PORTUGAL

LATEST KEY DEVELOPMENTS

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GPEARI
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MINISTÉRIO DAS FINANÇAS
Office for Economic Policy and International Affairs
MINISTRY OF FINANCE

ECONOMIC ACTIVITY

According to INE, the **General Government (GG) balance** decreased by 0.2 p.p. in the year ending in the first quarter of 2026, to a surplus of 0.5% of GDP. This behavior was due to a larger increase in expenditure (1.7%) than in revenue (1.3%). Net lending of households stood at 4.1% of GDP in the year ending in the first quarter of 2026 (same as in the previous quarter), reflecting an increase in savings that exceeded tha balance of capital transactions.

The consumer confidence indicator increased in May and June, after declining in the previous three months, significantly in March, and registering in April the lowest value since November 2023. This evolution was driven by positive contributions from all components: expectations regarding the future evolution of country's economic situation, of major purchases by households and households' financial situation, as well as opinions on the past evolutions of household's financial situation. **The economic climate indicator** increased in April and June, after decreasing in the previous month, surpassing the level observed at the beginning of the year. **The confidence indicators** increased in Services and in Trade, stabilized in Manufacturing Industry and decreased in Construction and Public Works. INE's press release available here.

LABOUR MARKET

According to INE's provisional estimates, the **unemployment rate** in May stood at 5.5%, down from April (-0.2 p.p.), from February (-0.5 p.p.) and from May 2025 (-0.7 p.p.). Furthermore, in May, the employed population was 5,366.6 thousand people.

TOURISM INDUSTRY

In May 2026, the **tourism accommodation sector** accounted for 3.3 million guests (+3.9%) and 8.0 million overnight stays (+2.8%). The increase in overnight stays was driven by positive contributions from residents (+7.62%, vs +1.2% in April) to 2.1 million and from non-residents by 1.1% (+1.1% in March) to 2.1 million, respectively. INE's flash estimate available here.

EXTERNAL ADJUSTMENT

i. International Trade

In April 2026, **exports and imports of goods increased** by 15.5% and 8.9%, respectively, in nominal terms and compared to the same period in the previous year (+11.0% and +12.3%, in the same order, in March). 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 16.9% and 15.3%, respectively. INE's press release here.

ii. Balance of Payments

In April 2026, **the current account (CA)** balance recorded a deficit of -€265.13M (surplus of €428.16M in April 2025). This result was mainly due to the negative contribution of the balance of goods (-€10,140.00M), more than offset the surplus of the balance of services (€9,028.88 M). At the same time, the capital account registered a surplus of €1,079.62M. BdP's data here.

PRICE DEVELOPMENTS

The **CPI annual rate** is estimated to have increased to 3.2% in June 2026 (3.3% in May), with the index for energy products and for unprocessed foods estimates pointing to 9.1% and 5.2%, respectively (13.1% and 5.7% in May). Core inflation presented a rate of change of +2.5%, (2.2% in the previous month). INE's flash estimate available here.

According to INE, the **industrial production index** recorded an increase of 5.1% in April, when compared with the same period of 2025 (+1.3 p.p. in the previous month). Excluding Energy, this variation was 2.4% (1.4% in April).

BUDGETARY OUTTURN

As of May 2026, the general government budget on a cash basis recorded a €1,761.9M deficit, representing a decrease of €2,400.2M compared to the previous year. The primary surplus reached €1,154.2M, €2,378.2M less than in 2025. Excluding payments to NHS entities for debt settlement, the overall and primary balances stood at -€592.M and €2,324.2M, respectively. This outcome reflects expenditure growth of 9.7%, exceeding the increase in revenue of 4.4%.

The increase in **revenue** was mainly driven by social contributions (7.1%) and tax revenue (3%). The tax revenue growth was essentially due to the positive evolution of the municipal property tax (165.8%) and VAT (4.9%), partly offset by the decline in corporate income tax (-9.3%).

On the **expenditure** side, primary expenditure increased by 7.6%, excluding payments to NHS entities for debt settlement, mainly reflecting higher transfers (6%) and investment (34.9%).

TREASURY FINANCING

According to the Debt Management Agency (IGCP), in May 2026, the Portuguese **State direct debt** reached €316,376M, an increase of €4,530M compared to April. This rise was primarily caused by the increase in Short term special debt certificates (CEDIC) and Treasury Bonds by €2,661M and €1,696M, respectively.

On June 17, IGCP issued €1,008M of 11-month T-Bills at the weighted average interest rate of 2.554%.

On June 10, 2026, IGCP, E.P.E. auctioned €442M of PGB 4.1% 15Fev2045 and €636M of PGB 0.90% 12Oct2035.

GENERAL GOVERNMENT DEBT

According to Bank of Portugal (bdp), in May 2026, general government debt amounted to €288,659M, an increase of €1,656M compared to April. Maastricht debt net of general government deposits stood at €263,769M, reflecting a monthly increase of €696.15M.