

# PORTUGAL

## LATEST KEY DEVELOPMENTS

MAR 2026

### ECONOMIC ACTIVITY

The Portuguese economy recorded a **net lending** of 2.5% GDP in the fourth quarter of 2025, representing an increase of 0.4 percentage points compared with the previous quarter. The increase in the economy's external balance mainly reflected the improvement in the balance of General Government, which stood at 0.7% of GDP. INE's press release available [here](#).

The **consumer confidence indicator** decreased in the last two months, significantly in March, registering a significant decline in March to the lowest value since December 2023. This result is mainly due to the pronounced negative contributions of expectations on the future evolution of the country's economic situation and of households' financial situation. The **economic climate indicator** decreased in March, to a value close to that observed a year ago. The **confidence indicators** decreased in Trade and in Construction and Public Works, having increased in Manufacturing Industry and in Services. INE's press release available [here](#).

### LABOUR MARKET

According to INE's provisional estimates, the **unemployment rate** in February stood at 5.8%, up from January (0.2 p.p.) and from November 2025 (0.1 p.p.), but down from February 2025 (-0.4 p.p.). Furthermore, in February, the employed population was 5,286.9 thousand people.

### TOURISM INDUSTRY

In February 2026, the **tourism accommodation sector** accounted for 1.8 million guests (+0.8%) and 4.2 million overnight stays (+1.3%). The increase in overnight stays was driven by positive contributions from both residents (+3.2%, vs +4.2% in January) to 1.4 million and non-residents (+0.4%, vs +0.8% in January) to 2.8 million, respectively. INE's flash estimate available [here](#).

### EXTERNAL ADJUSTMENT

#### i. International Trade

In January 2026, **exports and imports of goods** recorded nominal y-o-y changes of -14.1% and -2.5% respectively (-0.2% and -2.4%, in the same order, in December 2025). When transactions without transfer of ownership (TTE) are excluded, both flows showed a milder contraction of -5.1% in exports (-0.3% in December 2025) and -0.7% in imports (-3.8% in December 2025). INE's press release [here](#).

#### ii. Balance of Payments

In January 2026, the **current account (CA)** balance recorded a surplus of €17.09M (€456,13M in January 2025). This result was mainly due to the positive contribution of the balance of services (€2,034,81M), which more than offset the deficit of the balance of goods (-€2.138,13M). At the same time, the capital account registered a surplus of €96,02M. BdP's data [here](#).

### PRICE DEVELOPMENTS

The **CPI annual rate** is estimated to have increased to 2.7% in March 2026 (2.1% in February), with the index for energy products and for unprocessed foods estimates pointing to 5.8% and +6.4%, respectively (-2.2% and +6.7% in February). Core inflation presented a rate of change of +2.0% (1.9% in February). INE's flash estimate available [here](#).

According to INE, in February, the **industrial production index** recorded a y-o-y change of -3.5% (-2.1% in January). Excluding Energy, this variation was -0.2% (-0.8% in January).

### BUDGETARY OUTTURN

At February of 2026, the **general government budget on a cash basis** recorded a €1,992.4M surplus, representing a decrease of €127.0M compared to the previous year. The primary surplus reached €3,057,8M, €731.5M lower than in 2025. This outcome reflects expenditure growth of 6.3%, exceeding the increase in revenue (5.0%).

The increase in **revenue** was driven by non-tax and non-contributory revenue (13.3%), social contributions (7.9%), and tax revenue (1.0%). The tax revenue growth was essentially due to the performance of municipal property tax (189.6%), VAT (0.9%), PIT (1.0%) and tax on petroleum and energy product (3.4%), mitigated by the decline in corporate income tax (-40.3%) and tobacco tax (-14.2%).

On the **expenditure** side, primary expenditure increased by 6.8%, mainly reflecting higher transfers (7.7%), compensation of employees (5.8%) and purchase of goods and services (8.0%).

### TREASURY FINANCING

According to the Debt Management Agency (IGCP), in February 2026, the Portuguese **State direct debt** reached €306,840M, an increase of €2,598M compared to compared to January. This rise was mainly driven by the Treasury Bills and Treasury Bonds, which increased by €1,721M and €1,527M, respectively.

On March 18th, IGCP **issued** €1,420M of 12-month T-Bills at the weighted average interest rate of 2.307%, and €690M of 12-month T-Bills at the weighted average interest rate of 2.141%

On March 11th, 2026, IGCP, E.P.E. **auctioned** €731M of PGB 3.000% 15June 2035 and €679M of PGB 2.875% 15June 2040.

### GENERAL GOVERNMENT DEBT

According to Bank of Portugal (bdp), in February 2026, **general government debt** **amounted** to €282,711M, an increase of €1,560M compared to January. Maastricht debt net of general government deposits stood at €260,986M, reflecting a monthly increase of €1,588M.