

Economic Activity

In the quarter ended in November, the **economic activity indicator** stabilized, whereas the **economic climate indicator**, already available up to January, increased slightly, after deteriorating in the preceding month. In the three months up to November, the private consumption indicator accelerated, reflecting the evolution of non-durables and services. In the same period, the GFCF indicator also accelerated, due to a recovery of transport material and construction, whilst machinery and equipment registered a deceleration. INE's press release available [here](#) and [here](#).

In the three months ended in November, the **industry turnover index** [grew](#) 1.4%, which compares with a marginal growth of 0.1% in the quarter ended in October, whilst the **services turnover index** [increased](#) by 4.9% (3.1% in the quarter up to October). Meanwhile, the **retail trade turnover index**, [available](#) up to December, increased 4.1% in the last quarter of 2016 (3% for the whole year), 0.8 pp above the figure for the third quarter.

Tourism Industry

In November, **hotel establishments** recorded an annual increase of 14.7% in overnight stays (12.8% in October), due essentially to the external market (19.5%). The **average revenue per room** grew 23.2%, above the 16.4% 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 3.5% y-o-y, +1.1 pp than in the quarter ended in the preceding month. Imports increased 2.8% y-o-y, below the 3% 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 2,213M€ (2,768M€ in the same period of 2015). This reduction is explained by the decrease of the capital account surplus and the lower current account balance, with secondary income registering the sharpest decline. BdP's data available [here](#).

Labour market

According to [INE](#), in November the unemployment rate stood at 10.5% (-0.1pp than in the previous month). The provisional estimate for December is 10.2%.

Price Developments

In 2016, the **CPI** 12-month average rate was 0.6%, up from 0.5% in 2015. The annual rate was 0.9% in December, while core inflation stood at 0.5% (+0.3 pp and -0.1 pp, respectively, vis-à-vis the previous month). Concerning the **HICP** annual rate of change, the gap between Portugal and the euro area increased to -0.2 pp (-0.1 in the previous month). INE's data available [here](#).

According to [INE's](#) data, in December the **industrial production prices** index grew 1.7% y-o-y (0% in the previous month). Excluding energy, the index registered a null growth rate.

Budgetary Outturn

In the year of 2016, the general government **budget deficit** on a cash basis stood at €4,255.7M, €496.8M lower than in the same period of 2015. Compared to the 2016 State Budget, the deficit reflects a positive deviation of €1,237.6M. This evolution is explained by higher increase in **revenue** (2.7%), than in **expenditure** (1.9%). The revenue increase is explained by indirect taxes (+6.6%) and Social contributions (4.4%), largely justified by the increase of 5.2% of the Social Security contributions. The growth in expenditure comes mostly from the evolution of compensation of employees (+3.6%), subsidies (+1.9%) and interest and other charges (+3.1%).

The **primary surplus** reached €4,028.9M, improving by €747,3M when compared to the same period of 2015.

Treasury Financing

According to the Debt Management Agency (IGCP), in December the Portuguese **State direct debt** [amounted](#) to €236,283M, decreasing 0.5% vis-à-vis November. This is mainly explained by a net redemption of CEDIC (€732M), TB (€294M) and PGB (€133M) and an early redemption of the IMF loan (€422M).

On January 11th, [were issued](#) €3,000M of a new PGB (PGB 4.125% April2027) with yield of 4.227% and price of 99.143. On January 18th, €385M and €1,664 of 6 and 12-month T-bills [were issued](#) at weighted average yields of -0.091% and -0.047%, respectively.

General Government Debt

According to [BdP](#), **general government Maastricht debt** reached €241,800M in November (-€1,275M than in the previous month). **Maastricht debt net of central government deposits** stood at €223,722M (-€677M than in the previous month).