

# Portugal's economic situation and forecasts

## In data

GDP GROWTH 2023\*

2.7%

y-o-y, 4 pp less than in 2022  
1.5% in 2024\*

ANNUAL HICP 2023\*

5.4%

2.7 pp less than in 2022  
2.8% in 2024\*

UNEMPLOYMENT RATE 2023\*

6.9%

labour force, 9 tenths more than in 2022

PUBLIC DEFICIT 2023\*

-0.4%

of GDP, in line with 2022 and 2.5 pp below 2021 level

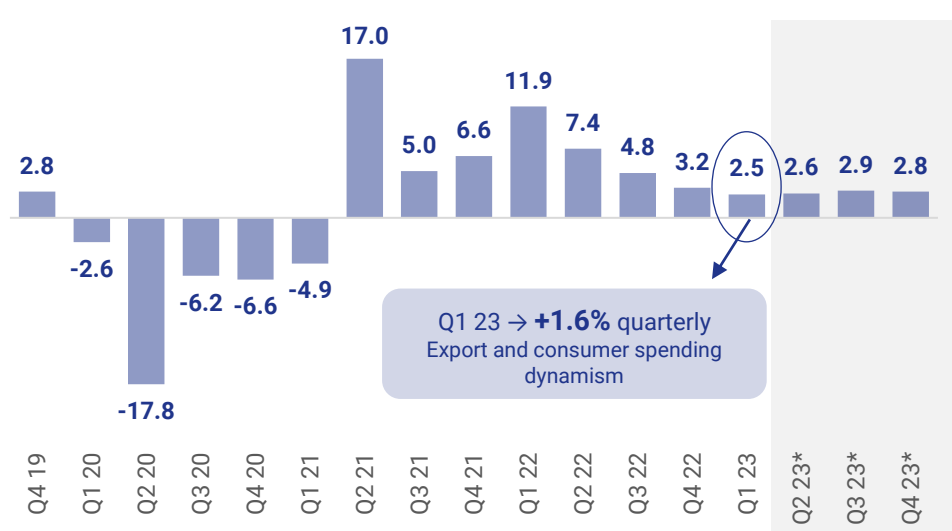
## Solid growth of the Portuguese economy



GDP IS CURRENTLY 4.3% ABOVE ITS PRE-PANDEMIC LEVEL (+2.2% IN THE EUROZONE). THE STRENGTH OF TOURISM AND FUNDS FROM THE EU'S RECOVERY AND RESILIENCE MECHANISM ARE ACTING AS GROWTH DRIVERS

After +1.6% quarterly in Q1 23 (+2.5% y-o-y), +2.7% y-o-y growth is expected in 2023\*

% GDP y-o-y change

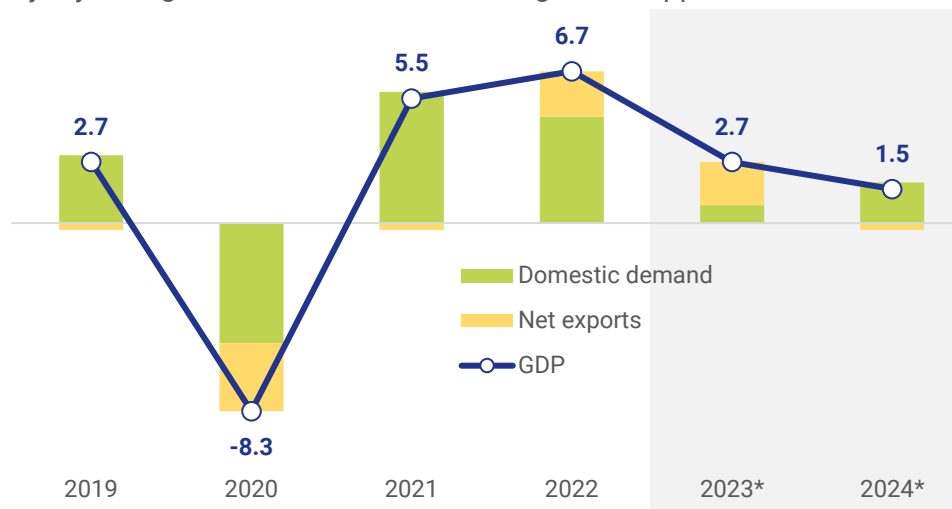


By components ...

% y-o-y change

	2022	2023*	2024* - 2025*
GDP	6.7	2.7	1.5 → 1.8
Private consumption	5.8	1.0	1.0 → 1.5
Investment	3.1	1.9	4.6 → 2.6
Government consumption	1.7	0.9	1.2 → 1.0
Exports	16.6	7.7	0.3 → 1.5
Imports	11.1	3.4	1.0 → 1.2

% y-o-y change and contributions to GDP growth in pp



Containment of headline inflation to 5.4% in 2023\*, but with downward resistance in core inflation

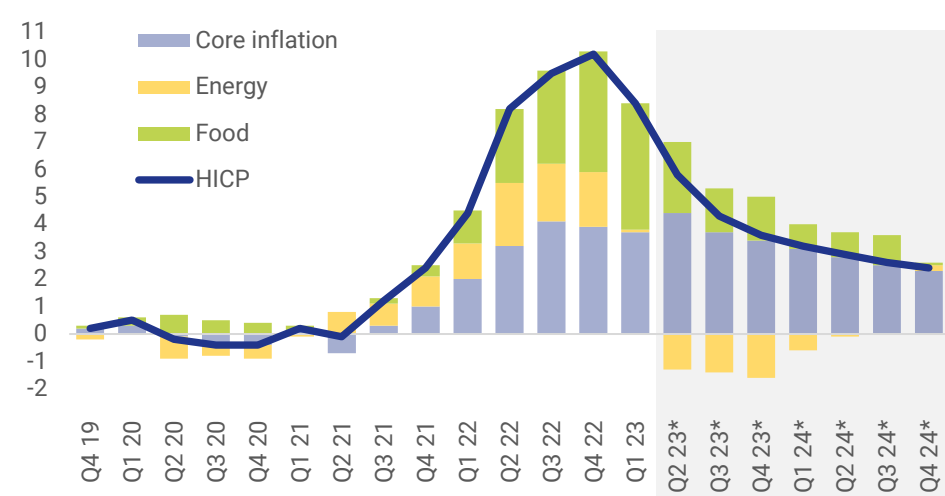
% y-o-y change

	2019 - 2022	2023*	2024*	2025*
Eurozone	1.2 → 8.4	5.3	1.4	1.0
Portugal	0.3 → 8.1	5.4	2.8	2.0

Portugal

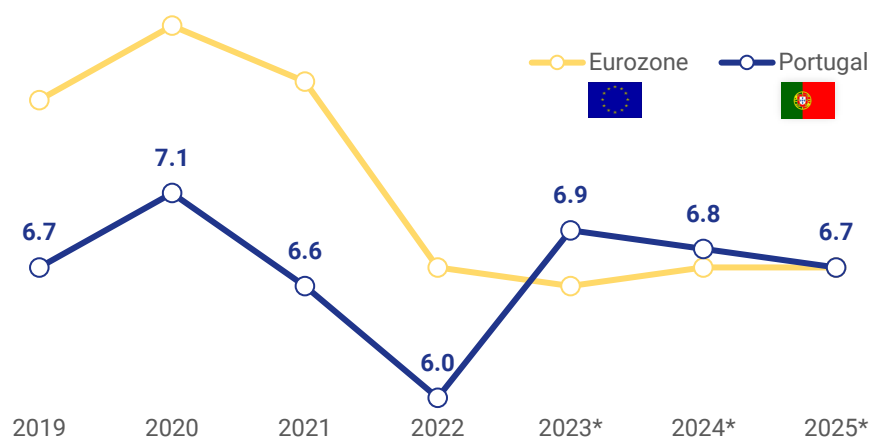
- Moderation in energy, food and industrial goods prices
- ▲ service prices → main driver of inflation in the future

% y-o-y change and contributions to HICP growth in pp



▲ unemployment (+17% y-o-y) due to an increase in the labour force (+2.1%) outpacing job creation (+0.7%)

Unemployment rate % labour force

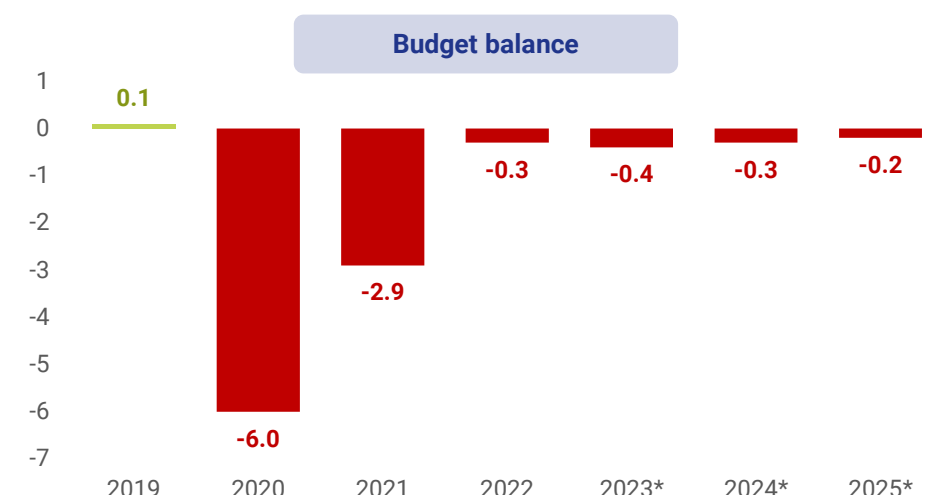
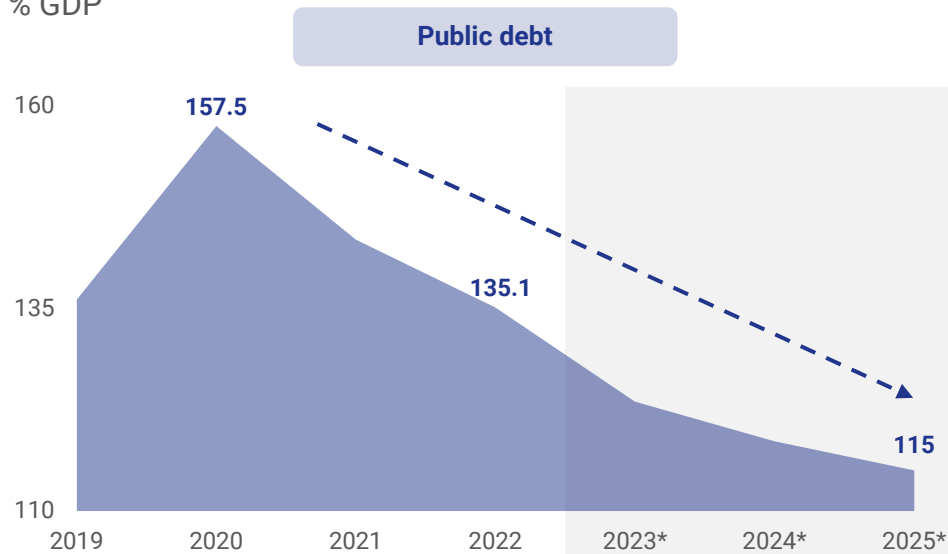


## Some of the main risks to growth

HOWEVER, PORTUGAL IS VULNERABLE TO TIGHTENING FINANCIAL CONDITIONS AND INTEREST RATE HIKES DUE TO THE HIGH PROPORTION OF FLOATING RATE LOANS AND HIGH DEBT LEVELS

Very high level of public debt, although with a downward trend due to the correction of the deficit

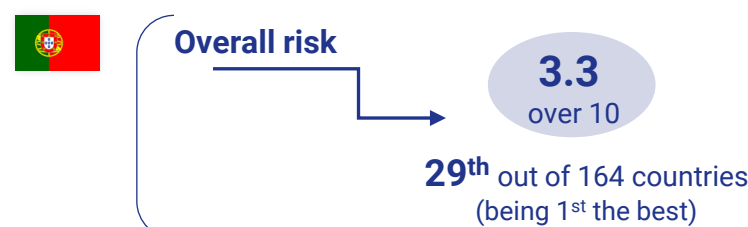
% GDP



### Valuation of economic risk

Oxford Economics

Scores between 1 and 10, with 10 representing the highest risk



By pillars ...

