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## **BANK OF PORTUGAL RAISES ECONOMIC GROWTH OUTLOOK FOR 2017-19**

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Reuters (21 June 2017)

The Bank of Portugal sharply raised its economic growth outlook for this year to 2.5 percent from 1.8 percent and, although it still expected a slowdown later on, also upped the forecast through 2019 citing strong exports and improving investment.

In its quarterly economic bulletin published on Wednesday, the central bank said the economy, which last year expanded 1.4 percent, should grow 2 percent next year and 1.8 percent in 2019, which compares to its previous assessment in March, at 1.7 percent and 1.6 percent respectively.

"Portugal's GDP growth will be above that projected the whole of the euro zone, somewhat reversing the negative difference accumulated over the past few years," it said.

"The GDP forecast is revised upwards for all of the projected period, reflecting the vigorous dynamics of exports and investment," it said, adding that the government needs to continue to focus on cutting the budget deficit and public debt.

Last year, Portugal reported a budget deficit of 2 percent of GDP - its lowest mark since at least 1975.

It expects the country's exports to jump almost 10 percent this year, then rise 6.8 percent in 2018 and add another 4.8 percent the following year.

The gross fixed capital formation, which measures investment, slipped 0.1 percent in 2016 but should rise 8.8 percent this year and over 5 percent in each of the following two years.

In another upbeat prediction, the central bank said the unemployment rate should fall below 10 percent this year from last year's 11.1 percent and keep falling to hit 7 percent in 2019. It expects the jobless rate to end 2017 at 9.4 percent, which would be its lowest level since 2008.

Towards the end of Portugal's 2011-14 economic and debt crisis, unemployment hit a record of over 17 percent and has been falling steadily since as the economy returned to growth after the worst recession since the 1970s. (Reporting By Sergio Goncalves and Andrei Khalip, editing by Axel Bugge)

<http://www.reuters.com/article/portugal-economy-idUSE8N1IJ00G>