

Economic Activity

According to [INE's quarterly sectoral accounts](#), the **net lending of the economy** accounted for 1.1% of GDP in the year ending in the 4th quarter of 2015, the same value of the year ending in the 3rd quarter. Looking at sectoral developments, the **net lending of non-financial corporations** remained broadly unchanged, reaching 0.6% of GDP, while that of **financial corporations** increased from 2.2% to 4.2% (due to the BANIF resolution and a negative base effect related to extraordinary payments to pension funds affecting the previous period). The **net lending of households** decreased to 0.8% (from 1.6%), mainly due to the mentioned base effect.

In the quarter ended in January, the **economic activity indicator** decreased, whereas the **economic climate indicator**, already available up to February, increased. In the three months up to January, the **private consumption indicator** decelerated, reflecting the developments of the non-durable component. The **GFCF indicator** also registered a slowdown, mainly due to construction. INE's data available [here](#).

Tourism Industry

In January, **hotel establishments** recorded an annual increase of 10.7% in overnight stays due to both the internal and the external market. This annual increase stood below the one recorded a year earlier (12.5%). The **average revenue per room** grew 11.8% in January. INE's press release available [here](#).

External Adjustment

i. International Trade

In the quarter ended in January, nominal **exports of goods** increased 0.7% y-o-y while nominal imports grew 0.3% y-o-y, driven by the increase in intra-EU trade that compensated the decline in the extra-EU component. INE's press release available [here](#).

ii. Balance of Payments

In 2015, the **current and capital accounts** balance improved €296M compared with 2014, reaching €3,065M. The **trade balance** surplus also registered an increase when compared with 2014 (+€1,149M), standing at €3,114M. BdP data available [here](#).

Labour market

According to [INE](#), in January 2016, the provisional estimate for the unemployment rate was 12.2%, remaining unchanged from the previous month level.

Price Developments

In February 2016, 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 0.9% (-0.4pp and -0.1pp, respectively, vis-à-vis the previous month). Concerning the **HICP** annual rate of change, it was 0.4pp above the rate estimated by Eurostat for the euro area. INE's data available [here](#).

General Government Accounts

The 2015 general government deficit stood at 4.4% of GDP (€7,893M), falling below the 2014 deficit of 7.2% of GDP (€12,446M). Excluding the BANIF resolution measure of 1.4% of GDP (€2,463M), the 2015 general government deficit stood at 3% of GDP. Portugal recorded a primary surplus of 0.2% of GDP (€299M), improving by 2.4p.p. compared to 2014.

Budgetary Outturn

In February 2016, the general government **budget surplus** on a cash basis was €15.2M, which compares with a deficit of €229.3M y-o-y. The observed improvement is explained by an increase of 2.9% in **revenue**, along with a smaller increase in **expenditure** of 0.9%. The **primary surplus** reached €1532.4M, improving by €593.7M. Social security and local and regional government's surplus contributed to the positive evolution, compensating the deterioration of central government deficit.

Treasury Financing

On March, the Debt Management Agency (IGCP) held **four auctions of government bonds maturing in 5, 10 and 14 years**, respectively. Key facts:

Auction date	March 9 th		March 23 rd	
PGB	3.85% Apr21	2.875% Jul26	3.85% Apr21	3.875% Feb30
Size (competitive allotment)	€594M	€621M	€504M	€503M
Allotment yield	2.0326%	3.138%	1.84%	3.362%
Bid-to-cover ratio	1.54	1.60	1.76	1.61

On March 16th, €443M and €1,285M of 6 and 12-month T-bills were **issued** at weighted average yields of 0.009% and 0.050%, respectively.

General Government Debt

According to [BdP](#), **general government Maastricht debt** reached €234,396M in January (+€3,344M than in the previous month). **Maastricht debt net of central government deposits** stood at €217,149M (-€560M than in the previous month).