

Stability Programme & National Reforms Programme

The Stability Programme (SP) and the National Reforms Programme (NRP) were submitted to the European Commission following a discussion in the National Parliament. The **SP** embeds the Government's policy strategy for the medium-term together with its underlying macro-fiscal scenario. The **NRP** outlines the measures to tackle the challenges faced by the Portuguese economy, describing also the annual progress under the European Semester. Documents available [here](#) and [here](#) (Portuguese only).

i. Macroeconomic Scenario for 2016-2020

Although broadly unchanged for 2016 as compared with the State Budget, updated projections for 2017-2020 point towards a positive outlook, with economic growth accelerating, supported by a pickup in investment and exports, as well as sustained employment creation:

- GDP is expected to accelerate from 1.8% this year to 2.1% in 2020;
- The unemployment rate is forecast to decrease from 11.4% in 2016 to 9% in 2020 (2.4 pp), with employment growth averaging close to 1% and a rising labour force from 2017 onwards;
- The net lending position of the economy should improve from 1.6% to 2.4% by 2020 (0.4% and 1% for the current account, respectively), giving further support to the correction of external imbalances.

ii. Fiscal Projections for 2016-2020

Fiscal adjustment is set to continue in compliance with EU rules and a **firm commitment** to exit the EU's Excessive Deficit Procedure.

- The balance target for 2016 is reaffirmed at -2.2% of GDP (+0.4% in 2020). The primary surplus is forecast to improve from 2.2% of GDP in 2016 to 4.2% in 2020. Debt to GDP ratio was revised and is expected to decrease 4.2 p.p. by end-year, reaching 110.3% by 2020.
- The structural effort should average 0.4% a year, guaranteeing a convergence towards the medium-term objective (0.25%).

Economic Activity

In the quarter ended in February, the **economic activity indicator** stabilized, whereas the **economic climate indicator**, already available up to March, increased. In the three months up to February, the **private consumption indicator** accelerated, reflecting the developments of the non-durable component. The

GFCF indicator registered a slowdown, mainly due to construction. INE's data available [here](#).

Tourism Industry

In February, **hotel establishments** recorded an annual increase of 15.1% in overnight stays, due to both internal and external markets (10% in January). The **average revenue per room** grew 14.7%. INE's press release available [here](#).

Labour market

According to [INE](#), in March 2016 the **provisional estimate for the unemployment rate** was 12.1%, 0.1 pp below the definitive estimate for February 2016.

Price Developments

In March, the **CPI 12-month average rate** was 0.6%, the same as in the previous month. The annual rate was 0.4%, while core inflation stood at 1% (+0.1pp vis-à-vis the previous month). INE's data available [here](#).

Budgetary Outturn

Up to March 2016, the general government **budget deficit** on a cash basis was €823.9M, €107.9M higher than in the same period of 2015. This evolution is explained by an increase of 0.8% in **expenditure**, higher than the slight increase observed in **revenue** of 0.2%. The **primary surplus** reached €1,058.4M, improving by €235.5M.

Treasury Financing

On April 20th, €300M and €800M of 3 and 12-month T-bills at weighted average yields of -0.004% and 0.037% were [issued](#), respectively.

On April 6th, €1,000M of OT 2.2%Oct2022 and €500M of OT 4.1%Feb2045 were [issued](#). The re-offer yield was 2.576% and 4.235% and the re-offer price was 97.762% and 97.765%, respectively.

Between April 26th and May 16th, IGCP is launching a [OTRV Maio2021](#) with a bi-annual coupon payment of 6-month Euribor plus 2.2%.

General Government Debt

Maastricht debt for 2015 was revised under the [1st EDP notification](#), from €231,050M to €231,345M (+0.2pp of GDP), explained by the inclusion of BANIF, SA liabilities.

According to [BdP](#), **Maastricht debt** reached €231,342M in February (-€3,383M than in the previous month). **Maastricht debt net of central government deposits** stood at €218,053M (+€537M than in the previous month).