

Economic Activity

In the quarter ended in November, the **economic activity indicator** increased slightly, whereas the **economic climate indicator**, already available up to January, stabilized, after deteriorating in the preceding month.

In the three months up to November, the private consumption indicator stabilized. In the same period, the GFCF indicator also decelerated, mainly due to deterioration in the machinery and equipment component. INE's press release available [here](#) and [here](#).

In the three months ended in November, the **industry turnover index** [grew](#) 9.6%, which compares with a growth of 9.9% in the quarter ended in October, whilst the **services turnover index** [increased](#) by 5.1% (5.4% in the quarter up to October).

Tourism Industry

In November, **hotel establishments** recorded a y-o-y increase of 8.8% in overnight stays (6.5% in October). The **average revenue per room** grew 15.0%, below the 20.4% recorded in October. INE's press release available [here](#).

External Adjustment

i. International Trade

In the quarter ended in November, nominal **exports of goods** grew 10.2% y-o-y, -0.3 pp than in the quarter ended in the preceding month. Imports increased 13.2% y-o-y, below the 14.1% recorded in the quarter ended in October. INE's press release available [here](#).

ii. Balance of Payments

In the year ended in November, the **current and capital account** balance stood at 2,773M€ (3,136M€ in the same period of 2016). This reduction is explained by the decrease of the current account, given that the capital account has registered an increase in its surplus. Current account's deterioration was due to an increase in the trade deficit of goods. BdP's data available [here](#).

Labour market

[According to INE](#), in November the **unemployment rate stood at 8.1%** (-0.3pp than in the previous month). The provisional estimate for December is 7.8%.

Price Developments

In 2017, the **CPI 12-month average rate** was 1.4%, up from 0.6% in 2016. The annual rate was 1.5% in December, while core inflation stood at 1.2% (+0.1 pp than in the previous month). Concerning the **HICP**

annual rate of change in Portugal was 1.6% (0.6% in 2016), 0.1 pp above the Euro Area average for 2017. INE's data available [here](#).

According to [INE's](#) data, in December the **industrial production prices** index grew 2.4% y-o-y (3.2% in the previous month). Excluding energy, the index registered a 1.9% growth rate (2.0% in November).

Budgetary Outturn

In the year of 2017, the [general government budget deficit on a cash basis](#) stood at €2,573.6M, €1,608.4M lower than in the same period of 2016. Compared to the 2017 State Budget, the balance reflects a positive deviation of €2,189.8M. This evolution is explained by a higher increase in **revenue** (3.8%) than in **expenditure** (1.7%). The revenue increase is majorly explained by fiscal revenue (+4.3%), with a 3.4% increase in indirect taxes, and 5.1% in direct ones (it is worth to highlight the 9.9% increase in CIT, and 5.9% in VAT). The growth in expenditure comes mostly from the evolution of compensation of employees (+2.7%), other current expenditure (+58.6%) and investment (+5.3%).

The **primary surplus** reached €5,725.4M, improving by €1,678.2M (+41.4%) when compared to the same period of 2016.

Treasury Financing

According to the Debt Management Agency (IGCP), in December the Portuguese **State direct debt** [amounted](#) to €238,263M, remaining broadly unchanged vis-à-vis November and increasing 0.8% year-on-year. The annual early redemption of the IMF loan (€10,900M) was mainly balanced by the stock increase of fixed and variable interest rate bonds (€6,756M and €3,500M, respectively) and of saving and treasury certificates (€2,771M).

On January 10th, [were issued](#) €4,000M of a new 10 years benchmark (PGB 2.125% October2028) with a re-offer yield of 2.137% and re-offer price of 99.89%. On January 17th, €506M and €1,266 of 6 and 12-month T-bills [were issued](#) at weighted average yields of -0.425% and -0.398%, respectively.

General Government Debt

According to [BdP](#), **general government Maastricht debt** reached €242,795M in November (-€2,437M than in the previous month). **Maastricht debt net of deposits of the general government** stood at €222,197M (-€620M than in the October).