

National Accounts

According to the preliminary version of [INE's quarterly sectoral accounts](#), the **Portuguese economy** registered a **net lending** of 0.9% of GDP in the year ending in the third quarter of 2016, 0.1pp more than in the previous quarter. This improvement was mainly due to the increase in the **net lending of households** (from 0.6% to 0.8%).

Considering the sum of the first three quarters of 2016, **general government deficit** stood at 2.5% of GDP (€3,405.6M), falling 0.9 p.p. when compared to the same period of 2015. This result reflects the evolution of both revenue (+0.8%) and expenditure (-1.1%). Revenue was largely determined by the increase in taxes on production and imports (+5.6%) and social contributions (+3.6%), and with decreases in taxes on income and wealth decreased (-4.9%) and in capital revenue (-20.7%). On the expenditure side, the decrease is mainly explained by the capital expenditure (-32.7%), interest (-5.2%) and subsidies (-8.5%), since compensation of employees and intermediate consumption increased by 2.7% and 4.5%, respectively.

Economic Activity

The **economic activity indicator**, available for the quarter ended in October, and the economic climate indicator, already available up to November, decelerated. The quantitative indicator of **private consumption** slowed down in the quarter ended in October, reflecting the behaviour of both durables and non-durables. In the same period, the **GFCF indicator** decreased, in particular due to the negative contribution of the transport material component. INE's data available [here](#).

Tourism Industry

In October, **hotel establishments** recorded a y-o-y growth of 12.4% in overnight stays (+7.3% in September), due to both internal and external markets. The **average revenue per room** increased 15.6% (y-o-y). INE's data available [here](#).

External Adjustment

i. International Trade

In the quarter ended in October 2016, exports of goods increased by 2.4% and imports of goods grew by 3.1% (both y-o-y). INE's press release available [here](#).

ii. Balance of Payments

From January to October 2016, the **current and capital accounts** reached €2,282M (€2,707 in the same period of 2015). The **Trade balance** improved €942M y-o-y

during the same period, standing at €4,179M. BdP data available [here](#).

Labour market

The provisional unemployment rate estimate for October was 10.8%, 0.1pp lower than the definitive estimate for September. INE's data available [here](#).

Price Developments

In November 2016, the **CPI 12-month average rate** was 0.6%, the same rate of the previous month. The annual rate was 0.6%, while core inflation stood at 0.4% (both rates decreased 0.3pp from the previous month). In the same period, the rate of change of the Portuguese **HICP** was 0.1pp below the rate estimated by Eurostat for the euro area (0.6pp above in the previous month). INE's data available [here](#). Industrial production prices recorded a null y-o-y change rate in November (-1.0% in October), -0.4% if energy is excluded (-0.5% in October). INE's press release available [here](#).

Budgetary Outturn

Until November, the general government **budget deficit** on a cash basis stood at €4,335.8M, €393.8M lower than in the same period of 2015. This evolution is explained by higher increase in **revenue** (+1.9%), than in **expenditure** (+1.3%). The revenue increase is explained by indirect taxes (+5.4%) and Social contributions (+3.7%), largely justified by the increase of 4.5% of the Social Security contributions. The growth in expenditure results mostly from interest and other charges (+4.2%) and compensation of employees (+3.6%).

The **primary surplus** reached €3,645.7M, improving by €713M when compared to the same period of 2015.

Treasury Financing

According to the Debt Management Agency (IGCP), in November the Portuguese **State direct debt** [amounted](#) to €237,489M, decreasing 0.5% vis-à-vis October. This is mainly explained by an early redemption of the IMF loan and a net redemption of TB (€1,636M). A November 2021 floating rate note was issued (€1,500M).

General Government Debt

According to [BdP](#), **general government Maastricht debt** reached €243,208M in October (-€1,212M than in the previous month). **Maastricht debt net of central government deposits** stood at €224,561M (+€1.413M than in the previous month).