

National & Sectoral Accounts

GDP recorded a y-o-y increase of 2.0% in the last quarter of 2016, up from 1.7% in the third quarter and 1.0% in the first half of the year. This reflects a more positive contribution of domestic demand, whilst net external demand registered a negative contribution. The improvement of domestic demand is the result of a more vigorous growth of overall private consumption and investment (especially construction and transport equipment), whilst the negative contribution of net external demand reflects a strong acceleration of imports (both goods and services). Considering the year as a whole, GDP growth stood at 1.4%(1.6% in 2015), above the forecast from the State Budget (1.2%). INE's data available [here](#).

According to the preliminary version of [INE's quarterly sectoral accounts](#), the **Portuguese economy** registered a **net lending** of 1.5% of GDP in 2016, 1.2 pp above the figure recorded in the previous year, mainly due to the improvement of the **net borrowing of general government**, which stood at 2.1% of GDP (€3,807M), falling below the 2015 deficit of 4.4% (€7,826M). Meanwhile, the primary surplus improved by 2.0 pp, reaching 2.2% of GDP (€4,028.7M).

In the same period, gross disposable income grew by 3.2%, below the nominal growth of private consumption, leading to a decrease of the savings rate to 4.4% (4.5% in 2015).

Tourism Industry

In January, **hotel establishments** recorded a y-o-y growth of 12.6% in overnight stays (+10.6% in December), due mainly to the external market. The **average revenue per room** increased 14.0% y-o-y (+10.1% in December). INE's data available [here](#).

External Adjustment

i. International Trade

In the quarter ended in January, exports of goods increased by 12.9% and imports of goods grew by 14.3% (both y-o-y). INE's press release available [here](#).

ii. Balance of Payments

In January, the **current and capital accounts** reached a surplus of €54M (-€203M in the same period of 2016). The **Trade balance** decreased €172M y-o-y during the same period, standing at -€204M. BdP data available [here](#).

Labour market

The provisional unemployment rate for February was 10.1%, 0.1 pp below the definitive estimate for January. INE's data available [here](#).

Price Developments

In February 2017, the **CPI** 12-month average rate was 0.7%, the same rate of the previous month. The annual rate was 1.6% (up from 1.3% in January), whilst core inflation stood at 0.6% (+0.1 pp vis-à-vis the preceding month). In the same period, the rate of change of the Portuguese **HICP** was 0.4 pp below the rate estimated by Eurostat for the euro area (-0.5 pp in January). INE's data available [here](#). In the same period, industrial production prices recorded a y-o-y growth of 4.0% (3.7% in January), 0.8% if energy is excluded (0.2% in January). INE's press release available [here](#).

Budgetary Outturn

Until February 2017, the general government **budget deficit** on a cash basis stood at €18.9M, €150.7M lower than in the same period of 2016. This evolution is explained by a decrease in revenue (1.1%) and a slight increase in expenditure (0.1%). The y-o-y decrease in revenue is explained by the decline of fiscal revenue, partially reflecting basis effects in 2016. The expenditure increase results mostly from higher investment. The **primary surplus** reached €1,470.9M, €169.2M lower vis-à-vis 2016.

Treasury Financing

According to the Debt Management Agency (IGCP), in February the Portuguese **State direct debt** amounted to €240,549M, increasing 0.7% vis-à-vis January. This is mainly explained by the net issuance of PGB and T-B, partially compensated by the early redemption of the IMF loan. On March 8th, €508M of PGB 4.8% Jun2020 and €650.6M of PGB 2.875% Jul2026 [were issued](#), with yield of 1.216% and 3.95%, and price of 111.40% and 91.71%, respectively. On March 15th, €250M and €1,056M of 6 and 12-month T-bills [were issued](#) at weighted average yields of -0.158% and -0.112%, respectively. Between March 27th and April 7th, IGCP is launching an [OTRV Abril2022](#) with a bi-annual coupon payment of 6- month Euribor plus 1,9%.

General Government Debt

According to [BdP](#), **general government Maastricht debt** reached €242,922M in January (€1,816M higher than in the previous month). **Maastricht debt net of central government deposits** stood at €224,041M (€211M higher than in the previous month).