

PORTUGAL

LATEST KEY DEVELOPMENTS

APR 2026

ECONOMIC ACTIVITY

In the first quarter of 2026, real GDP experienced a y-o-y increase of 2.3% (1.9% in the previous quarter). The positive contribution of domestic demand to the y-o-y growth rate of GDP increased in the first quarter, determined by an acceleration of investment. Net external demand recorded a more negative contribution, as imports of goods and services grew at a faster pace than exports of goods and services. INE's press release available [here](#).

The consumer confidence indicator decreased in the last three months, registering in April the lowest value since November 2023. This decline in April was driven by negative contributions from opinions on the past evolution of households' financial situation and from expectations regarding the future evolution of both households' financial situation and the country's economic situation. The economic climate indicator increased in April, after having decreased in the previous month. The confidence indicators increased in Trade and in Construction and Public Works, having decreased in Manufacturing Industry and in Services. INE's press release available [here](#).

LABOUR MARKET

According to INE's provisional estimates, the unemployment rate in March stood at 5.8%, as in February, up from December 2025 (0.2 p.p.), but down from March 2025 (-0.5 p.p.). Furthermore, in March, the employed population was 5,300.4 thousand people.

TOURISM INDUSTRY

In March 2026, the tourism accommodation sector accounted for 2.3 million guests (+0.9%) and 5.6 million overnight stays (+1.4%). The increase in overnight stays was driven by positive contributions from non-residents (+2.9%, vs +0.2% in February) to 4.0 million, while residents decreased by 2.3% (+2.6% in February) to 1.6 million, respectively. INE's flash estimate available [here](#).

EXTERNAL ADJUSTMENT

i. International Trade

In the first quarter of 2026, excluding TTE transactions, there was an increase in exports and imports of goods of 1.1% and 4.2%, respectively. INE's press release [here](#).

ii. Balance of Payments

In February 2026, the current account (CA) balance recorded a deficit of €271.30M (surplus of €263,74M in February 2025). This result was mainly due to the negative contribution of the balance of goods (-€4,490,03M), more than offset the surplus of the balance of services (€3.889,99M). At the same time, the capital account registered a surplus of €517,02M. BdP's data [here](#).

PRICE DEVELOPMENTS

The CPI annual rate is estimated to have increased to 3.4% in April 2026 (2.7% in March), with the index for energy products

and for unprocessed foods estimates pointing to 11.7% and +7.5%, respectively (5.7% and +6.4% in March). Core inflation presented a rate of change of +2.2% (2.0% in March). INE's flash estimate available [here](#).

According to INE, the industrial production index stabilized in March, when compared with the same period of 2025 (-3.5% in February). Excluding Energy, this variation was 0.1% (-0.2% in February).

BUDGETARY OUTTURN

In March of 2026, the general government budget on a cash basis recorded a €209.0M surplus, representing a decrease of €1,399.1M compared to the previous year. The primary surplus reached €1,501,8M, €1,350.8M lower than in 2025. Excluding payments by NHS entities for debt settlement, the overall and primary balances stood at €1,268.2M and €2,561.0M, respectively. This outcome reflects expenditure growth of 7.8%, exceeding the increase in revenue (6.1%).

The increase in revenue was driven by non-tax and non-contributory revenue (16.3%), social contributions (7.4%), and tax revenue (2.3%). The tax revenue growth was essentially due to the performance of PIT (3.1%), municipal property tax (195.9%) and VAT (1.5%), mitigated by the decline in corporate income tax (-24.2%) and tobacco tax (-14.2%).

On the expenditure side, primary expenditure increased by 8.0%, mainly reflecting higher transfers (7.0%) and investment (35.7%).

TREASURY FINANCING

According to the Debt Management Agency (IGCP), in March 2026, the Portuguese State direct debt reached €306,965M, an increase of €125M compared to February. This rise was mainly driven by the increase of Treasury Bonds by €1,275M and the decrease of Treasury Bills by €803M.

On April 15th, IGCP issued €1,000M of 11-month T-Bills at the weighted average interest rate of 2.475%, and €875M of 3-month T-Bills at the weighted average interest rate of 2.103%

On April 8th, 2026, IGCP, E.P.E. auctioned €533M of PGB 3.375% 15June 2040 and €745M of PGB 3.25% 13June 2036.

GENERAL GOVERNMENT DEBT

According to Bank of Portugal, in March 2026, general government debt amounted to €283,183M, an increase of €471M compared to February. Maastricht debt net of general government deposits stood at €263,154M, reflecting a monthly increase of €2,169M.

ANNUAL PROGRESS REPORT

On April 30th, the Portuguese Government submitted to the European Commission the 2025 Annual Progress Report, complying with the agreed expenditure targets under the National Medium-Term Fiscal-Structural Plan 2025–2028.