

Economic Activity

According to data released by [INE](#), in the quarter ended in November the **economic activity indicator** increased, while the **economic climate indicator**, available up to December, decelerated. In the three months up to November, the **private consumption indicator** continued to improve, reflecting developments on durable goods. The GFCF indicator registered a slowdown, due to the deceleration of the transport material component.

In the same period, both the **industry turnover index** and the **retail and services turnover index** decreased 1.6% y-o-y (-1.7% and -1.2%, respectively, in the previous month).

Tourism Industry

In November, **hotel establishments** recorded an 8.4% annual increase in **overnight stays** (6.9% in October). The **average revenue per room** grew 13.1%. INE's press release available [here](#).

External Adjustment

i. International Trade

In the quarter ended in November, nominal **exports of goods** grew 1.1% y-o-y, with the increase in intra-EU trade more than compensating the decline in the extra-EU component. **Imports** decreased 1.2%, due to a contraction in extra-EU trade. INE's press release available [here](#).

ii. Balance of Payments

Until November 2015, the **current and capital accounts** balance improved €259M compared with the same period of 2014, reaching €3650M. The **trade balance** surplus also registered an increase (+€758M), standing at €3071M. Banco de Portugal's data available [here](#).

Labour market

According to [INE's flash estimate](#), the **unemployment rate** remained at 12.4% in November, unchanged vis-à-vis the previous month.

Price Developments

In 2015, the **CPI** 12-month average rate was 0.5%, up from -0.3% in 2014. The annual rate was 0.4% in December, while core inflation stood at 0.5% (-0.2pp and -0.5pp, respectively, vis-à-vis the previous month). Concerning the **HICP** annual rate of change, the gap between Portugal and the euro area decreased further to 0.1pp (0.4 in the previous month). INE's data available [here](#).

According to [INE's](#) data, in December the **industrial production prices** index decreased 2.6% y-o-y (-3.4% in the previous month). Excluding energy, the index remained at -0.3%.

Budgetary Outturn

Until December 2015, the general government **budget deficit** on a cash basis was €4594M, €2532M lower than in 2014. The y-o-y deficit reduction is explained by an increase of 2.4% in **revenue** (€1770M), along with a reduction in **expenditure** of -0.9% (€762M). The **primary surplus** reached €3451M, improving by €2645M. All sub-sectors contributed to this positive evolution.

Cumulative state tax revenue grew 5% y-o-y, reflecting an increase in indirect (5.9%) and direct taxes (4%). **VAT** revenue grew steadily (7.4%). **CIT** revenue increased substantially (16.1%), while **PIT** revenue decreased (-1.3%).

The **social security** surplus was €1028M (€599M more than in the previous year). **Revenue** fell by 0.4%, due to a decline in European Social Fund and State transfers, and **expenditure** by 2.8%. **Social contributions** grew 2.8%, while **subsidies financed by EU Funds** (-46.6%), **unemployment benefits** (-21.4%) and **pension expenditure** (-1.2%) declined. Further information available [here](#).

Treasury Financing

On January 7th, The Debt Management Agency (IGCP) announced [the 2016 funding programme](#). The net borrowing needs of Central Administration are expected to be around €7000M.

On January 14th, was made the 1st syndicated transaction of the year, issuing a new 10-years benchmark OT 2.875%Jul2026, on €4000M. The re-offer yield was 2.973% and was priced in 99.138%. 99% of the deal was placed with non-domestic investors.

On January 20th, were [issued](#) €550M and €1250M of 6 and 12-month T-bills at weighted average yields of -0.013% and -0.001%, respectively.

General Government Debt

According to [Banco de Portugal](#), **general government Maastricht debt** reached €231261M in November (€2016M more than in the previous month). **Maastricht debt net of central government deposits** stood at €213563M (€522M less than in the previous month).