

PORTUGAL

LATEST KEY DEVELOPMENTS

Dec 2025

ECONOMIC ACTIVITY

The Portuguese economy's net lending increased by 0.2 p.p. in third quarter of 2025, vis-à-vis the previous quarter, moving to 2.2% of GDP. This increase is reflected by the improvement in the Balance of Non-Financial Corporations (less negative by 0.6 p.p.). Disposable Income of households increased by 1.6 p.p., compared to the previous quarter, and the balance of financial corporations remained at 1.6% of GDP. The balance of the General Government (GG) sector remained positive, standing at 0.4% of GDP in the year ending in the third quarter of 2025. INE's flash press release [here](#).

Consumer confidence increased slightly in December, after decreasing in the previous month. Such increase was driven by positive contributions of expectations to the future evolution of the country's economic situation and of major purchases by households. In contrast, expectations about households' financial situation and opinions on the past evolution of households' financial situation contributed negatively. The **economic climate indicator** increased slightly, extending the upward movement in place since April. Specifically, the **confidence indicators** in Services increased, whereas Trade, Manufacturing Industry, and in Construction and Public Works decreased. INE's press release available [here](#).

LABOUR MARKET

According to INE's provisional estimates, the **unemployment rate** in November stood at 5.7%, down from October 2025 (0.1 p.p.), November 2024 (0.9 p.p.), and August 2025 (0.3 p.p.). Furthermore, in November, the employed population was 5,306.1 thousand people.

TOURISM INDUSTRY

In November 2025, the **tourism accommodation sector** registered 2.2 million guests and 5.1 million overnight stays, resulting in y-o-y increases of +0.8% and +1.0%, respectively. The increase in the number of overnight stays was driven by both residents (+1.4%, vs +5.8% in October) and non-residents (+0.8%, vs +1.0% in October), reaching 1.7 and 3.4 million, respectively. INE's flash estimate available [here](#).

EXTERNAL ADJUSTMENT

i. International Trade

In October, **exports and imports** of goods recorded y-o-y changes of -5.2% and -3%, respectively (+14% and +9.8%, in the same order, in September 2025). The decrease in exports and imports was most notorious involving Fuels and lubricants, with changes of -42.5% and -42.4%, respectively. The trade deficit in goods deteriorated to €2,805 million in October 2025 (up €77 million compared to October 2024). INE's press release [here](#).

ii. Balance of Payments

In October, cumulatively, the **current account** (CA) balance stood at €5,253.6M (€6,856.2M in 2024), negatively impacted by

the balance of **goods** (-€24,094.4M) and positively by the balance of **services** (+€29,464.1M). The **capital account** recorded a surplus of €2,719.2M. BdP's data [here](#).

PRICE DEVELOPMENTS

The **CPI annual rate** is estimated to have remained at 2.2% in December 2025, with the index for energy products and for unprocessed foods estimates pointing to -2.4% and +6%, respectively (-0.8% and +6% in November). Core inflation presented a rate of change of +2.1% (2% in November). **HICP annual rate** was 2.4% (2.1% in November). INE's flash estimate available [here](#).

INE's November release points decreasing **industrial production prices** by 3.3% y-o-y (-2.8% in October). Excluding Energy, industrial production prices fell 2% (-2.8% in October).

BUDGETARY OUTTURN

Until the end of November 2025, the **general government budget on a cash basis** recorded a €2,835.6M surplus, €633.9M higher than in the same period of 2024. The primary surplus reached €9,231.9M, up €367.3M vis-à-vis 2024. The observed behaviour reflects a 7.3% increase in revenue, above the 6.9% rise in expenditure.

Revenue growth was mainly driven by social contributions (+8.2%) and tax revenue (+6.8%), supported by VAT (+9.1%), PIT (+8.6%), Property Transfer Tax (+25.7%), and Excise Duty on Petroleum Products (+10%), partly offset by CIT (-3.8%). Non-tax and non-contributory revenue rose 7.5%, mainly due to higher transfers and fees/fines.

Expenditure growth was driven by transfers (+5.4%), employee compensation (+8.2%), and purchase of goods and services (+8.1%). Transfers reflect pension updates, social benefits, support to non-profits, the solidarity supplement for the elderly, parental/unemployment benefits, and higher EU budget contributions.

TREASURY FINANCING

According to the Debt Management Agency (IGCP), in November 2025, the Portuguese **State direct debt amounted** to €306,069M, a decrease of €1,012M compared with the previous month. This reduction was mainly driven by Treasury Bonds, which declined by €1,344M.

GENERAL GOVERNMENT DEBT

According to the Bank of Portugal (BdP), at the end of November 2025, **general government debt amounted** to €281,383M, a decrease of €1,863M compared with October. **Maastricht debt, net of general government deposits**, stood at €258,941M, reflecting a monthly increase of 893M.