



Agência de Gestão da Tesouraria  
e da Dívida Pública

# PORTUGAL

## ECONOMIC RESILIENCY AND DELEVERAGING

FEBRUARY 2025

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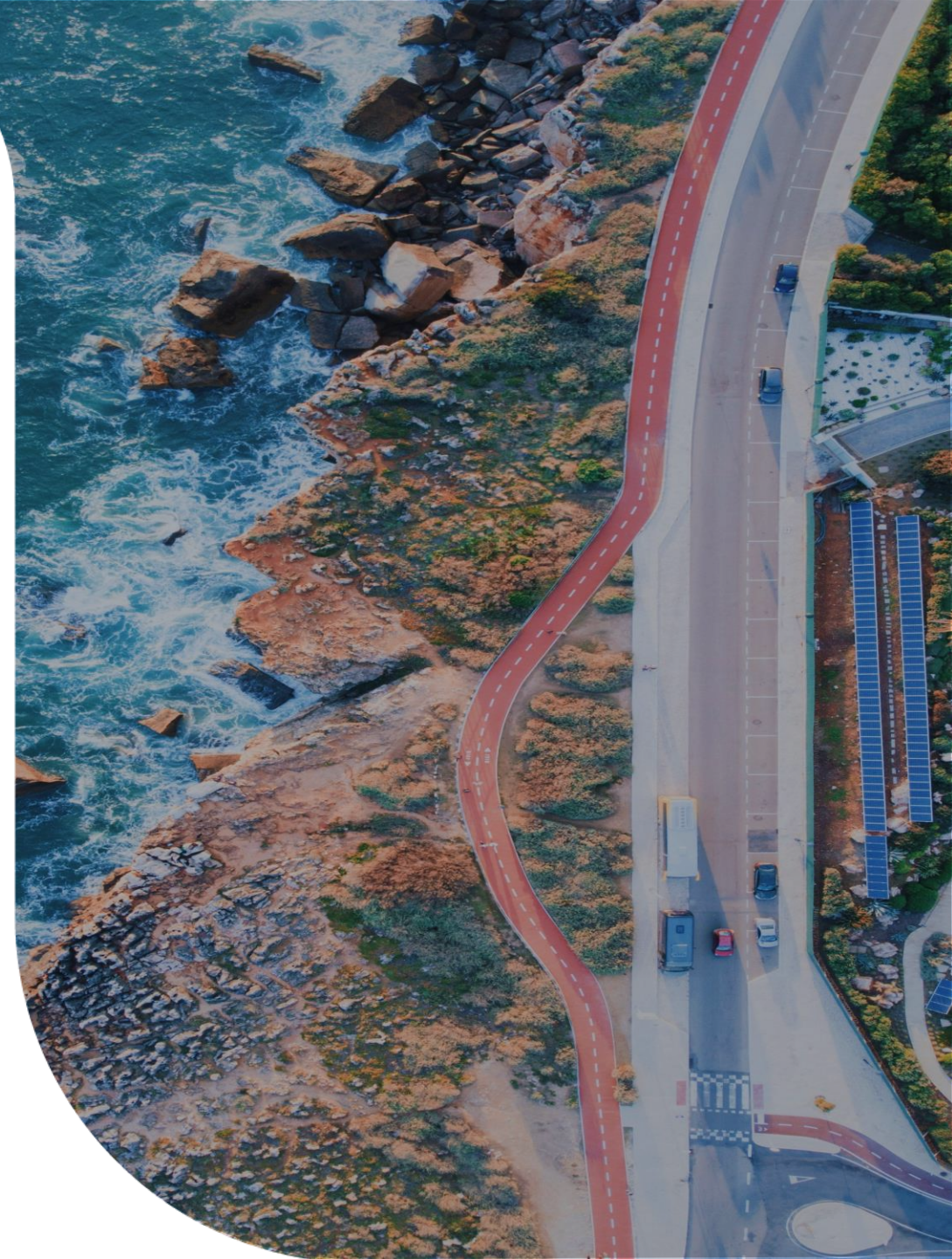
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- Risk indicators and market developments

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# Executive Summary

- **Real GDP grew by 1.9% in 2024 and is projected to grow 2.0% yearly** on average between 2025-27<sup>(1)</sup>, above most European peers
- With a **diversified and open Economy**, the main engines of growth are Investment at 3.4%<sup>(1)</sup>, Private Consumption at 2.1%<sup>(1)</sup> and also Exports at 3.2%<sup>(1)</sup>
- Manufacturing (mechanical & electronics, chemicals & plastics, automotive & mobility, textiles & clothing and renewables) but also Travel and tourism fuel the exports sector (almost 50% of GDP; 60/40 between goods and services), contributing to a **growing current and capital account surplus** (3.7%<sup>(1)</sup> of GDP)
- **Public accounts are in surplus** (1.2% of GDP in 2023 and 0.4% forecast in 2024) and are expected to remain so in the coming years, with tax revenues growth accommodating the adoption of policy measures to combat the rising cost of living and increase the country's competitiveness
- **Strong primary balances** combined with economic growth have resulted in a sharp decline of public debt (95.3% of GDP in 2024, -38.8 pp vis-à-vis the 2020 peak) and will continue to bring debt down by 3 to 4 pp yearly, as part of a process of deleveraging in the entire Economy
- **Banking sector profitability** increased considerably, with improvement in asset quality and rise of net interest margins
- **Prudent public debt management** has kept risks at bay, with a lower refinancing risk (around 40% for 5 years) and a safe weighted average maturity (above 7 years)
- Despite the increase in net cash requirements of the State, **net issuance of PGB remains stable around EUR 8 billion in 2025**
- **Upgrading trend in credit ratings**, currently at A3 | Stable by Moody's, A- | Positive by S&P and Fitch, A (high) | Stable by DBRS, and A | Stable by Scope, reflective of a solid and improving economic outlook

(1) Annual average growth rate between 2025-2027  
[[Banco de Portugal](#), Economic Bulletin, December 2024]

# Portuguese economy snapshot

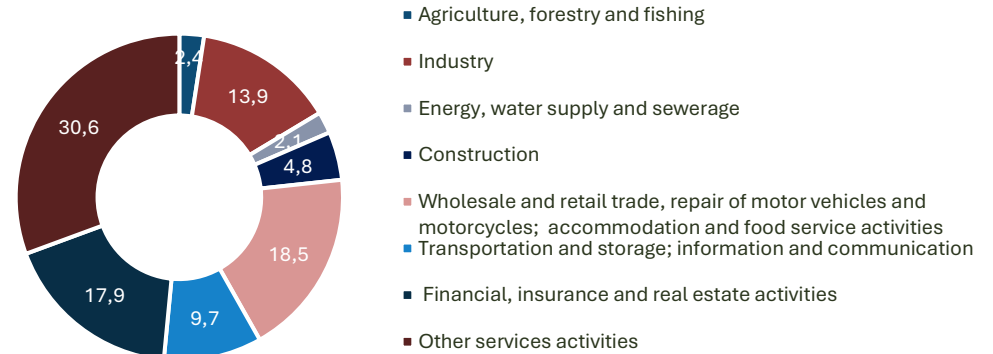
## 2023

	<b>Area</b> (sq. km '000)	<b>92.2</b>
	<b>Resident population</b> (number)	<b>10 639 726</b>
	<b>GDP real growth rate</b> (%)	<b>2.5%</b>
	<b>GDP per capita</b> (current prices, €)	<b>25 277</b>
	<b>Savings rate</b> (Disposable income %)	<b>8.0%</b>
	<b>Unemployment rate</b> (%)	<b>6.5%</b>
	<b>General Government balance</b> (GDP %)	<b>1.2%</b>
	<b>Public Debt</b> (GDP %)	<b>97.9%</b>
	<b>Current and Capital account</b> (GDP %)	<b>1.9%</b>
	<b>Inflation</b> (annual average)	<b>5.3%</b>

[[Statistics Portugal](#), [Banco de Portugal](#), [Eurostat](#)]

### Open and diversified Economy within Euro Area

- ✓ Strong growth fundamentals and diversified economic activity<sup>1</sup>  
GVA decomposition by sector of activity, 2023, current prices, % of total



- ✓ Robust and diversified exports (both in terms of sectors and markets; accounting for near 50% of GDP)
- ✓ Solid labor market - low unemployment and high level of employment
- ✓ Strong institutions and governance
- ✓ One of the safest countries in the world
- ✓ One of first countries to announce the commitment to be carbon neutral by 2050 (at the COP in 2016), with a plan to reduce 55% of GHG emissions by 2030 (vs 2005) and for renewables to cover 80% of electricity production by 2026

<sup>1</sup> [[Statistics Portugal](#)], Breakdown of industry sector in annex.

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# Portugal's GDP faster QoQ growth in Q4, among the EA's economies, leads to a strong carry-over effect into 2025

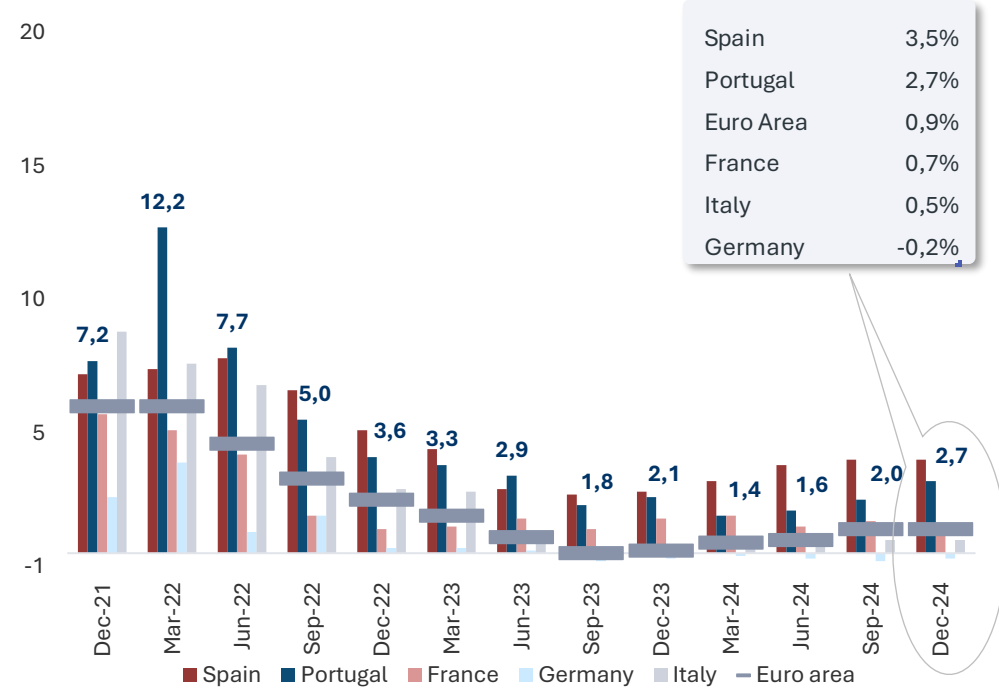
Portugal's real GDP grew by 1.9% in 2024, above EA growth for the third consecutive year

[Real GDP, YoY, %] [[Eurostat](#), [INE](#)]



Portugal's GDP increased 1.5% QoQ and 2.7% YoY in 2024Q4

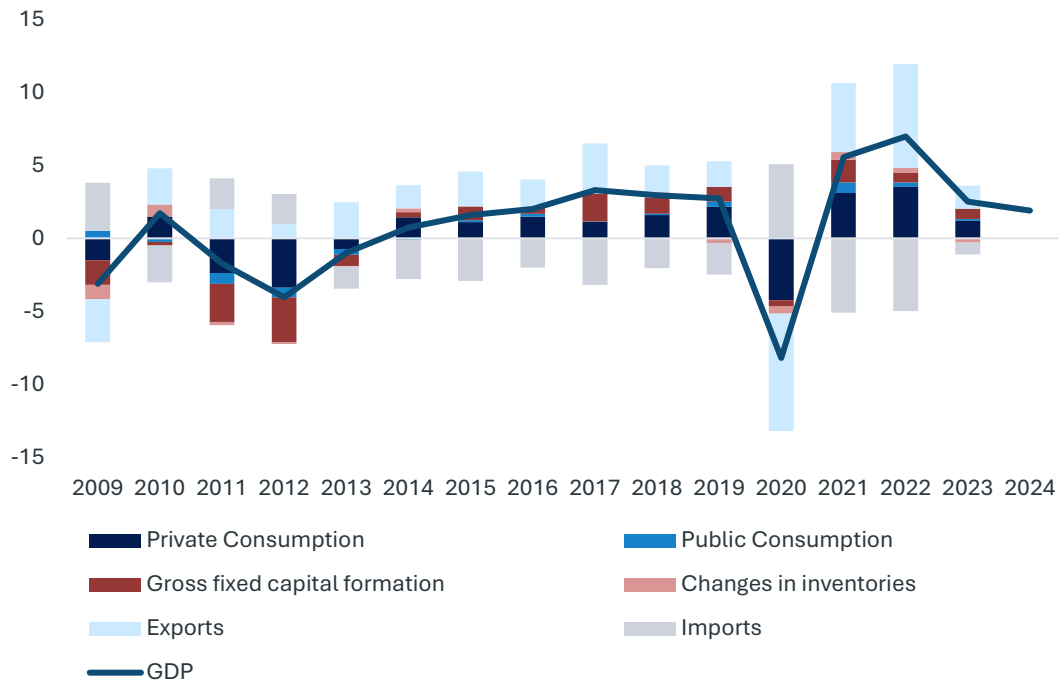
[Real GDP, YoY, %] [[Eurostat](#), [Statistics Portugal](#)]



# Portuguese economy continues to grow at solid levels

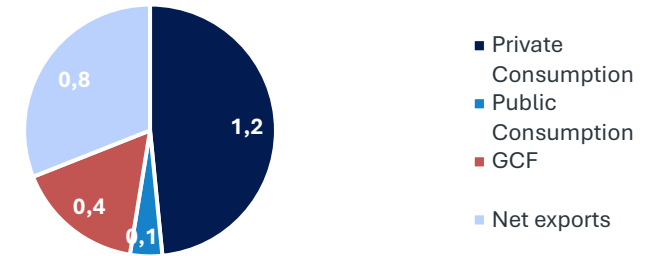
## Real GDP increased by 1.9% in 2024, after 2.5% in 2023

[Real GDP, YoY, %, Contributions, pp] [\[Statistics Portugal\]](#)



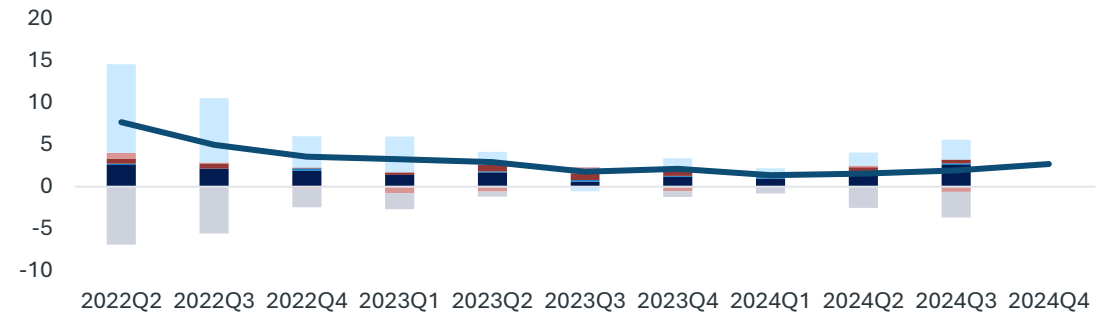
## In 2023, the contribution of private consumption to real GDP was 1.2pp

[Real GDP, 2023, pp] [\[Statistics Portugal\]](#)



## In 2024Q4, real GDP increased by 2.7% YoY

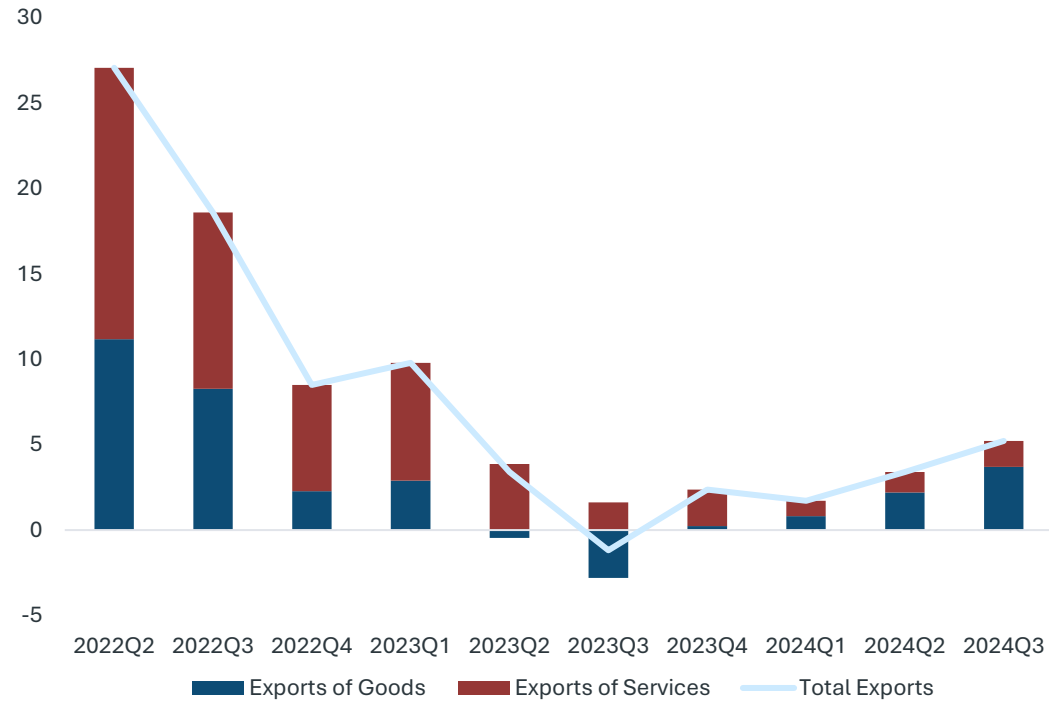
[Real GDP, YoY, %, Contributions, pp] [\[Statistics Portugal\]](#)



# Exports and investment showing resilience

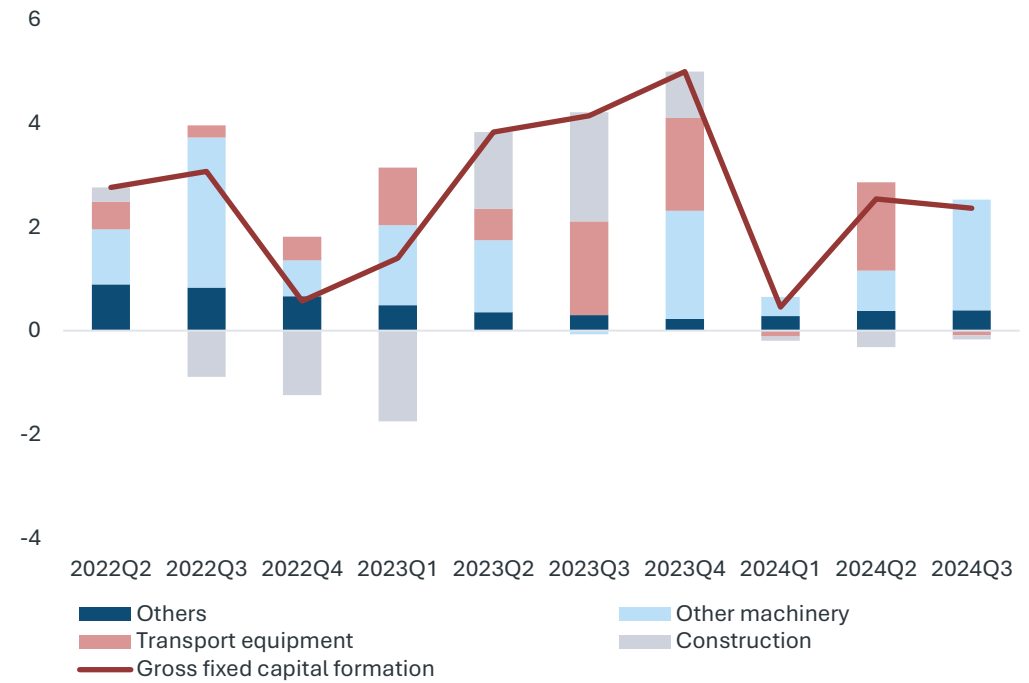
## Exports show signs of revival in the last four quarters

[Exports, YoY, %, Contributions, pp] [\[Statistics Portugal\]](#)



## Investment growth recovered in the last two quarters

[Gross fixed capital formation, YoY, %, Contributions, pp] [\[Statistics Portugal\]](#)

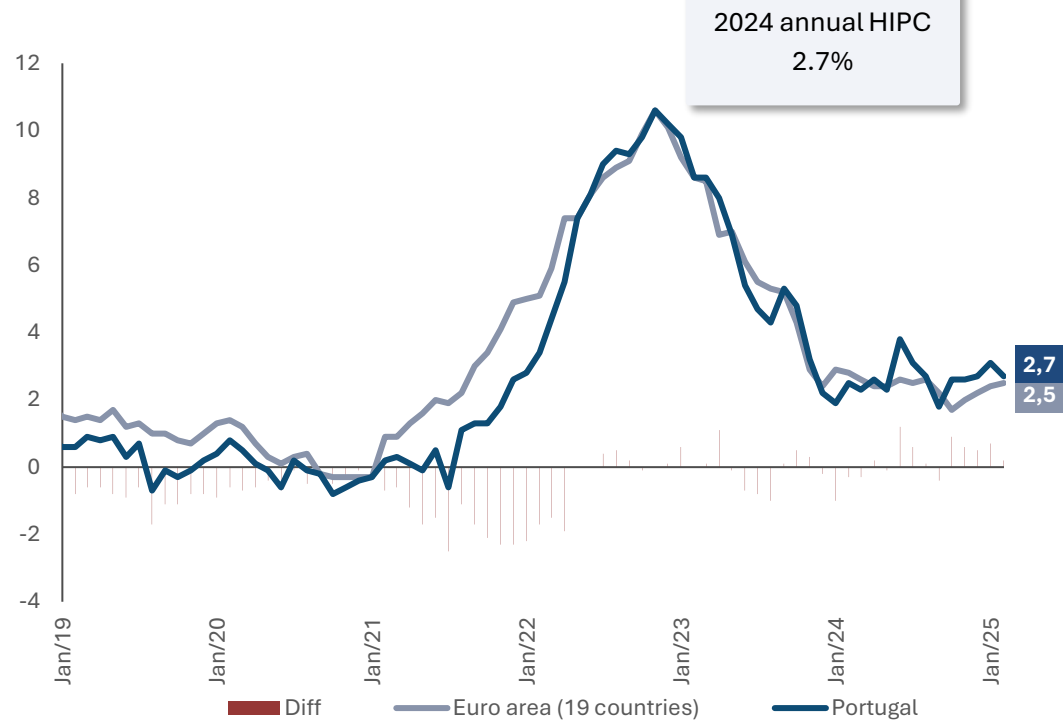




# Portugal's inflation largely correlated with Euro Area

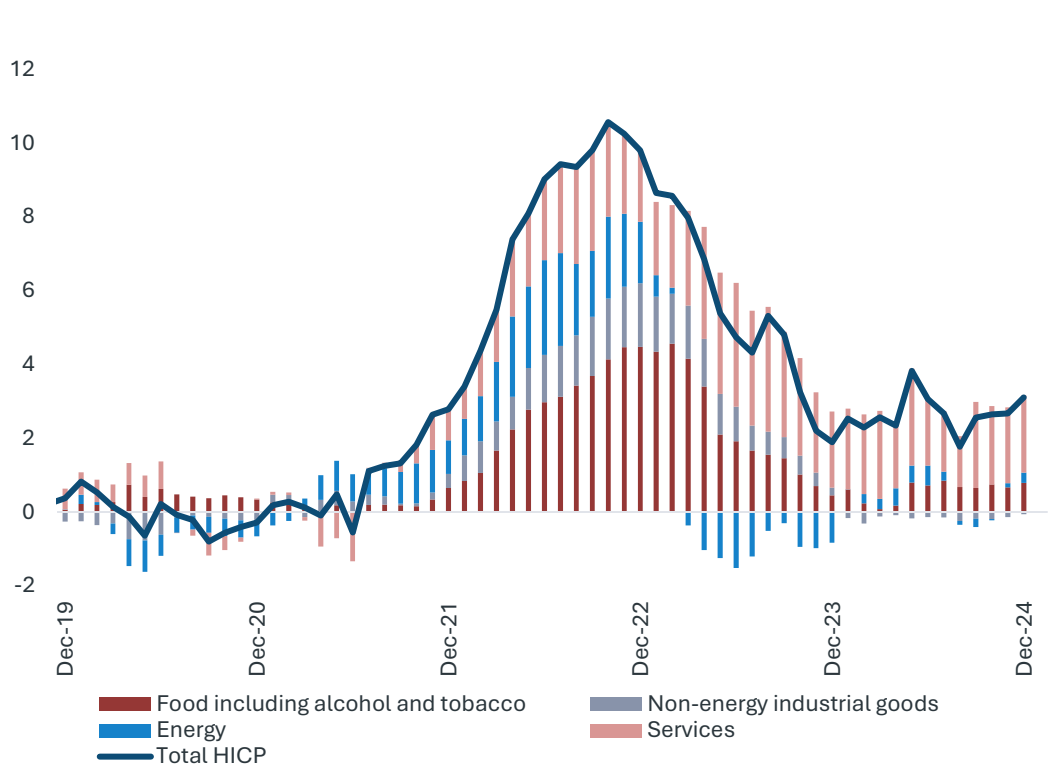
### Downward trend in inflation, but with some bumps

[HICP, YoY, %] [[Statistics Portugal](#), [Eurostat](#)]



### Services continue to exert upward pressure on inflation

[HICP, YoY, %, Contributions, pp] [[Eurostat \(1\)](#), [Eurostat \(2\)](#)]



# Projections point to moderate growth, low unemployment and declining inflation

## Moderate growth in 2024-26 with inflation converging to neutral

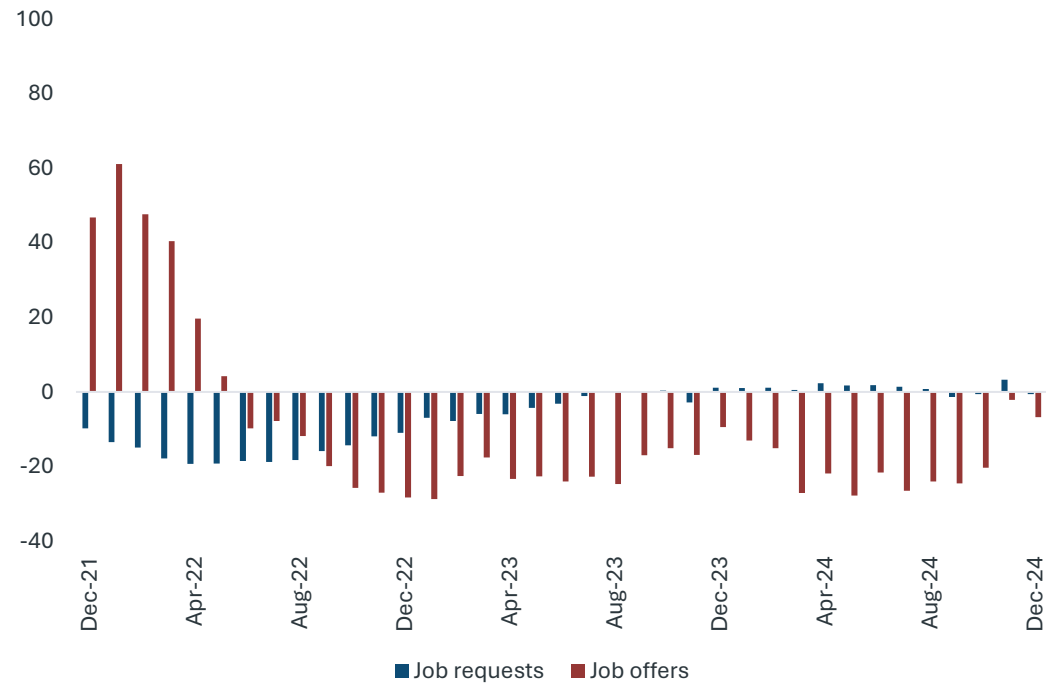
Macroeconomic projections for Portugal	Statistics Portugal			Ministry of Finance 2025 State Budget		IMF World Economic Outlook October 2024		Banco de Portugal Economic Bulletin December 2024				European Commission Economic Forecast November 2024		
	2021	2022	2023	2024 F	2025 F	2024 F	2025 F	2024 F	2025 F	2026 F	2027 F	2024 F	2025 F	2026 F
	<b>Real GDP (yoy %)</b>	5.6	7.0	2.5	1.8	2.1	1.9	2.3	1.7	2.2	2.2	1.7	1.7	1.9
Private Consumption (yoy %)	4.9	5.6	2.0	1.8	2.0	.	.	3.0	2.7	1.9	1.8	2.5	2.1	2.2
Public Consumption (yoy %)	3.8	1.7	0.6	2.6	1.2	.	.	1.1	1.1	0.8	0.3	1.5	1.3	1.7
Gross Fixed Capital Formation (yoy %)	7.8	3.3	3.6	3.2	3.5	.	.	0.5	5.4	4.6	0.1	0.8	3.7	4.2
Exports of goods and services (yoy %)	12.1	17.2	3.5	2.5	3.5	2.8	3.1	3.9	3.2	3.3	3.2	3.8	3.0	3.2
Imports of goods and services (yoy %)	12.3	11.3	1.7	2.9	3.5	3.7	3.3	5.2	4.7	3.4	2.1	4.6	4.1	4.1
<b>Domestic demand contribution (pp GDP growth)</b>	5.9	4.8	1.7	2.0	2.1	.	.	2.2	2.9	2.3	1.2	1.9	2.3	2.5
<b>Net exports contribution (pp GDP growth)</b>	-0.4	2.1	0.8	-0.2	0.0	.	.	.	.	.	.	-0.3	-0.5	-0.4
<b>Employment growth (yoy %)</b>	1.4	3.7	1.0	1.1	0.7	.	.	1.3	0.8	0.7	0.4	1.1	0.9	0.8
<b>Unemployment rate (% labor force)</b>	6.7	6.1	6.5	6.6	6.5	6.5	6.4	6.4	6.4	6.4	6.4	6.4	6.3	6.2
<b>Net lending/borrowing of the economy (% GDP)</b>	0.8	-1.3	1.6	3.3	3.6	.	.	.	.	.	.	2.4	2.1	1.8
<b>Current account balance (% GDP)</b>	-0.7	-1.9	0.5	0.9	0.7	2.0	2.3	.	.	.	.	0.9	0.6	0.4
<b>GDP deflator (yoy %)</b>	2.0	5.3	6.9	3.1	2.6	2.8	2.4	4.9	3.3	2.5	2.2	3.8	2.5	2.2
<b>Inflation (HICP, yoy %)</b>	0.9	8.1	5.3	2.6	2.3	2.5	2.1	2.6	2.1	2.0	2.0	2.6	2.1	1.9

[[Statistics Portugal](#), Ministry of Finance ([State Budget 2025](#), October 2024), IMF ([World Economic Outlook](#), October 2024), Banco de Portugal ([Economic Bulletin](#), December 2024) ; European Commission ([Economic Forecast](#), Autumn 2024)]

# Labor market remains robust, despite high levels of uncertainty

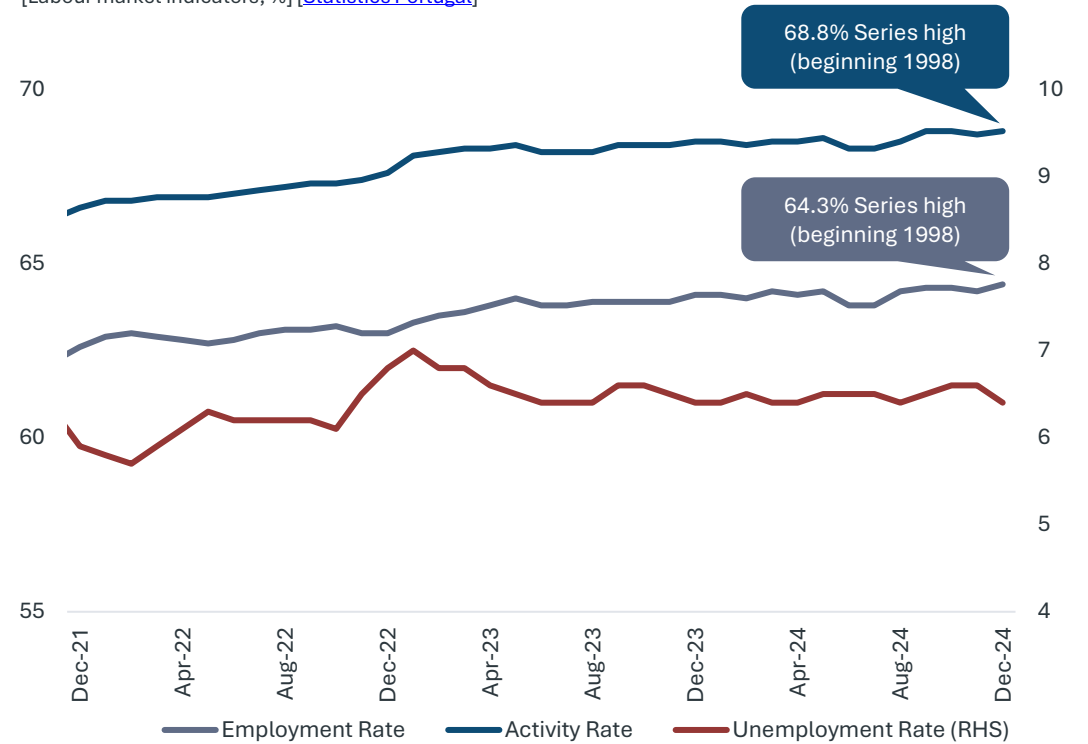
## Job offers have been decreasing due to heightened economic uncertainty

[Job offers and Job requests, YoY, %] [\[IEFP\]](#)



## Labor market continues to show resilience

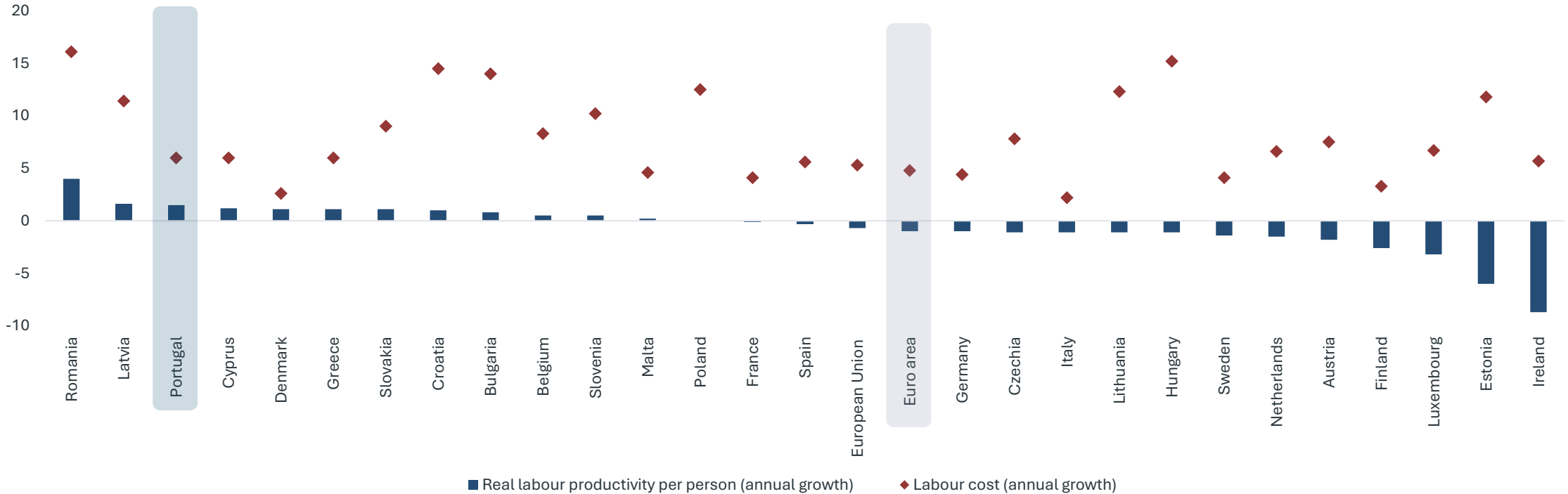
[Labour market indicators, %] [\[Statistics Portugal\]](#)



# Real labor productivity grew at solid levels albeit lower than labor costs

In 2023, productivity growth in Portugal was 3<sup>rd</sup> in the EU, way above the EA

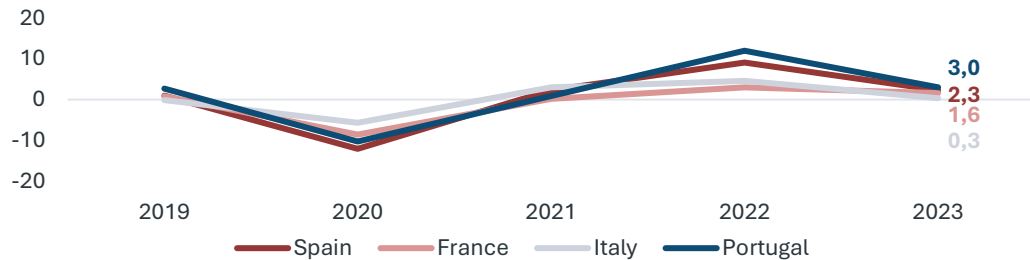
[Real labour productivity and labour costs, 2023, YoY, %] [\[Eurostat\]](#)



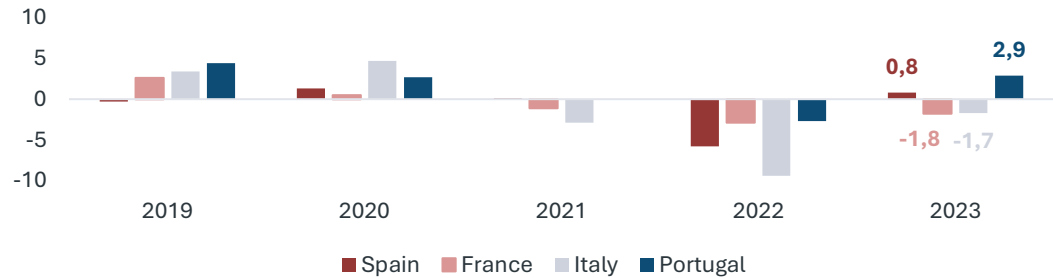
# Portuguese exports have proven to be competitive, diversified and dynamic

## After two years of weakening, terms of trade recovered in 2023...

[Real Exports of goods and services, YoY, %] [Eurostat]

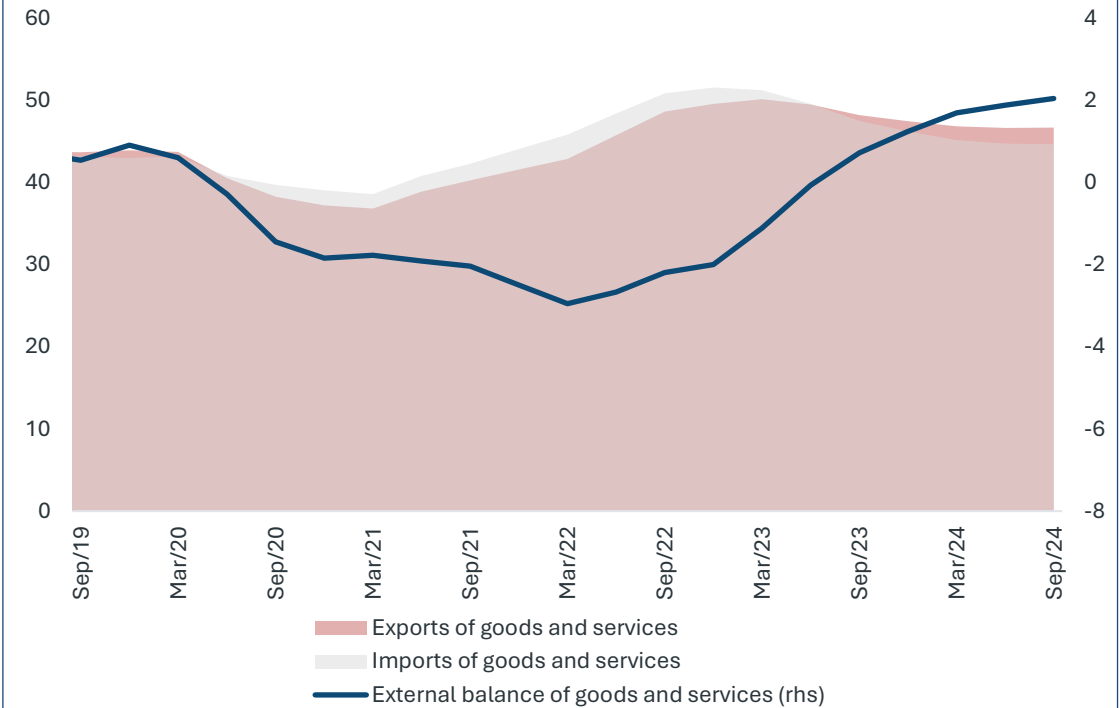


[Terms of trade of goods and services, Price index (t/t-5), %] [Eurostat]



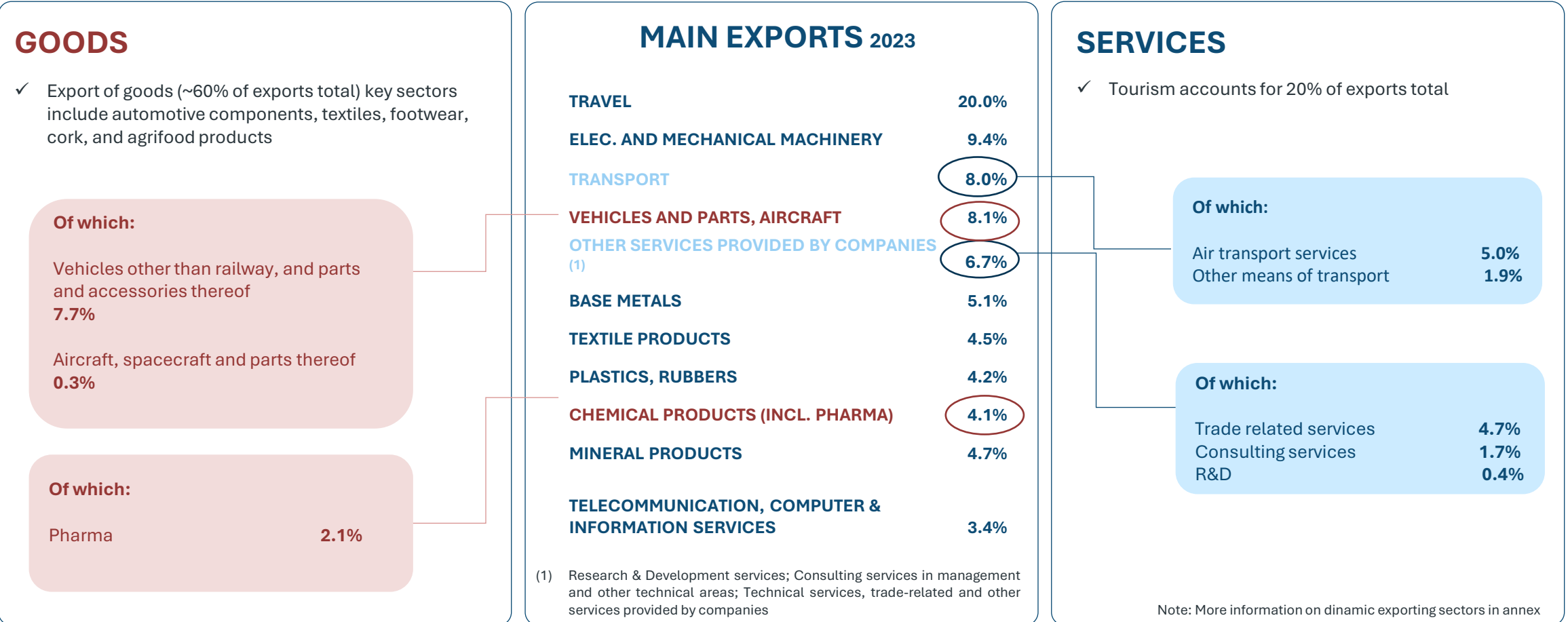
## ...and keep trade broadly balanced with increasing weight of exports in Economy (near 50% of GDP)

[External indicators, 12-month cumulative, % GDP] [Statistics Portugal, Banco de Portugal]



# Portuguese exports have proven to be competitive, diversified and dynamic

[Main exports by product groups and services as % of total exports, 2023] [[Statistics Portugal](#); [Banco de Portugal](#)]

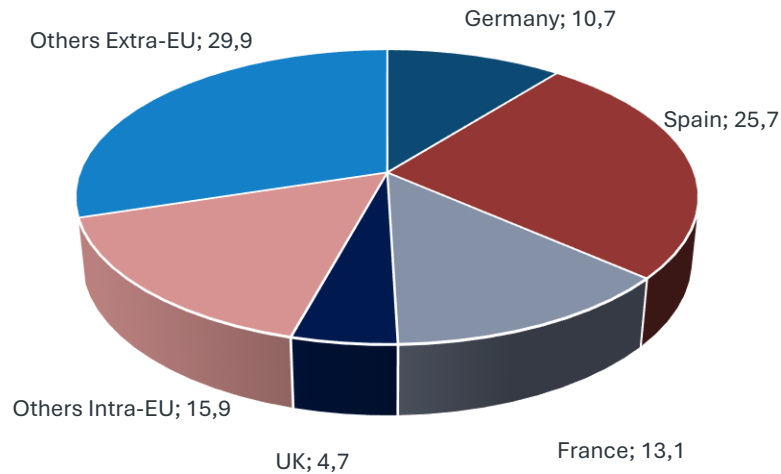


# Portuguese goods exports had diversified base of destinations and product type in 2023

## Germany, Spain, France and UK represented 54.2% of total goods exports

[Exports destination, 2023, % of total goods exports] [\[Statistics Portugal\]](#)

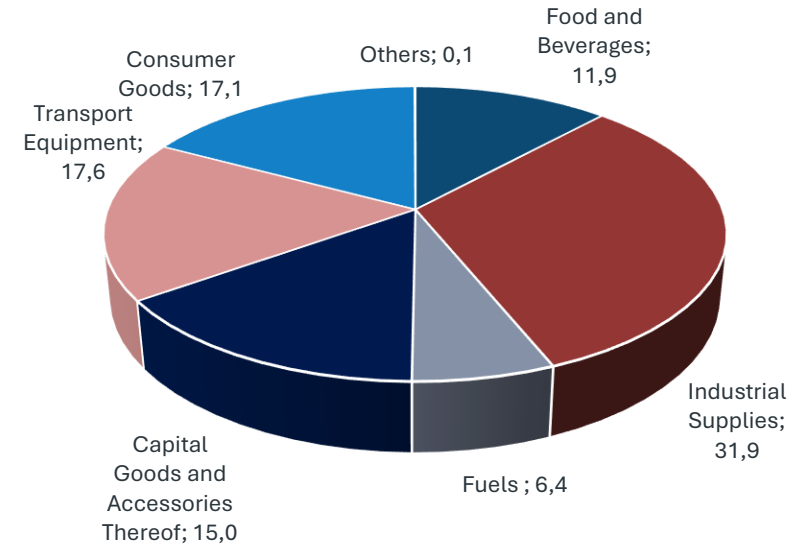
Exports destination, 2023



## Industrial Supplies represented 31.9% of total goods exports

[Exports type, 2023, % of total goods exports] [\[Statistics Portugal\]](#)

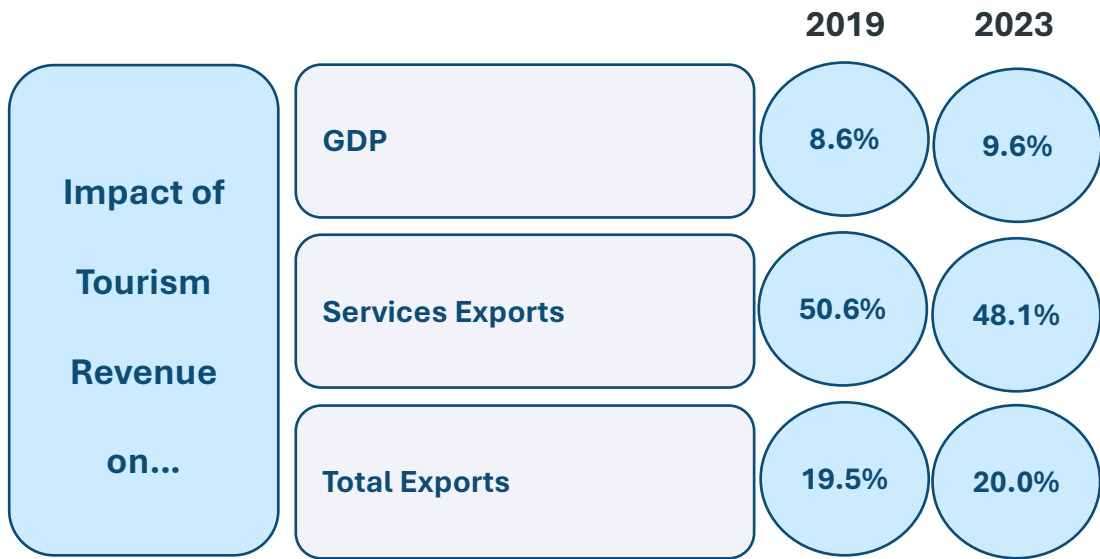
Exports type, 2023



# Tourism activity well above pre-pandemic levels, both by resident and non-resident tourists

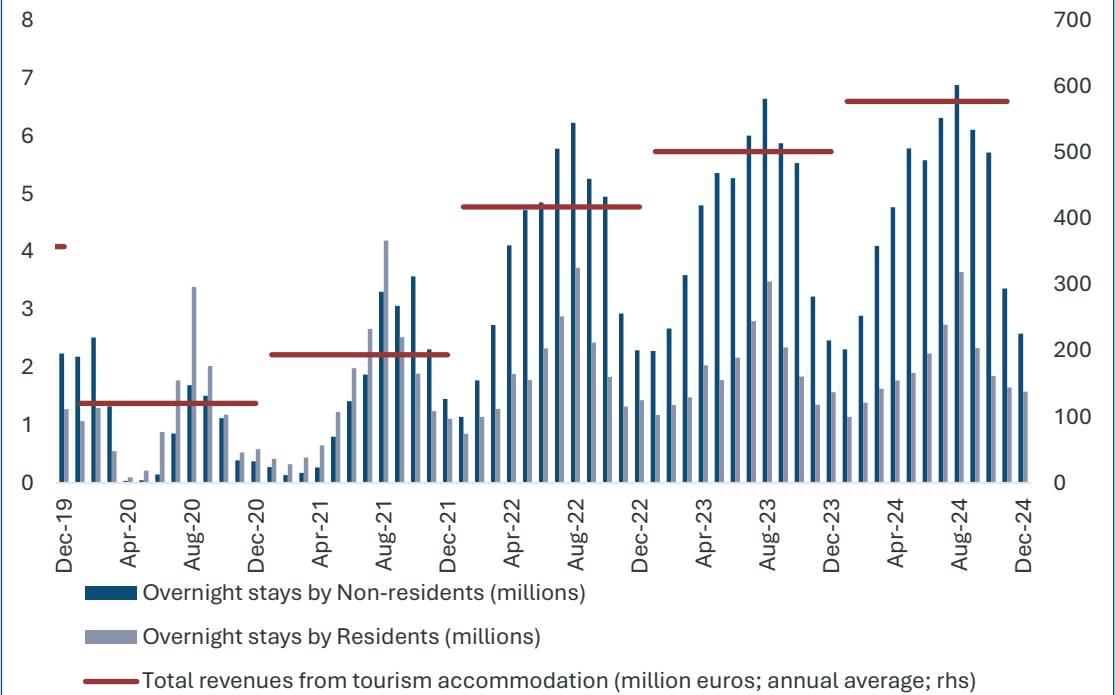
## Tourism plays a key role in the Portuguese economy

[\[Turismo de Portugal\]](#)



## Tourism accommodation has peaked higher year after year

[Overnight Stays, million, Total Revenues, EUR million] [\[Statistics Portugal\]](#)

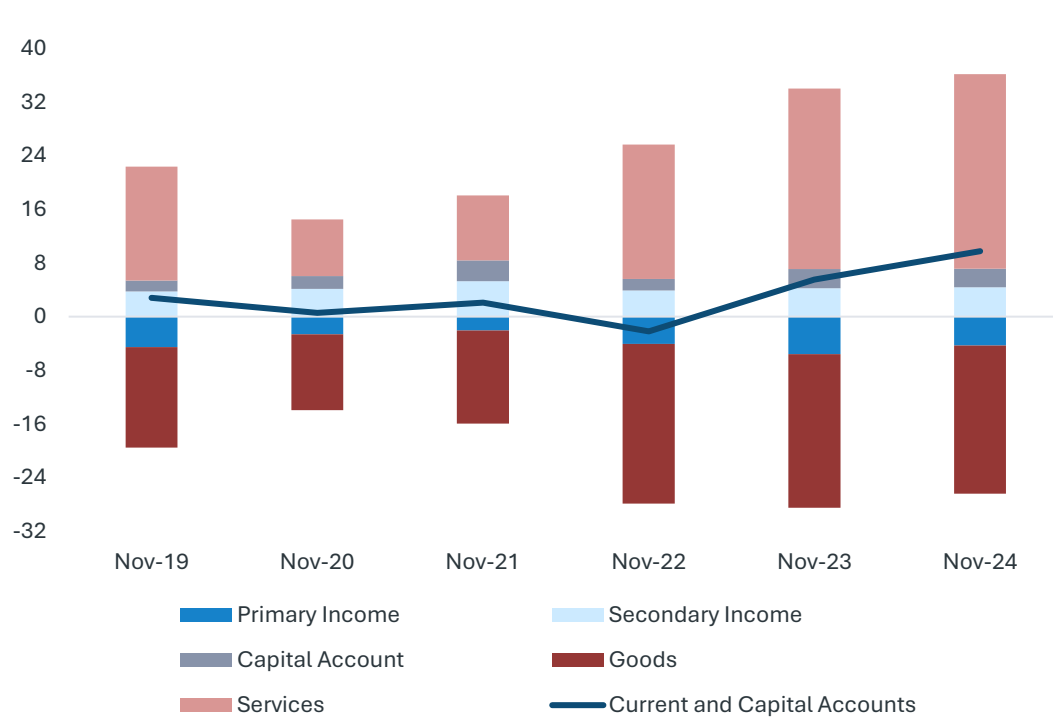




# Dynamism of export sector contributes to consolidation of current account surplus

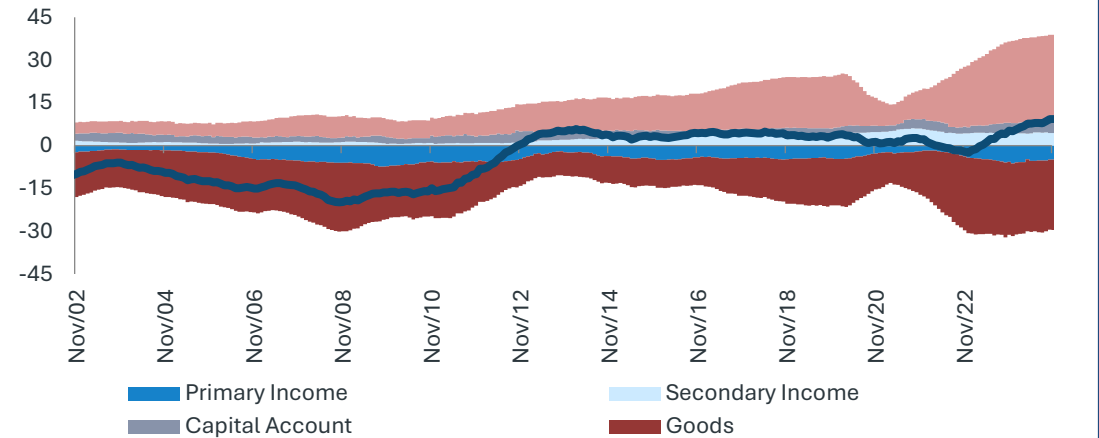
## Services surplus offsets goods deficit

[Current account balance, cumulative up to November, EUR billion] [\[Banco de Portugal\]](#)



## Current and capital account surplus keeps improving

[12-month cumulative Current and Capital Account, EUR billion] [\[Banco de Portugal\]](#)



## Current account surplus is forecasted to continue

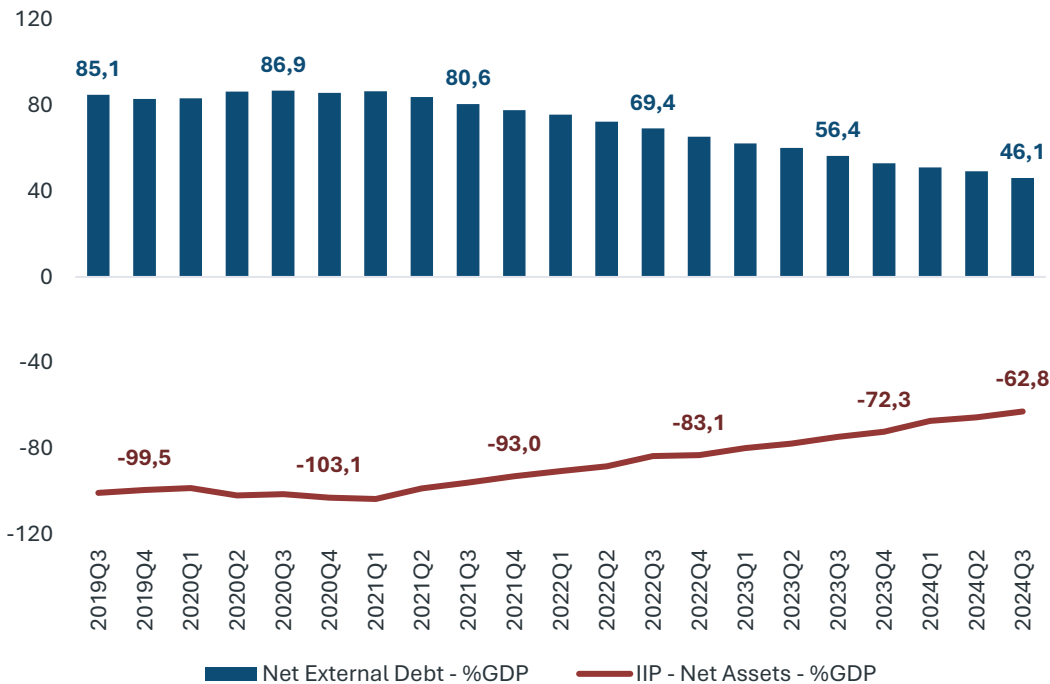
[IMF [World Economic Outlook](#), October 2024]

	2024	2025	2026	2027	2028	2029
Current Account (% GDP)	2.0%	2.3%	2.2%	1.8%	1.5%	1.5%

# Portugal is improving its external position, confirming the positive structural change

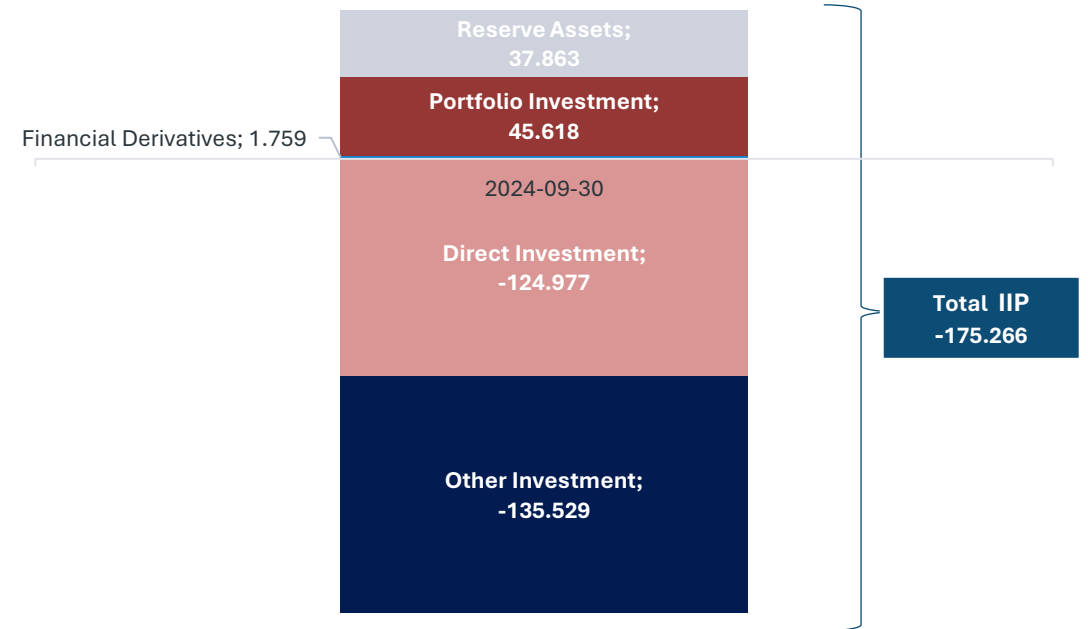
## Net external debt has maintained a downward trend, reaching the lowest level since 2005

[Net External Debt and International Investment Position, % GDP] [\[Banco de Portugal\]](#)



## Net International Investment Position has seen a strong improvement

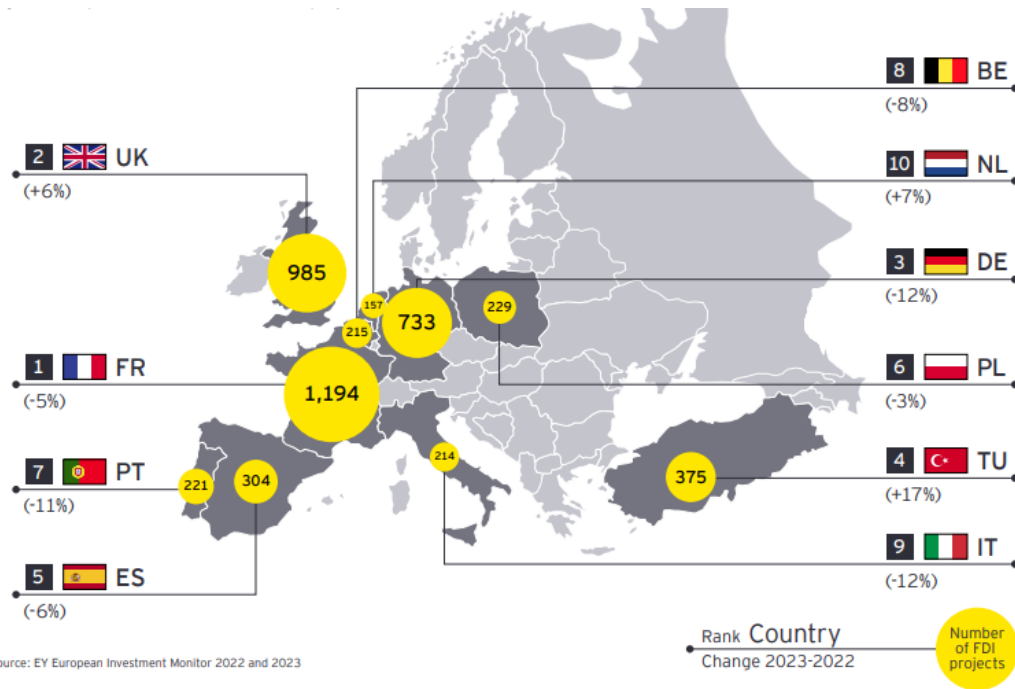
[International Investment Position decomposition, 2024Q3, EUR million] [\[Banco de Portugal\]](#)



# In 2023, Portugal was in the Top-10 host European countries for FDI projects

With 221 foreign direct investment projects in 2023, Portugal ranked as the 7th European country that attracted the most investment

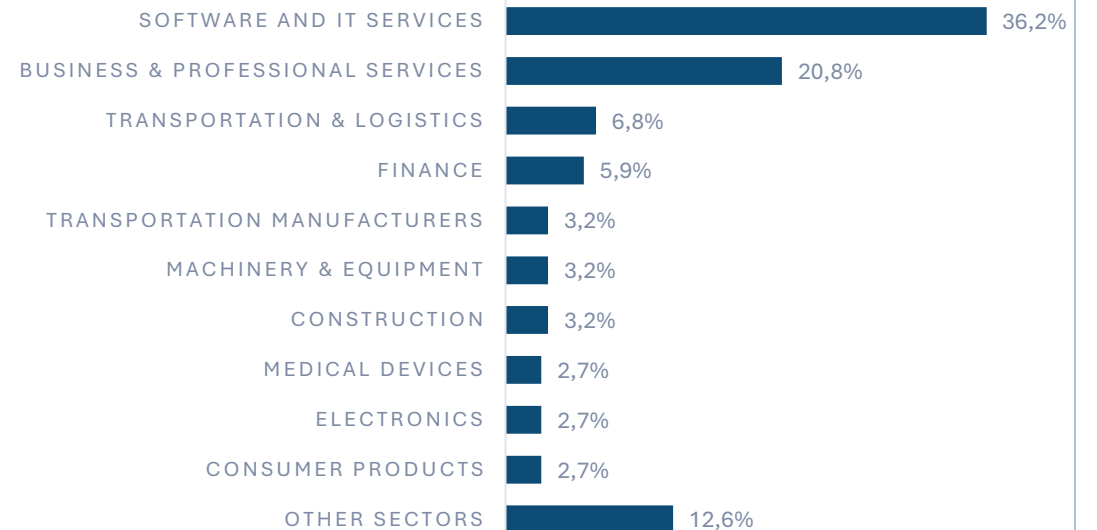
[EY, [Attractiveness Survey Portugal](#) September 2024]



Software and IT Services lead FDI projects, followed by Business Services and Professional Services

[EY, [Attractiveness Survey Portugal](#) September 2024]

## Main Sectors



# Foreign Direct Investment attractiveness

## BUSINESS ENVIRONMENT

Strategic location, solid infrastructure, political stability and a growing economy



**#21 /141**  
IN THE WORLD WITH BETTER  
INFRASTRUCTURES



**OECD most open country**  
for FDI 2020 **#2/68**



**Political Stability and Absence**  
**of Violence/Terrorism 2022** **#19/214**

[AICEP, Portugal FactSheet October 2024 and Why invest in Portugal]

## DIGITAL TRANSFORMATION

Strong tech infrastructure and innovation makes Portugal a hub for international companies and startups

**R&D INTENSITY 2022** (1.7% OF GDP)  
R&D expenditure as a % of GDP **#12/EU27**  
Source: Eurostat

**Digital Economy and Society**  
**Index 2022** **#15/EU27**



In 2023, **Lisbon** was considered the **1<sup>st</sup> European Capital of Innovation** and the **#8 Startup Hub in Europe.**

Sources: European Innovation Council, 2023 and Startup Heatmap Europe, 2024

[AICEP, Portugal FactSheet October 2024 and Why invest in Portugal]

## TALENT

Highly qualified human resources: high share of tertiary education in new generations; known for strong language skills and adaptability



**IMD WORLD**  
**TALENT RANKING**  
**#25/64**



**INSEAD GLOBAL**  
**TALENT**  
**COMPETITIVENESS**  
**#27/134**



**DIGITAL SKILLS**  
**#23/134**

[AICEP, Portugal FactSheet October 2024 and Why invest in Portugal]

## ENVIRONMENTAL SUSTAINABILITY

Sustainability is a cornerstone of future growth. Portugal leads in renewable energy and is becoming a hub for green innovation

**2024**  
**CLIMATE CHANGE**  
**PERFORMANCE**  
**INDEX**  
(WORLDWIDE)  
**#13/67**

**2023**  
**GREEN FUTURE**  
**INDEX (MIT)**  
**#18/76**

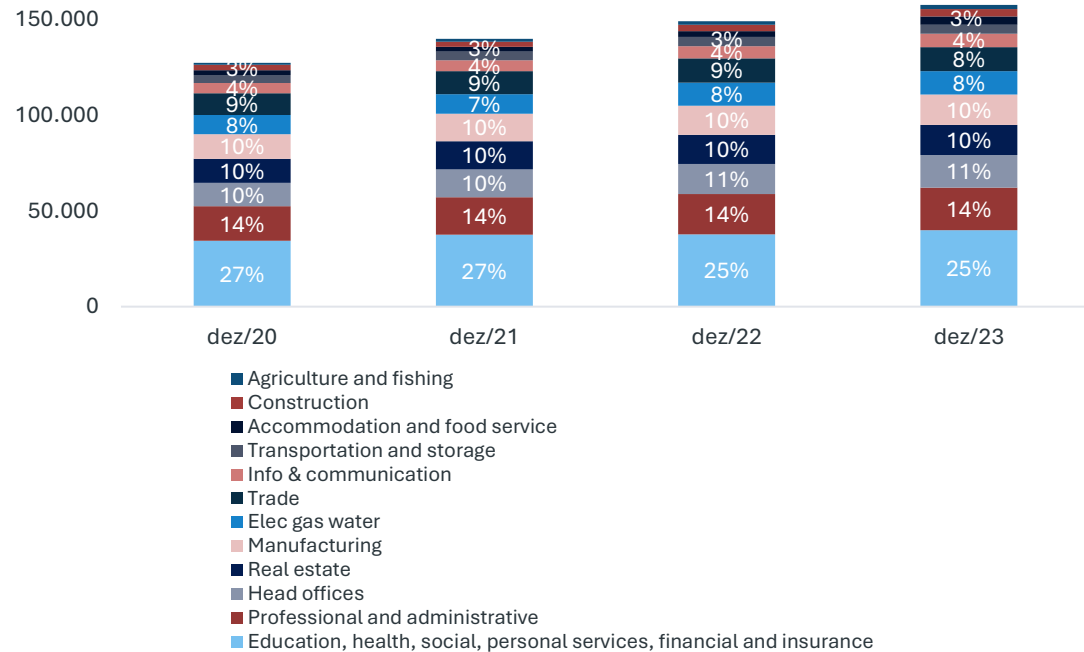
**2022**  
**Rank on the global**  
**role to Planet &**  
**Climate domain (Good**  
**Country Index)**  
**#22/169**

[AICEP, Portugal FactSheet October 2024 and Why invest in Portugal]

# Inward FDI flows growing in various sectors

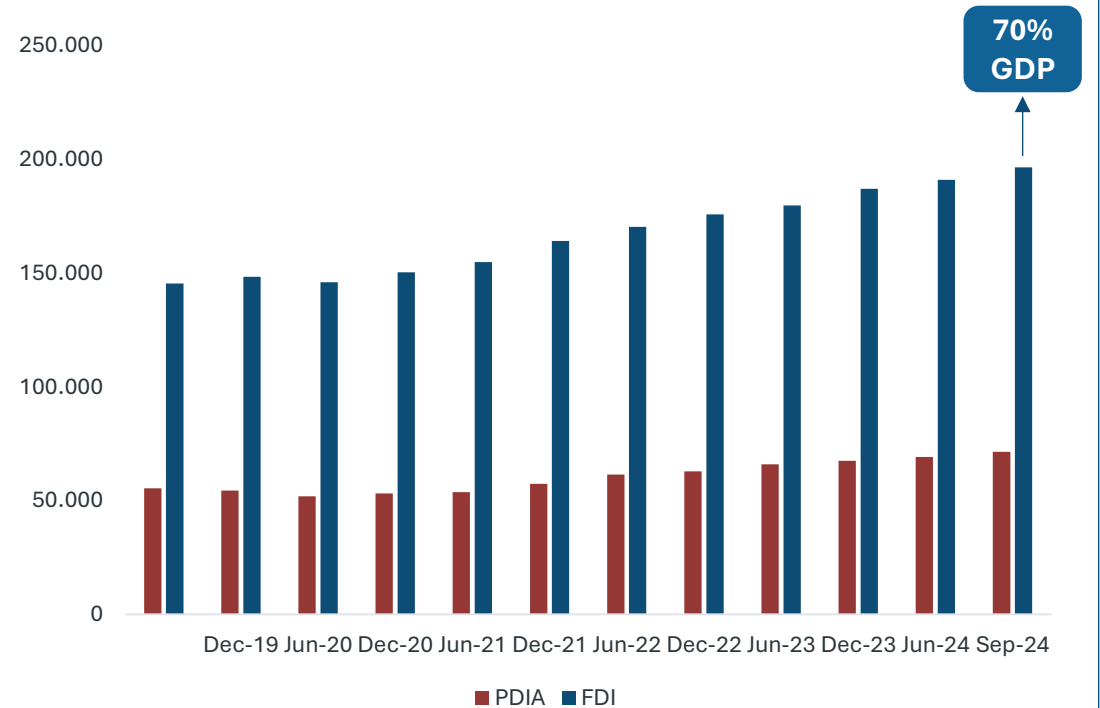
## Manufacturing, Electricity, gas and water and Education, health, other social and personal service, financial and insurance attract the most FDI

[Inward direct investment stock by sector of economic activity, excluding the non-allocated, M€] [[Banco de Portugal](#)]



## The stock of inward FDI in Portugal accounts for around 70% of GDP

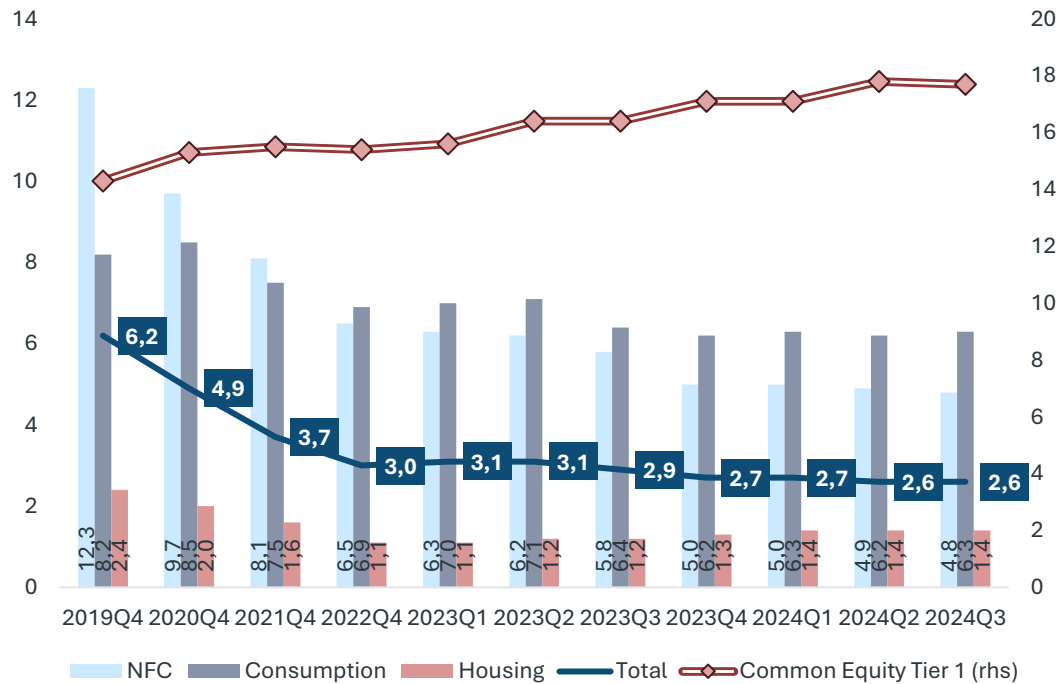
[Stock of direct investment: Portuguese and External (Directional principle), M€] [[Banco de Portugal](#)]



# Stronger banking sector and deleveraging in the private sector

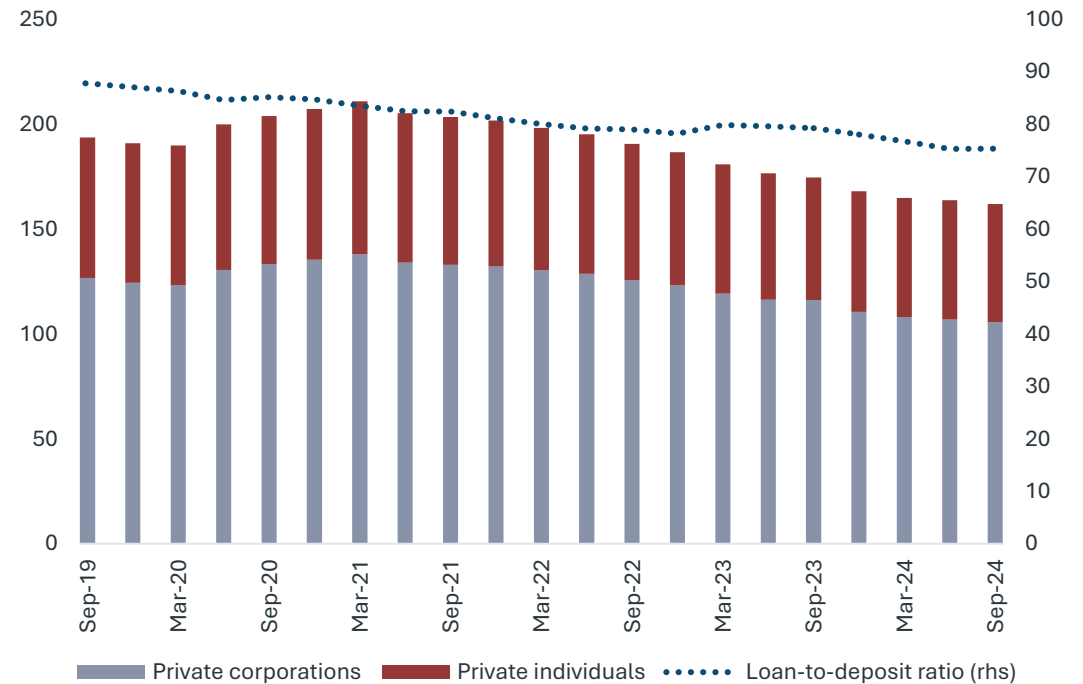
## Banks recent profitability improvement builds on strengthened capital, liquidity and asset quality

[NPL ratio, end of period, % of gross credit] [[Banco de Portugal](#)]



## Private sector indebtedness has decreased past pre-pandemic level

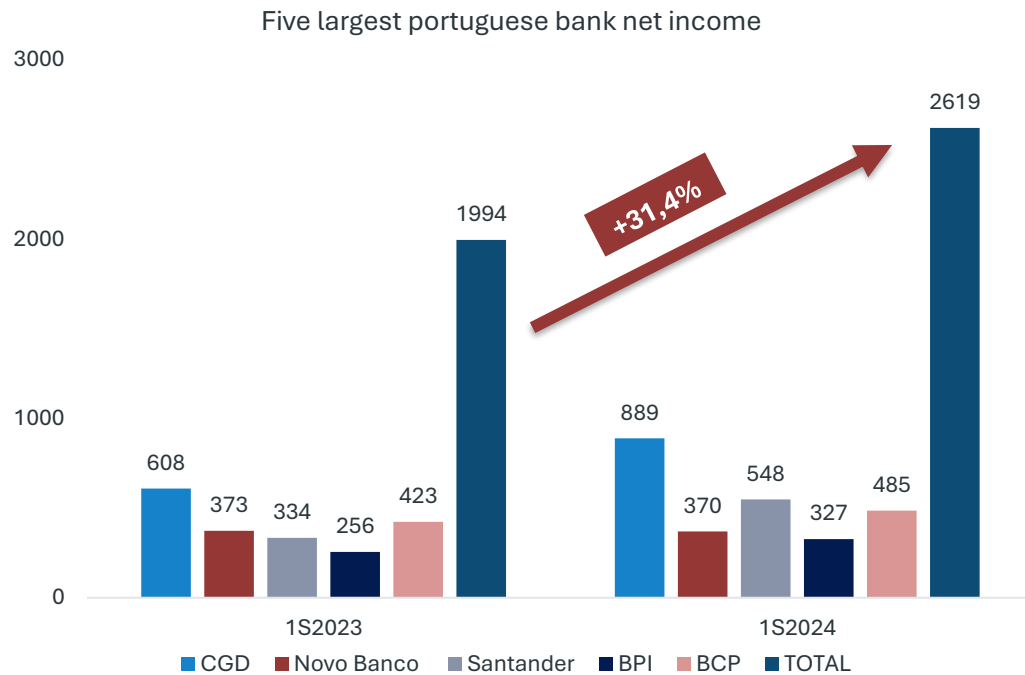
[Non-financial private sector debt, % GDP] [[Banco de Portugal](#)]



# Recovery of net interest income pulled up profits of the banking sector

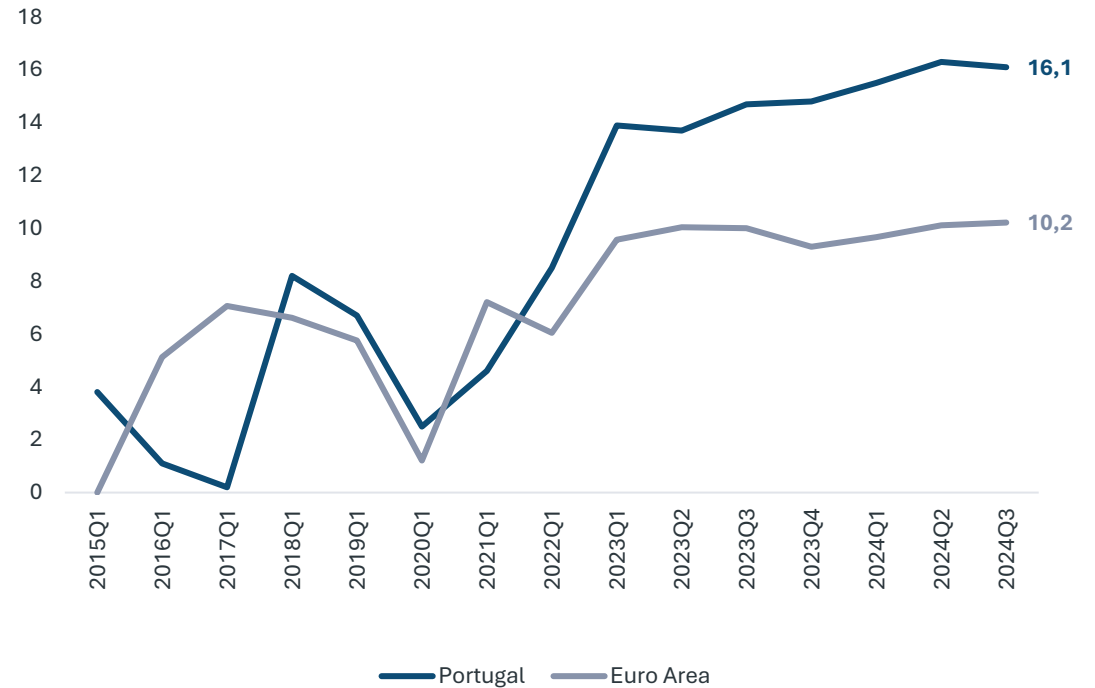
## In 1S24, major banks in Portugal increased their net income by 31.4% (vs. 1S23)

[Five biggest Portuguese bank's net income, EUR million] [Institutional websites of banks (financial statements audited and non-audited)]



## ROE of Portuguese banks higher than EA

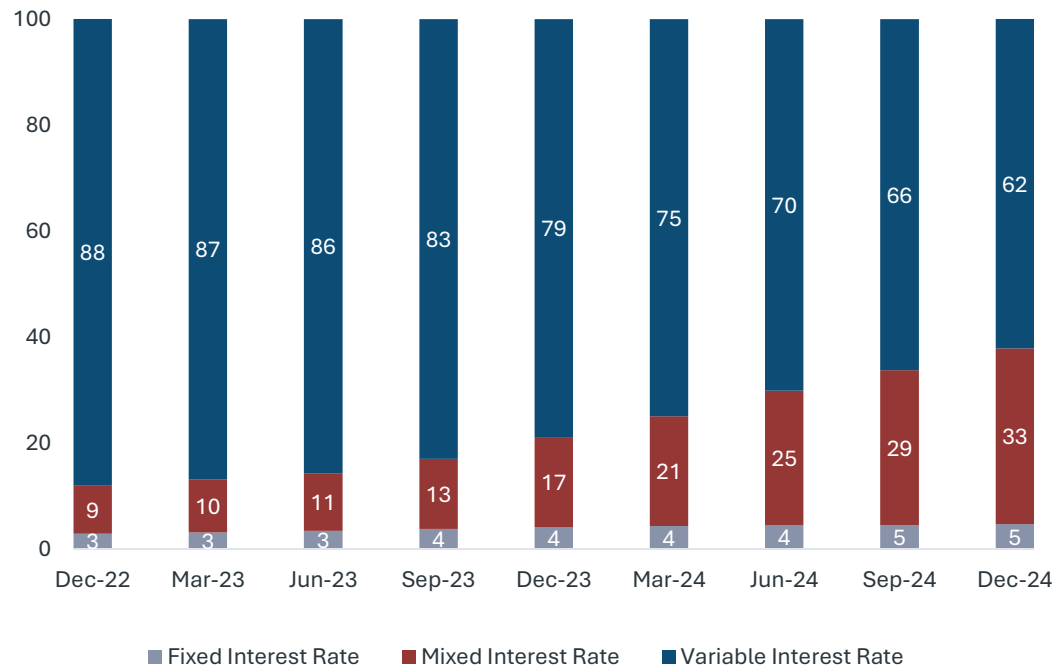
[Return on Equity (ROE), %] [[Banco de Portugal](#), [ECB](#)]



# Most residential property loans in Portugal are indexed to Euribor

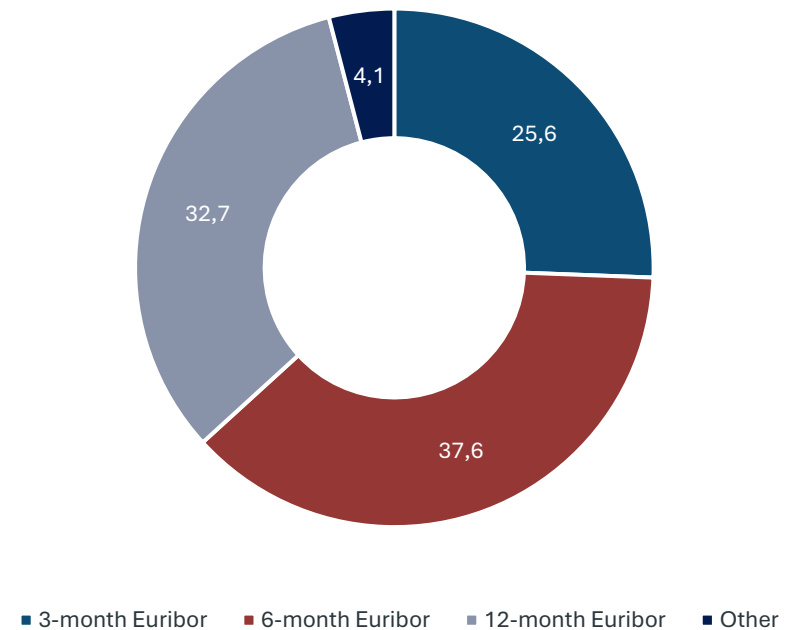
## Most contracts are variable rate, despite the declining trend

[Stock of loans for residential property by the type of interest rate, %] [\[Banco de Portugal\]](#)



## Almost all variable interest rate loans are indexed to Euribor

[Stock of loans for residential property by reference rate, December 2024, %] [\[Banco de Portugal\]](#)

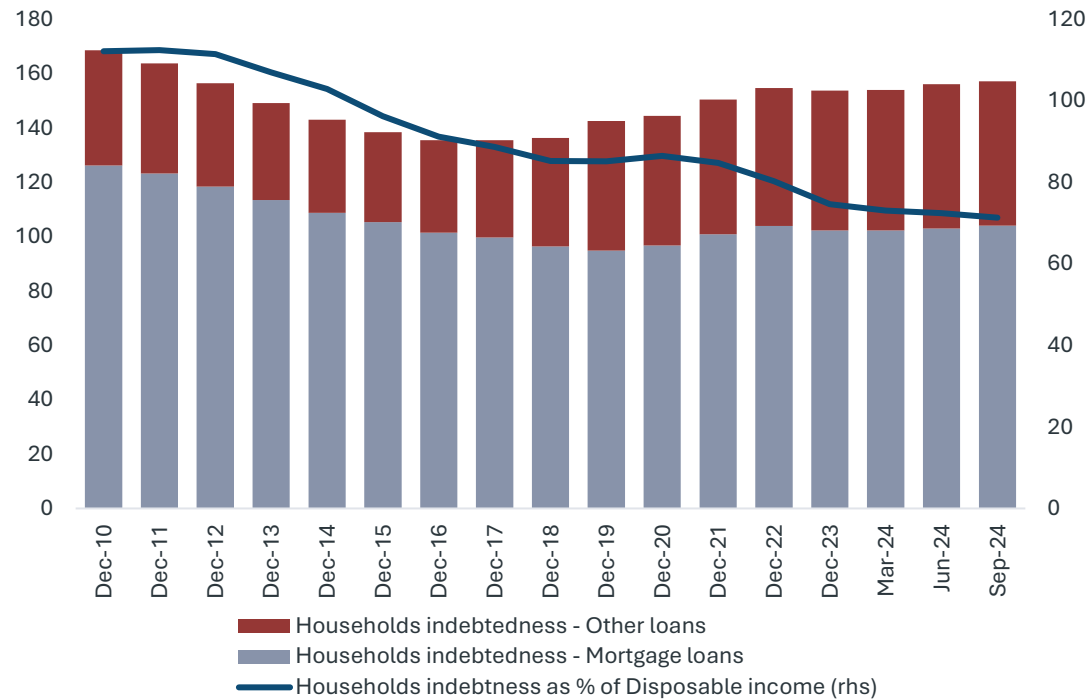




# The financial situation of households remains resilient

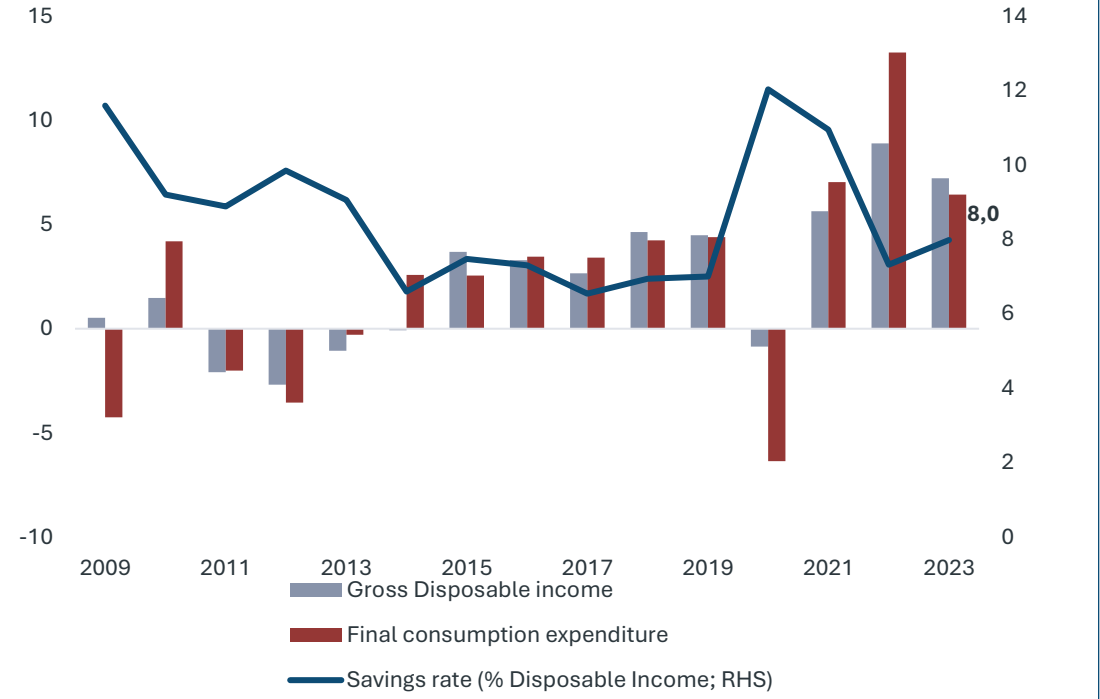
## Household debt stays below its long-run average

[Household indebtedness - Loans, EUR billion, Household indebtedness, % of Disposable Income] [[Banco de Portugal](#)]



## Savings rate increased in 2023

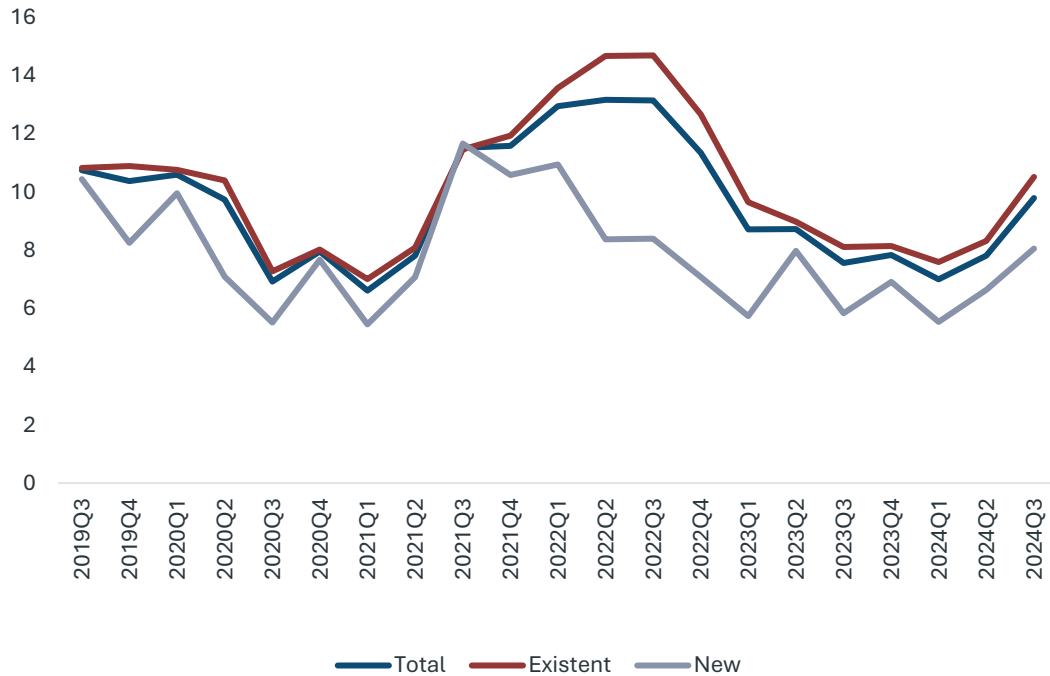
[Gross Disposable Income and Final consumption expenditure, YoY, %, Savings rate, % Disposable Income] [[Statistics Portugal](#)]



# Housing prices grow steadily, with number of transactions recovering

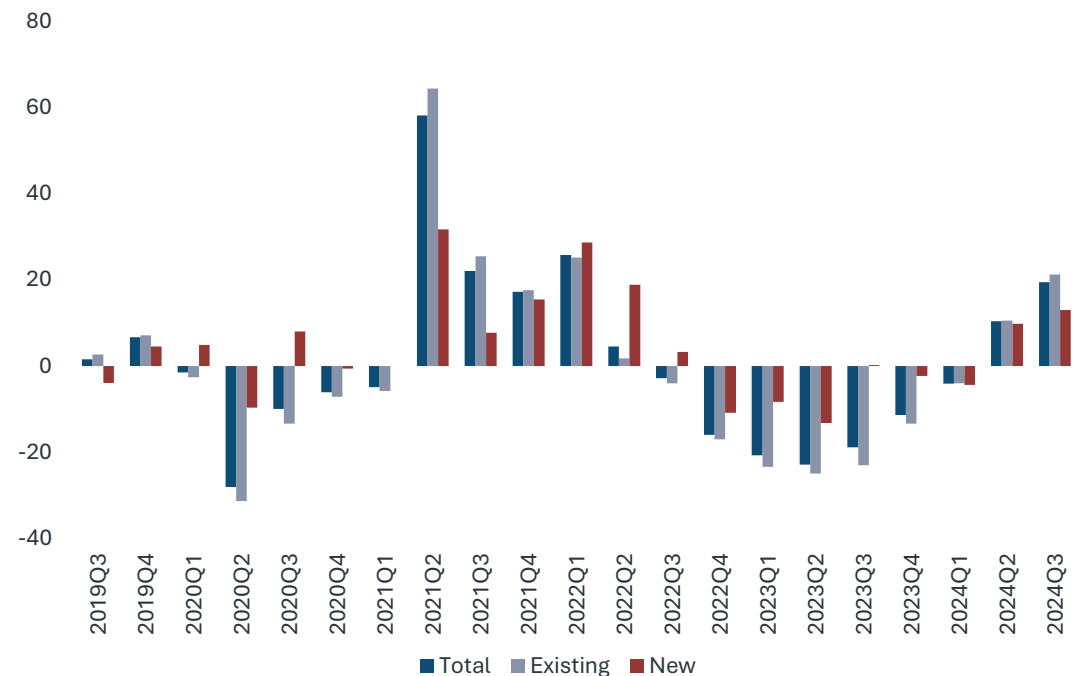
**In 3Q2024, the increase in prices of existent dwellings (10.5%) surpassed that of new dwellings (8.1%)**

[House Price Index, YoY, %] [\[Statistics Portugal\]](#)



**The number of transactions increased for the second consecutive quarter**

[Transactions in Housing Market, YoY, %] [\[Statistics Portugal\]](#)



# House rents continue to grow strongly

In 3Q24, house rents increased by 10.7% YoY in Portugal, 8.9% in Greater Lisbon and 10.2% in the Porto Metropolitan Area

[Median value of rents per m2 of new rental contracts for family accommodation, YoY, %] [\[Statistics Portugal\]](#)



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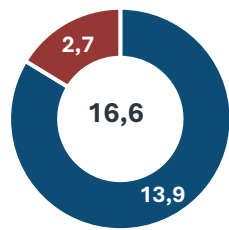


# Adjustments to the Recovery and Resilience Plan

## Revision approved by EU in 2023 increased total amount

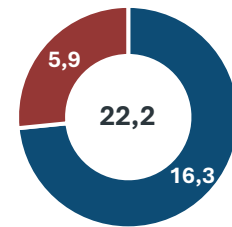
[Portugal's Recovery and Resilience Plan revision request ([May 2023](#))]

### Initial RRP



■ Grants ■ Loans

### Modified RRP



■ Grants ■ Loans

Revision of RRF grants allocation  
+ € 1.6 bn

RePower EU additional funds  
+ € 0.8 bn

Additional loans request  
+ € 3.2 bn

## Addendum proposal in 2025 seeks to adjust milestones and targets but keeps the maximum allocation amount

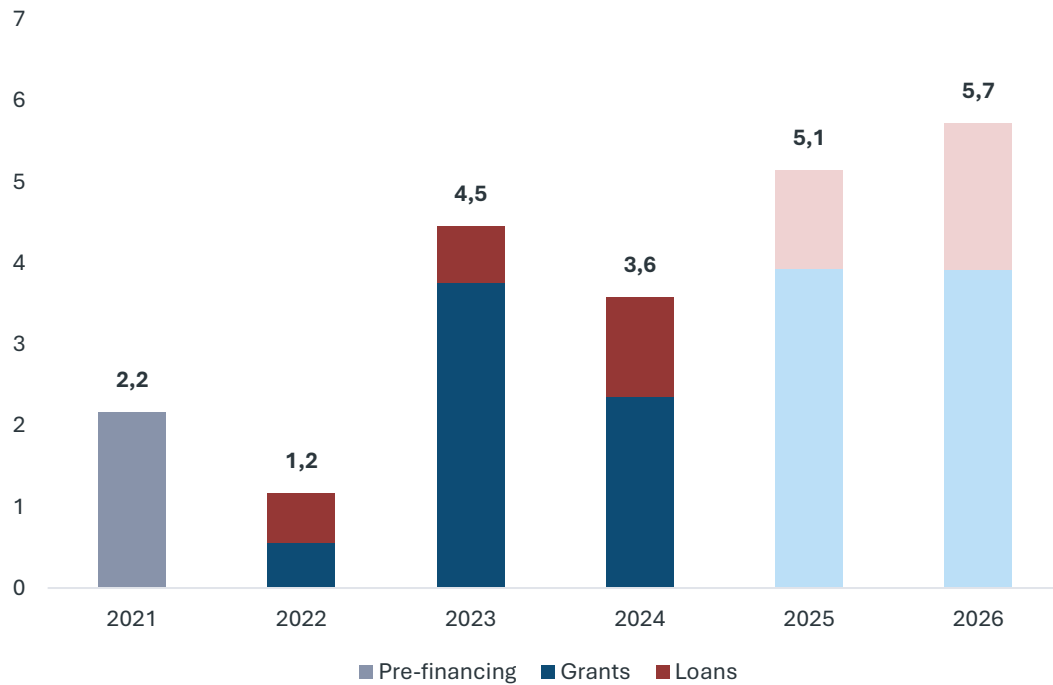
PRR		Addendum	
CURRENT		REVIEW	ADJUST.
<b>RESILIENCE</b>			
1.689 M €	C01. National Health Service	2.025 M €	+ 336 M €
3.226 M €	C02. Housing	2.835 M €	- 391 M €
1.045 M €	C03. Social Responses	1.127 M €	+ 81 M €
319 M €	C04. Culture	346 M €	+ 27 M €
4.911 M €	C05. Investment and Innovation	5.345 M €	+ 434 M €
1.959 M €	C06. Qualification and Skills	1.938 M €	- 21 M €
790 M €	C07. Infrastructure	790 M €	0 M €
615 M €	C08. Forests	615 M €	0 M €
461 M €	C09. Water Management	236 M €	- 224 M €
<b>15.017 M €</b>		<b>15.257 M €</b>	<b>+ 240 M €</b>
<b>CLIMATE</b>			
389 M €	C10. Sea	390 M €	0 M €
737 M €	C11. Decarbonisation of Industry	737 M €	0 M €
145 M €	C12. Bioeconomy	175 M €	+ 30 M €
610 M €	C13. Energy Efficiency in Buildings	622 M €	+ 12 M €
406 M €	C14. Hydrogen and Renewables	446 M €	+ 40 M €
1.262 M €	C15. Sustainable Mobility	847 M €	- 416 M €
855 M €	C21. REPowerEU	970 M €	+ 115 M €
<b>4.405 M €</b>		<b>4.187 M €</b>	<b>- 219 M €</b>
<b>DIGITAL</b>			
763 M €	C16. Enterprises 4.0	724 M €	- 39 M €
406 M €	C17. Quality and Sustainability of Public Finances	406 M €	0 M €
267 M €	C18. Economic Justice and Business Environment	267 M €	0 M €
684 M €	C19. Digital Public Administration	702 M €	+ 18 M €
674 M €	C20. Digital School	674 M €	0 M €
<b>2.794 M €</b>		<b>2.773 M €</b>	<b>- 21 M €</b>
<b>22.216 M €</b>		<b>22.216 M €</b>	<b>0 M €</b>

[Recuperar Portugal, [Adenda Plano de Recuperação e Resiliência](#)]

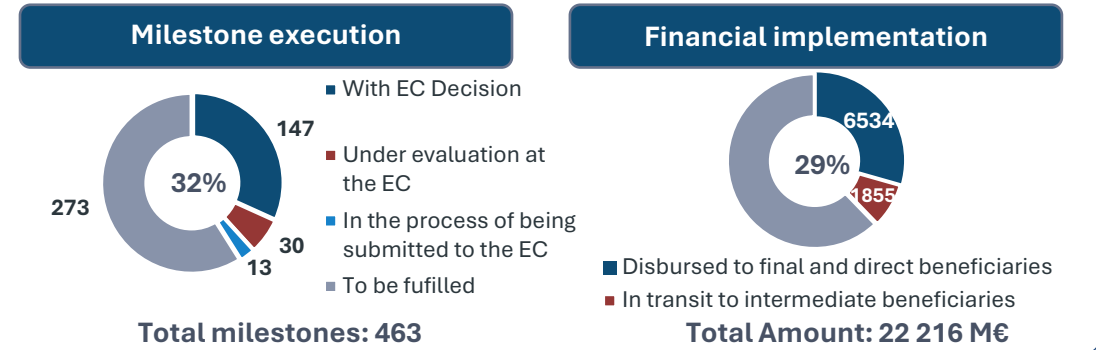
# Implementation of NGEU funds is advancing

## Portugal has received 51% of total amount

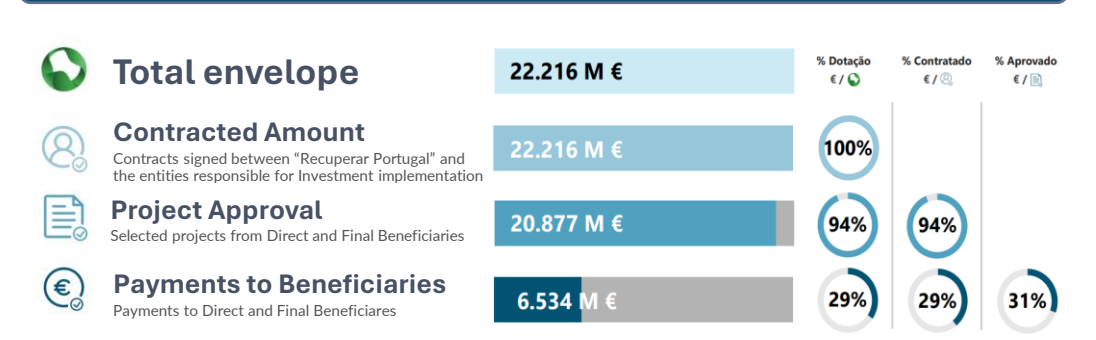
[RRP Allocation, EUR billion] [European Commission]



## 32% of the milestones have been achieved and disbursements to final and direct beneficiaries stand at EUR 6,534 M



## Financial implementation (details)



[Recuperar Portugal, Monitoring Report 29/01/2025]

### 3. FISCAL OUTLOOK

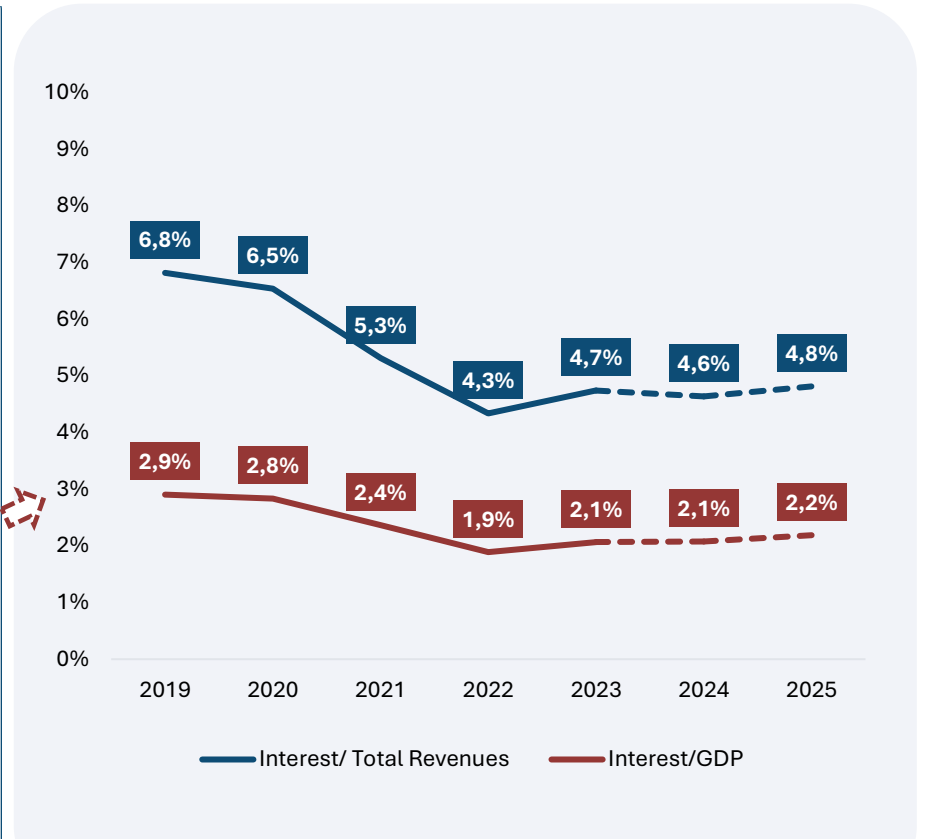
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## Breakdown of Fiscal Balance shows improvement

General Government Accounts (Accrual basis)	2023	2024 F	2025F	2023	2024 F	2025 F	2024/2023	2025/2024
	EURbn	EURbn	EURbn	% GDP	% GDP	% GDP	y-o-y	y-o-y
<b>Total revenue</b>	<b>116,6</b>	<b>125,7</b>	<b>133,8</b>	<b>43,6</b>	<b>44,8</b>	<b>45,5</b>	<b>8%</b>	<b>6%</b>
Current revenue	113,5	121,4	127,6	42,5	43,3	43,3	7%	5%
Current taxes on income and wealth	28,5	29,7	29,4	10,6	10,6	10,0	4%	-1%
Taxes on production and imports	38,7	40,6	43,2	14,5	14,5	14,7	5%	6%
Social contributions	32,8	35,7	37,9	12,3	12,7	12,9	9%	6%
Sales	8,4	8,8	9,1	3,1	3,1	3,1	5%	4%
Other current revenue	5,2	6,7	8,0	1,9	2,4	2,7	29%	20%
Capital revenue	3,1	4,3	6,2	1,2	1,5	2,1	39%	44%
<b>Total expenditure</b>	<b>113,4</b>	<b>124,6</b>	<b>132,9</b>	<b>42,4</b>	<b>44,4</b>	<b>45,2</b>	<b>10%</b>	<b>7%</b>
Current expenditure	102,9	112,8	118,6	38,5	40,2	40,3	10%	5%
Social benefits	46,9	51,3	53,3	17,5	18,3	18,1	9%	4%
Compensation of employees	27,9	30,3	32,0	10,4	10,8	10,9	9%	6%
Interest	5,5	5,8	6,4	2,1	2,1	2,2	5%	10%
Intermediate consumption	13,9	15,3	16,2	5,2	5,4	5,5	10%	6%
Subsidies	2,2	2,2	2,0	0,8	0,8	0,7	4%	-12%
Other current expenditure	6,5	7,9	8,7	2,4	2,8	3,0	22%	11%
Capital expenditure	10,5	11,8	14,3	3,9	4,2	4,8	12%	21%
Gross Fixed Capital Formation	7,0	9,3	10,9	2,6	3,3	3,7	33%	17%
Other capital expenditure	3,5	2,4	3,3	1,3	0,9	1,1	-29%	37%
<b>Overall Balance</b>	<b>3,2</b>	<b>1,1</b>	<b>0,9</b>	<b>1,2</b>	<b>0,4</b>	<b>0,3</b>		
Primary Balance	8,8	6,9	7,3	3,3	2,5	2,5		

[Statistics Portugal, Ministry of Finance (2025 State Budget)]

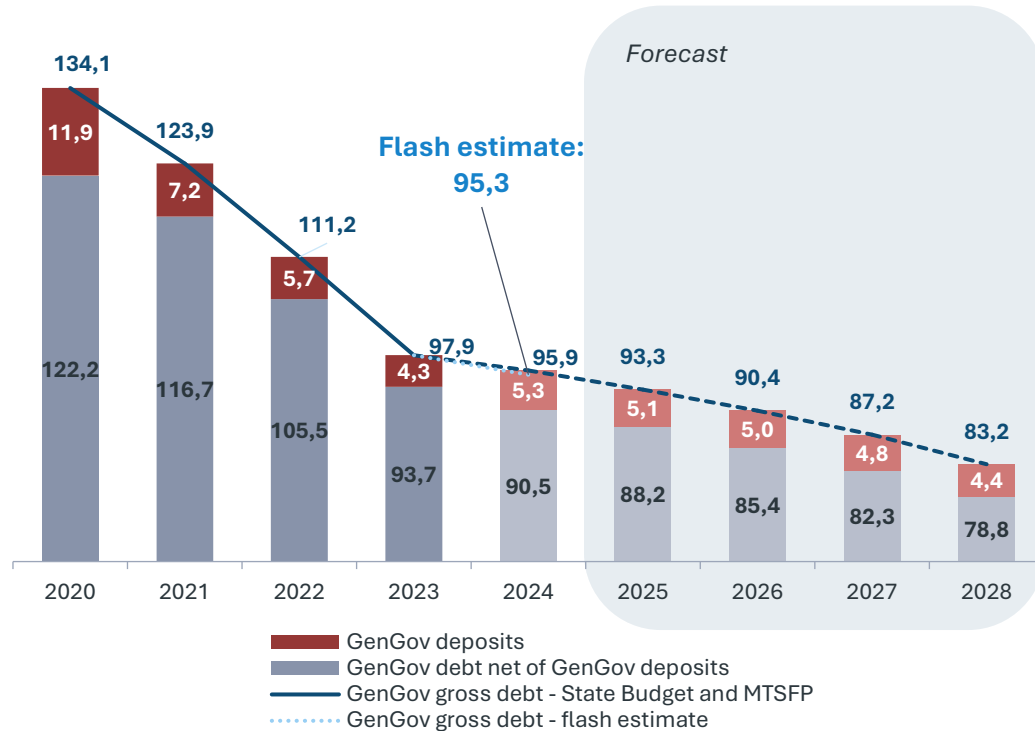


[Statistics Portugal, Ministry of Finance (2025 State Budget)]

# Commitment to fiscal prudence continues to take public debt ratio lower

## Debt-to-GDP ratio spiked to a maximum in 2020, but the pre-Covid downward trend resumed in 2021 anchored in favorable metrics

[Maastricht debt, % GDP] [Statistics Portugal, Banco de Portugal, Ministry of Finance (2025 State Budget and Medium-Term Fiscal – Structural Plan 2025-2028)]



## Downward trend of debt is expected to continue, although at a moderate pace

[Public Debt Dynamics] [2025 State Budget and Medium-term Fiscal- Structural Plan 2025-2028]

	2020	2021	2022	2023	2024 F	2025 F	2026 F	2027 F	2028 F
<b>Maastricht debt % GDP</b>	134,1	123,9	111,2	97,9	95,9	93,3	90,4	87,2	83,2
<b>Annual change (pp GDP)</b>	18,0	-10,2	-12,6	-13,3	-2,1	-2,6	-2,9	-3,2	-4,0
<b>Primary balance effect</b>	2,9	0,5	-1,6	-3,3	-2,5	-2,5	-2,1	-3,2	-3,4
<b>Snowball effect</b>	10,6	-7,2	-12,1	-7,7	-2,6	-2,2	-1,6	-1,1	-1,1
Interest costs	2,8	2,4	1,9	2,1	2,1	2,2	2,1	2,1	2,0
Nominal GDP	7,8	-9,6	-13,9	-9,7	-4,6	-4,4	-3,7	-3,2	-3,1
<b>Stock-flow adjustments</b>	4,5	-3,5	1,0	-2,3	2,3	1,9	1,0	1,1	0,4
<b>Nominal GDP growth rate (yoy)</b>	-7,8	9,6	13,9	9,7	4,6	4,4	3,7	3,2	3,1
<b>Overall fiscal balance (%GDP)</b>	-5,8	-2,8	-0,3	1,2	0,4	0,3	0,1	1,1	1,3
Primary balance (%GDP)	-2,9	-0,5	1,6	3,3	2,5	2,5	2,1	3,2	3,4
Interest costs (%GDP)	2,8	2,4	1,9	2,1	2,1	2,2	2,1	2,1	2,0



### 3. FISCAL OUTLOOK

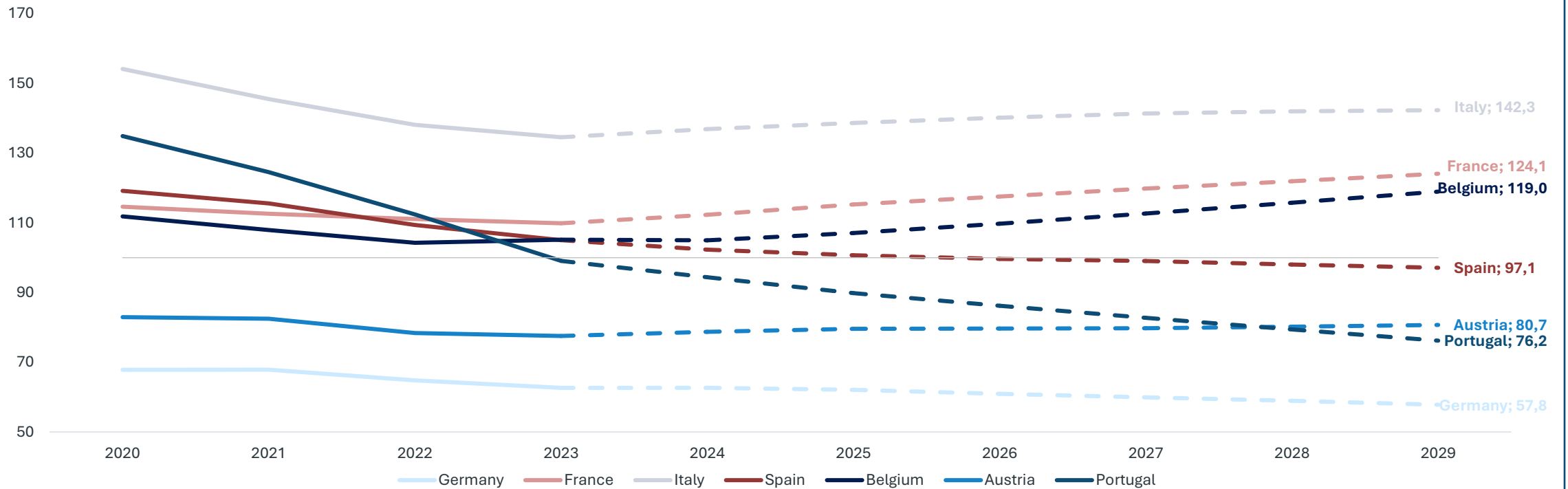
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## Portugal's macro/fiscal outlook reflected in downward trend of public debt

The IMF projects a 23pp decrease in Portuguese public debt as a percentage of GDP by 2029 compared to 2023.

[General government gross debt, % of GDP] [IMF, [World Economic Outlook](#), October 2024]



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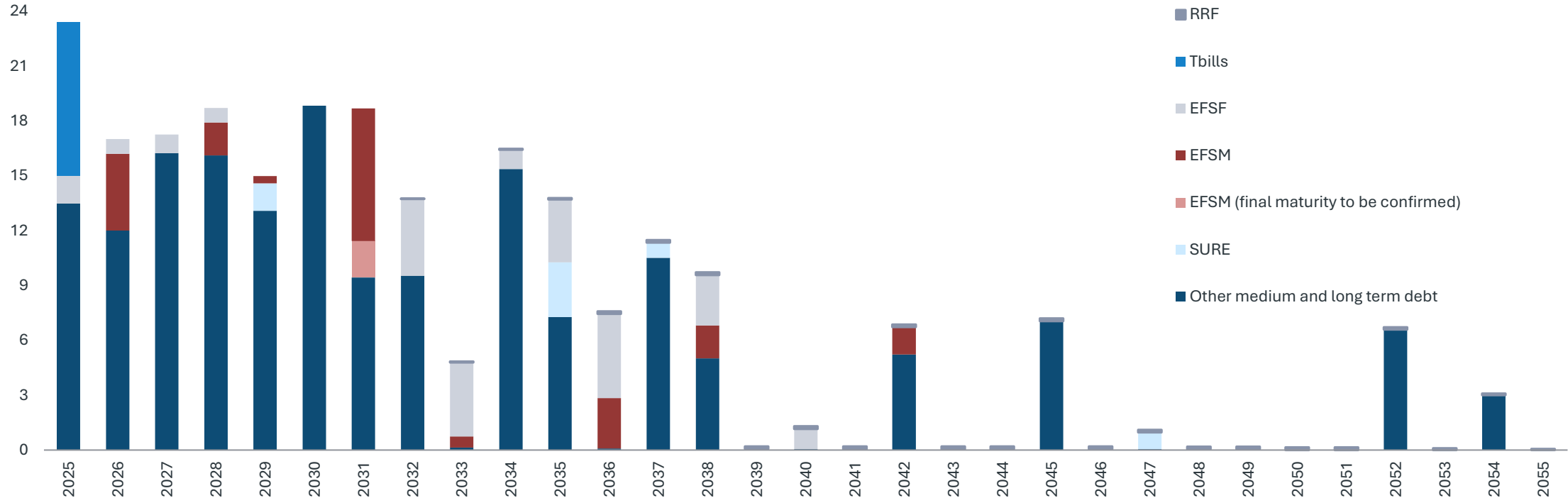
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# Smooth debt redemption profile

**Objectives: avoid peaks of amortization, reduction of refinancing risk and flexibility in issuance plans**

[Redemption calendar debt\*, + rollover EFSM, December-2024, EUR billion] [[IGCP](#)]

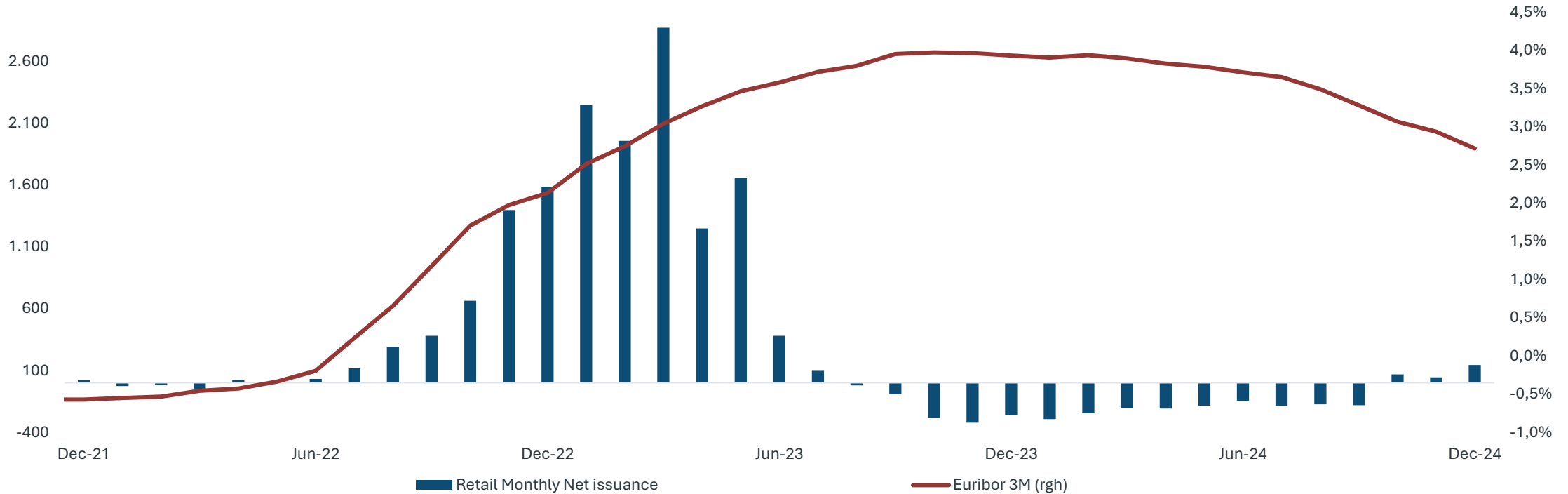


\*The redemption profile excludes the redemptions of Saving and Treasury certificates, as well as of CEDIC and CEDIM – short- and medium- to long term special certificates held by other public entities. The final maturity date of the EFSM loans is still not defined.

# Net issuance of retail debt certificates has reverted to trend

Past the surge of demand in 2023, net issuance of retail debt certificates fell to EUR -0.6 bn in 2024

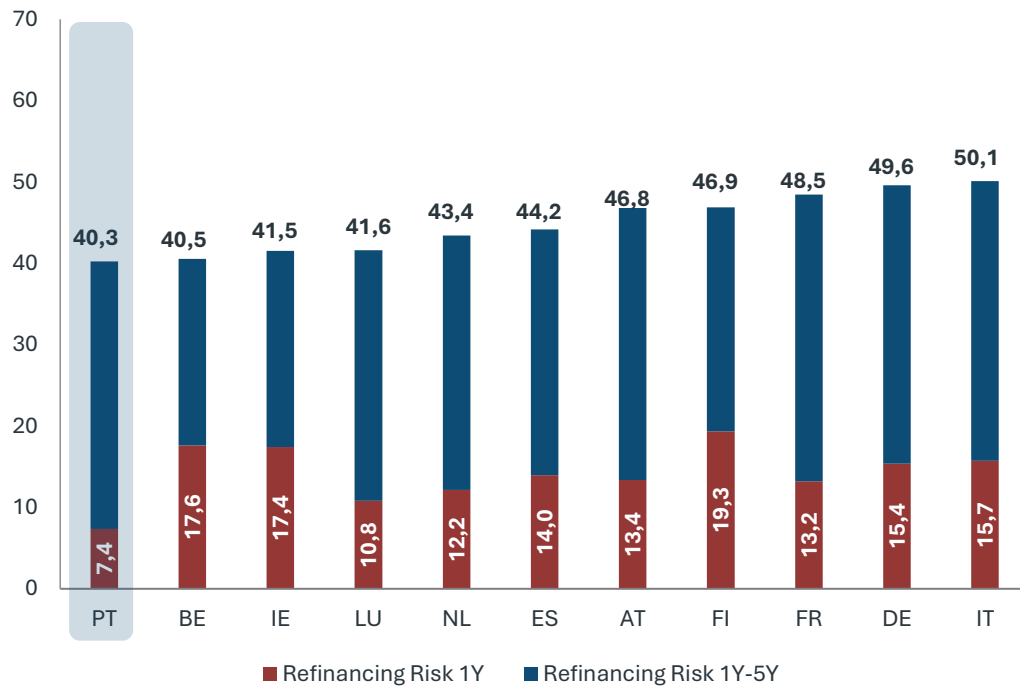
[Monthly net subscriptions, EUR million, Euribor, %] [IGCP, Bloomberg]



# Limited refinancing and refixing risks

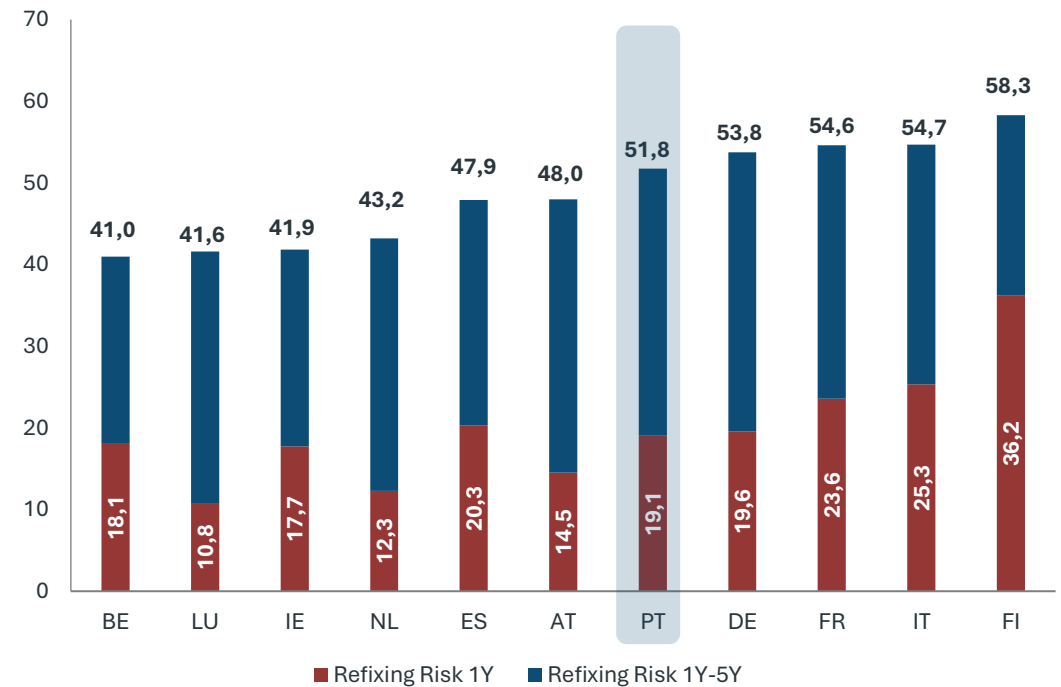
## Refinancing risk low compared with peers

[Refinancing risk, end of September-2024, % of outstanding debt] [\[ESDM\]](#)



## Refixing risk increase due to high subscriptions of floating rate certificates (old series cap at 3.5% and new series cap at 2.5%)

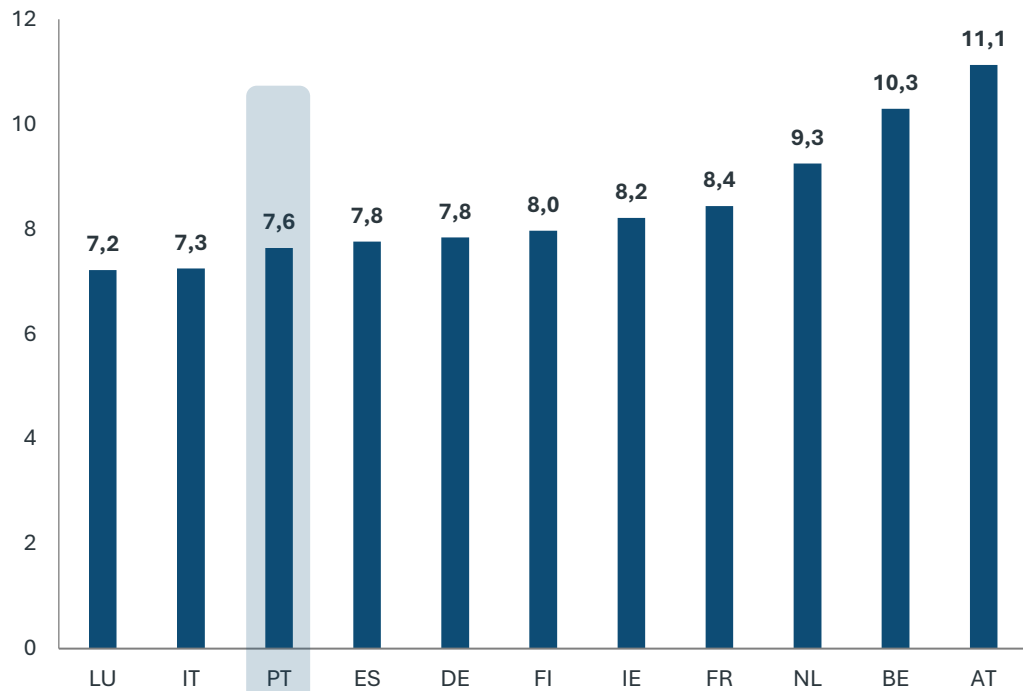
[Refixing risk, end of September-2024, % of outstanding debt] [\[ESDM\]](#)



# WAM expected to stay above 7 years

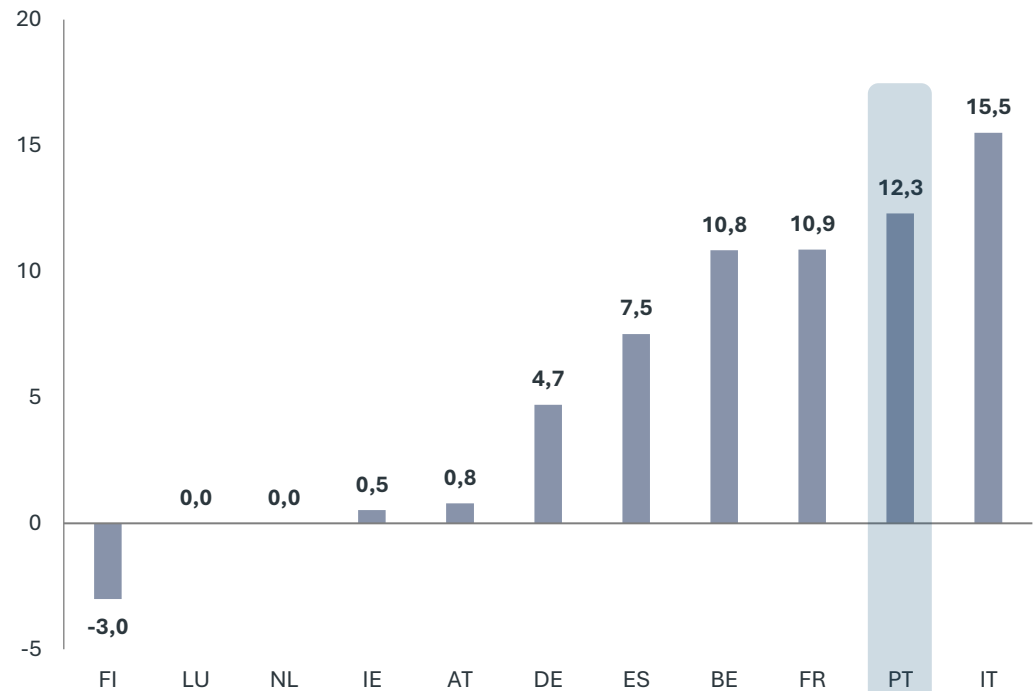
## Average maturity

[Average residual maturity of outstanding debt, end September-24, years] [ESDM]



## Floating rate ratio\* (old series of savings certificates cap at 3.5% and new series cap at 2.5%)

[Ratio Floating Debt (before derivatives), September-2024, % of outstanding debt] [ESDM]

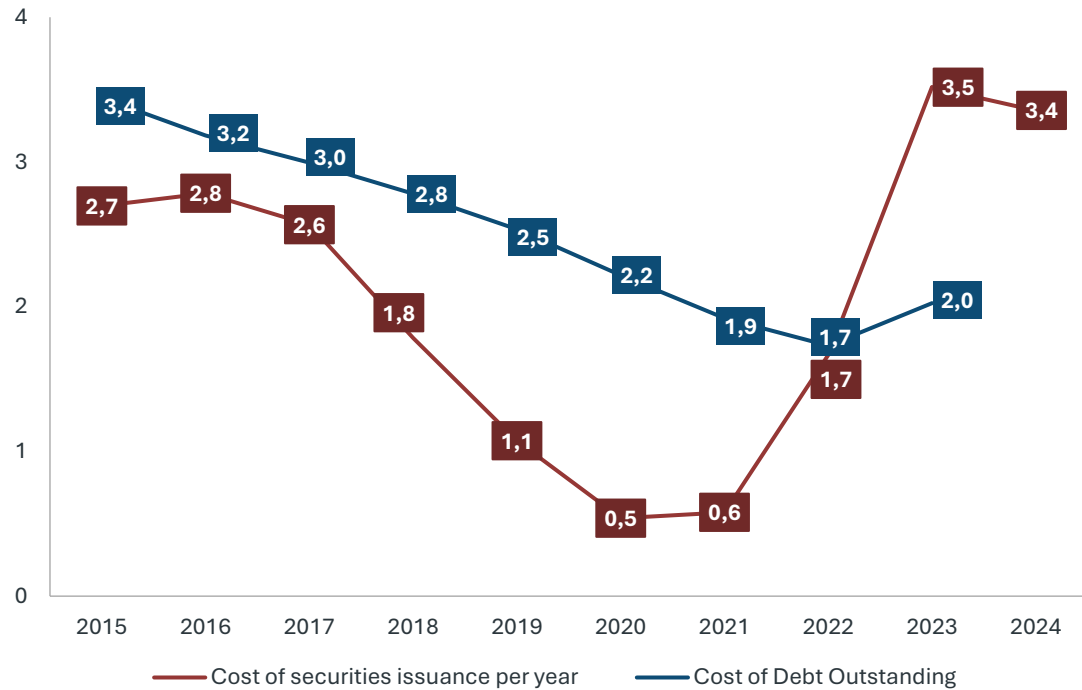


\* According to ESDM methodology, floating rate debt also includes inflation linked bonds.

# Affordability improved significantly with a stable average maturity

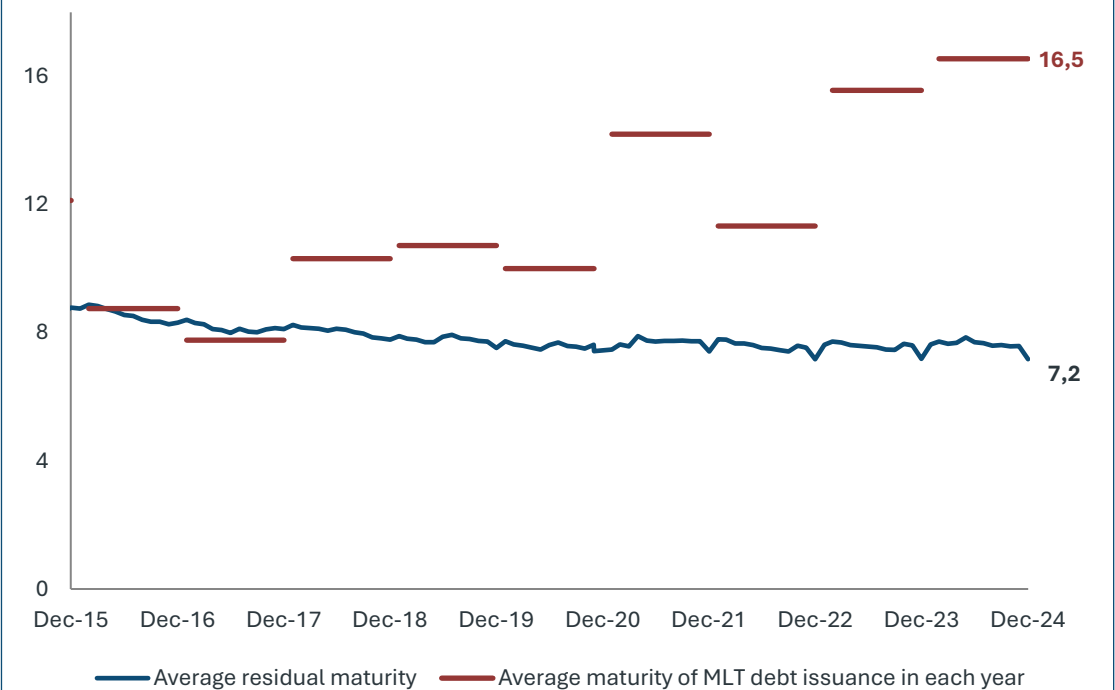
**Sustainable cost of debt**

[Cost of Debt indicators, %] [\[IGCP\]](#)



**Stable weighted average maturity of debt**

[Average Maturity, Years] [\[IGCP\]](#)



## Consistent and predictable funding plan with retained flexibility

### Net cash requirements of the State are projected to increase but PGB net issuance is stable in 2025

[Executed financing up to end-Dec; EUR billion] [IGCP, Ministry of Finance ([State Budget 2025](#))]

	2022	2023	2024 P	2025 P
<b>State borrowing requirements</b>	<b>24,7</b>	<b>19,8</b>	<b>19,9</b>	<b>33,0</b>
<b>Net financing needs</b>	<b>9,3</b>	<b>3,5</b>	<b>10,0</b>	<b>18,0</b>
Overall deficit (a)	5,8	0,2	5,8	6,8
Net acquisitions of financial assets (b)	3,5	3,3	4,2	11,2
One-off operations				
<b>MLT Redemptions</b>	<b>15,4</b>	<b>16,3</b>	<b>9,9</b>	<b>14,9</b>
PGB	10,7	13,6	7,4	12,4
MTN	0,7	1,1	2,4	
FRN/OTRV/Other MLT instruments	3,5			1,0
Official loans	0,5	1,5		1,5
<b>State financing sources</b>	<b>24,7</b>	<b>19,8</b>	<b>19,9</b>	<b>33,0</b>
Use of deposits	2,5	0,6	-0,6	-0,2
<b>Financing in the year</b>	<b>22,2</b>	<b>19,1</b>	<b>20,5</b>	<b>33,2</b>
<b>Executed</b>	<b>22,2</b>	<b>19,1</b>	<b>21,6</b>	
EU	1,4	0,7	1,2	
PGB		9,4	15,3	
MTN				
FRN/OTRV				
Retail debt (net)	4,6	10,2	-0,6	
Tbills (net)	1,3	-4,6	5,7	
Other flows (net) (d)	3,0	3,4		
<b>To be executed</b>			<b>-1,1</b>	<b>33,2</b>
EU				1,2
PGB				20,5
MTN				2,0
FRN/OTRV				1,5
Retail debt (net)				2,5
Tbills (net)				4,6
Other flows (net) (d)				0,9
<b>State Treasury cash position at year-end (e)</b>	<b>6,3</b>	<b>5,7</b>	<b>6,3</b>	<b>6,5</b>

a) State sub-sector cash deficit (2023 final figure and 2024 and 2025 estimates from Ministry of Finance).

b) Includes refinancing of other public entities (namely SOEs)

c) Includes net impact of exchange offers.

d) Includes centralization of funds of other public entities in the Single Treasury Account.

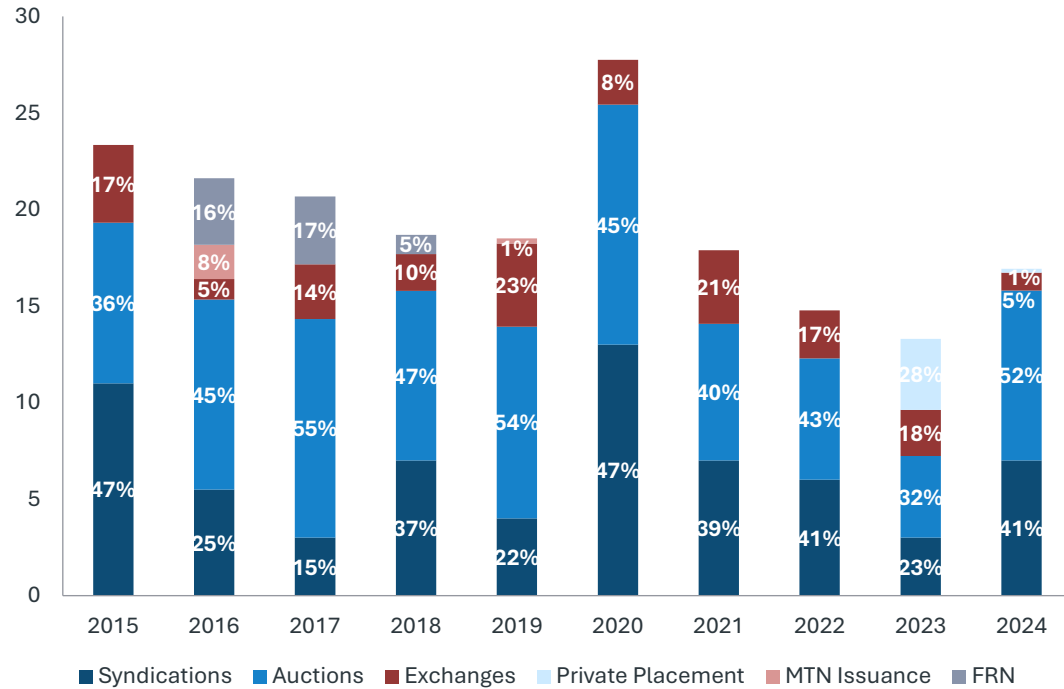
e) Excludes cash-collateral.



# Regular and predictable issuance of MLT instruments

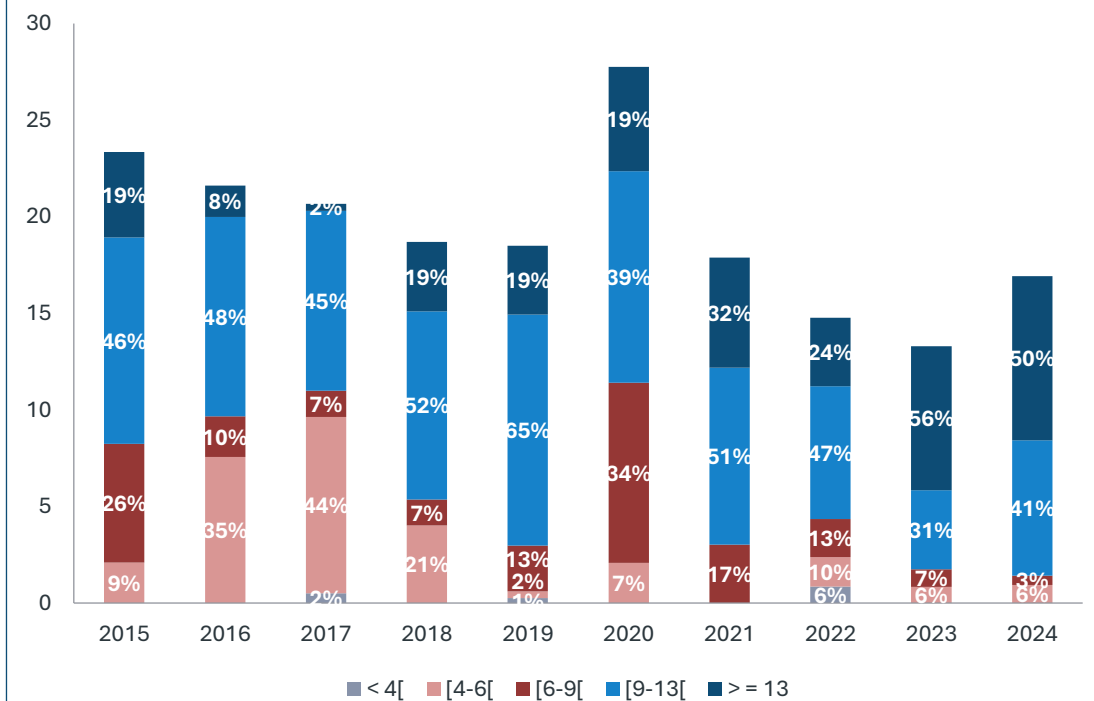
## Balanced funding of auctions and syndications

[Medium- and long-term debt issuance per method of issuance, EUR billion, % of total] [IGCP]



## Primary market issuance supports liquidity across the curve

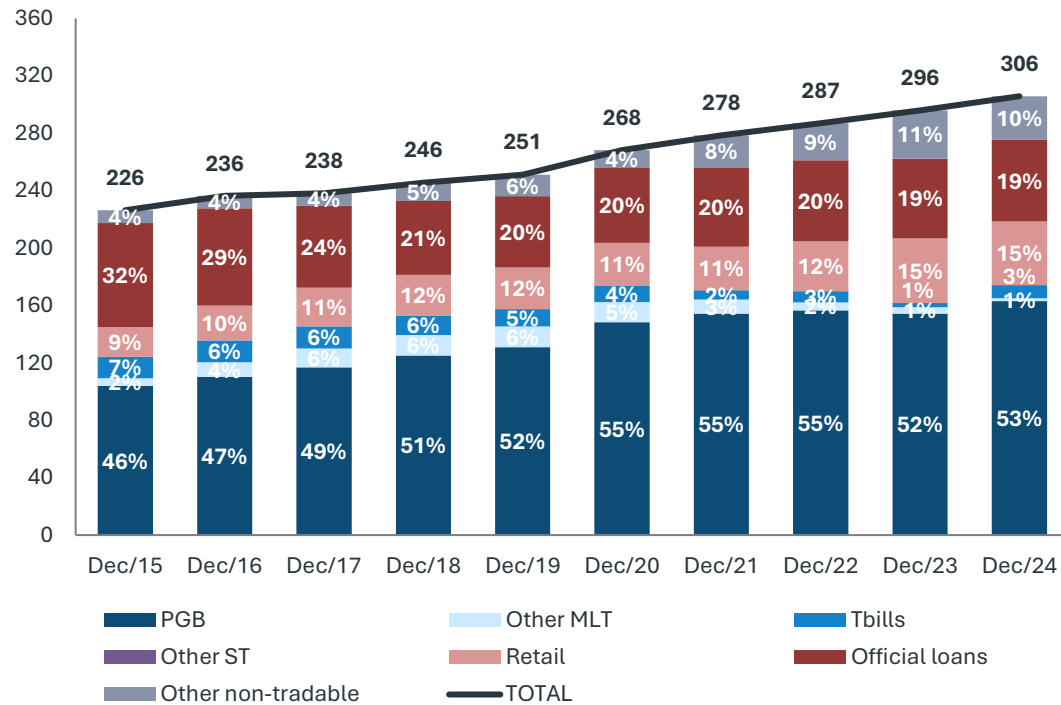
[Medium- and long-term debt issuance per bucket, EUR billion, % of total] [IGCP]



# Debt breakdown points to diversification and stability

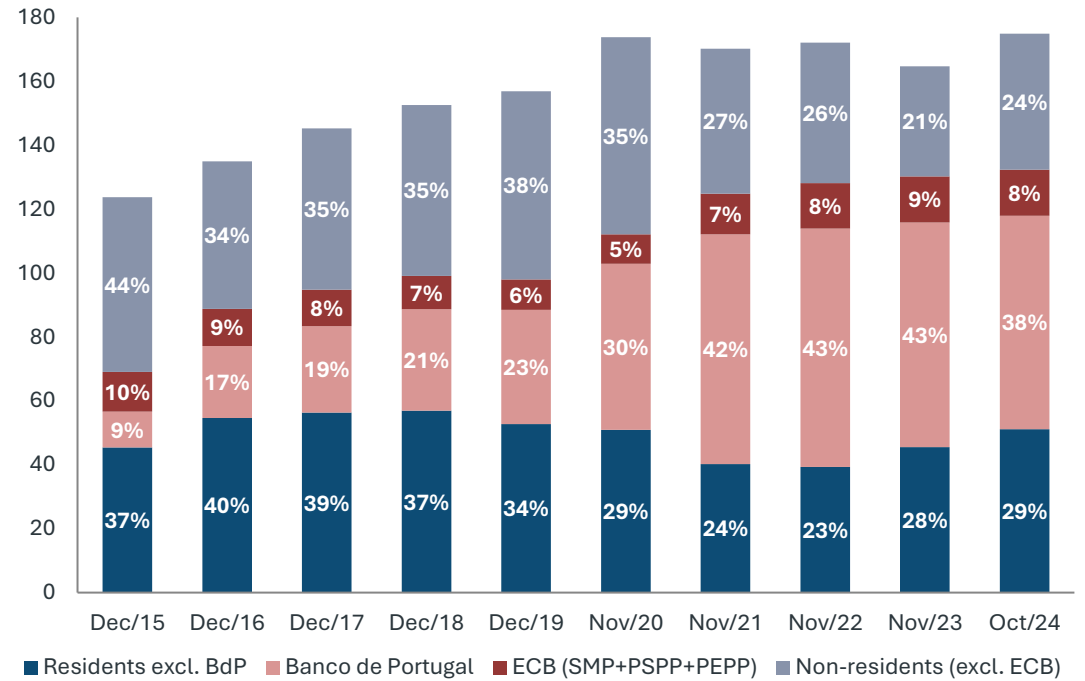
## PGBs are the “backbone” of the State’s funding

[State Direct Debt Composition, EUR billion, % of total] [IGCP]



## Holdings of non-resident investors continue replacing the Eurosystem

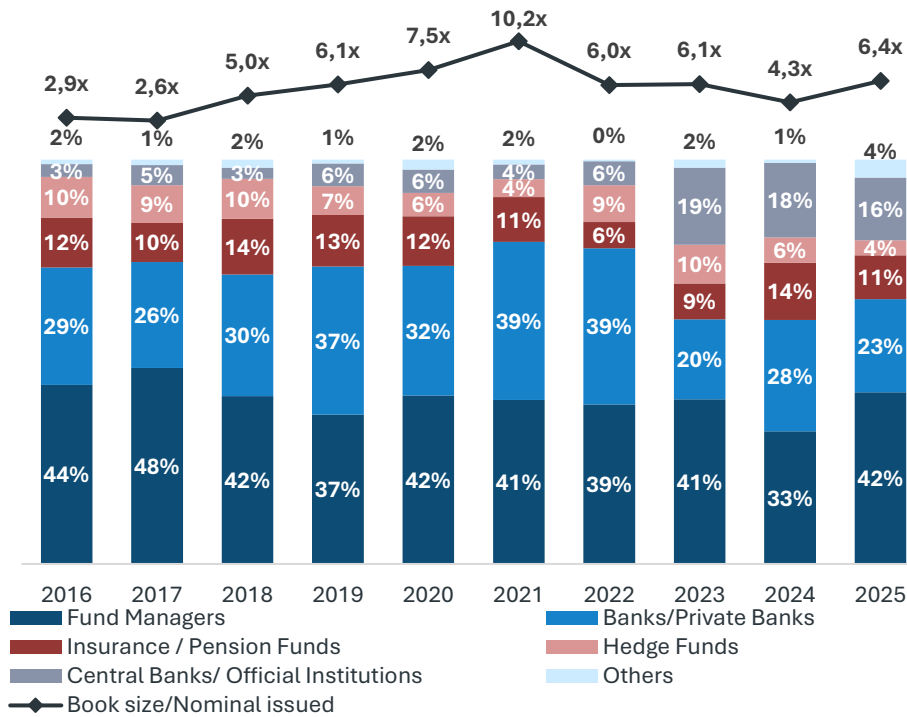
[State Direct Debt Securities Holders, EUR billion, % of total of State Direct Debt Securities] [IGCP, Banco de Portugal, ECB]



# OT syndications with a diversified and stable investor base

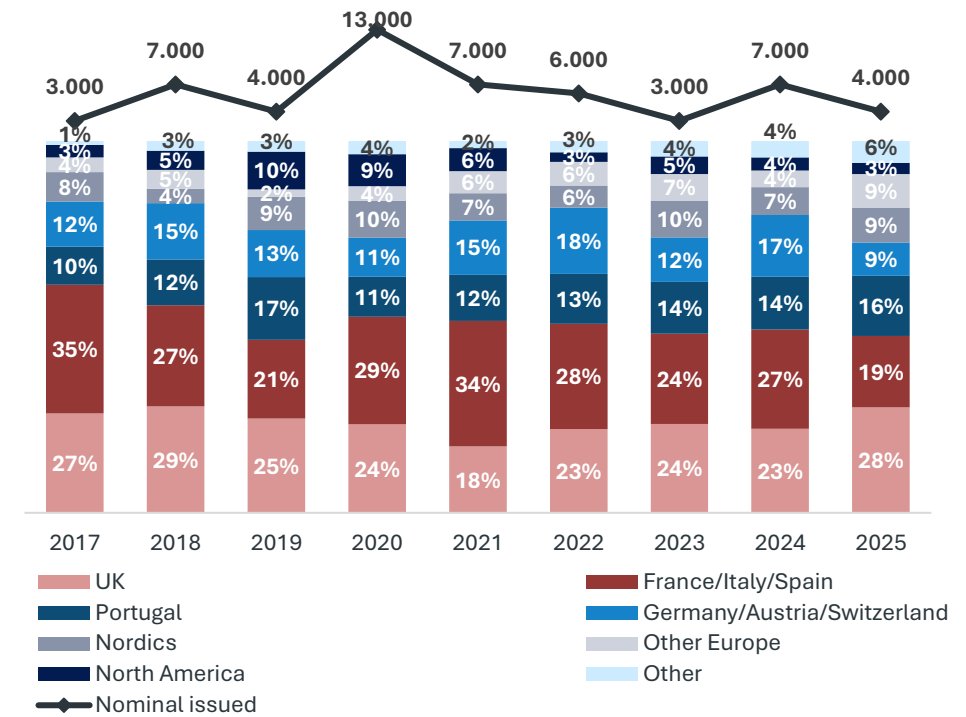
## By Type

[% of total allocation; Book size/Nominal issued] [IGCP]



## By Region

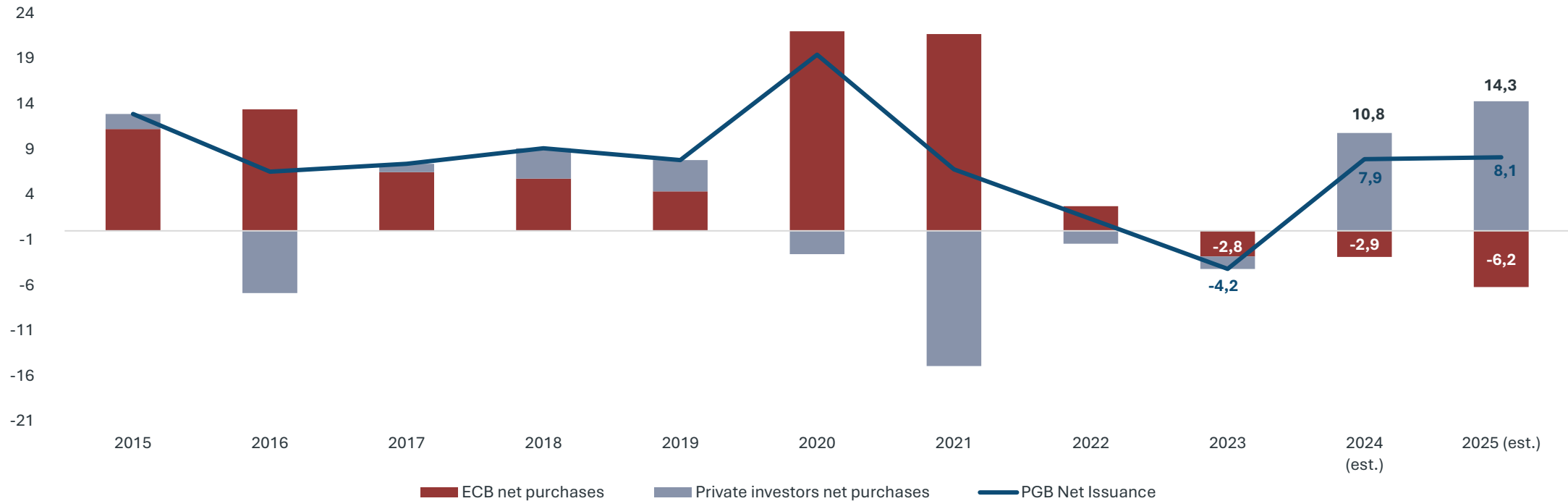
[% of total allocation; Nominal issued EUR million] [IGCP]



# Net issuance of PGB remains stable at around EUR 8 billion in 2025

In full passive QT in 2025, ECB's net purchases of PGB reduce by EUR 6.2 billion and private investors' increase by EUR 14.3 billion

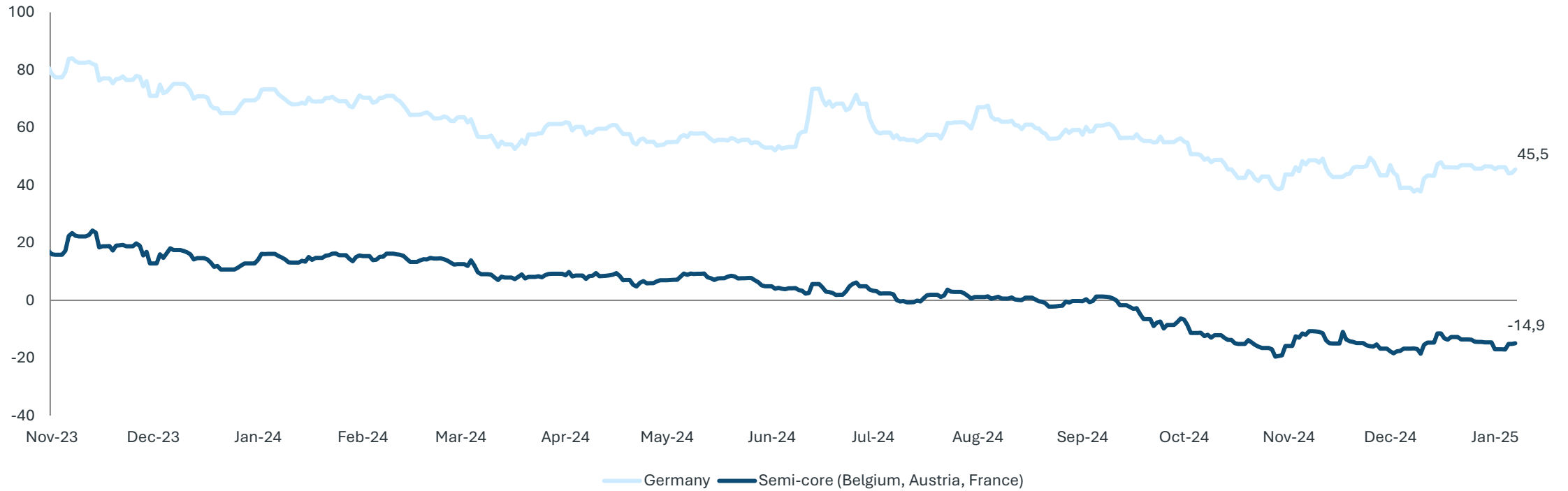
[PGB net issuance and ECB net purchases (EUR billion)] [IGCP, [ECB](#)]



# Portugal's convergence with the 'Semi-Core' group of countries

## PGB spreads have compressed relative to peers

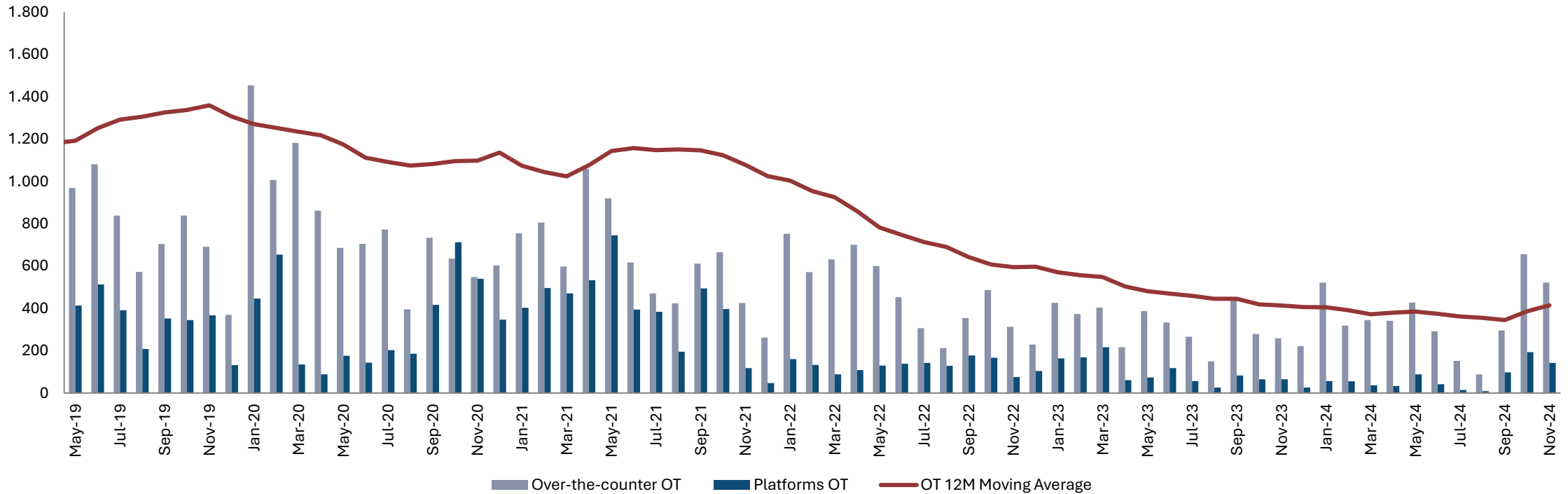
[PGB, 10Y interpolated spread, basis points] [Bloomberg, IGCP calculations]



# PGB market liquidity reached yearly highs in October

Average daily turnover rises leading up to and following FTSE Russel World Bond Index return

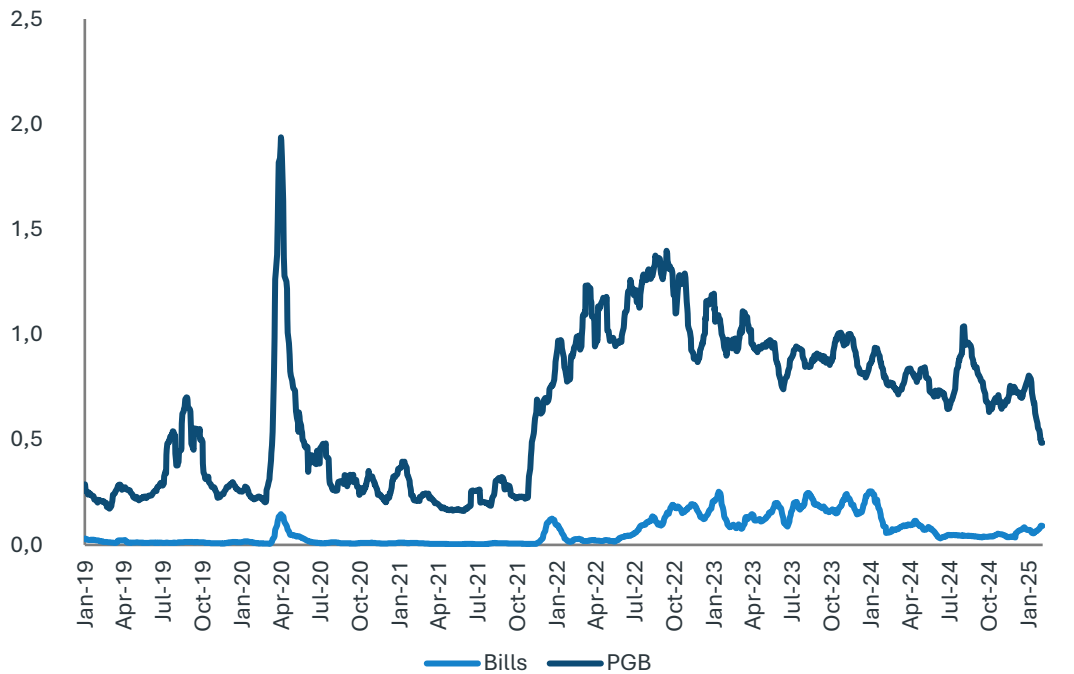
[PGB trading in secondary market yields, average daily turnover in EUR million] [Bloomberg, IGCP calculations]



# Secondary market liquidity on MTS

## Bid/ask spreads on MTS remain stable for bills and have decreased for bonds

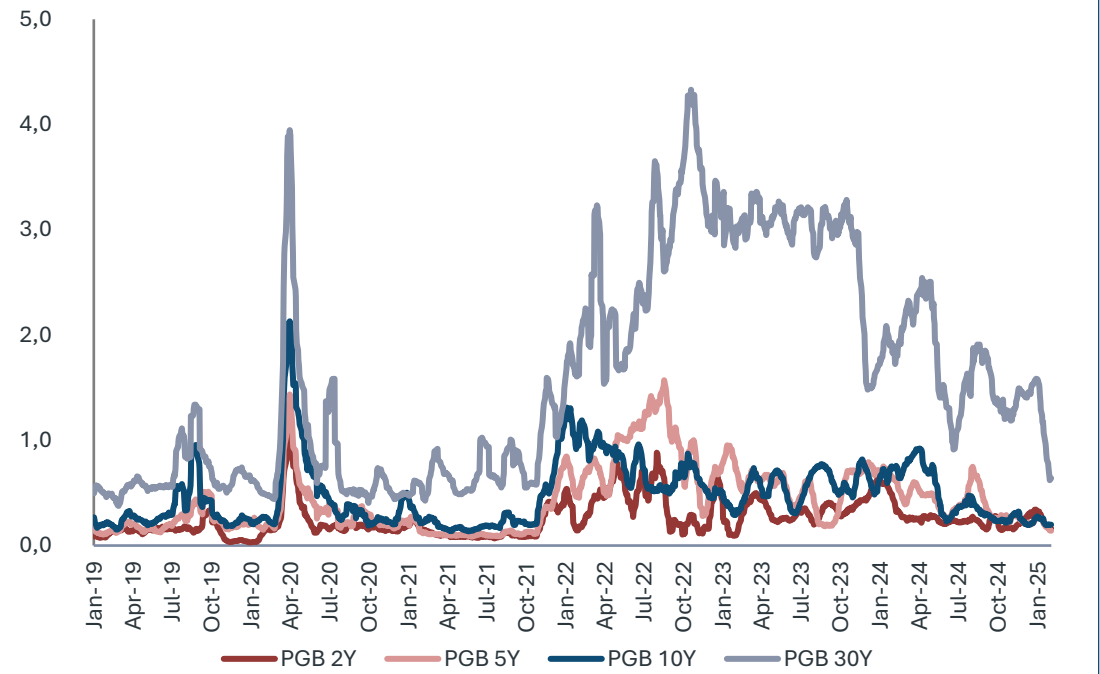
[VWBA = Volume Weighted Bid/Ask Spread, 20-day Moving Average, % of mid-price] [MTS]



[VWBA averaged from best 5 ask and bid prices/quantities at 11 a.m CET and 4 p.m CET each day until 31/07/2024 and at 30 min during each daily session after 1/08/2024]

## Stable bid/ask spreads observed across the PGB benchmarks, with a decrease in the 30Y benchmark

[VWBA = Volume Weighted Bid/Ask Spread, 20-day Moving Average, % of mid-price] [MTS]

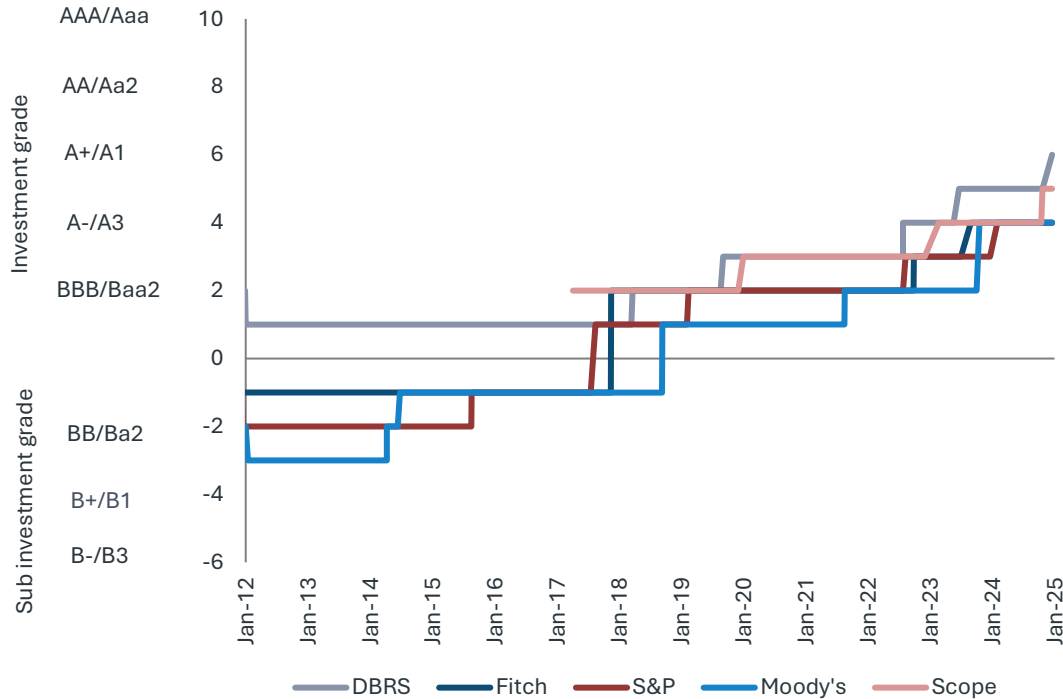


[VWBA averaged from best 5 ask and bid prices/quantities at 11 a.m CET and 4 p.m CET each day until 31/07/2024 and at 30 min during each daily session after 1/08/2024]

# Portugal was upgraded by Fitch and Moody's in 2023, by S&P and Scope in 2024 and by DBRS in 2025

## Rating agencies recognition

[January-2025] [DBRS, Fitch, Moody's, S&P, Scope]



	DBRS ( A (high) / Sta.)	Fitch ( A- / Pos.)	Moody's ( A3 / Sta.)	S&P ( A- / Pos.)	Scope (A/Sta.)
Sep-2022				9/Sep Upgrade to BBB+	
Mar-2023					24/Mar Upgrade to A-
Jul-2023		21/Jul Upgrade to A			
Sep-2023		27/Sep Upgrade to A-		8/Sep BBB+   Positive	8/Sep A-   Stable
Nov-2023			17/Nov Upgrade to A3		
Jan-2024	19/Jan A   Stable				
Feb-2024					16/feb A-   Stable
Mar-2024		22/Mar A-   Stable		01/Mar Upgrade to A-   Positive	
May-2024			17/May No rating action		
Jul-2024	19/Jul A   Positive				26/Jul A-   Positive
Aug-2024				30/Aug No rating action	
Sep-2024		20/Sep A-   Positive			
Nov-2024			15/Nov No rating action		22/Nov Upgrade to A
Jan-2025	17/Jan Upgrade to A (High)				





Agência de Gestão da Tesouraria  
e da Dívida Pública

# Thank You

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## 1. Executive Summary

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- Portuguese economy in numbers

## 2. Macro Outlook

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- Latest developments and projections

## 3. Fiscal Outlook

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- Fiscal balance and public debt – performance and forecasts

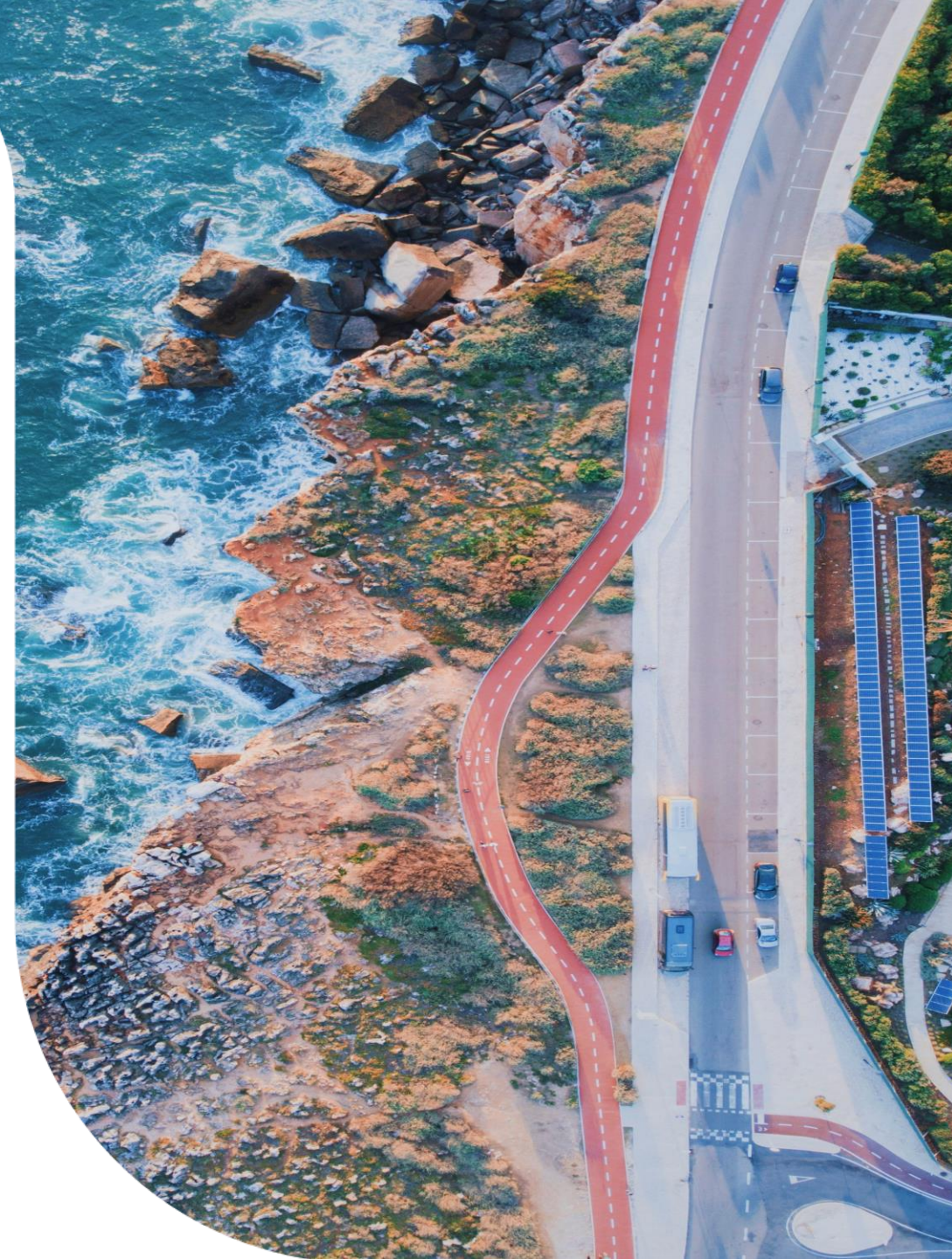
## 4. Debt Management and Funding Plan

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- Risk indicators and market developments

## 5. Annex

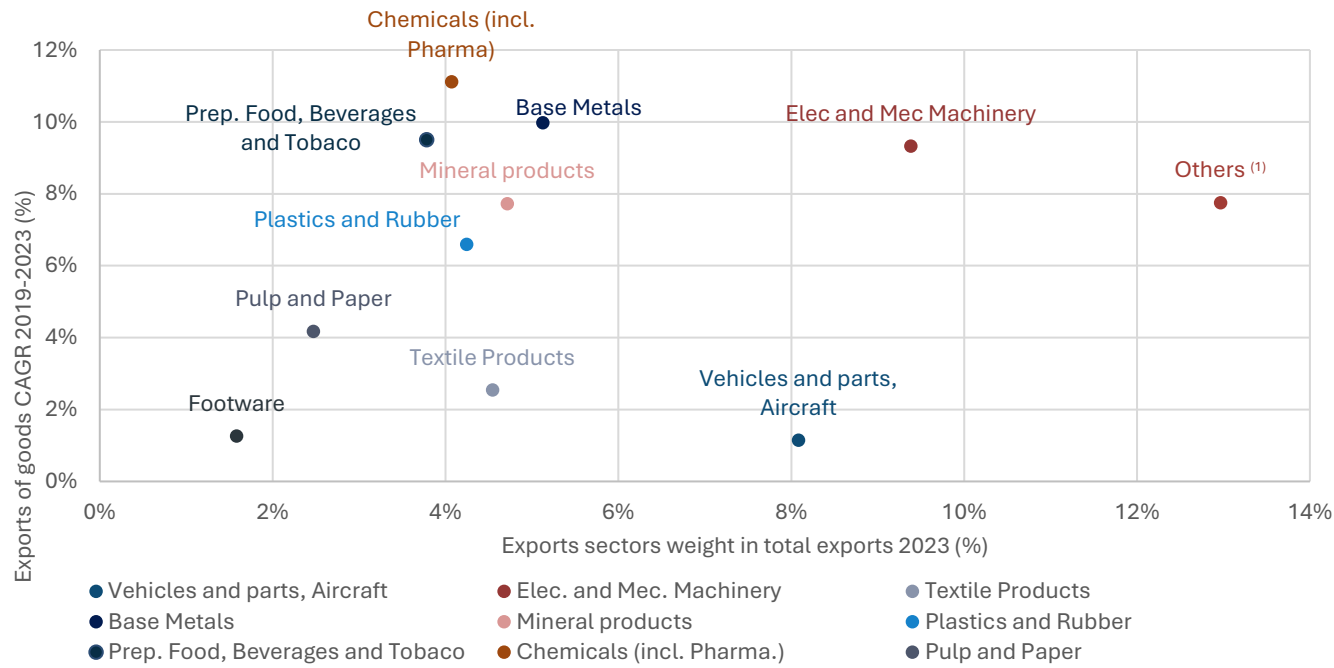
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# Portuguese exports have proven to be competitive, diversified and dynamic

## Advanced engineering (electrical & machinery) and Automotive & Mobility are two of the main exporting sectors

[Main exports by product groups as % of total exports 2023; Compound annual growth rate 2019-2023 %] [Statistics Portugal, Banco de Portugal]



- ✓ Chemicals (inc. Pharma) showing stronger growth (11.1% cagr) and already an exports' weight of 4.1%
- ✓ Electrical and mechanical machinery has heavier weight in total exports (9.4%) and still is demonstrating steady growth (9.3% cagr)
- ✓ Vehicles and parts & aircraft has significant weight of total exports (8.1%) but has presented slow growth (1.1% between 2019 and 2023) due to the combined effects of the Pandemic, supply chain disruptions, rising production costs and green transition

[<sup>(1)</sup> Others include for example: Agricultural products; Cork; Miscellaneous manufactured articles; Optical and precision instruments]

# Automotive and Mobility sector is an important industrial value chain in Portugal

## 80% of production in the automotive industry in Portugal is exported

[AICEP, [Automotive and Mobility Industry Report](#) 2024]

### Automotive and mobility industry in figures | 2021



**58.189**  
Employees

▲ 4,5%<sup>1</sup> (2015-2021)



**€12,4B**  
Turnover

▲ 6,5%<sup>1</sup> (2015-2021)



**€2,2B**  
Gross Value Added

▲ 5,7%<sup>1</sup> (2015-2021)

#### Main export indicators<sup>1</sup>

**€14,8B**

Exports of automotive<sup>1</sup>  
and mobility products,  
2022

**▲ 3,8%**

CAGR<sup>2</sup> 2018-22 of  
automotive and mobility  
industry exports

**19%**

Weight of automotive and  
mobility exports in total  
Portuguese exports of  
goods, 2022

[<sup>1</sup> Compound annual growth rate]

- ✓ Automotive & Mobility turnover accounts for 12.1% of the manufacturing industry in Portugal
- ✓ 95% of the vehicles assembled in Europe have components produced in Portugal
- ✓ In 2021, Portugal was the main producer of bicycles in Europe
- ✓ The growing importance of the two-wheeler industry is observed in the increase of its turnover (27%) and GVA (16%) between 2015 and 2021
- ✓ Sector exported €14.8bn of products in 2022, with growth rate of 3.8% since 2019 and a weight of 19% in total exports

## Internationally renowned Renewable Energy sector

Green location, openness to innovation, safe country, highly skilled workforce, strong R&D in Renewables and energy market connectivity are some FDI attractiveness factors in sector

[AICEP, [Renewable Energy Report](#) 2024]



[<sup>2</sup> Compound annual growth rate]

- ✓ Portugal is at the EU forefront in development of green energy sources. Fourth largest share of Renewables in electricity production within the EU (61% in 2023)
- ✓ Renewable Energy sector accounted for 76.897 <sup>(1)</sup> direct and indirect jobs in 2022, demonstrating its importance in developing complementary industries (steel, metal etc.)
- ✓ Portugal expects €60bn of investment in new Renewables projects until 2030 <sup>(2)</sup>
- ✓ Important role in the production of components for renewables, having attracted relevant international players in the sector
- ✓ Europe's largest solar farm being built, covering over 100 acres and ranking #5 in the World

[(1) Estimate by the Portuguese Renewable Energy Association (APREN)]

[(2) According to the Portuguese Government]

# Leading in the incorporation of Renewables in electricity production

## Recognition from investment in emerging Energy sources and innovative engineering solutions

[AICEP, [Renewable Energy Report](#) 2024]

### Portugal's Renewables main achievements

**32%**

Share of Renewables on gross final energy consumption (DGEG), 2022

**▲ 12,3%**

Reduction of the Portuguese energy dependency (DGEG), 2011-21.

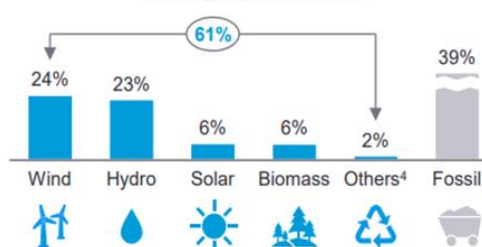
**61%**

Share of electricity from renewable sources in total annual production (DGEG), 2022

**22<sup>nd</sup>**

Ranking on role to Planet & Climate (out of 169 countries) (Good Country Index) | 2022

Production of electricity by energy source, in Portugal (DGEG) | 2022



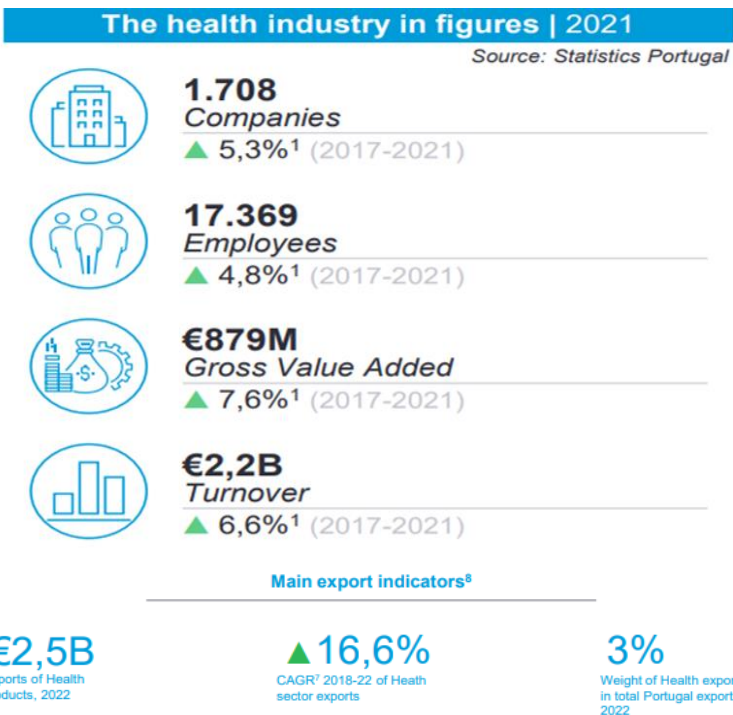
- ✓ #4/EU27 share of energy from renewable sources in gross electricity consumption (2022)
- ✓ #6/EU27 share of energy from renewable sources in gross final energy consumption (2022)
- ✓ #13/67 Climate change performing Index 2024
- ✓ #16/167 Overall sustainability performance (SDG achievement – 2024 SDR)

- ✓ First floating offshore wind farm in Europe (project WindFloat Atlantic)
- ✓ First Iberian hybrid parks (solar + wind) – EDP Renewables in Sabugal
- ✓ Largest European floating solar project in a reservoir (12.000 floating solar panels in Alqueva)
- ✓ Innovative projects in wave/tidal (WaveRoller in Peniche; Wave Centre in Pico Island of Azores)
- ✓ Re-using coal plants for the green hydrogen (€150M to adapt the former Sines' coal-fired plant as a 100 MW hydrogen production hub)

# Innovative ecosystem in the Health industry sector (Pharma & biotech, Medical Devices and E-health)

## Health industry exports more than 50% of its production

[AICEP, [Health industry Report](#) 2024]



[<sup>1</sup> Compound annual growth rate 2017-2021]

- ✓ Portugal was 5th/82 countries in the number of health researchers per million inhabitants (2022)
- ✓ The pharma & biotech industry is growing at a fast pace (7% turnover CAGR1)
- ✓ While medical devices subsector has the largest number of companies, pharma & biotech subsector surpasses in turnover and GVA
- ✓ Sector exported €2.5bn of health products in 2022, with a growth rate of 16.6% since 2018 (CAGR)