

PORTUGAL

Growth resumed in the second quarter of 2009, but will remain subdued as private sector deleveraging constrains the recovery. As a result, unemployment is likely to increase to around 10% in 2010. The budget deficit is set to rise further in 2010 and 2011, following a substantial increase in 2009 due to the combined impact of the fiscal stimulus and the recession. Core inflation, after dropping to near zero, may increase rather slowly over the projection period.

Despite anaemic growth, designing and gradually implementing fiscal consolidation is a major priority. Structural reforms to promote competitiveness are key to achieving higher growth through more dynamic exports, while the pursuit of education reform should help foster longer-term potential.

Portugal: Demand, output and prices

	2006	2007	2008	2009	2010	2011
	Current prices € billion	Percentage changes, volume (2000 prices)				
Private consumption	101.6	1.6	1.7	-1.0	0.6	0.9
Government consumption	32.1	0.0	0.7	1.4	0.6	0.6
Gross fixed capital formation	33.8	3.1	-0.7	-13.6	0.4	2.9
Final domestic demand	167.5	1.7	1.0	-3.2	0.6	1.2
Stockbuilding ¹	0.7	0.1	0.3	-0.7	0.1	0.0
Total domestic demand	168.2	1.7	1.3	-3.8	0.6	1.2
Exports of goods and services	48.2	7.8	-0.5	-14.7	1.7	3.2
Imports of goods and services	61.0	6.1	2.7	-14.4	1.0	2.1
Net exports ¹	- 12.8	0.0	-1.4	1.5	0.1	0.2
GDP at market prices	155.4	1.9	0.0	-2.8	0.8	1.5
GDP deflator	—	3.0	2.1	0.6	0.2	1.0
<i>Memorandum items</i>						
Harmonised index of consumer prices	—	2.4	2.7	-0.9	0.7	1.0
Private consumption deflator	—	2.7	2.6	-0.9	0.8	1.0
Unemployment rate	—	8.0	7.6	9.2	10.1	9.9
Household saving ratio ²	—	6.1	6.4	9.6	8.9	8.8
General government financial balance ^{3,4}	—	-2.7	-2.8	-6.7	-7.6	-7.8
Current account balance ³	—	-9.4	-12.1	-9.7	-10.7	-11.1

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.

2. As a percentage of disposable income.

3. As a percentage of GDP.

4. Based on national accounts definition.

Source: OECD Economic Outlook 86 database.

[Click here for table in excel](#)