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Conselho das Finanças Públicas

ECONOMIC AND FISCAL OUTLOOK 2026-2030 (UPDATE)

September 2026

Report No.
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The Portuguese Public Finance Council is an independent body established by Article 3 of Law No. 22/2011 of 20 May, which introduced the fifth amendment to the Fiscal Framework Law (Law No. 91/2001 of 20 August, republished by Law No. 37/2013 of 14 June). The final version of the CFP's Statutes was approved by Law No. 54/2011 of 19 October.

The CFP commenced its activities in February 2012, with the remit to carry out an independent assessment of the consistency, compliance and sustainability of fiscal policy, whilst promoting its transparency, in order to contribute to the quality of democracy and economic policy decisions and to strengthen the State's financial credibility.

This Report has been drawn up on the basis of information available up to 10 September 2026.

The spreadsheet file containing the figures underlying all the charts and tables in this report is available at www.cfp.pt, in the 'Publications' section. The key public finance concepts used in this Report are explained in the CFP Glossary, which is available online.

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CONTENTS

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OVERALL ASSESSMENT

The Report describes an economy that has shown resilience, despite an adverse domestic and international environment. GDP growth and that of its main components have been revised upwards compared with the CFP's April projections, despite persistent inflationary pressures. More dynamic economic activity supports a fiscal balance close to equilibrium in 2026 and 2027. Assuming no policy changes, the fiscal stance remains expansionary and pro-cyclical, with European funds being an important source of financing.

The scenario now projected shows that the fiscal surplus forecast for 2026 does not represent a structural improvement in public finances, as a gradual deterioration is expected, leading to a deficit of 1.7 per cent of GDP in 2030. Looking ahead to 2025, a significant reduction in revenue is projected, equivalent to 2.8 percentage points of GDP, which is far greater than the 0.5 percentage point decrease in expenditure (or, excluding the RRP, a reduction of 1.8 p.p. and an increase of 0.8 p.p. of GDP, respectively). At the same time, net expenditure is expected to grow by 7.4 per cent in 2026, moving even further away from the commitment made. The path of public debt reduction loses momentum in the final years of the projection horizon, as a result of the gradual weakening of the snowball effect and declining primary balances.

These developments point to an underlying deterioration in the fiscal position and a slowing of the factors that have underpinned the reduction in the public debt ratio. As the RRP nears its conclusion, attention should gradually shift from its short-term effects on demand to its long-term impact on the economy's productive capacity. When the programme was launched, estimates based on the European Commission's QUEST model suggested that it could increase potential GDP by more than 3 per cent over twenty years. It is therefore becoming increasingly important to assess whether the investment financed by the RRP has generated the productivity gains necessary to produce such lasting effects on the Portuguese economy's productive capacity.

The policy challenge is therefore shifting. As demographic constraints worsen, the sustainability of Portugal's growth will depend increasingly on productivity gains, rather than relying on higher employment and exceptional inflows of European funds.

The CFP will continue to monitor these developments closely, including their implications for the sustainability of Portugal's economic growth and their consequences for public finances.

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EXECUTIVE SUMMARY

Macroeconomic outlook under unchanged policies

The Portuguese economy proved to be more resilient than anticipated in the first half of 2026. Despite the Atlantic storms and the energy shock linked to the conflict in the Middle East and the closure of the Strait of Hormuz – the impact of which on prices weighed on the trade balance by 0.4 per cent of GDP – real GDP grew by 0.8 per cent in the second quarter compared with the previous quarter, compared with the 0.1 per cent recorded in the first three months of the year. The composition of growth, driven by private consumption, suggests that households have used their savings to offset, in part, the rise in fuel costs, at a time when the labour market is at full employment.

The CFP forecasts growth of 2.2% in 2026, an upward revision from the 1.6% projected in April. The second half of the year faces adverse external constraints – the resumption of military operations in the Persian Gulf, the drought affecting around half of the EU's territory, and the ECB's more restrictive stance (with the deposit facility at 2.5 per cent) – alongside considerable domestic fiscal stimulus. Public investment rises by around 22.3 per cent in nominal terms with the completion of the RRP, raising its share of GDP from 3 per cent to 3.5 per cent – the highest since 2011 – which partially cushions the external shocks. Added to this is the announcement of an extraordinary supplement for pensioners, which will take effect at the end of the year.

The energy shock brings an end to the trend of moderating inflation. The HICP is expected to rise from 2.2 per cent in 2025 to 3.2 per cent in 2026 (+0.3 percentage points compared with April), driven by fuel prices, with lagged indirect effects on transport, food and industrial goods. With the expected fall in energy prices, inflation is projected to ease to 2.6% in 2027, a trend counteracted by the food component, due to the rise in energy and fertiliser costs in 2026 and the risk of a halt to grain exports via the Black Sea, which affects two of the world's largest wheat exporters. Core inflation is easing more gradually, as indirect effects spread to transport services. With expectations anchored and in the absence of significant second-round effects on prices and wages, inflation is expected to stabilise at around 2 per cent in subsequent years, in line with the ECB's target.

In the medium term, growth is expected to stabilise at 1.6 per cent. Growth is projected at 1.8 per cent in 2027, 1.7 per cent in 2028–2029 and 1.6 per cent in 2030. With less favourable net migration and an ageing population limiting the growth of the working-age population, employment growth slows to 1.1 per cent in 2027 and stabilises at around zero growth in 2030, whilst the unemployment rate is expected to remain at around 5.7 per cent of the labour force over the period 2027–2030. The projected population trends imply more limited contributions from private consumption to GDP. Growth will therefore depend essentially on productivity gains. Export growth is projected to be in line with assumptions regarding the evolution of external demand for Portuguese goods and services (2.5 per cent on average over the period 2027–2030), with potential gains in market share constrained by the new US tariff regime and exchange rate appreciation. The drivers of the ' ' growth of recent years – tourism, European funds and immigration – have made it possible to temporarily circumvent labour shortages and low levels of investment, constraints that persist against a more adverse international trade backdrop.

One caveat should be borne in mind when interpreting these projections. The projections now published are based on population and employment series that have not yet been updated following the revision of INE's resident population estimates. This revision will only be reflected in the publication of the Labour Force Survey and the National Accounts in March 2027. At this stage, it is not possible to anticipate the magnitude or the exact direction of this revision, nor its impact on the different perspectives of GDP (e.g. income, expenditure and output) and the Sector Accounts, including the savings rate. It should be noted that the effects of this revision are not neutral for the analysis of public finances and the Portuguese economy.

To illustrate this uncertainty, Box 2 of this Report presents three alternative scenarios for the development of the Portuguese economy over the projection horizon. These explore the effect on the Portuguese economy of instability in energy prices (oil and natural gas). In an adverse scenario, with a sharper and more persistent rise in energy prices compared with the central scenario – with the price of oil standing at over 100 dollars per barrel in the fourth quarter – but also an increase in uncertainty assumed to be similar to that experienced during the Russian invasion of Ukraine in 2022, GDP growth would be lower in both 2026 (-0.1 p.p.) and 2027 (-0.6 p.p.), and inflation would be higher in both years (0.2 p.p. and 0.6 p.p., respectively). Caixa also presents a more benign scenario and a more severe scenario. This analysis is strictly illustrative and does not assign probabilities to the results presented, assuming all factors to be temporary.

Fiscal outlook under unchanged policies

Excluding the announced PIT cut, the CFP maintains its outlook for a surplus this year. However, this projection is sensitive to the scale of the fiscal impact associated with the measures in response to the storms and the conflict in Iran, and to the fact that the impact of the announcement of the new PIT reduction measure has not been taken into account, due to a lack of detail regarding the terms of its implementation in terms of the withholding tax tables. This projection, which takes into account the one-off supplement to be paid to pensioners at the end of the year, points to a surplus of 0.2 per cent of GDP. Compared with the balance estimated by INE for 2025 (in March), this represents a deterioration in the surplus of 0.5 percentage points of GDP. The fiscal impact of measures in response to the storms and the military conflict in Iran, together with the increased use of loans from the RRP, are driving this deterioration, which is partially offset by robust growth in tax and social security revenue, as well as by increased dividend income and proceeds from the sale of public sector property.

For 2027 and 2028, the fiscal position is projected to remain close to balance, but to be in deficit. In those years, fiscal deficits of 0.2 per cent and 0.5 per cent of GDP are expected, respectively, reflecting the permanent effects of tax relief measures relating to PIT and CIT, as well as the increase in interest charges associated with higher debt refinancing costs. This trend is occurring despite the reduction, in 2027, in the impacts related to RRP loans and the phasing out of the extraordinary support granted following the adverse weather conditions and the conflict in Iran.

In the following years, the deficits are expected to widen to 1.0 per cent of GDP in 2029 and 1.7 per cent of GDP in 2030. More than half of the deterioration in these years (1.2 p.p. of GDP) will be attributable to investment (0.5 p.p. of GDP), mainly linked to the procurement of military equipment financed by the SAFE programme, and to the rise in interest payments (0.2 p.p. of GDP).

The current projection revises the growth in net expenditure upwards, beyond the commitment made by Portugal. This projection accentuates the deviation from the path agreed under the National medium-term fiscal-structural plan, pointing to growth of 7.4 per cent in 2026 (compared with 6.9 per cent projected in April), mainly as a result of a greater number of fiscal measures that reduce revenue. Growth of 4.2 per cent and 4.5 per cent is projected for 2027 and 2028, respectively.

The CFP projects that the public debt-to-GDP ratio will fall by 9.8 percentage points between 2025 and 2030, reaching 79.8% of GDP. This trajectory is explained both by the maintenance of primary surpluses, albeit declining ones, and by a favourable dynamic effect, albeit one that is gradually diminishing, as a result of rising interest rates and a reduced price effect. As a result, the reduction in the public debt ratio averages 1 percentage point over the 2029–2030 biennium, compared with an average reduction of around 4 percentage points projected for 2025–2026.

Key risks and uncertainties

The CFP considers the balance of risks to be predominantly on the downside for economic activity and on the upside for inflation. In this context, it is worth highlighting the high level of uncertainty regarding price developments, against a backdrop of renewed military operations in the Middle East. According to the technical assumptions, the shock remains temporary, dissipating from the third quarter of 2026 onwards. However, a prolonged disruption could increase the risk of further upward pressure on prices. At the European level, this risk may be amplified by low natural gas *stocks*. Added to this is an increase in the frequency and magnitude of severe weather events. Finally, in financial terms, the ECB's monetary policy stance and tensions in the global sovereign debt market could result in more restrictive financing conditions for the public and private sectors, thereby affecting the viability of investment projects. At the same time, a correction in asset prices could increase financial volatility, against a backdrop of high levels of public debt, concerns about its sustainability and risks of a resurgence of inflationary pressures.

The CFP's no-policy-change projection does not take into account certain factors that could influence the fiscal trajectory. It should be noted that the following measures have not been incorporated, due to a lack of information: (i) the measure to reduce PIT rates up to the 6th bracket, owing to a lack of detail regarding the terms of its implementation in terms of the withholding tax tables; (ii) a portion of military expenditure financed by SAFE, corresponding to 30 per cent of the total appropriation approved under that programme; no account has been taken of other defence expenditure allocations to meet commitments undertaken within the framework of NATO, nor of additional support for Ukraine from 2027 onwards; and (iii) the 'PTRR – Portugal Transformation, Recovery and Resilience' programme. Furthermore, any revisions by the INE in the context of the second notification of the EDP were not taken into account.

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Fiscal risks have a predominantly downward effect on the general government balance. Of particular note are those arising from the high level of uncertainty associated with escalating geopolitical tensions, which means that the possibility of adopting additional measures to mitigate the negative impact on the economy and household income cannot be ruled out. Added to this is the risk that the fiscal impact of the measures, including those related to adverse weather conditions, may differ from the figures assumed. Also worth mentioning are: the possibility that the Resolution Fund may have to compensate certain common creditors of BES under the *'no creditor worse off' principle*; other ongoing court rulings; and contingent liabilities, such as public-private partnerships and public guarantees, notably those relating to the youth housing scheme and the guarantees associated with the credit lines established in the wake of the aforementioned storms.

On the upside, there are factors that could lead to a more favourable fiscal trajectory. These include, in particular: (i) the potential collection of €335 million in revenue from corporation tax (IS), property transfer tax (IMT) and CIT resulting from the sale of EDP's dams; (ii) the revenue generated by the Temporary Solidarity Levy on the Oil Sector, due to come into force in 2026; (iii) potential European support in response to the storms; (iv) the possibility of lower implementation of public investment funded from national resources; and (v) the proceeds to be obtained from the partial disposal of the share capital of TAP, SATA Internacional and SATA Handling, which will have no effect on the fiscal balance but will contribute to a more pronounced reduction in the public debt ratio.

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1. INTRODUCTION

This Report presents updated economic and fiscal projections for the period 2026–2030, drawn up under a no-policy-change scenario. No-policy-change projections (see glossary) should not be interpreted as forecasts, as they only take into account economic policy measures currently in force or announced with sufficient detail to allow their impact to be estimated. These projections thus reflect the likely and trend-based evolution of macroeconomic and fiscal variables, and differ from the forecasts accompanying the Government's fiscal planning documents, which incorporate new economic policy measures. The technical assumptions underlying the fiscal projection are set out in detail in the 'Appendix – Main technical assumptions regarding the evolution of fiscal aggregates', published alongside this Report.

Compared with the April 2026 publication, this projection incorporates a range of new information that affects the update to the 2026 estimate and the fiscal trajectory for the next four years. The main factors taken into account include:

- The revision of the fiscal impact of measures in response to adverse weather conditions and the military conflict in Iran, currently estimated at 0.3 per cent of GDP (0.4 per cent in April), reflecting – based on currently available information and our own calculations – the updated estimate of the impact of support measures for the sectors most affected by rising fuel prices.

- The exclusion, in the estimate for 2026, of the extraordinary expenditure relating to compensation paid by Infraestruturas de Portugal to the concessionaire Algarve Litoral, reflecting the update made by the Ministry of Finance in the Annual Progress Report presented in April 2026.

- An upward revision of the overall implementation of the RRP, now estimated at 98 per cent of the total planned, reflecting recent reprogramming, observed fiscal implementation and the application of the 'substantial completion' clause. Expenditure financed by grants is expected to reach 99 per cent of the planned amount, with part of this expenditure to be incurred in 2027, in line with the information provided by the 'Recuperar Portugal' Task Force, which indicates that expenditure associated with the 10th and final payment from the European Commission, due at the end of 2026, will be incurred in that year. Expenditure financed by RRP loans is expected to reach 94.5 per cent.[1] The impact of these loans on the fiscal balance reflects an overall execution rate of 92.5 per cent (86.3 per cent in the April projection). The use of these loans is expected to reduce the fiscal balance by 0.4 per cent of GDP in 2026 and 0.2 per cent of GDP in 2027;

[1] This percentage includes loans allocated to the business capitalisation and financial resilience component, which is intended to support viable companies with high growth potential in strategic sectors. In accordance with the rules for classifying transactions in the national accounts, it is assumed that these loans are recorded as financial transactions, with an impact solely on public debt. Consequently, they have no effect on the fiscal balance. The CFP assumes a 100 per cent implementation rate for this component.

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- The inclusion of part of the military expenditure financed by SAFE, amounting to 4,033 M€, corresponding to almost 70 per cent of the total allocation of around 5,800 M€ approved under that programme. In the absence of information on the financial planning for the investments to be funded by SAFE, the projection took into account the acquisition of three new-generation frigates at a cost of 3,900 M€ (including investment in infrastructure and maintenance costs), as well as the acquisition of 75 URO VAMTAC armoured vehicles worth 133 M€, as announced by the Government. The timing of this expenditure is based on technical assumptions regarding the expected delivery schedule for the equipment and the corresponding payment plan, assuming that the frigates will be delivered between 2029 and 2030 and the vehicles between 2027 and 2029;[2]

- The impact of pay rise measures for registrars, notaries and bailiffs, and the recruitment of new inspectors for the Judicial Police;

- The new extraordinary pension supplement to be paid in December 2026;

- The information provided in the table of unchanging policies recently sent to the Assembly of the Republic, to be taken into account in the preparation of the POE/2027;

- The update on the impact of fiscal measures based on the 2025 fiscal expenditure report published in June and on the CFP's own estimates for subsequent years, as well as the reassessment of other permanent fiscal effects that depend annually on changes in productivity, the CPI and GDP. Detailed information is set out in Table 6 and Table 7.

The current fiscal forecast does not include the new PIT rate reduction recently announced by the Government, nor does it take into account a number of policy decisions with the potential to have a significant impact on the fiscal trajectory over the coming years. The failure to incorporate this measure could alter the timing of PIT refunds (by shifting their recognition between periods) and, consequently, affect the revenue projection for this tax, should the effects of these administrative changes on the national accounts persist. This projection also does not incorporate the other factors detailed in Chapter 4, ' : Main risks and uncertainties'. Due to the cut-off date, any revisions that INE may introduce in the context of the second notification of the Stability and Growth Pact (SGP) have not been taken into account either.

An important methodological caveat applies to these projections. On 22 June 2026, INE published the 'Estimates of the Resident Population' for 2025 – the first to be based entirely on administrative data – incorporating a revision of the 2021–2024 period. The revision carried out for the year 2024 resulted in a 5.9 per cent increase

[2] For the purposes of the projection, it was assumed that one frigate would be delivered in 2029 and two in 2030, whilst for the 75 URO VAMTAC armoured vehicles, a uniform distribution of deliveries between 2027 and 2029 was assumed.

(or 637,587 individuals) in the number of residents, stemming mainly from an upward revision of the net migration balance, which is heavily concentrated in the working-age population.

The projections now published are based on population and employment series that will be affected by the revision of INE's resident population estimates. In turn, these will only be reflected in the Labour Force Survey and the National Accounts in 2027. It is therefore not possible, at this stage, to anticipate the magnitude or the exact direction of these effects, nor their impact on the different components of GDP (e.g. income, expenditure and output) and the Sectoral Accounts, including the savings rate. However, INE indicates that no significant changes are expected in the rates of change in GDP in 2025 and 2026,[3] given that the revision of the population figure peaked in 2024.

It should be noted that the effects of this statistical revision are not neutral for the analysis of public finances and the Portuguese economy. Firstly, any revision of nominal GDP would automatically alter the fiscal ratios expressed as a percentage of output, with implications for the assessment of compliance with the fiscal framework. Secondly, the revision will have an impact on the estimate of potential output and, consequently, on the assessment of the cyclical position of the Portuguese economy and on the calculation of the structural balance. The change in the age structure, by expanding the working-age population without significantly altering the elderly population, shifts the starting point for projections of age-related expenditure. Furthermore, all *per capita* indicators, including those used in the analysis of real convergence, will be revised. Finally, the revision covers the entire period after 2020, that is, all available data since the pandemic. The macroeconomic relationships estimated on the basis of this sample – notably those involving employment and labour force variables – will have to be fully re-estimated, which encompasses the tools used in the preparation of these projections.

[3] INE, Quarterly National Accounts (Base 2021) — 30-day Flash Estimate, 2nd quarter of 2026, 30 July 2026, p. 4.

2. MACROECONOMIC OUTLOOK

2.1 Recent developments in the Portuguese economy and outlook for the second half of 20 6

The Portuguese economy proved to be more resilient than anticipated in the first half of 2026. This period was marked, first and foremost, by a succession of Atlantic storms that caused considerable economic damage.[4] Subsequently, on 28 February, the United States and Israel launched joint air strikes against Iran, triggering a large-scale military conflict and the subsequent blockade of the Strait of Hormuz, which caused a supply disruption of exceptional magnitude in the global oil market. The substantial rise in energy prices during this period had a negative impact on the trade balance, reducing it by 0.4 per cent of GDP, and was reflected in a significant fall in consumer confidence.[5]

Despite this confluence of shocks, both domestic and external, real GDP grew by 0.8 per cent in the second quarter compared with the previous quarter, according to the National Statistics Institute (INE), a rate higher than the 0.1 per cent growth recorded in the first three months of the year.[6] Given the context described above, this result exceeds the expectations of several institutions, which had anticipated more subdued quarterly growth.[7] The composition of growth, driven by private consumption, suggests that households are drawing on their savings to cushion the negative impact of rising fuel costs, reinforcing the perception that the crisis is temporary – a prospect bolstered by the situation of full employment.

Since the cut-off date for the data used in the CFP's previous projections, the outlook for the conflict has changed substantially. At the time, the conflict was entering its fourth week and the Strait of Hormuz remained closed to commercial shipping. In June, a Memorandum of Understanding (MoU) between the United States and Iran established a phased process for reopening the Strait to tanker traffic, which allowed the price of oil to fall from 102 to around 70 dollars per barrel by early July. This relief proved to be temporary, however: the ceasefire remained fragile, and the resumption of military attacks caused the price to rise back above $90, with European natural gas prices exceeding March's highs and reaching levels last seen in 2022.

In the euro area, too, performance exceeded expectations. In the second quarter, following the stagnation recorded in the previous quarter, the euro area grew by 0.6

[4] Approximately 5.3 billion euros, calculated following a survey that formed the basis for the formal request for support from the European Commission through the European Union Solidarity Fund (EUSF), submitted on 13 April 2026.

[5] As the Portuguese economy is a net importer of oil and natural gas (with an energy dependency rate of around 60 per cent), the rise in the price of these raw materials has a negative impact on the terms of trade, resulting in a real loss of income vis-à-vis the rest of the world.

[6] According to the latest estimate available from INE, this figure has been revised upwards by 0.1 percentage points compared with the previously estimated stagnation. Over the first half of the year as a whole, real GDP grew by 1 per cent quarter-on-quarter, a slowdown compared with the 1.4 per cent recorded in the second half of 2025.

[7] For example, in the June Economic Bulletin, the Bank of Portugal projected quarter-on-quarter growth of 0.4 per cent; in its spring forecasts, published in May, the European Commission anticipated growth of 0.2 per cent.

per cent quarter-on-quarter – above the forecasts of the European Central Bank (ECB) (0.2 per cent) and the European Commission (EC) (0.1 per cent). These forecasts had already factored in the expected impact of the closure of the Strait of Hormuz. Thus, the surprise lies not so much in the scale of the shock, but in its more limited spillover into the real economy. The available evidence points to a weaker performance in consumer-related services, whilst manufacturing and digital services benefited from defence spending and investment in artificial intelligence. The build-up of stocks and the bringing forward of purchases by firms to address risks in supply chains also contributed to this. This is, however, a short-lived effect, with leading indicators pointing to slower growth in the coming quarters.

It is against this backdrop that the CFP projects growth of 2.2 per cent in 2026, an upward revision from the April forecast (1.6 per cent). Following a favourable trend in the first half of the year, performance in the second half will be shaped by the interplay between adverse external constraints and a substantial domestic fiscal stimulus. On the external front, three factors dominate:

- High volatility resulting from the resumption of military operations in the Middle East following the temporary ceasefire. It is assumed that the shock will be of limited duration, with oil prices falling over the course of the half-year.
- The drought affecting around half of the EU's territory, with negative effects on river transport, industrial production and electricity generation, exacerbating the energy crisis already underway.
- The ECB's return to a more restrictive monetary policy stance: on 11 June, the Governing Council raised the deposit facility rate by 25 basis points to 2.25 per cent, and again on 10 September to 2.5 per cent (see Box 1).

Conversely, the economy will benefit from an expansionary and pro-cyclical fiscal policy, partly driven by expenditure financed by European funds. The increase in public investment of around 22.3 per cent in nominal terms during 2026 – linked to the completion of the Recovery and Resilience Plan (RRP) – will (partially) cushion external shocks. Indeed, the general government investment-to-GDP ratio is estimated to rise from 3 per cent in 2025 to 3.5 per cent in 2026, its highest level since 2011. Together with a 1.7 per cent increase in public consumption in volume terms, this boost is one of the drivers of economic growth.

The upward revision to growth figures cuts across the various components of expenditure. Private consumption is projected to grow by 3.2 per cent in 2026 (2.1 per cent in April), which results from the combined effect of higher-than-expected growth in labour income,[8] and the impact of recently announced policy measures , notably the one-off supplement for pensioners amounting to approximately €400 million, together with the use of savings to offset the rise in fuel prices. As regards investment, the upward revision to the growth rate (5.9 per cent compared with the 4.3 per cent expected in April) is explained by investments in a data centre in Sines[9] in

[8] Compensation per employee is projected to rise by 4.9 per cent, compared with the 3.8 per cent expected in April.

[9] In the first quarter of 2026, investment (GFCF) grew by 10.8 per cent year-on-year, with a notable 30.7 per cent increase in the machinery and equipment component, driven by an order for *chips* worth around 600 million euros.

the first few months of the year, together with an improvement in the outlook for public investment. Finally, regarding exports, the stronger-than-previously-anticipated acceleration (3.6 per cent compared with 1 per cent in April) is explained both by an improvement in expectations for external demand and by a reversal of the temporary effects that weighed on their growth in 2025, namely the scheduled shutdown of the Sines refinery, the fall in agricultural production, and the adverse weather conditions in early 2026.

The energy shock caused by the conflict in the Middle East has led to a rise in inflation, bringing to an end the trend towards moderation that had been observed since 2022. Inflation, as measured by the Harmonised Index of Consumer Prices (HICP), is expected to rise from 2.2 per cent in 2025 to 3.2 per cent in 2026, an upward revision of 0.3 percentage points compared with April. This deterioration is mainly due to the energy component – via fuels, electricity and gas – whilst second-round effects, with a time lag, are also expected in other components of the consumer basket, notably transport, food and industrial goods. Conversely, growth in the GDP deflator is expected to moderate to 3.1 per cent, following 3.9 per cent in 2025, reflecting above all the deterioration in the terms of trade.

Box 1 – Technical Assumptions and External Environment

The ongoing conflict in the Persian Gulf and the disruption in the Strait of Hormuz are keeping energy commodity prices under upward pressure and causing high volatility.[10] In the case of oil, the price fall triggered by the memorandum of understanding signed between the US and Iran (bringing prices back to around pre-conflict levels) was partially reversed following the collapse of the ceasefire agreement. Over the last six months, the volume of traffic passing through the Strait has represented less than 10 per cent of the 2019–2025 average, and the margins for absorbing the shock are under pressure (Chart 1, left-hand panel). Despite the gradual fall in oil prices anticipated by the futures markets, the price of refined products in Europe has decoupled from crude oil (with the diesel refining margin reaching three times the usual level), something the ECB highlights as a source of additional pressure on energy inflation, increasing uncertainty regarding the conduct of monetary policy. In the case of natural gas, EU storage levels are 15 percentage points below the five-year average, at around 60 per cent of capacity, and are therefore set to be boosted to 80 per cent by November, requiring purchases at a time when the market price is 90 per cent higher than a year ago. This pressure is likely to spill over into food prices, a situation that could be exacerbated by the occurrence of extreme weather events fuelled by *El Niño*.

The deterioration in financing conditions reflects two mutually reinforcing factors: persistent supply shocks and a structural shift in the overall balance between available savings and financing needs. As regards the first factor, and in view of the risk of spillover effects on medium-term inflation expectations, the stance of European monetary policy turned and, in June, the ECB raised its key interest rates by 25 basis points (the first rise since September 2023, marking a turn in the downward cycle that began in June 2024). In September, the ECB raised its key interest rates again by 25 basis points. As for the second factor, the global economy is shifting from a context of capital abundance (*'savings glut'*) to

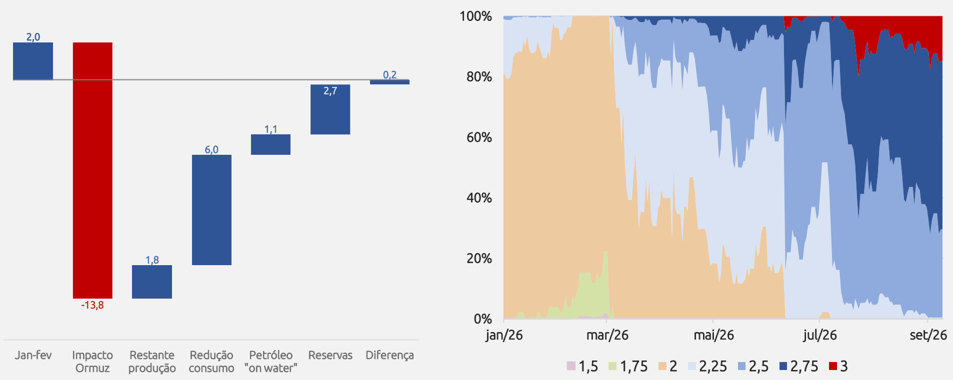
[10] As indicated in the 2026–2030 Economic and Social Plan (PEO), the Strait of Hormuz "under normal conditions ensured the transit of around one-fifth of the global volume of oil and LNG, as well as other raw materials, notably fertilisers (around 35 per cent of urea and 45 per cent of sulphur)".

one of relative scarcity (*'savings shortage'*), in which financing needs are accumulating (public deficits, increased defence spending,[11] investment in infrastructure, debt issued by major AI operators). On the supply side, global savings are thus being contested by these competing needs, in an environment where the scope for monetary policy is constrained (Chart 1, right-hand panel). This new regime results in higher risk premiums[12] : 10-year *Bunds* are trading at 3.3 per cent, the highest level since 2011 and 25 basis points above the previous scenario; in the US, the term premium on 10-year Treasury bonds reached 1 percentage point in May, double that of 2025; and Japan's 10-year *yield* reached 3 per cent, its highest level in 30 years. The era of 'ultra' low real interest rates, which characterised the second half of the 2010s, is now a thing of the past.

Chart 1 – Oil shock absorption buffers and the ECB's deposit facility rate

Buffers (oil shock)
(Mar/May, in millions of barrels per day)

ECB deposit facility rate (implied market expectations for December 2026)



Sources: World Economic Outlook (IMF), July 2026 and the Financial Times.

Against this backdrop, the most recent projections point to moderate growth and higher inflation. In the ECB's September projections, euro area GDP growth was revised upwards to 0.9 per cent in 2026 (+0.1 percentage points) and 1.4 per cent in 2027 (+0.2 percentage points), whilst inflation in 2026 remained at 3 per cent, having been revised upwards to 2.5 per cent in 2027 (+0.2 p.p.).[13] These revisions reflect the European economy's greater resilience to the effects of the conflict in the Middle East than previously anticipated, with the expectation of a temporary shock being maintained. The German Economic Institute (Ifo) has significantly revised its outlook for the German economy upwards, forecasting growth of 1.4 per cent in 2026 and 1.2 per cent in 2027 (compared with a previous projection of 0.8 per cent for both years). This is driven by higher-than-expected growth in the first quarter, underpinned by the ongoing strong fiscal expansion and a more robust trend in external demand, particularly from Europe.

The technical assumptions (Table 1 and Chart 2) underlying the exercise incorporate the following updates:

[11] See Box 7 – Defence expenditure: recent developments and NATO commitments. 2025–2029 Defence Planning Programme (PEO).

[12] The term premium compensates for the risk of holding long-term debt. Its rise, following a decade of negative values, is worsening global financing conditions.

[13] According to the ECB, when adjusting euro area GDP growth to exclude the volatility of Irish GDP, the upward revision to growth in 2026 would be +0.3 p.p. (rather than +0.1 p.p.).

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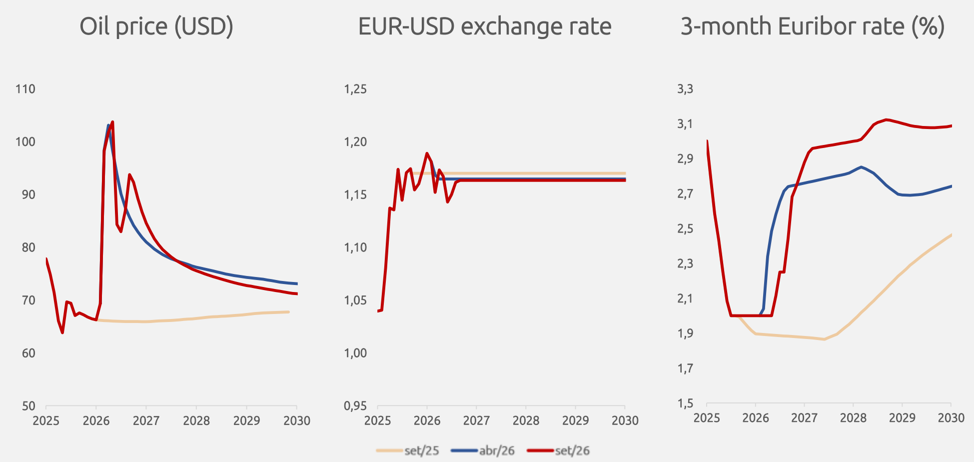
- The assumption for **external demand** follows the methodology established in previous exercises. It is estimated to grow by 1.6 per cent in 2026, a revision of +0.3 percentage points compared with April, recovering to an average of 2.4 per cent in 2027–2030;
- The assumption for **working-age population** growth has been revised upwards compared with April, in line with the latest Eurostat projections (EUROPOP 2025);
- The **price of natural gas** has been revised upwards, with the 2026–2027 average rising by 28 per cent compared with April. The **price of oil**, despite an annual increase of 25 per cent in 2026, remains on average for the projection horizon in line with the previous scenario;
- The **short-term interest rate**, as measured by the 3-month Euribor, is revised upwards over the forecast horizon, with a particular increase from 2028 onwards (by 30 basis points).

Table 1 – Technical assumptions for the external environment

	2025	2026	2027	2028	2029	2030
Hipóteses técnicas						
Procura externa (variação, %)	3,9	1,6	2,3	2,5	2,5	2,4
Preço das exportações dos principais parceiros	0,7	2,2	1,1	1,4	1,8	1,9
Taxa de juro de curto prazo (Euribor 3M, %)	2,2	2,4	3,0	3,1	3,1	3,1
Taxa de câmbio EUR-USD	1,13	1,16	1,16	1,16	1,16	1,16
Preço do petróleo (Brent, Eur)	60,5	75,5	68,0	63,7	61,9	60,8
Preço do Gás Natural (€/MWh)	36,2	50,8	45,7	29,9	23,7	22,8
População em idade ativa (15-74 anos, final do ano, variação, %)	1,5	0,6	0,5	0,3	0,0	-0,2

Sources: BdP, EC, IMF, Macrobond and CFP estimates. | Note: The technical assumption for the EUR-USD exchange rate assumes that the average levels observed in the two weeks prior to the data cut-off date (10 September) will be maintained over the projection horizon. The technical assumption for the price of oil is based on Brent crude futures contracts in US dollars. The evolution of the 3-month Euribor rate is based on the expectations implied by futures contracts.

Chart 2 – Technical assumptions



Source: Macrobond, CFP calculations.

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2.2 CFP projections for 2027–20 30

Table 2 – CFP macroeconomic scenario

	2025	2026	2027	2028	2029	2030
PIB real e componentes (variação, %)						
PIB	1,9	2,2	1,8	1,7	1,7	1,6
Consumo privado	3,5	3,2	2,4	2,1	1,8	1,6
Consumo público	1,6	1,7	0,7	0,7	1,0	1,0
Investimento (FBCF)	3,8	5,9	1,5	1,5	2,8	2,8
Exportações	0,4	3,6	2,5	2,5	2,5	2,4
Importações	4,4	6,5	2,4	2,5	2,7	2,6
Contributos para a variação real do PIB (p.p.)						
Procura interna	3,7	3,6	1,9	1,8	1,9	1,8
Exportações líquidas	-1,9	-1,5	0,0	-0,1	-0,2	-0,2
Preços (variação, %)						
Deflator do PIB	3,9	3,1	2,8	2,4	2,3	2,0
Deflator do consumo privado	2,5	3,1	2,7	2,4	2,2	2,0
Deflator do consumo público	5,4	4,4	3,0	2,4	2,2	2,0
Deflator do investimento (FBCF)	3,5	3,8	2,8	2,2	2,0	2,0
Deflator das exportações	0,4	3,0	1,5	1,6	1,8	2,0
Deflator das importações	-1,0	3,9	1,4	1,5	1,7	2,0
IHPC	2,2	3,2	2,6	2,3	2,1	2,0
PIB nominal						
Variação (%)	5,9	5,4	4,7	4,2	4,0	3,7
Nível (mil M€)	306,7	323,2	338,3	352,5	366,7	380,1
Rendimento e poupança das famílias						
Rendimento disponível nominal (variação, %)	5,8	5,1	5,0	3,8	3,2	3,1
Taxa de poupança (%)	12,3	11,3	11,1	10,3	9,5	9,1
Mercado de trabalho (variação, %)						
Taxa de desemprego (% pop. ativa)	6,0	5,9	5,8	5,8	5,7	5,7
Emprego	2,3	1,7	1,1	0,5	0,3	0,0
Remuneração média por trabalhador	4,8	4,9	3,9	3,2	2,8	2,3
Produtividade aparente do trabalho	-0,4	0,5	0,8	1,2	1,4	1,6
Sector externo (% PIB)						
Cap. líq. de financiamento face ao exterior	2,5	1,9	1,6	0,1	-0,6	-0,8
Balança corrente	0,9	-0,1	-0,4	-1,0	-1,5	-1,6
Balança de bens e serviços	0,9	-0,7	-0,6	-0,6	-0,6	-0,7
Balança de rend. primários e transferências	0,1	0,6	0,2	-0,4	-0,9	-0,9
Balança de capital	1,5	1,9	2,0	1,1	0,9	0,8
Desenvolvimentos cíclicos						
Produto potencial (variação, %)	2,8	2,2	2,0	1,8	1,5	1,2
Hiato do produto (% produto potencial)	-0,2	-0,2	-0,4	-0,5	-0,3	0,1

Source: CFP projections (2026–2030) and INE (2025). | Note: Cyclical developments are estimated in accordance with the common EU methodology, parameterised in the EUCAM programme based on the European Commission's (EC, 2026) spring 2026 forecast.

The Portuguese economy is expected to grow by 1.8 per cent in 2027, a slowdown compared with the previous year (Table 2). The momentum of economic activity over the coming year is likely to be determined by a combination of: continued positive prospects for exports, as the high levels of uncertainty currently experienced dissipate and boost external demand; a slight slowdown in private consumption, in line with slower growth in labour income, and with the expected changes to PIT refunds affecting disposable income; and greater utilisation of funds associated with PT2030. Nevertheless, the end of the RRP will tend to reduce public investment, hampering growth.

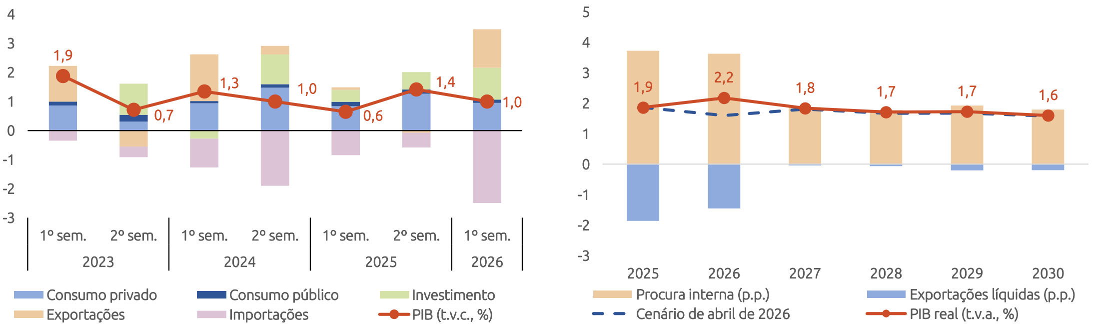
The volatility of the external environment will continue to have a strong influence on the projections. These are based on technical assumptions – including futures contracts for oil and natural gas prices – and on expectations regarding interest rates, which are particularly sensitive to the duration and regional scope of the conflict, as well as to damage to energy infrastructure in the Gulf states. The magnitude of the fluctuations observed in the prices of these commodities reduces the predictive power of futures contracts as a technical assumption and justifies maintaining an exceptionally high degree of uncertainty surrounding the macroeconomic scenario. To illustrate this uncertainty, Box 2 presents three alternative scenarios for the evolution of the Portuguese economy over the projection horizon of this Report.

The CFP maintains its projection of growth converging to 1.6 per cent in the medium term. GDP growth is expected to remain at around 1.7 per cent in 2028 and 2029, standing at 1.6 per cent in 2030 (Chart 3, right-hand panel), in line with expected labour productivity growth. Indeed, the resilience demonstrated in the face of the series of external shocks experienced since 2020 does not eliminate the structural challenges that persist. The drivers of economic growth in recent years – the dynamism of tourism-related activities, the high inflow of European funds and the increase in the working-age population due to immigration – have made it possible to temporarily overcome the constraints imposed by labour shortages, an ageing population and low levels of investment. However, this last factor, in particular, is crucial for fostering sustained productivity gains.[14] Added to this is a more adverse and unpredictable international trade environment, and the erosion of some price competitiveness, which will constrain material gains in market share in the future.

Chart 3 – GDP growth and components

Half-yearly rate of change in real GDP and contributions (change, %)

Growth in real GDP and tax revenues under the CFP scenario



Sources: INE; CFP projections and calculations.

[14] In Portugal, labour productivity is around 20 per cent below the OECD average, according to the *OECD Dashboard of Productivity Indic tors* .

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Among the components of demand, private consumption is expected to slow to 2.4 per cent in 2027, subsequently tracking the trend in real household income (Chart 4). This scenario, whose underlying assumptions do not include the changes to PIT announced in the meantime, assumes an increase in PIT refunds in 2027, as a result of adjustments to the withholding tax tables applied in 2024 and 2025, temporarily boosting households' disposable income. The easing of inflationary pressures is also expected to underpin purchasing power, whilst reduced uncertainty is expected to lower households' precautionary savings. However, slower wage growth, the assumption that the one-off supplement for pensioners will not be repeated, and the rise in short-term interest rates are expected to partially offset these gains, with the latter making household borrowing more expensive, particularly mortgage lending. Between 2028 and 2030, private consumption is expected to grow by an average of 1.8 per cent, in line with the slowdown in disposable income, whilst the savings rate remains at high levels, albeit on a downward trajectory. The upward revision for the period 2027–2029 compared with the April forecast is due to the incorporation of updated assumptions regarding population trends (see Box 1).

Public consumption is expected to slow to 0.7 per cent in 2027, with the end of the RRP, stabilising at around 1 per cent in 2029–2030. This trajectory reflects more subdued growth in public sector employment and wages, as well as the expected reduction in expenditure on public-private partnership (PPP) contracts.

Investment is expected to slow significantly in 2027 and stabilise at around 2.8% by 2030. During this period, the projection for public investment in 2029 and 2030 is influenced by the procurement of military equipment, resulting in high growth rates in that two-year period, following the declines in the post-RRP period in 2027 and 2028.[15] Even with tighter financing conditions, private investment is expected to grow by around 3 per cent in 2027, following an estimated increase of close to 4 per cent in 2026, driven by growth in domestic and external demand and by projects already identified, notably those associated with the expansion of data centres. In the following years, private GFCF (gross fixed capital formation) is expected to moderate to growth of around 2.1 per cent in 2030, against a backdrop of more subdued population growth, high financing costs and moderating demand.[16] Nevertheless, the low level of indebtedness among Portuguese companies – when compared with their European counterparts[17] – is a factor contributing to their resilience in the face of rising interest rates.

[15] As a percentage of GDP, the public investment ratio is projected to be 3.3% in 2030, but would stand at 2.6% without the aforementioned acquisitions.

[16] The CFP's projections do not incorporate increases in defence investment expenditure beyond the investments already known under the SAFE programme. However, the high proportion of imported components in the equipment currently being procured mitigates its effect on GDP.

[17] According to the *Bank for International Settlements*, credit to non-financial corporations stood at 74.3 per cent of GDP in the first quarter of 2026, compared with 103.3 per cent in the euro area.

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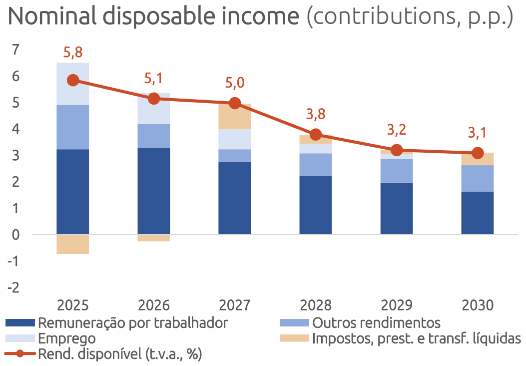
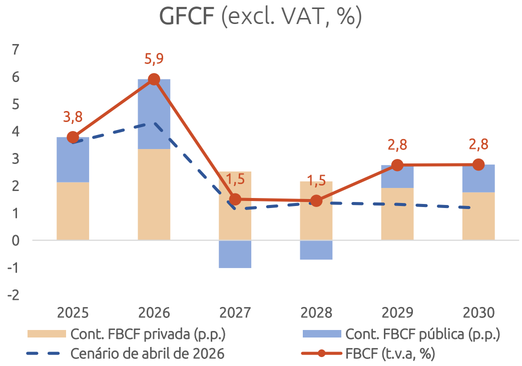
Chart 4 – Disposable income and investment





Sources: INE; CFP projections and calculations.

The underlying assumptions of the projection point to growth in external demand exceeding that of GDP. Following the strong growth projected for 2026 – which is also supported by temporary factors – the scenario now presented assumes growth in line with external demand directed towards the Portuguese economy, and no gains in market share. It should be noted that future gains in export market share are constrained by competitiveness challenges, now exacerbated by the new US tariff regime and exchange rate appreciation.

Other structural factors are influencing the trend in exports. In the case of services exports, particularly tourism – which is projected to grow by 58.8 per cent in nominal terms between 2019 and 2025 – future increases are constrained by the capacity of airport infrastructure, despite reduced seasonality and a more balanced geographical distribution of demand. Conversely, the expansion of the European Union's trade agreements may facilitate access to new markets.[18] Added to this is the European commitment to deepening the single market, as set out in *the 'One Europe, One* Market' roadmap, with a deadline for agreement set for the end of 2027.[19] The CFP's central scenario does not incorporate these effects.

The Portuguese economy's external balance will be influenced, in part, by the inflow of European funds under the PT2030 programme. The external surplus is expected to stand at 1.9 per cent of GDP in 2026, but to deteriorate over the forecast horizon, resulting in financing requirements of around 0.8 per cent in 2030. The improvement in the terms of trade – which reduces the deficit in the energy goods balance, thanks to the fall in oil and natural gas prices – and the strength of exports do not offset the expected rise in imports, resulting in a deficit in the goods and services balance throughout the projection period. Excluding the purchase of military equipment, the balance would be close to equilibrium in the 2029–2030 biennium. The high inflow of

[18] The agreement with Mercosur has been provisionally applied since 1 May 2026; agreements have been signed with Mexico and Switzerland, and negotiations have been concluded with India, Indonesia and Australia. The timing and scale of these processes translating into trade flows remain uncertain.

[19] European Commission, *'One Europe, One Market' roadmap*, joint declaration signed on 24 April 2026.

EU funds[20] underpins the projected surplus; without this, the economy would record an external deficit of 1 per cent of GDP in 2026 and 1.6 per cent, on average, between 2027 and 2030.

Inflation is expected to fall in 2027, in line with the reduction in energy prices on international markets and the dissipation of the base effect associated with the rise recorded in 2026. The fall in oil and natural gas prices is benefiting the price of the household consumption basket, with HICP inflation projected to ease to 2.6 per cent, following the 3.2 per cent expected in 2026 (Chart 5, left-hand panel). The food component, however, acts as a counterbalance to this trend. The Eurosystem's June projections point to food inflation in the euro area peaking in the second quarter of 2027, mainly as a result of the rise in energy and fertiliser prices in 2026.[21] Added to this scenario is the risk of a halt to grain exports via the Black Sea, following the escalation of attacks on ports and commercial vessels in the context of the conflict between Russia and Ukraine, which affects two of the world's largest wheat exporters.

The decline in underlying inflation is likely to be more gradual. The indirect effects of the energy shock tend to occur with a time lag, spreading to the prices of other goods and services, particularly transport services. However, with inflation expectations anchored and, consequently, in the absence of significant second-round effects on price and wage formation, inflation is expected to stabilise at around 2 per cent in the medium term, in line with the ECB's price stability objective. The CFP projects that the GDP deflator will slow to 2.8% in 2027 and converge towards 2% in subsequent years, a trajectory supported by a moderation in the growth of unit labour costs.[22]

The pace of job creation is expected to slow, a trend that should be viewed in the context of the demographic developments anticipated for the coming years, whilst the unemployment rate is set to remain low. Gradually less positive net migration, together with changes in the age structure, will limit growth in the working-age population. Employment growth is expected to slow from the 1.7 per cent estimated for 2026, continuing on a downward trajectory, with the employed population stabilising in 2030 (Chart 5, right-hand panel). The labour force participation rate is expected to remain at historically high levels, with more limited increases in the future. As for the unemployment rate, only a marginal reduction is projected, from 5.9 per cent in 2026 to 5.8 per cent in 2027, remaining relatively stable thereafter.

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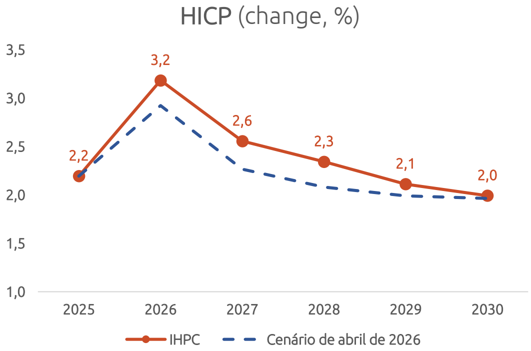
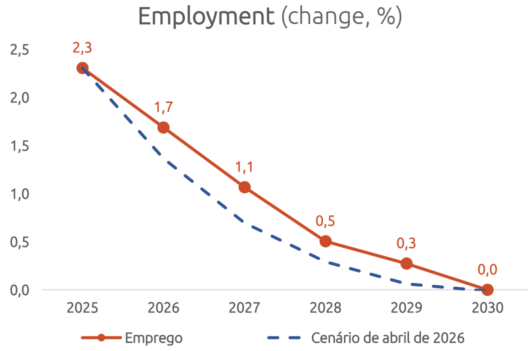
[20] It is assumed that the inflow of European funds will amount to 2.9 per cent of GDP in 2026 and 2027 and will gradually decline to 1.1 per cent by the end of the projection horizon.

[21] ECB, *Eurosystem Staff Macroeconomic Projections*, June 2026. Food inflation in the euro area is expected to stand at 2.6 per cent in 2026, 3.5% in 2027 and 2.4% in 2028, peaking at 3.7% in the second quarter of 2027, which corresponds to an upward revision of 0.6 percentage points for 2027 compared with the March projections.

[22] The projection takes into account the announced increases in the Guaranteed Minimum Monthly Wage (RMMG) of 5.7 per cent in 2026, 5.4 per cent in 2027 and 5.2 per cent in 2028.

Chart 5 – Price indicators and labour market





Sources: INE; CFP projections and calculations.

Demographic trends are expected to weigh on the potential growth of the Portuguese economy. The rate of growth in potential output is projected to slow from 2.8 per cent in 2025 to 2.2 per cent in 2026 and, gradually, to 1.2 per cent in 2030. The less favourable demographic outlook is expected to be the main driver of this trend, with a sharp reduction anticipated in the contribution from labour (from 1.5 p.p. in 2025 to zero by the end of the projection horizon). The contributions from productivity and capital are expected to remain broadly stable, with the latter reflecting investment trends. The output gap is expected to be negative in 2025 and close to zero at the end of the projection horizon.

Box 2 – Alternative scenarios for the Portuguese economy in the context of the conflict surrounding the Strait of Hormuz

Against a backdrop of extreme volatility and uncertainty surrounding the evolution of oil and natural gas prices, this Box illustrates a set of alternative scenarios for the evolution of the Portuguese economy. Given the global nature of the ongoing disruptions, the scenarios were modelled using a global macroeconometric model, NiGEM (Hantzsche *et al,* 2018), which covers more than 60 countries and regions, interconnected through trade and capital markets. The CFP's projections are thus complemented by three alternative scenarios: a more moderate scenario, an adverse scenario and a severe scenario. These scenarios differ in terms of their assumptions regarding the magnitude and persistence of the conflict in the Middle East and the shock to energy prices, the impact of these on the international environment and on uncertainty, as well as the corresponding increase in financing costs. Uncertainty affects the economy through multiple channels: both by reducing the confidence of economic agents, thereby influencing their consumption and investment decisions, and by worsening their financing conditions, with both effects weighing heavily on domestic demand and on foreign trade.

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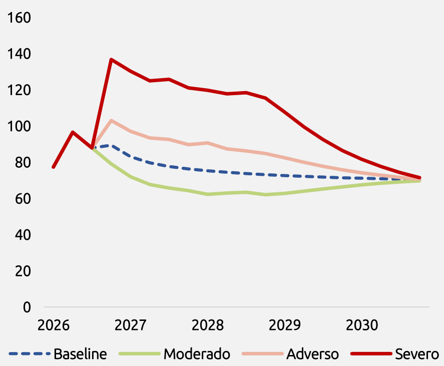
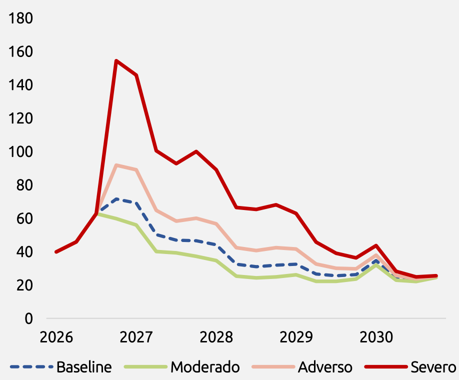
Figure 6 – Scenarios for the future trend in energy commodity prices

Price per barrel of Brent
($/bbl)



Price of liquefied natural gas in Europe
(€/MWh)



Sources: ECB, CFP calculations.

The specification of the three scenarios regarding energy prices follows that assumed in the ECB's latest projections. The three alternative trajectories for energy commodity prices are shown in Chart 6.

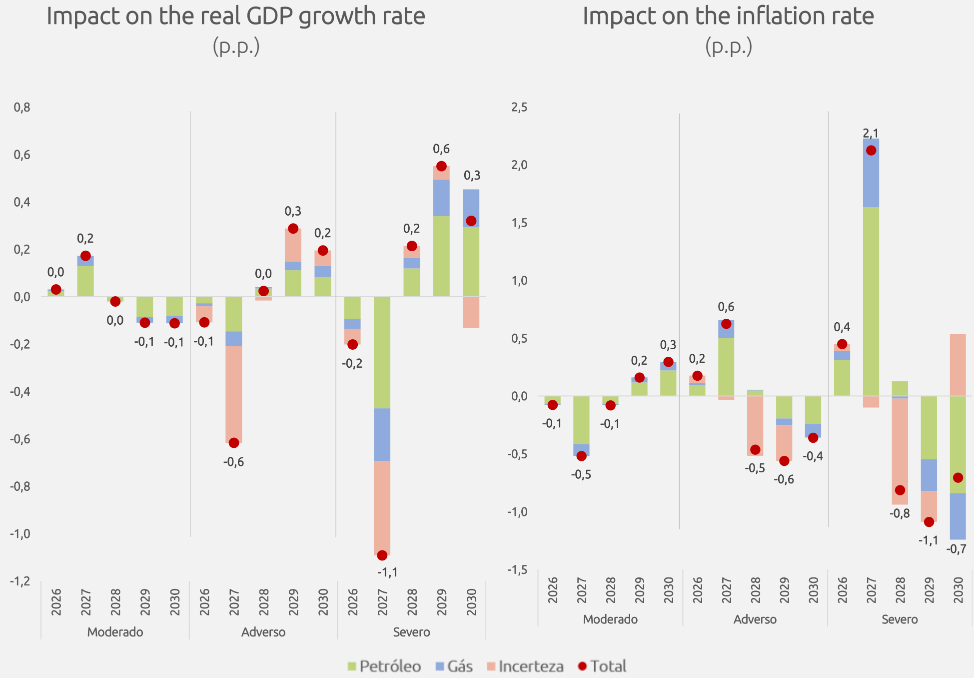
- The **most moderate scenario** assumes that energy prices would normalise more quickly than in the baseline scenario. A faster-than-expected resolution of the disruptions results in slightly stronger GDP growth and a more rapid moderation in inflation than in the baseline scenario. Inflation would be 0.5 percentage points lower than projected by the CFP for 2027 and economic growth 0.2 percentage points higher (Chart 7).

- The **adverse scenario** assumes a sharper and more persistent rise in energy prices – with the price of oil exceeding $100 per barrel in the fourth quarter of 2026 – remaining substantially above the levels in the baseline scenario until 2028, but also an increase in uncertainty assumed to be similar to that experienced during the Russian invasion of Ukraine in 2022. This leads to weaker GDP growth in the short term, both in 2026 (-0.1 p.p.) and in 2027 (-0.6 p.p.), alongside a higher inflation rate in both years (0.2 p.p. and 0.6 p.p., respectively). As energy prices fall, the inflationary pressure subsides and uncertainty recedes, leading to a normalisation of financing conditions. This is also reflected in a positive boost to the economies of Portugal's main trading partners. In this scenario, GDP growth between 2029 and 2030 is slightly higher than in the baseline scenario.

- The **severe scenario**[23] simulates a substantially more challenging macroeconomic environment, with a larger negative supply shock and more persistent effects. These are combined with a more substantial increase in uncertainty. In 2027 and 2028, oil prices are around 60 per cent higher than assumed in the central scenario, remaining above $100 per barrel in both years. Gas prices are assumed to more than double compared with the baseline scenario in the fourth quarter of 2026, a gap that persists until 2028. As a result, inflation would be around 0.4 percentage points higher than projected for 2026 and 2.1 percentage points higher for 2027. As a consequence of a more restrictive monetary policy and increased uncertainty, the negative impact on real GDP growth is substantial in 2027. Economic growth would be about 1.1 percentage points lower than projected in the central scenario. Increased uncertainty, and its impact on risk premiums, would be particularly damaging during that year, leading to a significant fall in exports and private investment and a more modest reduction in household consumption growth. The temporary nature of these shocks justifies the sharp disinflation simulated for the years 2028–2030, as well as the recovery in economic activity, the level of which at the end of the horizon would be close to that recorded in the central scenario.

This scenario analysis is purely illustrative; it is not possible to assign probabilities of occurrence to it. The high level of uncertainty surrounding the current context warrants the presentation of three alternative scenarios rather than a single one, as might be justified in other circumstances. A limitation of this exercise is that it does not take into account non-linear responses of inflation to disruptions, nor indirect and second-order effects greater than those frequently observed in the past – factors that were relevant in the inflationary crisis of 2022. Furthermore, all scenarios assume that price volatility and supply constraints are temporary, leading to a more cautious monetary policy response and the absence of more pronounced impacts in the medium term. However, damage to oil and refining infrastructure, or possibly the need to restrict demand through rationing measures, would substantially alter this perception, leading to more significant and persistent negative impacts.

Chart 7 – Estimated impacts of shocks on the economy relative to the baseline scenario



Source: CFP calculations. Note: By way of example, the -0.6 percentage points simulated as the impact on the real GDP growth rate for 2027 in the adverse scenario imply that projected GDP growth would be 1.2 per cent, compared with 1.8 per cent in the baseline scenario. Similarly, the simulated inflation rate in 2027 would be 3.2%, rather than 2.6%.

[23] According to the ECB, the severe scenario would, broadly speaking, correspond to a reduction in global oil supply of around 8 per cent and a reduction in liquefied natural gas supply of 12 per cent compared with the baseline scenario. Based on previous episodes of price spikes, this is the price level above which Europe would be able to outbid Asia for LNG cargoes, thereby limiting the extent of gas supply disruptions in the euro area.

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3. FISCAL OUTLOOK

3.1 Fiscal balances

Fiscal balances and primary balances

The CFP projects a positive fiscal balance of 0.2% of GDP for 2026, maintaining the outlook for a slight surplus, as anticipated in April. Although it points to a surplus, the CFP estimates a deterioration of 0.5 percentage points of GDP compared with the 2025 surplus.[24] This projection, which does not yet incorporate the impact of the new PIT reduction measure but already takes into account the one-off supplement to be paid to pensioners at the end of the year, is based on an estimated surplus in the first half of the year that is lower than that recorded in the same period of 2025. The fiscal impact of the measures in response to the storms and the military conflict in Iran, estimated at 0.3 per cent of GDP, and the increased use of loans from the RRP, equivalent to 0.4 per cent of GDP, contribute to this lower surplus. These pressures are expected to be partially offset by robust growth in indirect tax revenue, particularly VAT, underpinned by the trend in nominal private consumption. In this projection, PIT revenue benefits from the effect associated with the fact that the reduction in withholding tax rates applied in August and September 2025 will not be repeated in 2026; however, the magnitude of this effect may be constrained by the implementation of the new tax reduction measure to be applied at the end of the year, which is not incorporated into the projection. Added to this are the historically high dividend distribution by Caixa Geral de Depósitos, equivalent to 0.3% of GDP, and the revenue associated with the sale of public housing stock, estimated at 0.1% of GDP (one-third of the budgeted amount).

The projection for 2026 remains, however, sensitive to the scale of the fiscal impact associated with measures in response to the storms and the conflict in the Middle East. Even if these downside risks have a greater impact on the balance, this could be partially offset by lower-than-expected utilisation of RRP loans, or by public investment falling short of estimates; a higher-than-currently assumed disposal of public housing stock (which reduces investment) by the CFP could also contribute to this. Mechanisms to contain public expenditure, notably through the management of available funds, may also help to limit the risk of a deterioration in the fiscal position. Excluding the effect of RRP loans and *one-off* measures related to adverse weather conditions, the CFP estimates that the general government would record a budget surplus of 0.8 per cent of GDP (Chart 13).

In the absence of new policy measures, the medium-term fiscal projection maintains the outlook for a return to fiscal deficits from 2027 onwards, although these will be compatible, in the first two years, with a fiscal position close to balance . Indeed, the deficits projected for 2027 and 2028 are 0.2 per cent and 0.5 per cent of GDP,

[24] According to the first EDP notification of March 2026, Portugal recorded a surplus of 0.7% of GDP in 2025 (0.9% excluding RRP loans). This estimate by INE may be revised in the second notification, on 23 September 2026, after the cut-off date for this report.

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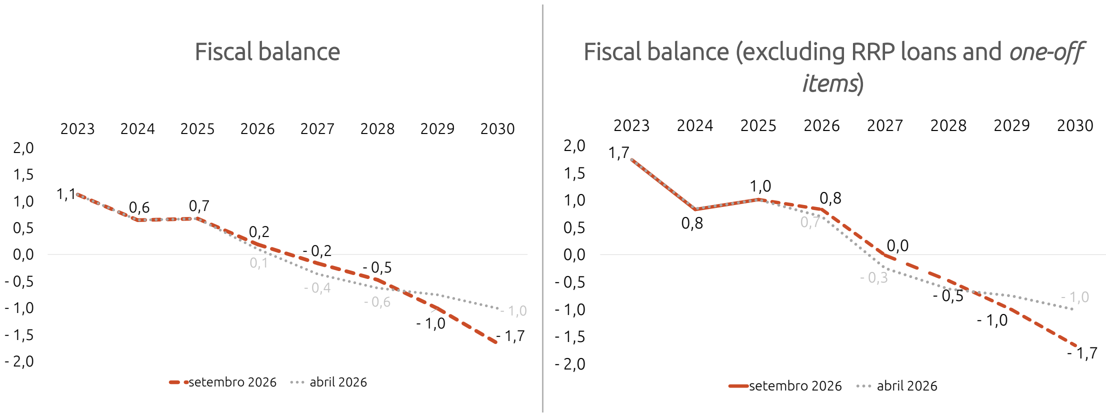
respectively. In 2027, despite the reduction in the impacts associated with RRP loans and the phasing out of the extraordinary support granted in response to adverse weather conditions and the conflict in Iran, the fiscal balance is projected to deteriorate. This deterioration stems mainly from a reduction in tax revenue (PIT, CIT) – linked to policy measures – and other current revenue, as well as an increase in interest charges.[25] The normalisation of PIT refunds and collection notices, following the temporary effect arising from the application of lower withholding tax rates in 2024 and 2025, will boost revenue in 2026, resulting in a reduction in revenue from this tax in 2027. However, any reductions in withholding tax rates in 2026 exceeding the estimated value for the policy measure could extend these effects into subsequent years. The gradual reduction in the CIT rate and the expected decline in CGD's dividends account for the remaining impact on current revenue.

Chart 8 – Fiscal balance (as a % of GDP)



Source: INE (March 2026 PDE). CFP calculations and projections. | Note: The figures for the fiscal balance for the period 2023–2026 are influenced by the effect of *one-off* measures, as detailed in the attached Table 8.

The delivery of military equipment, procured under the SAFE programme, is expected to widen the fiscal deficit to 1.0 per cent and 1.7 per cent of GDP in 2029 and 2030, respectively. The delivery of the three frigates to the Navy will result[26] , over these two years, in a cumulative impact on the fiscal balance equivalent to 1.1 percentage points of GDP.[27] More than half of the projected deterioration in the fiscal balance during these years (a deterioration of 1.2 p.p. of GDP) will thus be accounted for by investment (0.5 p.p. of GDP) associated mainly with the acquisition of military equipment under the SAFE programme and by the increase in interest charges linked to higher debt refinancing costs (0.2 p.p. of GDP). The cumulative effect of the permanent effects of the aforementioned tax relief measures reinforces the trend

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[25] Growth in PIT revenue remains below nominal GDP, leading to a reduction in its share of GDP as a result of the automatic mechanisms for updating the specific deduction under the IAS and the income brackets. In direct taxation, there is also the annual reduction of 1 percentage point in the standard CIT rate, with an impact lasting until 2029.

[26] As mentioned in the Introduction, in the absence of information on the financial planning for the investments to be financed by SAFE, the timetable for the delivery of the three naval vessels during this period is based on a technical assumption by the CFP.

[27] Excluding the impact of the frigate procurement, the projected deficit for 2029 and 2030 would be 0.6 per cent and 1 per cent of GDP respectively.

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towards a structural decline in tax revenue and the consequent deterioration in the fiscal balance.

Although a primary balance – which excludes interest payments – is projected to remain in surplus until 2030, it is expected to contribute progressively less to the reduction in the public debt ratio. The gradual decline in this indicator over the projection horizon, from 2.6 per cent of GDP in 2025 to 0.8 per cent of GDP in 2030, is influenced in the last two years by the inclusion of military investment expenditure under the SAFE programme, as mentioned earlier (Table 3).

Compared with the fiscal scenario presented in April, the updated projection improves the fiscal trajectory between 2026 and 2028, but leads to a downward revision in the following two years. Excluding the effect of European funds, which do not contribute to the revision of the balance trajectory, the sub-aggregates contributing to the largest revisions are tax and social security revenue, alongside primary current expenditure and capital expenditure, as explained in Box 3.

Table 3 – CFP fiscal scenario (as a % and p.p. of GDP)

	2025 INE	Projeção CFP					
		2026	2027	2028	2029	2030	2030-25
Receita total	43,4	44,2	42,9	41,7	41,1	40,5	-2,8
Receita corrente	42,1	42,7	41,8	41,1	40,6	40,2	-1,9
Receita fiscal	24,5	24,5	23,9	23,7	23,5	23,3	-1,3
Impostos indiretos	14,5	14,5	14,6	14,7	14,7	14,6	0,1
Impostos diretos	10,0	10,1	9,2	9,0	8,8	8,7	-1,4
Contribuições sociais	12,6	12,8	12,9	12,8	12,6	12,4	-0,2
Vendas e out. receitas correntes	4,9	5,4	5,1	4,6	4,5	4,4	-0,5
Receita de capital	1,2	1,4	1,1	0,6	0,5	0,4	-0,9
Despesa primária	40,7	42,0	41,0	39,9	39,7	39,7	-1,0
Despesa corrente primária	36,9	37,4	37,0	36,5	36,2	36,1	-0,8
Consumo intermédio	5,1	5,2	5,1	4,9	4,9	4,8	-0,3
Despesa com pessoal	10,6	10,7	10,7	10,6	10,6	10,5	-0,1
Prestações sociais	18,0	17,9	17,9	17,9	17,8	17,7	-0,3
Subsídios e out. despesas correntes	3,1	3,6	3,4	3,1	3,1	3,0	-0,1
Despesa de capital	3,9	4,6	4,0	3,3	3,5	3,6	-0,2
Formação bruta de capital fixo	3,0	3,5	3,2	3,0	3,1	3,3	0,3
Outra despesa de capital	0,9	1,1	0,8	0,4	0,4	0,4	-0,5
Saldo primário	2,6	2,1	1,9	1,8	1,4	0,8	-1,8
Juros	1,9	1,9	2,1	2,2	2,4	2,5	0,5
Despesa total	42,7	44,0	43,1	42,1	42,1	42,2	-0,5
Saldo orçamental	0,7	0,2	-0,2	-0,5	-1,0	-1,7	-2,3
Saldo excluindo despesa militar SAFE	0,7	0,2	-0,2	-0,5	-0,6	-1,0	-1,6
Saldo excluindo empréstimos PRR	0,9	0,6	0,0	-0,5	-1,0	-1,7	-2,6
Dívida pública	**89,7**	**85,9**	**83,5**	**81,9**	**80,6**	**79,8**	**-9,8**
Por memória:							
Receita Fiscal e Contributiva	*37,2*	*37,4*	*36,7*	*36,5*	*36,1*	*35,7*	*-1,5*
Receita Não Fiscal e Não Contributiva	*6,2*	*6,8*	*6,2*	*5,2*	*5,0*	*4,8*	*-1,4*
Empréstimos PRR	*0,3*	*0,4*	*0,2*	*0,0*	*0,0*	*0,0*	*-0,3*

Sources: INE (2025, 1st PDE Report, March 2026) and CFP projections. | Note: The figures for 2025 and 2026 are influenced by the effect of *one-off* measures, as detailed in Table 8, attached. Table 10, attached, presents this scenario adjusted for *one-off* measures. The totals do not necessarily correspond to the sum of the individual figures due to rounding.

3.2 Outlook for expenditure and revenue trends

From 2027 onwards, the CFP's projection continues to point to a sharper decline in the ratio of public revenue to GDP than in that of expenditure. Between 2025 and 2030, general government revenue is projected to fall from 43.4% to 40.5% of GDP (-2.8 p.p. of GDP), marking a more pronounced decline than that projected for total expenditure, which is expected to fall from 42.7 per cent to 42.2 per cent of GDP (-0.5 percentage points of GDP) – Table 3.

Revenue

In 2026, transfers under the RRP are expected to continue to make the main contribution to the growth in the share of public revenue in GDP. This effect, already identified in the April forecast, is now amplified by the upward revision to the overall implementation of the RRP, particularly in the grants component mentioned above. Consequently, revenue is projected to rise to 44.2 per cent of GDP (+0.8 percentage points compared with 2025), driven by the increase in transfers receivable under the RRP (+0.4 p.p. of GDP in current transfers and +0.3 p.p. of GDP in capital revenue) and by the growth in social contributions (+0.2 p.p. of GDP), linked to the positive momentum in the labour market.

By 2027, the ratio of revenue to GDP is expected to fall, reflecting, essentially, the lower share of tax revenue and transfers from the European Union. For next year, public revenue is projected to account for 42.9 per cent of GDP, 1.2 percentage points less than in 2026. This development stems mainly from the decline in the share of tax revenue (-0.7 percentage points of GDP), driven by the fall in PIT revenue resulting from the reversal of the temporary effects mentioned earlier and the reduction in the statutory CIT rate (Table 6 and Table 7). Capital revenue will also contribute to a reduction in the general government revenue ratio by 0.3 percentage points of GDP, reflecting the reduction in funds received under the RRP. It should be noted, however, that in the current financial year, the share of total revenue stands 0.6 percentage points of GDP above the level projected in April, reflecting the upward revision to the implementation of the RRP.

By the end of the projection horizon, the decline in the share of public revenue in GDP mainly reflects structural factors and the end of grants received under the RRP. Between 2027 and 2030, general government revenue is expected to fall by 2.4 percentage points of GDP, standing at 40.5 per cent of GDP in the final projected year, close to the ratio expected in April. The reduction in general government revenue will primarily reflect: i) the phasing out of transfers under the RRP after 2027 (-0.4 percentage points of GDP in other current revenue and -0.7 percentage points of GDP in capital revenue); ii) the reduction in the share of tax revenue (-0.6 p.p. of GDP), reflecting the impact of policy measures and other projected effects on PIT and CIT[28] ; and iii) the reduction in the share of social security contributions (-0.4 p.p. of GDP), as a result of expected wage growth being lower than that of nominal GDP.

[28] The gradual reduction in the CIT rate until 2028 and the impact on PIT associated with the mechanism for updating the specific allowance in line with changes in the IAS and the automatic adjustment of tax bands.

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Expenditure

The accelerated implementation of the RRP will lead to a significant increase in the share of public expenditure in GDP in 2026. As projected in April, the current forecast indicates that public expenditure will reach 44 per cent of GDP in 2026, following an increase of 1.3 percentage points of GDP, driven mainly by contributions from gross fixed capital formation (+0.5 percentage points of GDP) and 'other current expenditure' (+0.3 percentage points of GDP). The increases in these categories are closely linked to the impact of the RRP, the implementation of which will peak in 2026, accounting for 0.8 percentage points of GDP of the rise in public expenditure.[29] Also noteworthy is the increase in expenditure on subsidies (0.2 percentage points of GDP), influenced by support measures designed to address the state of emergency (Table 8) and by exceptional support measures for some of the sectors most exposed to rising fuel prices following the conflict in the Middle East (Table 6).

In the 2027–2028 biennium, a gradual reduction in the ratio of public expenditure to GDP is projected, reversing the growth trajectory forecast up to 2026. For 2027, public expenditure is projected to fall by 0.9 percentage points of GDP, reaching 43.1 per cent of GDP, driven by the gradual reduction in the impact of the RRP (-0.8 percentage points of GDP compared with 2026, of which 0.7 percentage points of GDP relates to capital expenditure).[30] The non-recurrence of various measures will also contribute to this trend, such as support measures designed to address the state of emergency, aid to Ukraine and the extraordinary pension supplement. Accordingly, for 2027, reductions are projected in capital expenditure (-0.6 percentage points of GDP) and primary current expenditure (-0.4 percentage points of GDP), whilst interest payments are expected to increase by 0.1 percentage points of GDP. For 2028, the share of public expenditure in GDP is estimated to fall by 1 p.p. to 42.1 per cent of GDP (Table 3), in a year in which no expenditure under the RRP is planned. Excluding this base effect from the RRP, the share of public expenditure would increase by 0.3 percentage points of GDP in 2028, mainly due to higher interest payments (+0.2 percentage points of GDP).

At the end of the projection horizon, the share of public expenditure in GDP is expected to remain broadly stable. The CFP forecasts that the share of public expenditure in GDP will stabilise in 2029 and rise slightly by 0.1 percentage points of GDP in 2030, settling at 42.2 per cent of GDP.[31] On the one hand, a cumulative increase of 0.2 percentage points of GDP in interest payments (to 2.5 per cent of GDP

[29] This projection, as mentioned in the introduction, reflects, amongst other things, the application of the substantial completion clause; expenditure under the RRP is estimated to reach 2.1 per cent of GDP in 2026, 0.8 percentage points higher than in 2025. In 2026, RRP expenditure financed by grants (with no impact on the fiscal balance) is expected to amount to 1.7 per cent of GDP (+0.7 percentage points of GDP compared with 2025), whilst expenditure financed by the loan component (with a negative impact on the balance) is expected to total 0.4% of GDP (+0.1 percentage points of GDP compared with 2025).

[30] In 2027, expenditure financed through RRP loans is estimated to have a negative impact of 0.2 per cent of GDP on the fiscal balance (0.2 percentage points of GDP less than in 2026).

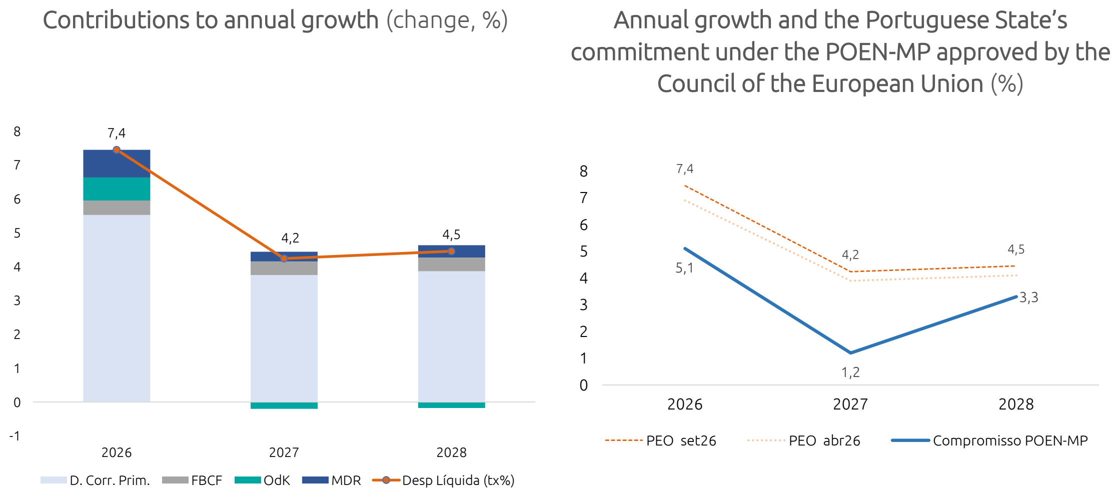
[31] Compared with 2025, the share of public expenditure in GDP in 2030 is expected to be 0.5 percentage points of GDP lower (Table 3). However, excluding the RRP, this share would increase by 0.8 percentage points of GDP over the projection horizon, driven by gross fixed capital formation (GFCF).

in 2030) and of 0.3 percentage points of GDP in capital expenditure (to 3.6 per cent of GDP), driven by gross fixed capital formation (GFCF) financed from domestic sources (+0.5 percentage points of GDP), linked to the acquisition of military equipment from the der the SAFE programme, with delivery scheduled for 2029 and 2030 (Table 7). On the other hand, primary current expenditure is estimated to fall by 0.4 percentage points of GDP over the same two-year period, driven by growth in staff costs and social benefits that is below nominal GDP growth.

Net expenditure

The projected trend for net expenditure remains on a path that exceeds Portugal's commitment. The current projection revises upwards the growth in net expenditure from 2026 onwards compared with the scenario presented in April. This indicator, which is central to the European Union's new economic governance framework, is expected to widen the gap from the path agreed by Portugal under the MTP. In 2026, the expected growth rises to 7.4 per cent (6.9 per cent in the April 2026 Budget Plan), reflecting above all the greater number of revenue-reducing fiscal measures, notably the youth PIT approved in the 2025 State Budget, the full effect of which will be felt in 2026, rather than partially in 2025, according to the Fiscal Expenditure Report; the strengthening of CIT incentives for company capitalisation; and the postponement until 2027 of the phasing out of the indirect SIFIDE scheme.[32] For the following years, net expenditure is also projected to grow more than anticipated in April, essentially reflecting a greater contribution from primary current expenditure to the deterioration of this indicator (Chart 9).

Chart 9 – Net expenditure 2026–2028
(in % and p.p.)



Source: INE, CFP calculations and projections. | Note: (i) D. Corr. Prim. – primary current expenditure; (ii) Odk – other capital expenditure; and (iii) MDR – discretionary revenue measures. A positive contribution from the latter reflects revenue-reducing measures, almost all of which are of a fiscal nature, which increase net expenditure and, consequently, its rate of growth. National expenditure subject to co-financing under programmes funded by the European Union (EU), as well as expenditure fully covered by revenue from EU funds relating to 2025, corresponds to the INE estimate calculated as part of the first notification of the

[32] The update to discretionary revenue measures is based on the most recent information available in the 2025 Fiscal Expenditure Report, published by the Ministry of Finance in June 2026.

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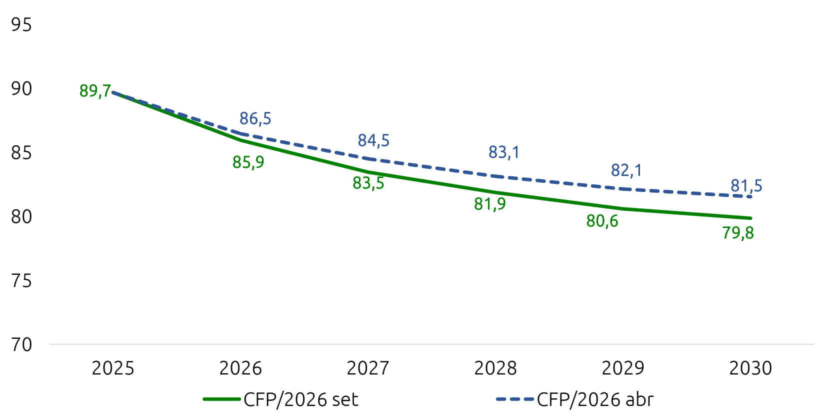
Stability and Growth Pact (SGP) in March 2026. As this is an initial report, this figure may be subject to revision. For the remainder of the forecast period, the CFP has used the percentage observed in 2025 of total expenditure financed by European funds as *a proxy* for co-financing through EU programmes.

3.3 Outlook for public debt

The CFP projects that the public debt ratio will continue on a downward trajectory. The public debt ratio is expected to reach 79.8 per cent of GDP in 2030, corresponding to a reduction of 9.8 percentage points of GDP over five years (Chart 10). This trajectory is explained both by the maintenance of primary surpluses, albeit declining ones, and by a favourable but gradually diminishing dynamic effect, resulting from rising interest rates and a reduced price effect. Thus, although the reduction of 2 percentage points of GDP per year, on average, maintains the average pace projected in April, the reduction is now more concentrated in the early years of the forecast horizon. The reduction in the public debt ratio averages 1 percentage point in the 2029–2030 biennium, compared with the average reduction of close to 4 percentage points recorded in 2025–2026 (Table 4).[33]

Chart 10 – Public debt trends (as a % of GDP)



Sources: INE – 1st notification of the Stability and Growth Programme (SGP) of March 2026 and BdP. CFP calculations and projections.

[33] In calculating the deficit-debt adjustment, assumptions were made regarding certain transactions which, whilst not encompassing all the factors influencing it, have a significant impact over the projection horizon, such as the Social Security System's surpluses not invested in public debt, the drawdown of RRP loans and loans under the SAFE mechanism. With an impact in 2026, the following were taken into account: (i) the sale of Novo Banco, insofar as the partial recovery of funds previously injected by the public sector results in a reduction in *the stock* of debt; and, conversely, (ii) the loan under the SAFE mechanism, as well as the Portuguese State's purchase of 13.7 per cent of REN's share capital.

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Interest expenditure is expected to rise significantly by the end of the forecast horizon compared with the figures published in April. In 2029 and 2030, a cumulative increase of 1.8 billion euros is expected compared with the previous projection, mainly due to the prospect of a rise in the average interest rate on 10-year Treasury Bonds (OT), as well as, to a lesser extent, a less favourable trajectory for the primary balance.

The external environment for financing conditions has become more adverse, with sovereign interest rates rising. The rise in *yields*, which has been widespread across the major advanced economies and the euro area, and across different maturities, has been driven by the resurgence of inflationary pressures linked to the protracted conflict in the Middle East and the resulting energy price shock. This trend has been exacerbated by financing needs that are significantly high by historical standards and are expected to persist over time, driven at the global level by: i) public financing arising from expenditure pressures related to defence, climate action and an ageing population; and ii) alongside significant increases in private debt issuance to finance infrastructure related to artificial intelligence. Against this backdrop, the ECB raised its key interest rates by 25 basis points at its meeting on 10 September – the second increase in 2026 – setting the deposit facility rate at 2.5 per cent. This combination of factors reinforces expectations of a continued tight monetary policy and points to the persistence of high financing costs over the projection horizon.

Table 4 – Contributions to the evolution of Maastricht debt (as a % of GDP)

	Projeção CFP						Impacto acumulado
	2025	2026	2027	2028	2029	2030	2025/2030
Dívida Pública	89,7	85,9	83,5	81,9	80,6	79,8	-9,8
Variação do rácio da dívida	-3,8	-3,7	-2,5	-1,6	-1,3	-0,7	-9,8
Efeito saldo primário	-2,6	-2,1	-1,9	-1,8	-1,4	-0,8	-8,0
Efeito dinâmico (bola de neve)	-3,2	-2,6	-1,8	-1,1	-0,8	-0,4	-6,6
- efeito juros	1,9	1,9	2,1	2,2	2,4	2,5	11,2
- efeito crescimento	-5,2	-4,6	-3,8	-3,4	-3,2	-2,8	-17,8
ef. Preço	-3,5	-2,7	-2,3	-2,0	-1,8	-1,6	-10,3
ef. crescimento real	-1,7	-1,9	-1,5	-1,4	-1,4	-1,3	-7,5
Ajust. défice-dívida	2,0	1,0	1,2	1,3	0,9	0,4	4,8
por memória:							
Taxa de juro implícita (%)	*2,2*	*2,3*	*2,5*	*2,8*	*3,1*	*3,2*	1,0

Sources: INE and BdP. CFP calculations and projections. | Note: the sum of the interest effect and the growth effect corresponds to the dynamic effect of debt, also known as the snowball effect. For the breakdown of the nominal growth effect, the CFP followed Equation 26 from the publication **A Practical Guide to Public Debt Dynamics, Fiscal Sustainability, and Cyclical Adjustment of Budgetary Aggregates*; by Julio Escolano; IMF Fiscal Affairs Department; IMF Technical Notes and Manuals TNM/10/02; 27 January 2010.*

Despite the instability in the euro area debt market, Portugal is benefiting from an improvement in the perception of country risk. Portugal has enjoyed an unrivalled credit rating since the period leading up to the sovereign debt crisis, with Fitch recently upgrading the *rating* on Portuguese debt to A$^+$, reflecting the credibility it has gained in the financial markets. Consequently, the spread between the cost of Portuguese debt and that of Germany remains contained and favourable compared with other euro area countries. In early September, the *spread* on 10-year government bonds remained close to recent lows (0.4 p.p.) (Chart 11). Nevertheless, the rise in interest rates is leading to a gradual increase in interest payments on the debt, a trend only partially mitigated by the relatively long maturity of the debt *stock*.

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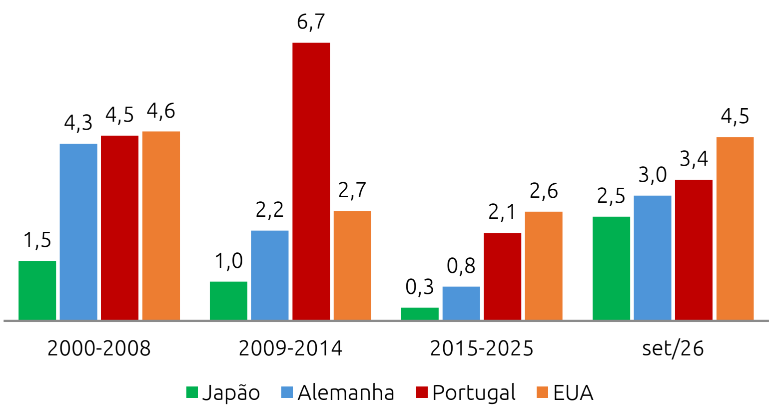
In the current projection exercise, the average rate on 10-year Treasury bonds rises from 3.1 per cent in 2025 to around 4 per cent in 2030.

Chart 11 – Average interest rates on 10-year Treasury bonds (in %)



Source: Macrobond. CFP calculations.

The rise in the cost of new issues will lead to an upward trend in the implicit interest rate on debt until 2030. Calculated as the ratio of each year's interest payments to the previous year's *stock* of debt, it is estimated to rise from 2.2 per cent in 2025 to 3.2 per cent in 2030, reflecting a rate on new Treasury bond issues that is higher than the coupon rate of the securities due for repayment in the coming years (3.95 per cent on average for 10-year maturities).

The sensitivity analysis shows that, for any of the shocks considered, the debt ratio falls by the end of the projection horizon compared with 2025, with the exception of the most adverse simultaneous scenario. In the adverse primary balance and GDP scenarios, the downward trajectory flattens, indicating progressively less scope to accommodate unfavourable developments in the primary balance, GDP and interest rates. This analysis highlights the sensitivity of the downward trajectory, given that an adverse shock to real GDP growth or the primary balance would raise the ratio in 2030 to 86.7 per cent and 84.9 per cent of GDP, respectively (Chart 12). An increase in the interest rate has a more limited impact (up to 80.7 per cent of GDP) due to the relatively long maturity of the debt *stock*. The greatest impact occurs in the simultaneous shock scenario, where the combination of adverse deviations would raise the debt-to-GDP ratio to 93 per cent in 2030, a figure approximately 13 percentage points above the baseline scenario. This scenario illustrates the asymmetry of risks and the vulnerability of the debt to a simultaneous deterioration in macroeconomic and fiscal conditions.

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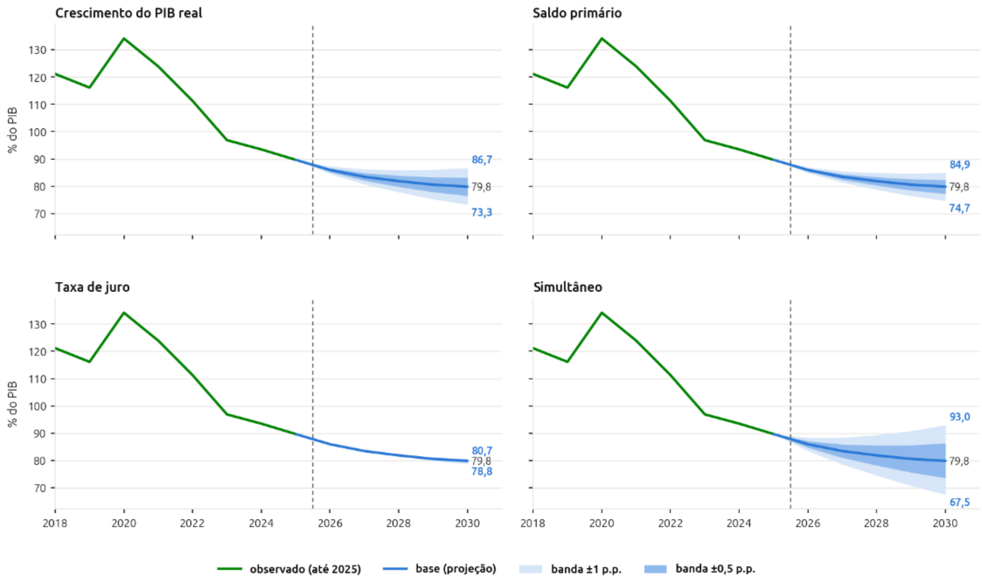
Chart 12 – Sensitivity analysis of public debt



Source: BdP and CFP calculations. Note: The bands correspond to the magnitude of the shock applied to the macroeconomic and fiscal scenario of the projections (±0.5 and ±1 p.p.). Data up to 2025 are shown in green. The interest rate shock affects the short-term and long-term rates on new issues. The GDP shock affects real growth, whilst keeping the deflator unchanged, and includes the second-order effect of the impact on the primary balance (with a semi-elasticity of 0.5, as in Mourre, G., Poissonnier, A., & Lausegger, M., 2019). The 'simultaneous' shock scenario is obtained by jointly simulating the aforementioned shocks.

Box 3 – Revision of the fiscal balance in light of the Economic and Fiscal Outlook (PEO) published by the CFP in April 2026

The update to the economic and fiscal outlook has led to a revision of the fiscal trajectory, with an upward revision between 2026 and 2028 and a downward revision in 2029 and 2030. This change stems from the revisions made to the main fiscal aggregates. Revenue is revised upwards over the projection horizon, reflecting a more favourable update to the outlook for tax and social security contributions, in line with the upward revision of nominal private consumption and wages. Until 2028, in nominal terms, the positive impact of this upward revision to revenue exceeds that of expenditure. As a ratio of GDP, however, the revision to expenditure makes a more favourable contribution to the balance than the revision to revenue. In 2029 and 2030, the more pronounced revision to expenditure – driven mainly by higher levels of capital expenditure and interest charges compared with the previous scenario – leads to a downward revision of the fiscal balance (Chart 13).

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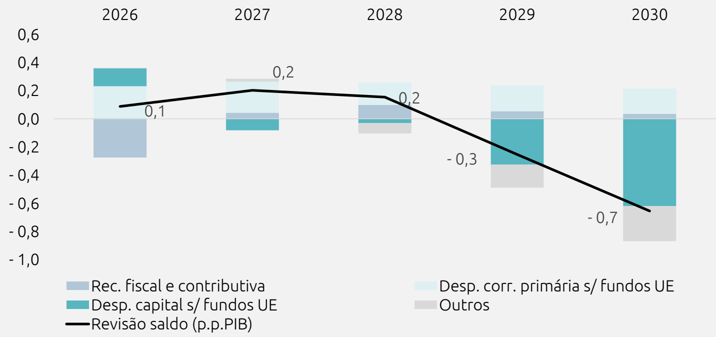
Chart 13 – Effects and contributions to the revision of the fiscal balance (p.p. of GDP)



Source: CFP projections and calculations. | Notes: 1. The comparison excludes European funds that have a neutral effect on the fiscal balance (grants). 2. In the chart, an increase (decrease) in revenue corresponds to a favourable (unfavourable) revision of the fiscal balance. Conversely, on the expenditure side, an increase (decrease) implies an unfavourable (favourable) revision of the balance. 3. Interest expenditure is included under 'Other', which fully accounts for the revision of this component in the years 2028 to 2030.

For 2026, the fiscal balance has been revised from 0.1 per cent of GDP to 0.2 per cent of GDP. On the revenue side, in nominal terms, this update reflects a more favourable outlook for social security contributions, the effect of which more than offsets the downward revision to tax revenue, attributable to CIT. As a ratio of GDP, these changes represent a downward revision in revenue of -0.3 percentage points of GDP. On the expenditure side, an upward revision of this aggregate is anticipated, also in nominal terms, although it is smaller than that for revenue. In primary current expenditure (PCE), the upward revisions to staff costs and social benefits are noteworthy, with the latter reflecting the recently announced new supplement for pensioners. However, although these items entail higher expenditure in nominal terms, their growth remains below that of nominal GDP, resulting in a downward revision to PCE of 0.2 percentage points of GDP. Capital expenditure contributes to a further downward revision of -0.1 percentage points of GDP, reflecting a lower estimated outturn for support following Storm *Kristin,* the update to loan-financed RRP expenditure—which now reflects a greater proportion of capital transfers at the expense of investment—and the exclusion from the 2026 estimate of the extraordinary expenditure relating to compensation from IP to the concessionaire Algarve Litoral. Taken together, these revisions result in a downward revision of primary expenditure by 0.4 percentage points of GDP, in contrast to interest payments, which remained unchanged as a ratio of GDP.

In 2027 and 2028, the fiscal balance is revised upwards by 0.2 percentage points of GDP. Although both aggregates are revised upwards in nominal terms, the fact that the revenue projection now points to a larger increase than that of expenditure – driven by tax and social security contributions – contributes to a less unfavourable fiscal balance. The upward revision to nominal GDP limits the contribution of revenue to the improvement in the balance to a marginal amount in 2027 and 0.1 percentage points in 2028. On the expenditure side, the components of primary current expenditure, whose growth remains below that of GDP, contribute to a lower expenditure-to-GDP ratio.

By contrast, in the two-year period 2029–2030, the upward revision to capital expenditure, coupled with higher interest charges, contributes to a deterioration in the fiscal balance. This revision stems mainly from the inclusion, albeit partial, of expenditure on military equipment under the SAFE programme in these years, which affects gross fixed capital formation, and from the upward revision of financial costs associated with the issuance of new debt (Table 12).

4. MAIN RISKS AND UNCERTAINTIES

The CFP considers the balance of risks to be predominantly on the downside for economic activity and on the upside for inflation, in line with the assessment made in the latest projections. In this context, the following should be highlighted:

- **The high level of uncertainty regarding price developments, against a backdrop of renewed military operations in the Middle East**. The technical assumptions assume that the shock remains temporary, dissipating in the final months of 2026. Although global oil supply has fallen by 14 per cent, the change in price has been less than historical elasticities would suggest, limiting the impact on households' real income and on business costs.[34] However, a prolonged disruption could increase the risk of further upward pressure on prices. At European level, this risk may be amplified by the unusual situation regarding natural gas *stocks*.[35] Added to this are the repercussions on transport costs, with knock-on effects on other raw materials.

- **The frequency of extreme weather events.** The increasing occurrence and magnitude of severe weather phenomena constitute a growing economic risk. In Portugal, the start of the year was marked by a succession of Atlantic storms that caused considerable economic damage. At European level, there is also the drought affecting much of the EU's territory.[36] The historically low water levels in major European rivers are hampering freight transport and industrial production, with a particular impact on the steel, chemical and energy sectors (affecting hydroelectric and nuclear power generation).[37] The effect on economic activity may spill over into the Portuguese economy via external demand for the domestic manufacturing sector.

- **The ECB's monetary policy stance and tensions in the global sovereign debt market may be more restrictive than anticipated.** In June, the ECB began a cycle of benchmark interest rate rises (a cumulative increase of 50 basis points since then). At the same time, there has been a broad-based rise in government bond *yields* across the world's major economies (see Box 1). In the euro area, with the aim of reducing the ECB's balance sheet, new issues

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[34] The scale of a supply disruption does not, in itself, determine the price response: initial market conditions, the level of reserves, the elasticity of demand and expectations regarding the duration of the conflict proved to be equally decisive factors, and in this case acted to curb the rise in prices. See Demuth, L., Manu, A.-S., and Stalla-Bourdillon, A.: *"Energy shock: why oil and gas prices have risen less than expected*".

[35] In September 2026, EU *stocks* were at 66 per cent of capacity (the lowest level since 2011, with Germany, which accounts for 22 per cent of European capacity, having particularly low reserves). This shortfall, combined with high prices (at their highest since January 2023), increases the risk of further price pressures during the winter. See Merler, S. (8 September 2026). *"In cold storage*". *Algebris Investments.*

[36] See *"*", *Joint Research Centre*, European Commission.

[37] Historical experience suggests that a month with thirty days of flow below the navigability threshold on the Rhine can lead to a reduction in German industrial output of around 1 per cent. See Ademmer, M., Jannsen, N. and Meuchelböck, S. (2023): *"Extreme Weather Events and Economic Activity: The Case of Low Water Levels on the Rhine River", German Economic Review.*

will have to be financed in the market. A rise in financing costs greater than assumed will have a negative impact on Portuguese households' mortgage costs and the economic viability of some investment projects, which would be particularly damaging to the Portuguese economy against the backdrop of the end of the RRP and its impact on public investment. Added to this are potential disruptions and volatility in financial markets, resulting from a reassessment of asset prices. This risk is exacerbated by the current high levels of public debt in advanced economies, concerns regarding its sustainability, and the possibility of a new wave of inflationary pressures.

The CFP's projection does not take into account certain factors that could influence the fiscal trajectory. These include:

(i) The reduction in PIT rates up to the 6th bracket, announced by the Government on 8 September on , and , is due to come into effect from November 2026 (with retroactive effect from January 2026). This measure has not been incorporated by the CFP as the new withholding tax scales are not yet known; for this reason, the fiscal impact estimated by the Government at €400 million may not be fully reflected in 2026. As they were announced after the cut-off date for this report, a number of additional measures approved by the Council of Ministers on 17 September 2026 were also not taken into account, notably the new support measures for sectors particularly exposed to fuel costs;

(ii) The CFP projection incorporates approximately 70 per cent of the €5,800 million investment for the re-equipment of the Armed Forces under the SAFE programme. Due to a lack of information, no additional allocation of defence expenditure to meet the target of at least 3.5 per cent of GDP by 2035 under the NATO definition has been taken into account, nor has any additional support for Ukraine from 2027 onwards.

(iii) The PTRR programme – Portugal Transformation, Recovery and Resilience, presented on 20 February 2026, the multi-annual fiscal impact of which remains unknown to the public due to a lack of information on the timing of expenditure and the financing model adopted;

(iv) A number of major public works projects for which there is no definitive information on their potential impact on public finances (e.g. the new Lisbon airport, the high-speed rail line), as well as other public investments announced without specifying the implementation timetable or the respective sources of funding.

The fiscal risks are predominantly on the downside, with particular emphasis on those arising from the high level of uncertainty associated with the escalation of geopolitical tensions. The persistence of this adverse environment means that the possibility of adopting additional measures to mitigate the negative impact on the economy and household incomes cannot be ruled out. There is also a risk that the fiscal impact of the measures, including those related to adverse weather conditions, may differ from the figures assumed. The following additional fiscal risks with a potential adverse impact should also be noted:

(i) The possibility that the Resolution Fund may have to compensate certain ordinary creditors of BES under the *'no creditor worse off'* principle, a cornerstone of the bank resolution regime in Portugal and the European Union; it should be noted that the Fund's 2025 Annual Report and Accounts recorded, for the first time, a provision of €630 million to compensate approximately 31.7 per cent of ordinary claims, already recognised by a court order issued in the BES liquidation proceedings;

(ii) The risk that the recent global trend of rising interest rates will continue and lead to a higher increase in interest charges than that projected by the CFP;

(iii) Extension of the career review to other professional groups within the public administration;

(iv) Higher-than-expected expenditure on healthcare due to the ageing of the Portuguese population and technological developments;

(v) Contingent liabilities relating to claims by private partners in public-private partnerships and to other ongoing legal proceedings, as well as public guarantees, namely: that relating to the youth housing scheme; those granted to SATA by the Regional Government of the Azores; those associated with the credit facilities operated by the Banco Português de Fomento (BPF), in particular those financed by INVEST EU, as well as those created in the wake of Storm 'Kristin'[38] and, more recently, the facility established to address the exceptional rise in fuel prices caused by the geopolitical crisis in the Middle East.[39]

Conversely, there are upside risks that could lead to a more favourable fiscal and public debt trajectory than that projected by the CFP. These include, in particular: (i) the potential collection of €335 million in revenue from corporation tax (IS), property transfer tax (IMT) and CIT (CIT) resulting from the sale of EDP's dams; (ii) the revenue generated by the Temporary Solidarity Levy on the Oil Sector, due to come into force in 2026; (iii) any European support in response to the storms; (iv) the cash inflow to be obtained from the partial disposal of the share capital of TAP and SATA, which, although it has no impact on the fiscal balance in national accounts as it constitutes revenue from financial assets, will contribute to reducing financing requirements and, consequently, public debt; and (v) a lower level of public investment funded by domestic financing.

[38] Under the terms of Council of Ministers Resolution No. 17-B/2026 of 3 February, two credit lines were established: a credit line for recovery and reconstruction investment (€1,000 million) and a working capital credit line (€500 million), the latter having subsequently been increased to €1,000 million. More recently, two new direct credit lines were announced, operated by the European Investment Bank, aimed at supporting SMEs (€750 million) and infrastructure projects (€250 million), thereby bringing the total support provided through credit lines to €3,000 million, of which €2,000 million is backed by public guarantees.

[39] On 9 April, the Government approved the creation of the 'Portugal Energy Resilience' facility, worth €600 million, managed by the BPF and designed to support businesses through loans where energy costs account for more than 20 per cent of production costs, thereby helping to meet cash flow and working capital requirements.

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5. ANNEX

Table 5 – Incremental impact of policy measures and other effects
(change compared with the previous year in M€ and in percentage points of GDP)

	Projeção CFP									
	Variação em M€					Variação em p.p. do PIB				
	2026	2027	2028	2029	2030	2026	2027	2028	2029	2030
Receita total	155	-2 411	-729	-732	-398	0,0	-0,7	-0,2	-0,2	-0,1
Receita corrente	155	-2 411	-729	-732	-398	0,0	-0,7	-0,2	-0,2	-0,1
Receita fiscal	189	-2 411	-729	-732	-398	0,0	-0,7	-0,2	-0,2	-0,1
Impostos indiretos	87	239	0	0	0	0,0	0,1	0,0	0,0	0,0
Impostos diretos	102	-2 650	-729	-732	-398	0,0	-0,8	-0,2	-0,2	-0,1
Contribuições sociais	0	0	0	0	0	0,0	0,0	0,0	0,0	0,0
Vendas e out. receitas correntes	-35	0	0	0	0	0,0	0,0	0,0	0,0	0,0
Receita de capital	0	0	0	0	0	0,0	0,0	0,0	0,0	0,0
Despesa primária	1 514	-1 002	158	1 114	1 186	0,5	-0,3	0,0	0,3	0,3
Despesa corrente primária	996	-787	153	7	0	0,3	-0,3	0,0	0,0	0,0
Consumo intermédio	6	-6	0	0	0	0,0	0,0	0,0	0,0	0,0
Despesa com pessoal	348	309	117	16	0	0,1	0,1	0,0	0,0	0,0
Prestações sociais	154	-402	0	0	0	0,0	-0,1	0,0	0,0	0,0
Subsídios e out. despesas correntes	489	-688	36	-9	0	0,1	-0,2	0,0	0,0	0,0
Despesa de capital	517	-215	4	1 107	1 186	0,2	-0,1	0,0	0,3	0,3
Saldo primário	-1 359	-1 409	-887	-1 846	-1 584	-0,4	-0,4	-0,2	-0,5	-0,4
Juros	0	0	0	0	0	0,0	0,0	0,0	0,0	0,0
Despesa total	1 514	-1 002	158	1 114	1 186	0,5	-0,3	0,0	0,3	0,3
Saldo orçamental	-1 359	-1 409	-887	-1 846	-1 584	-0,4	-0,4	-0,2	-0,5	-0,4
Por memória:										
Variação do saldo, decorrente de:										
Medidas de política	-1 586	29	-634	-532	-199	-0,5	0,0	-0,2	-0,1	0,0
Outros efeitos	813	-2 240	-253	-1 314	-1 385	0,2	-0,7	-0,1	-0,3	-0,3
One-offs	-585	803	0	0	0	-0,2	0,2	0,0	0,0	0,0

Source: Ministry of Finance. CFP calculations. | Notes: the figures reflect the change compared with the previous year: for example, it is estimated that in 2027 economic policy measures will result in a reduction in direct taxes of €2,650 million and an increase in staff costs of €309 million compared with 2026; the main economic policy measures and other effects taken into account in the CFP's projection are set out in Table 6 and Table 7, attached.

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Table 6 – Incremental impact of the policy measures considered in the CFP projection
(change compared with the previous year, by measure, in M €)

Designação	Variação em M€				
	2026	2027	2028	2029	2030
Receita	-977	-366	-480	-525	-204
Receita corrente	-977	-366	-480	-525	-204
Receita fiscal	-942	-366	-480	-525	-204
Impostos indiretos	87	239	0	0	0
Pacote Habitação: Redução do IVA da construção de 23% para 6%		-94			
Alteração ISP e atualização da taxa de carbono	173				
Desconto ISP Temporário - Conflito Irão (9 meses)	-295	295			
Fim da isenção biocombustíveis (Reversão)	156				
Taxa única de IMT para não residentes	53	38			
Impostos diretos	-1 029	-605	-480	-525	-204
Pacote IRS 2024					
IRS Jovem	144				
Aumento dedução despesas com habitação	-17	-36	-18		
Pacote IRS 2025					
IRS Jovem	-510				
Pacote IRS 2026					
Redução taxas	-33				
Atualização ME	-121				
Atualização automática das deduções específicas de IRS pelo valor do IAS	-108	-102	-99	-97	-86
Atualização automática dos escalões (componente de produtividade na parte que excede a inflação)	37	-41	-55	-105	-118
Pacote Habitação: Redução IRS rendas moderadas de 25% para 10%		-209			
Reforço dos Incentivos em sede IRC para a capitalização de empresas (ICE)	-136				
Incentivo fiscal à recuperação - IFR e outros relacionados					
Regime Fiscal de Apoio ao Investimento (RFAI)	8				
Sistema de Incentivos Fiscais à I&D Empresarial (SIFIDE)	12				
Incentivo Fiscal à Recuperação	13				
Crédito fiscal extraordinário para investimento (2021, COVID)	10				
Redução de 1 p.p. na taxa normal e reduzida de IRC (2025)	-328				
Redução de 1pp na taxa normal de IRC em 2026, 2027 e 2028 e de 1pp na taxa reduzida em 2026		-341	-308	-323	
SIFIDE indireto (reversão)		124			
Vendas	-35	0	0	0	0
Alargamento eliminação taxas de portagem ex-SCUT	-35				
Receita de Capital	0	0	0	0	0
Despesa	610	-395	153	7	-6
Despesa corrente primária	584	-375	153	7	0
Despesas com pessoal	348	309	117	16	
Valorização salarial de grupos profissionais	348	309	117	16	
Prestações sociais	152	-400			
Apoio às famílias carenciadas / mais vulneráveis	-4				
Complemento ao apoio extraordinário para crianças e jovens	-0,2				
Apoio extraordinário a titulares de rendimentos e prestações sociais	-1				
Suplemento extraordinário de pensão	17	-400			
Complemento excecional de pensão	-0,01				
Reforço do CSI	140				
Subsídios	153	-153			
Apoio adicional para as explorações afetadas pela depressão "Cláudia"	3	-3			
Conflito Irão | Apoio Transp Mercadorias/Passag./ agricultura/Bombeiros/Taxis (3 meses)	150	-150			
Outras despesas correntes	-68	-130	36	-9	
Encargos plurianuais da Linha de Financiamento com Garantia «BPF Invest Export» do Programa Reforçar			40		
Apoio financeiro às IPSS para a abertura de novas salas de educação pré-escolar	6		-4	-9	
Apoio à Ucrânia	-74	-130			
Despesa de capital	26	-20			-6
FBCF	26	-20			-6
Requalificação e modernização do Edificado na área da Justiça	26	-20			-6
Juros	0	0	0	0	0
Saldo orçamental	-1 586	29	-634	-532	-199

Source: Ministry of Finance. CFP calculations. | Notes: The figures reflect year-on-year changes: for example, it is estimated that the one-off pension supplement payable in 2026 will result in a reduction of €400 million in social benefit expenditure in 2027; the wage indexation measure covers the occupational groups referred to in the Appendix published alongside this Report; the table includes only policy measures (the other effects considered in the CFP's projection are detailed in Table 7).

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Table 7 – Incremental impact of other effects considered in the CFP projection
(change compared with the previous year, by measure, in M €)

Designação	Variação em M€				
	2026	2027	2028	2029	2030
Receita	1 131	-2 045	-249	-207	-194
Receita corrente	1 131	-2 045	-249	-207	-194
Receita Fiscal	1 131	-2 045	-249	-207	-194
Impostos diretos	1 131	-2 045	-249	-207	-194
Atualização automática dos escalões (exclusivamente na componente da inflação)	-359	-287	-249	-207	-194
Retenç. fonte IRS 2025 (atualiz. das retenções abaixo da atualiz. legal dos escalões)	-293				
Retenç. fonte IRS 2026 (atualiz. das retenções abaixo da atualiz. legal dos escalões)	193	-193			
Med. Adm. Retenções IRS em 2024 e 2025 - Impacto por via das retenções na fonte	1 565				
Med. Adm. Retenções IRS em 2024 e 2025 - Impacto por via dos reemb/ n.cobrança	25	-1 565			
Receita de capital	0	0	0	0	0
Despesa	319	195	4	1107	1191
Despesa de capital	319	195	4	1107	1191
FBCF	173	344	4	1 007	1 291
Aquisição de 12 aviões A-29N Super Tucano p/Força Aérea	200	-200			
Aeronave KC 309 | Avião Militar				-152	
Material Militar no âmbito do SAFE		44		1 300	1 256
Alienação de imóveis do Estado	-295	295			
Aq 12 automotoras de alta velocid e moderniz do centro de Contumil da CP		50		23	67
Habitação Financ. Nacional	230				
Apoios excecionais destinados a responder à situação de calamidade	22	30	-44	-7	
Projetos rodoviários prioritários	16	125	48	-156	-32
Outras despesas de capital	146	-149	0	100	-100
Apoios excecionais destinados a responder à situação de calamidade	121	-69		100	-100
Despesa com garantias associadas a outras linhas de financ. BPF (Invest EU, Hab; PME…)	60				
Garantias da RAA à SATA Internacional	30	-80			
Decisões judiciais - ANACOM	-65				
Saldo orçamental	813	-2 240	-253	-1 314	-1 385

Source: Ministry of Finance. CFP calculations. | Notes: the figures correspond to year-on-year changes: for example, the acquisition of Super Tucano aircraft is estimated to lead to a €200 M increase in GFCF in 2026, which will be reversed in 2027; the table does not include the RRP, but its impact has been incorporated into the CFP projection.

Table 8 – *One-off* measures (as a % of GDP)

	M€		% do PIB	
	2025	2026	2025	2026
Medidas *one-off* (impacto no saldo)	-218	-803	-0,1	-0,2
Despesa	218	803	0,1	0,2
Devolução do adicional de solidariedade cobrado à Banca	218		0,1	
Apoios destinados a responder à situação de calamidade		803		0,2
Por memória (impacto por agregado orçamental)				
Consumo intermédio		6		0,0
Prestações sociais		2		0,0
Subsídios		398		0,1
Outra despesa corrente		6		0,0
FBCF		282		0,1
Outras despesas de capital	218	109	0,1	0,0

Sources: INE and MF. Calculations and classification by the CFP. | Notes: Totals do not necessarily correspond to the sum of the components due to rounding. No *one-off* measures were considered for the period 2027 to 2030. The figures may be subject to change should new information justify such adjustments.

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Table 9 – CFP fiscal scenario (in €1,000 million)

	2025	Projeção CFP					Variação
	INE	2026	2027	2028	2029	2030	2030-25
	em mil M€						
Receita total	133,0	142,7	145,3	146,8	150,8	154,1	21,1
Receita corrente	129,2	138,1	141,6	144,8	148,9	152,7	23,5
Receita fiscal	75,3	79,3	80,8	83,6	86,0	88,5	13,2
Impostos indiretos	44,5	46,8	49,5	51,8	53,7	55,5	11,0
Impostos diretos	30,8	32,5	31,3	31,8	32,3	33,0	2,2
Contribuições sociais	38,8	41,5	43,5	45,0	46,3	47,3	8,5
Vendas e out. receitas correntes	15,1	17,3	17,3	16,2	16,5	16,9	1,8
Receita de capital	3,8	4,6	3,7	2,0	2,0	1,4	-2,4
Despesa primária	125,0	135,8	138,8	140,6	145,7	151,0	26,0
Despesa corrente primária	113,1	121,0	125,2	128,8	132,9	137,2	24,1
Consumo intermédio	15,7	16,9	17,3	17,3	17,9	18,4	2,7
Despesa com pessoal	32,6	34,5	36,0	37,4	38,7	39,9	7,3
Prestações sociais	55,2	58,0	60,4	63,1	65,1	67,4	12,2
Subsídios e out. despesas correntes	9,6	11,6	11,5	11,0	11,2	11,5	1,9
Despesa de capital	11,9	14,8	13,6	11,8	12,8	13,8	1,9
Formação bruta de capital fixo	9,2	11,2	10,8	10,5	11,4	12,4	3,2
Outra despesa de capital	2,7	3,6	2,8	1,3	1,4	1,4	-1,3
Saldo primário	8,0	6,9	6,5	6,2	5,1	3,1	-4,9
Juros	6,0	6,3	7,0	7,9	8,8	9,4	3,5
Despesa total	130,9	142,1	145,8	148,5	154,5	160,4	29,5
Saldo orçamental	2,1	0,6	-0,6	-1,7	-3,7	-6,3	-8,4
Saldo excluindo empréstimos PRR	2,9	1,9	0,0	-1,7	-3,7	-6,3	-9,2
Empréstimos PRR	0,8	1,3	0,5	0,0	0,0	0,0	-0,8
Dívida pública	275,1	277,8	282,3	288,6	295,5	303,5	28,4
Por memória:							
Receita Fiscal e Contributiva	*114,0*	*120,8*	*124,3*	*128,6*	*132,4*	*135,8*	*21,7*
Receita Não Fiscal e Não Contributiva	*19,0*	*21,9*	*21,0*	*18,3*	*18,5*	*18,3*	*-0,6*

Source: INE (2025); CFP projections and calculations.

Table 10 – CFP fiscal scenario adjusted for *one-off* measures (as a % and percentage points of GDP)

	2025	Projeção CFP					Variação
	INE	2026	2027	2028	2029	2030	2030-25
	em % do PIB						
Receita total	43,4	44,2	42,9	41,7	41,1	40,5	-2,8
Receita corrente	42,1	42,7	41,8	41,1	40,6	40,2	-1,9
Receita fiscal	24,5	24,5	23,9	23,7	23,5	23,3	-1,3
Impostos indiretos	14,5	14,5	14,6	14,7	14,7	14,6	0,1
Impostos diretos	10,0	10,1	9,2	9,0	8,8	8,7	-1,4
Contribuições sociais	12,6	12,8	12,9	12,8	12,6	12,4	-0,2
Vendas e out. receitas correntes	4,9	5,4	5,1	4,6	4,5	4,4	-0,5
Receita de capital	1,2	1,4	1,1	0,6	0,5	0,4	-0,9
Despesa primária	40,7	41,8	41,0	39,9	39,7	39,7	-0,9
Despesa corrente primária	36,9	37,3	37,0	36,5	36,2	36,1	-0,8
Consumo intermédio	5,1	5,2	5,1	4,9	4,9	4,8	-0,3
Despesa com pessoal	10,6	10,7	10,7	10,6	10,6	10,5	-0,1
Prestações sociais	18,0	17,9	17,9	17,9	17,8	17,7	-0,3
Subsídios e out. despesas correntes	3,1	3,5	3,4	3,1	3,1	3,0	-0,1
Despesa de capital	3,8	4,5	4,0	3,3	3,5	3,6	-0,2
Formação bruta de capital fixo	3,0	3,4	3,2	3,0	3,1	3,3	0,3
Outra despesa de capital	0,8	1,1	0,8	0,4	0,4	0,4	-0,4
Saldo primário	2,7	2,4	1,9	1,8	1,4	0,8	-1,9
Juros	1,9	1,9	2,1	2,2	2,4	2,5	0,5
Despesa total	42,6	43,7	43,1	42,1	42,1	42,2	-0,4
Saldo orçamental	0,7	0,4	-0,2	-0,5	-1,0	-1,7	-2,4

This is an automatic translation that has not yet been reviewed. Only the Portuguese version is authentic.

Source: INE (2025); CFP projections and calculations.

Table 11 – CFP fiscal scenario adjusted for *one-off* measures (in €1,000 million)

	2025	Projeção CFP					Variação
	INE	2026	2027	2028	2029	2030	2030-25
	em mil M€						
Receita total	133,0	142,7	145,3	146,8	150,8	154,1	21,1
Receita corrente	129,2	138,1	141,6	144,8	148,9	152,7	23,5
Receita fiscal	75,3	79,3	80,8	83,6	86,0	88,5	13,2
Impostos indiretos	44,5	46,8	49,5	51,8	53,7	55,5	11,0
Impostos diretos	30,8	32,5	31,3	31,8	32,3	33,0	2,2
Contribuições sociais	38,8	41,5	43,5	45,0	46,3	47,3	8,5
Vendas e out. receitas correntes	15,1	17,3	17,3	16,2	16,5	16,9	1,8
Receita de capital	3,8	4,6	3,7	2,0	2,0	1,4	-2,4
Despesa primária	124,8	135,0	138,8	140,6	145,7	151,0	26,2
Despesa corrente primária	113,1	120,6	125,2	128,8	132,9	137,2	24,1
Consumo intermédio	15,7	16,9	17,3	17,3	17,9	18,4	2,7
Despesa com pessoal	32,6	34,5	36,0	37,4	38,7	39,9	7,3
Prestações sociais	55,2	58,0	60,4	63,1	65,1	67,4	12,2
Subsídios e out. despesas correntes	9,6	11,2	11,5	11,0	11,2	11,5	1,9
Despesa de capital	11,6	14,4	13,6	11,8	12,8	13,8	2,1
Formação bruta de capital fixo	9,2	10,9	10,8	10,5	11,4	12,4	3,2
Outra despesa de capital	2,5	3,5	2,8	1,3	1,4	1,4	-1,1
Saldo primário	8,2	7,7	6,5	6,2	5,1	3,1	-5,1
Juros	6,0	6,3	7,0	7,9	8,8	9,4	3,5
Despesa total	130,7	141,3	145,8	148,5	154,5	160,4	29,7
Saldo orçamental	2,3	1,4	-0,6	-1,7	-3,7	-6,3	-8,6

Source: INE (2025); CFP projections and calculations.

Table 12 – Revision of fiscal aggregates and their components compared with the projection presented in the April 2026 Stability Programme (p.p. of GDP)

	2026	2027	2028	2029	2030	2026-30
Receita total	-0,3	0,0	0,1	0,1	0,0	0,0
Receita corrente	-0,3	0,0	0,1	0,1	0,0	0,0
Receita fiscal	-0,3	-0,1	0,0	0,0	-0,1	-0,6
Impostos indiretos	-0,2	0,0	0,1	0,1	0,1	0,3
Impostos diretos	-0,2	-0,1	-0,1	-0,2	-0,2	-0,8
Contribuições sociais	0,1	0,1	0,1	0,1	0,1	0,5
Vendas e out. receitas correntes	0,0	0,0	0,0	0,0	0,0	0,0
Receita de capital	0,0	0,0	0,0	0,0	0,0	0,0
Despesa Total	-0,4	-0,2	0,0	0,3	0,7	0,4
Despesa primária	-0,4	-0,1	-0,1	0,1	0,4	0,0
Despesa corrente primária	-0,2	-0,2	-0,2	-0,2	-0,2	-1,0
Consumo intermédio	-0,1	-0,1	0,0	0,0	0,0	-0,2
Despesa com pessoal	0,0	0,0	-0,1	-0,1	-0,1	-0,3
Prestações sociais	-0,1	-0,2	-0,1	-0,1	-0,1	-0,5
Subsídios e out. despesas correntes	0,0	0,0	0,0	0,0	0,0	0,0
Despesa de capital	-0,1	0,1	0,0	0,3	0,6	0,9
Formação bruta de capital fixo	-0,2	0,0	0,1	0,4	0,7	0,9
Outra despesa de capital	0,1	0,1	0,0	0,0	-0,1	0,0
Saldo primário	0,1	0,2	0,2	-0,1	-0,4	0,0
Juros	0,0	0,0	0,1	0,2	0,3	0,5
Saldo orçamental	0,1	0,2	0,2	-0,3	-0,7	-0,5

This is an automatic translation that has not yet been reviewed. Only the Portuguese version is authentic.

Sources: CFP projections and calculations. | Note: The comparison is made after excluding European funds with a neutral effect on the fiscal balance (grants).

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7.1 List of Figures

7.2 List of Tables

7.3 Box Index