GDP grew 2.4% y-o-y in the third quarter (1.8% in the previous one). The positive contribution of domestic demand to the growth rate of GDP remained close to that observed in the previous quarter, while the negative contribution of net external demand was less pronounced, reflecting an acceleration of exports of goods and services and a slight slowdown in imports of goods and services. Compared to the second quarter, GDP increased by 0.8% in volume, after a 0.7% increase in the previous quarter. INE's flash estimate is available [here](#).

Consumer confidence increased in September and October, following the decrease of the previous month. Such increase was driven by positive contributions from opinions on the future evolution of major purchases by households, of the country's economic situation and of households' financial situation. In contrast, opinions on the past evolution of households' financial situation contributed negatively. The **economic climate indicator** decreased in October, suspending the upward movement observed in the last three months. **Confidence indicators** increased in Trade, and in Construction and Public works, while decreasing in Manufacturing Industry and in Services. INE's press release available [here](#).

LABOUR MARKET

According to INE's provisional estimates, the **unemployment rate** in September stood at 6.0%, up from August and June 2025 (0.1 p.p. in both), and down from December 2024 (0.5 p.p.). Furthermore, in September, the employed population was 5,286.7 thousand people, reaching the highest value since February 1998.

TOURISM INDUSTRY

In September 2025, the **tourism accommodation sector** registered 3.3 million guests and 8.5 million overnight stays, resulting in y-o-y increases of 1.1% and 0.7%, respectively. Overnight stays by residents grew by 5.6% to 2.5 million, while those by non-residents declined by 1.2%, totaling 6.0 million. INE's flash estimate available [here](#).

EXTERNAL ADJUSTMENT

i. International Trade

In the third quarter, **exports** slightly decreased and **imports** of goods in nominal terms increased by 0.1% and 5.2%, respectively. It should be noted, however, that, when excluding TTE transactions, the decrease in exports was null, and the increase in imports was less pronounced, at 3.0%. INE's press release [here](#).

ii. Balance of Payments

In August, cumulatively, the **current account** (CA) balance stood at €3,534.22M (€5,401.83M in 2024), negatively impacted by the balance of **goods** (-€18,823.75M) and positively by the

balance of **services** (€23,069.25M). The **capital account** recorded a surplus of €2,123.76M. BdP's data [here](#).

PRICE DEVELOPMENTS

The **CPI annual rate** is estimated at 2.3% in October (2.4% in September), with the index for energy products and for unprocessed foods estimated at -1.2% and 6.1%, respectively (0.3% and 7.0% in September). **HICP annual rate** was 2.0% (1.9% in September). INE's flash estimate available [here](#).

According to INE, in September, the **industrial production prices** grew 2.0% y-o-y (3.0% in August). Excluding Energy, industrial prices slightly decreased by 0.1% (0.9% in the previous month).

BUDGETARY OUTTURN

Until September 2025, the **general government budget**, on a cash basis, recorded a surplus of €6,304.1M, compared to a surplus of €5,693.3M in the same period of 2024. The primary surplus reached €11,298.5M, up €554.9M year-on-year. This performance reflects a 6.6% increase in revenue, outpacing the 6.3% growth in expenditure.

Revenue growth was mainly driven by tax revenue (+6.2%) and social contributions (+8.3%), particularly from the Social Security system (+9%), while non-tax and non-contributory revenue increased 5.5%, supported by higher transfers (+12.5%) and fees and fines (+8.1%). The growth in tax revenue reflected mainly the evolution of VAT (+8.3%) and PIT (+7.4%), partially offset by a decline in CIT (-4.7%).

On the **expenditure** side, primary expenditure rose 6.8%, mainly due to higher transfers (+6.1%), compensation of employees (+8.7%), and public investment (+17.8%). The increase in investment was driven by Local Government projects, Recovery and Resilience Plan (PRR) measures, and defence sector acquisitions.

TREASURY FINANCING

According to the Debt Management Agency (IGCP), in September 2025, the **Portuguese State direct debt** reached €318,596M, representing an increase of €6,185M from the previous month. This development mainly reflects the issuance of Fixed-Rate Treasury Bonds, which increased by €5,996M.

GENERAL GOVERNMENT DEBT

According to Bank of Portugal (bdp), at the end of September 2025, **general government debt** amounted to €294,319M, an increase of €5,959M compared to the previous month. **Maastricht debt net of general government deposits** stood at €255,161M, reflecting a monthly decrease of €4,044M.