

PORTUGAL

LATEST KEY DEVELOPMENTS

Jan 2026

ECONOMIC ACTIVITY

GDP, in volume, recorded a YoY growth rate of 1.9% in the fourth quarter of 2025 (2.3% in the previous quarter). The negative contribution of net external demand to the y-o-y rate of change of GDP was less pronounced, with a marked slowdown in imports of goods and services and a decline in exports of goods and services. The positive contribution of domestic demand to the y-o-y growth rate of GDP decreased, with private consumption and investment slowing down. Compared to the third quarter of 2025, GDP increased by 0.8% in volume, after a 0.7% increase in the previous quarter. INE's flash estimate available [here](#).

Consumer confidence increased in the last two months, slightly in December, after decreasing in the previous month. Such increase was driven by positive contributions from expectations on the future evolution of major purchases by households, of households' financial situation and, to a lesser extent, of the country's economic situation and of opinions on the past evolution of households' financial situation. The **economic climate indicator** decreased in January, after having increased in the previous two months. The **confidence indicators** increased in Construction and Public Works, whereas Trade, Manufacturing Industry and Services decreased. INE's press release available [here](#).

LABOUR MARKET

According to INE's provisional estimates, the **unemployment rate** in December stood at 5.6%, down from November 2025 (0.1 p.p.), September 2025 (0.4 p.p.), and from December 2024 (0.8 p.p.). Furthermore, in December, the employed population was 5,316.9 thousand people.

TOURISM INDUSTRY

In December 2025, the **tourism accommodation sector** registered 1.9 million guests and 4.3 million overnight stays, resulting in y-o-y increases of +4.4% and +3.0%, respectively. The increase in the number of overnight stays was driven by both residents (+6%, vs +0.8% in November) and non-residents (+1.1%, vs +0.6% in November), reaching 1.7 and 2.6 million, respectively. INE's flash estimate available [here](#).

EXTERNAL ADJUSTMENT

i. International Trade

In the 4th quarter of 2025 **exports and imports** recorded nominal y-o-y changes of -2.9% and -5.1%, respectively (-0.3% and +5.4%, in the same order, as of the previous quarter). Excluding TTE transactions, these declines are slightly more pronounced in exports (-3.6%) and a more moderate in imports (-4.1%). INE's press release [here](#).

ii. Balance of Payments

In November, cumulatively, the **current account** (CA) balance stood at €5,184.8M (€7,057.4M in 2024), negatively impacted by the balance of **goods** (-€26,102.9M) and positively by the

balance of **services** (+€31,326.5M). The **capital account** recorded a surplus of €3,179.1M. BdP's data [here](#).

PRICE DEVELOPMENTS

The **CPI annual rate** is estimated to have decreased to 1.9% in January 2026 (2.2% in December), with the index for energy products and for unprocessed foods estimates pointing to -2.2% and +5,8%, respectively (-2.4% and +6.1% in December 2025). Core inflation presented a rate of change of +1.8% (2.1% in December). **HICP annual rate** was 1.9% (2.4% in December). INE's flash estimate available [here](#).

According to INE, December saw a y-o-y increase in the **industrial production index** of 2.3% (0.3% in November). Excluding Energy, the variation was null (0.9% in December).

BUDGETARY OUTTURN

In 2025, the general government budget on a cash basis recorded a €1,297.7M surplus, representing an improvement of €885.5M compared to 2024. The primary surplus reached €8,114.8M, €731.5M higher than in 2024. This outcome reflects revenue growth of 7.7%, exceeding the 7.0% increase in expenditure.

The increase in **revenue** was mainly driven by tax revenue (7.1%), supported by social contributions (8.3%) and non-tax and non-contributory revenue (8.7%). Tax revenue growth was essentially due to the performance of VAT (9.8%) and PIT (9.3%), as well as, to a lesser extent, IMT (25.0%) and the tax on oil and energy products (ISP, 8.6%), partially offset by a decline in CIT (-2.3%).

On the **expenditure** side, primary expenditure increased by 7.5%, mainly reflecting higher transfers (5.1%), compensation of employees (8.2%) and investment (22.3%).

TREASURY FINANCING

According to the Debt Management Agency (IGCP), at the end of 2025, the Portuguese **State direct debt** reached €315,603M, an increase of €9,534M compared to compared to November. This rise was mainly driven by the issuance of short-term certificates (CEDIC), which increased by €15,140M.

On January 7th, IGCP issued €1,250M of 10-month T-Bills at the weighted average interest rate of 1.990%, and on January 21th, €1,250M of 12-month T-Bills at the weighted average interest rate of 2.026%

On January 28th, 2026, IGCP, E.P.E. auctioned €900M of PGB 3% 15June 2035 and €600M of PGB 0.3% 17October 2031.

GENERAL GOVERNMENT DEBT

According to Bank of Portugal (bdp), at the end of 2025, general government debt amounted to €274,776M, an decrease of €6,607M compared to November. Maastricht debt net of general government deposits stood at €261,427M, reflecting a monthly increase of €2,486M.