

Stability Program 2019-2023

The **Portuguese Stability Program** was delivered in Parliament on the past April 15. It forecasts an economic growth of around 2% over the time horizon. Furthermore, the Stability Program predicts further fiscal consolidation, with the Medium Term Objective (MTO) being achieved already in 2020. Available [here](#) (in Portuguese).

Economic Activity

The **economic climate indicator**, already available until April, has stabilized. Meanwhile, the consumer confidence indicator [increased in April](#) after declining in the past five months.

Until the quarter ended in February, the Manufacturing industry production and Services production indexes increased and the Construction production index have stabilized. More information available [here](#).

Labour market

According to INE's [latest data](#), **February unemployment rate stood at 6.5%**, 0.1 p.p. below the figure of the previous month. Moreover, **the provisional estimate for March is 6.4%**, the lowest value since August 2002.

Tourism Industry

In February, **tourism accommodation activity** recorded **3.3 million overnight stays** (a decrease of 1%). The average stay decreased by 3.8% to 2.42 nights per tourist. Meanwhile, **average revenue per room** grew 0.1%, (4.6% in January). INE's press release available [here](#).

External Adjustment

i. International Trade

In February, nominal **exports of goods** increased 4.6% y-o-y (3.8% in January), being exports of Transport Equipment the main contributor to this result. Imports increased by 12.8% y-o-y, a deceleration from the 15.9% recorded in January. INE's press release available [here](#).

ii. Balance of Payments

In 2019, until February, the **current and capital account** balance stood at -€1.181M (a deterioration of €683M in relation with the same period of 2018). Capital account registered a positive figure of €227M, while the current account deficit was mainly due to the evolution of the balance of goods. BdP's data available [here](#).

Price Developments

The **CPI 12-month** average was 1.0% in April (same value in March). By its turn, the **CPI annual rate** was 0.8%, the same value as in the previous month, whilst core inflation stood also at 0.8% (+0.1p.p. than in the previous month).

In April, the **HICP** annual rate of change in Portugal was 0.9% (0.8% in March). INE's data available [here](#).

According to [INE's](#) data, in March the **industrial production prices** index grew 1.5% y-o-y (0.8% in February). Excluding energy, the index registered a 0.8% growth rate (same value as in the previous month).

Budgetary Outturn

In the first quarter, the **general government balance, on a cash basis**, reached €883.5M, which corresponds to an improvement of €1,278.7M over the same period of 2018. However, suppressing one-off effects as the extension of the tax payment deadline to January 2nd, the change in the accounting of withholdings on CGA pensions and the payment of interest in 2018, regarding the judicial court decision on the "swaps process" the budget balance increased €562.6M. On the other hand, the **primary surplus** reached €2,799.7M, €1,079.7M higher vis-a-vis 2018. The **revenue** increased 8.2%, mainly due to the performance of tax revenue (9.8%) and social contributions (6.4%). The expenditure increased 1.3%, mainly explained by the compensation of employees (4.3%), social security pensions (4.4%) and transfers to the EU due to a different intra-annual pattern.

Treasury Financing

According to the Debt Management Agency (IGCP), the Portuguese **State direct debt** [amounted](#) to €249,798M at the end of the first quarter, which represent a 0.3% increase vis-à-vis February (before cambial hedging). This evolution is explained mainly by the net issuance of PGBs and Treasury Certificates amounting to €1,250M and €93M, respectively, partially offset by the net redemption of T-Bills (€710M).

On April 10th, it [was issued](#) €400M of PGB 4.1% Apr2037 at 1.896% and €600M of PGB 1.95% Jun2029 at 1.143%. Regarding T-bills, on April 17th, €300M and €950M of 3 and 12-month T-bills [were issued](#) at a weighted average yields of -0.415% and -0.368%, respectively.

General Government Debt

According to [BdP](#), **general government Maastricht debt** stood in €249,263M at the end of February (+€1,221M than in January). Maastricht debt **net of deposits** of the general government reached €227,737M (+€213M than in the previous month).

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