

# PORTUGAL

## LATEST KEY DEVELOPMENTS

May 2026

### ECONOMIC ACTIVITY

In the first quarter of 2026, real GDP registered 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 to 4.1 p.p. (3.1 p.p. in the previous quarter). In contrast, the negative contribution of net external demand was more pronounced in the first quarter, as the increase in imports of goods and services more than offset the increase in exports of goods and services. Compared to the fourth quarter of 2025, GDP presented a null rate of change in volume (0.9% in the previous quarter). INE's press release available [here](#).

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

### LABOUR MARKET

According to INE's provisional estimates, the unemployment rate in April stood at 5.7%, down from March (-0.1 p.p.), up from January (0.1 p.p.), but down from April 2025 (-0.5 p.p.). Furthermore, in April, the employed population was 5,344.7 thousand people.

### TOURISM INDUSTRY

In April 2026, the tourism accommodation sector accounted for 2.9 million guests (+2.4%) and 7.2 million overnight stays (+0.6%). The increase in overnight stays was driven by positive contributions from non-residents (+1.2%, vs +2.9% in March) to 5.2 million, while residents decreased by 1.0% (-3.1% in March) to 2.0 million, respectively. INE's flash estimate available [here](#).

### EXTERNAL ADJUSTMENT

#### i. International Trade

In March 2026, exports and imports of goods increased by 10.6% and 11.6%, respectively, in nominal terms and compared to the same period in the previous year (-14.5% and -4.2%, in the same order, in February). Excluding TTE transactions, i.e., with a view to or following processing (without transfer of ownership), there was an increase in exports and imports of 14.6% and 11.9%, respectively. INE's press release [here](#).

#### ii. Balance of Payments

In March 2026, the current account (CA) balance recorded a deficit of -€615.54M (surplus of €193.21M in March 2025). This result was mainly due to the negative contribution of the balance

of goods (-€7,584.38M), more than offset the surplus of the balance of services (€6,424.75 M). At the same time, the capital account registered a surplus of €803.88M. BdP's data [here](#).

### PRICE DEVELOPMENTS

The CPI annual rate is estimated to have increased to 3.3% in May 2026 (3.4% in April), with the index for energy products and for unprocessed foods estimates pointing to 13.2% and 5.7%, respectively (11.7% and 7.5% in April). Core inflation presented a rate of change of +2.2%, (the same value as in the previous month). INE's flash estimate available [here](#).

According to INE, the industrial production price index recorded an increase of 3.8% in April, when compared with the same period of 2025 (null variation in the previous month). Excluding Energy, this variation was 1.4% (0.1% in March).

### BUDGETARY OUTTURN

At April of 2026, the general government budget on a cash basis recorded a €1,547.7M deficit, representing a decrease of €1,701.6M compared to the previous year. The primary surplus reached €1,151.5M, €1,620.5M lower than in 2025. Excluding payments by NHS entities for debt settlement, the overall and primary balances stood at -€413.4M and €2,285.8M, respectively. This outcome reflects expenditure growth of 10.5%, exceeding the increase in revenue (5.7%).

The increase in revenue was driven by non-tax and non-contributory revenue (13.7%), social contributions (7.6%), and tax revenue (2.1%). The tax revenue growth was essentially due to the performance of PIT (3.1%), municipal property tax (182.4%) and VAT (0.9%), mitigated by the decline in corporate income tax (-18.9%).

On the expenditure side, primary expenditure increased by 7.7%, mainly reflecting higher transfers (5.9%) and investment (37.2%).

### TREASURY FINANCING

According to the Debt Management Agency (IGCP), in April 2026, the Portuguese State direct debt reached €311,846M, an increase of €4,881M compared to compared to March. This rise was mainly driven by the increase of Treasury Bills and Treasury Bonds by €2,212M and €1,278M, respectively.

On May 20th, IGCP issued €1,537M of 12-month T-Bills at the weighted average interest rate of 2.613%.

On May 13th, 2026, IGCP, E.P.E. auctioned €671M of PGB 0.475% 18Oct2030.

### GENERAL GOVERNMENT DEBT

According to Bank of Portugal (bdp), in April 2026, general government debt amounted to €287,079M, an increase of €3,897M compared to March. Maastricht debt net of general government deposits stood at €263,167M, reflecting a monthly increase of €13M.