

## Economic Activity

According to INE's [latest data](#), between May and July, the **economic climate indicator reached its maximum value since May 2002**. In July, the confidence indicators increased in Manufacturing, Industry and in Services and decreased slightly in Construction and Public Works and Trade.

Meanwhile, the consumer confidence indicator decreased in July, after attaining in May the maximum value of the series.

## Labour market

According to INE's [latest data](#), **the unemployment rate in May stood at 7.0%**, down 0.1 p.p. from the previous month. It is the lowest monthly unemployment figure since October 2002. Furthermore, the estimation for the unemployed population was 362.8 thousand people (less 5.1 thousand than in the previous month).

## Tourism Industry

In May, **tourism accommodation activity recorded 5.4 million overnight stays** (a y-o-y increase of +1.1%). The average stay was 2.67 nights per guest. Moreover, **average revenue per room** grew 8.1%, above the 1.0% recorded in April. INE's press release available [here](#).

## External Adjustment

### i. International Trade

In May, nominal **exports of goods** increased 6.2% y-o-y (from 17.7% in April). By its turn, imports increased by 0.3% y-o-y, a deceleration from the 12.9% recorded in the previous month. INE's press release available [here](#).

### ii. Balance of Payments

Until May, in accumulative terms, the **current account** balance stood at -€1882M (partly explained by a negative balance of goods of €5142M). By its turn, the capital account registered a positive balance of €571M while the financial account recorded a deficit of -€756M. BdP's data available [here](#).

## Price Developments

The CPI 12-month average was 1.1% in July (same figure as in the previous month). By its turn, the **CPI annual rate** was 1.6%, up from 1.5% in June, whilst core inflation kept its evolution at 1.0%. In the same month, the **HICP** annual rate of change in Portugal was 2.2% (up from the 2.0% registered in June). INE's data available [here](#).

According to INE's data, in June the **industrial production prices** index grew 4.0% y-o-y (3.2% in May). Excluding energy, the index registered a 1.8% growth rate (1.5% in the previous month).

## Budgetary Outturn

Until June 2018, the general government **budget deficit** on a cash basis stood at €2,616.3, €405.8M lower than in the same period of the previous year. This evolution is explained by an increase of 2.5% in revenue (following the economic and labour market developments), 1.2 p.p. higher than the increase of 1.3% in **expenditure**.

The revenue increase results from the indirect taxes revenue upward (+4.3%) and from SS Contributions (+4.6%). On the expenditure side, the raise comes mainly from the purchase of goods and services (+8.0% - including National Health Service's arrears) and from current transfers (+1.3%). As happened in the previous months, there was a partially offset from a lower compensation of employees (-1.8%), following the end of the payment of half of the Christmas bonus in twelfths.

The **primary surplus** reached €2,565.2M, €493.7M higher than 2017.

## Treasury Financing

According to the Debt Management Agency (IGCP), in June the Portuguese State direct debt **stood** in €243,665M, which represents a 1.1% decrease vis-à-vis May (before cambial hedging).

On July 11th, €650M of PGB OT\_2.125%\_17Oct2028 and €300M of OT\_2.25%\_18Apr2034 were **issued**. The yield was 1.727% and 2.257%, respectively, and the price was 103.71% and 99.91%.

Also, on July 18th, were **issued** €400M and €1.350M of 6 and 12-month T-bills, at weighted average yields of -0.399% and -0.280%, respectively.

Between 4<sup>th</sup> and 17<sup>th</sup> July, IGCP has launched the **OTRV July 2025** with a bi-annual coupon payment of 6-month Euribor plus 1%. A total value of €1,000M was issued and the order books amounted to €1.754M from 65,252 investors.

## General Government Debt

According to **BdP**, Maastricht debt reached €250,313M in May (+€262M than in the previous month). Maastricht debt net of central government deposits stood at €226,324M (+€1,389M than in the previous month).