

## **SENIOR BOARD MEETING No. 56**

**6 December 2022**

### **Minutes**

On 6 December 2022, the Portuguese Public Finance Council (CFP) Senior Board held its 56<sup>th</sup> meeting at the CFP premises in Lisbon. The five board members attended: Nazaré da Costa Cabral (President and Chair), Paul De Grauwe (Vice-President) by Microsoft Teams, Miguel St. Aubyn, Noémia Goulart and Evi Pappa. In accordance with article 17(6) of the Statutes of CFP Carlos Marinheiro, CFP's Head of Staff acted as secretary of the meeting and prepared these minutes. The meeting started at 17h30 (Lisbon time) after the new Members (Noémia Goulart and Evi Pappa) took office before the President of the Assembly of the Republic.

#### **1. Portuguese economic and fiscal outlook**

The Senior Board held a discussion on the Portuguese economic and fiscal outlook. On the economic outlook the evolution of inflation and the expected reaction from monetary policy, including the increase in interest rates, which lifted off the zero lower bound, were discussed. A major unknown is the evolution of energy prices, which have recently started declining, however a declining trend is not yet confirmed. The surge in energy prices is the source of the adverse terms of trade shock Europe is going through. A sustained decline in energy prices would have a positive growth impact. On the fiscal front, Portugal is going to reach a better than planned budget balance and debt ratio, according to CFP staff estimates. The low execution of the Recovery and Resilience Plan (RRP) was a shared source of concern.

The Board also discussed the possible impact of Quantitative Tightening (QT) on the conduct of fiscal policy, and the impact of increasing interest rates on the central bank's balance sheet.



## **2. Other issues**

The Senior Board took note of the ongoing recruitment process, which occurs in the context of a tight labour market, particularly for the case of IT and highly skilled workers on the specialty areas of CFP.

## **3. Next meeting**

The next meeting will likely occur in January in order to discuss and approve the management plan for 2023, including the CFP's Publications schedule.

The Chair adjourned the meeting.