



14 May 2025  
LABOUR COST INDEX  
1<sup>st</sup> quarter of 2025

## THE LABOUR COST INDEX INCREASED BY 4.0%

In the 1<sup>st</sup> quarter of 2025, the Labour Cost Index (LCI) recorded a year-on-year increase of 4.0%. In the previous quarter, it had increased 10.1%.

Both wage costs (per hour actually worked) and other labour costs (also per hour actually worked) increased by 4.0%, compared with the same period of the previous year.

The year-on-year change of the LCI resulted also from the combined effect of the increase of 5.4% in the average cost per employee and the increase of 1.5% in the number of hours actually worked per employee. The increase of the average cost per employee was common to all economic activities, with higher increases in Public Administration (5.8%) and lower in Services (5.0%). All the activities recorded smaller increases than those observed in the preceding quarter. The hours actually worked per employee increased in all economic activities, with the exception of Services, where it decreased by 0.1%. The largest increase was observed in Public Administration (3.1%) and the lowest in Construction (0.5%). As a result of these variations, the LCI increased in all economic activities, with the largest increase being recorded in Services (5.1%).

### 1. Labour Cost Index and components

In the 1<sup>st</sup> quarter of 2025, the LCI, which measures the labour costs per hour actually worked, increased by 4.0% compared with the same quarter of 2024 (it had increased by 10.1% in the preceding quarter).

Both wage costs (per hour actually worked) and other labour costs (also per hour actually worked) increased by 4.0% (10.1% in the previous quarter) (Figure 1)<sup>1</sup>.

In the 1<sup>st</sup> quarter of 2025, the wage costs increased by 5.1% in Services, 4.8% in Construction, 2.6% in Industry and 2.6% in Public Administration. Compared with the preceding quarter, the increase observed in this quarter was lower in all economic activities: in Services (9.5% in the previous quarter), in Construction (13.5%), in Industry (9.8%), and in Public Administration (10.5%).

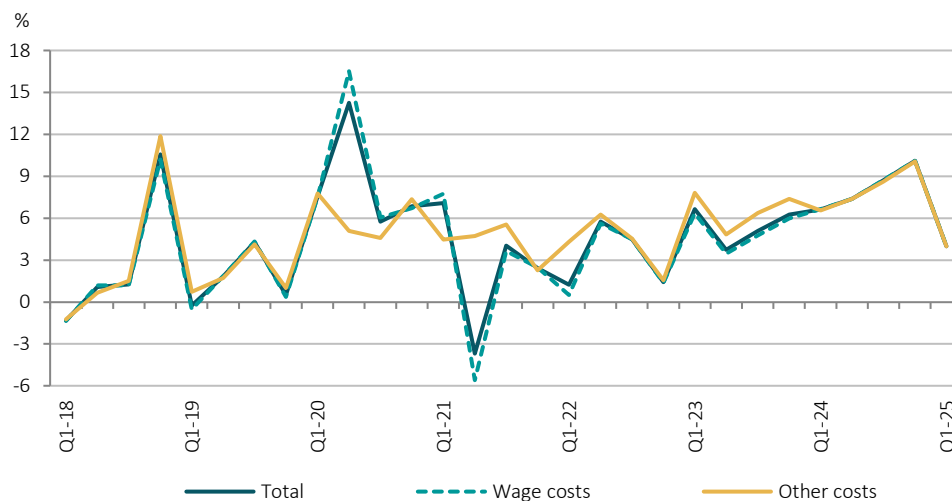
Non-wage costs were up 5.2% in Services, 4.8% in Construction, 2.7% in Industry, and 2.5% in Public Administration. Compared with the previous quarter, as in the wage costs, a lower increase was registered in all activities: in Services (9.5% in the preceding quarter), in Construction (13.6%), in Industry (9.8%), and in Public Administration (10.4%).

<sup>1</sup> The data analysed in this Press Release are adjusted for working days. The raw data are available in the annex tables and at the Official Statistics Portal.



Figure 1. LCI year-on-year rate of change by components

(working days adjusted data)



Source: Statistics Portugal, Labour Cost Index – 1<sup>st</sup> quarter of 2025.

The less pronounced increase in wage and non-wage costs was, essentially, due to the lower increase of the average costs (wage and non-wage) per employee, as well as the increase in the number of hours actually worked per employee.

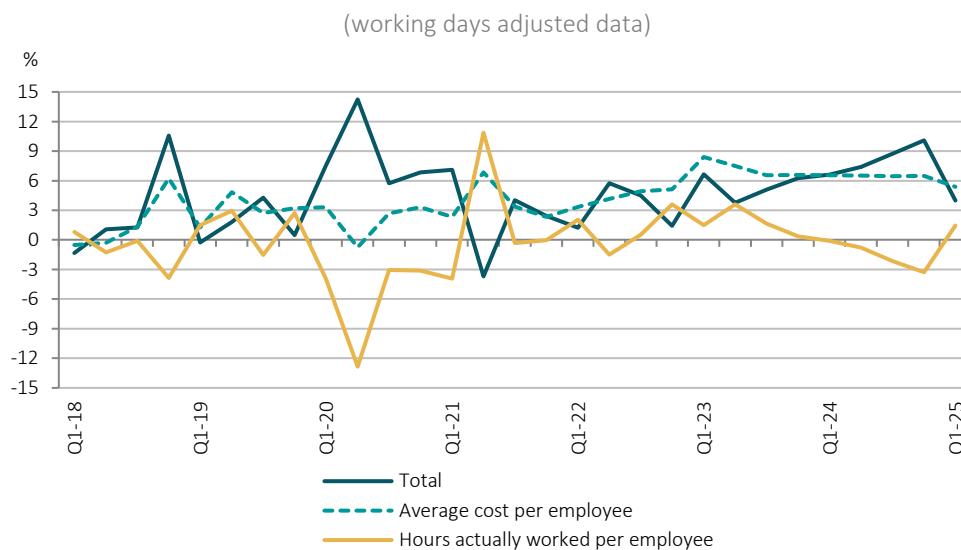
The LCI increase was explained by the 5.4% rise in the average cost per employee (it had increased by 6.5% in the preceding quarter) and the increase of 1.5% in the number of hours actually worked per employee (it had decreased by 3.3% in the previous quarter) (Figure 2).

The average cost per employee registered lower increases in all economic activities. The largest increase was observed in Public Administration (5.8%) and the lowest in Services (5.0%). From the 3<sup>rd</sup> quarter of 2024 onwards, Public Administration began to record higher increases compared with the remaining activities, reversing the pattern registered since the 1<sup>st</sup> quarter of 2021, when the increases were lower.

With the exception of Services, where it decreased by 0.1%, the number of hours actually worked per employee increased in all economic activities, inverting the trend registered throughout 2024. The highest increase was observed in Public Administration (3.1%) and the lowest in Construction (0.5%).



Figure 2. LCI year-on-year rate of change by source of variation



Source: Statistics Portugal, Labour Cost Index – 1<sup>st</sup> quarter of 2025.

## 2. Sectors of economic activity

In the 1<sup>st</sup> quarter of 2025, in the subgroup of economic activities belonging to sections B to N (which broadly cover the private sector of the economy), the LCI registered a year-on-year increase of 4.5%.

In the remaining economic activities (sections O to S), which include mostly (but not exclusively) the public sector of the economy, the LCI also recorded a year-on-year increase of 2.6%.

### Sections B to N

In the 1<sup>st</sup> quarter of 2025, in the activities from sections B to N, compared with the same quarter of 2024, it was observed that:

- the wage costs increased by 4.5% and the other labour costs increased by 4.6% (Figure 3);
- the average labour cost per employee increased by 5.1% (Figure 4);
- the number of hours actually worked per employee increased by 0.7% (Figure 4).

Among the activities from sections B to N, the LCI increased by 2.6% in Industry (sections B to E), by 4.8% in Construction (section F), and by 5.1% in Services (sections G to N).



## In Industry (2.6%):

- the wage costs increased by 2.6% and the other labour costs increased by 2.7%;
- the average labour cost per employee increased by 5.2%;
- the number of hours actually worked per employee increased by 2.5%.

## In Construction (4.8%):

- the wage costs and the other labour costs increased by 4.8%;
- the average labour cost per employee increased by 5.3%;
- the number of hours actually worked per employee increased by 0.5%.

## In Services (5.1%):

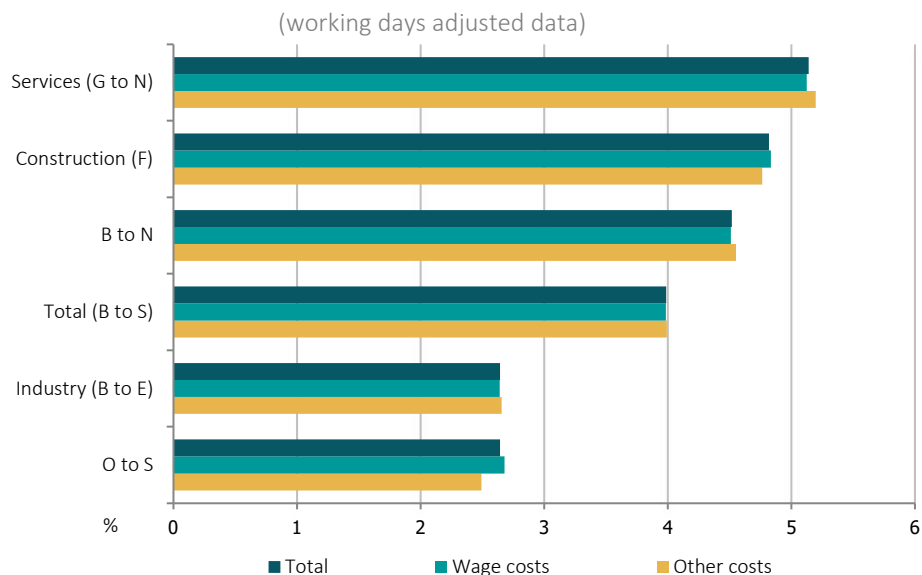
- the wage costs increased by 5.1% and the other labour costs increased by 5.2%;
- the average labour cost per employee increased by 5.0%;
- the number of hours actually worked per employee decreased by 0.1%.

## Sections O to S

In the 1<sup>st</sup> quarter of 2025, in the activities from sections O to S, the LCI recorded an increase of 2.6%. In these activities

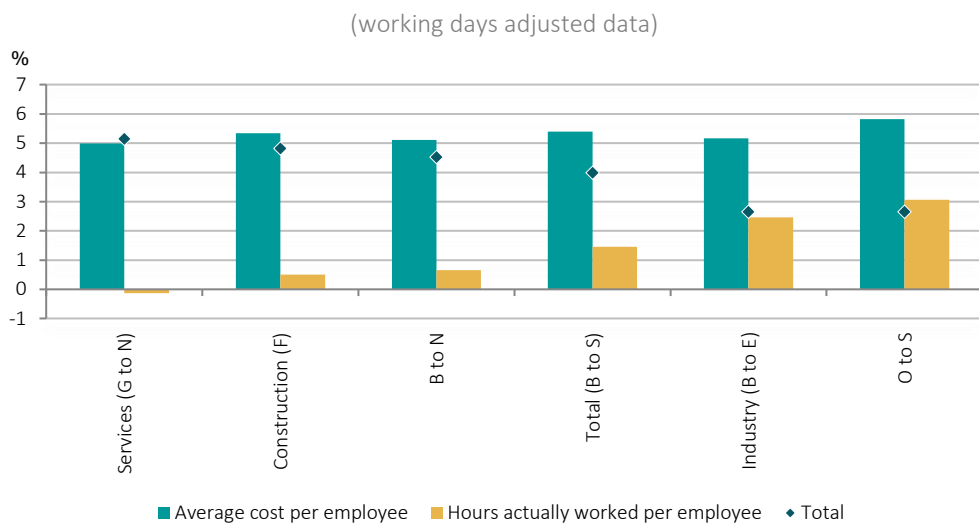
- the wage costs increased by 2.7% and the other labour costs increased by 2.5%;
- the average labour cost per employee increased by 5.8%;
- the number of hours actually worked per employee increased by 3.1%.

Figure 3. LCI year-on-year rate of change by index component and economic activity in the 1<sup>st</sup> quarter of 2025



Source: Statistics Portugal, Labour Cost Index – 1<sup>st</sup> quarter of 2025.

Figure 4. LCI year-on-year rate of change by index source of variation and economic activity in the 1<sup>st</sup> quarter of 2025



Source: Statistics Portugal, Labour Cost Index – 1<sup>st</sup> quarter of 2025.



### 3. Comparison with the European Union

The latest available information by Member State of the European Union on the LCI year-on-year rate of change reports to the 4<sup>th</sup> quarter of 2024 and was published by Eurostat on the 19<sup>th</sup> of March of 2025 (Figure 5).

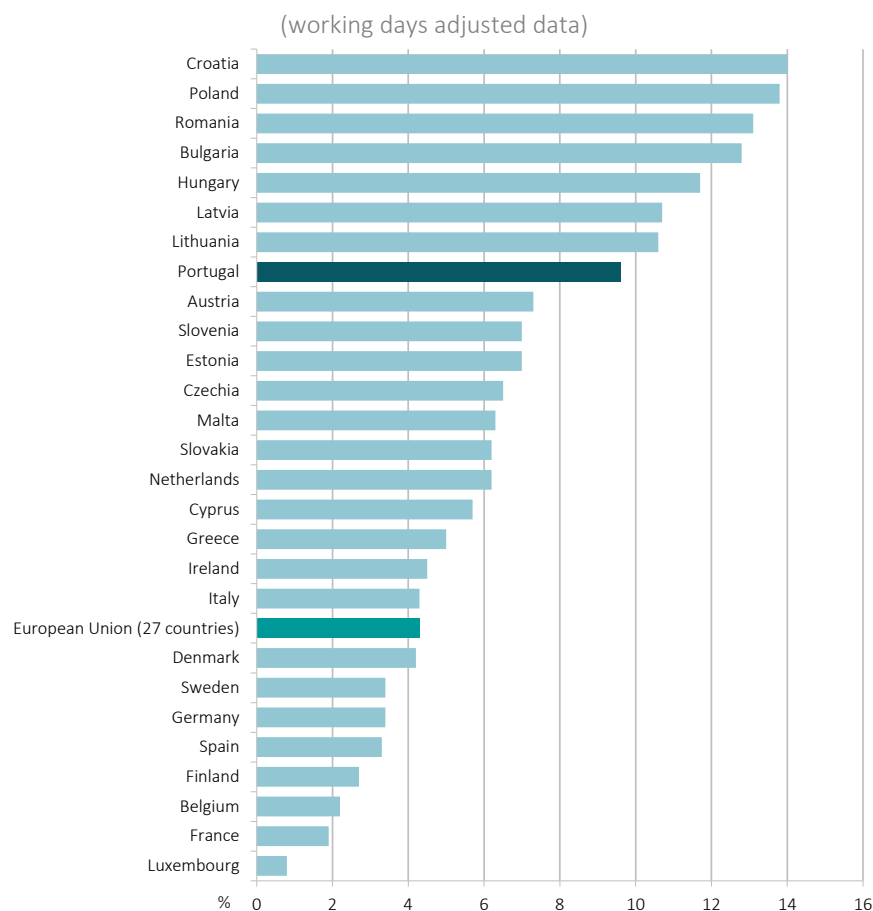
The LCI year-on-year rate of change for the European Union (27 countries) was 4.3%, in the 4<sup>th</sup> quarter of 2024. Eighteen countries, including Portugal, recorded LCI rates of change above the European Union average, with Croatia recording the largest LCI increase (14.0%).

Italy recorded a year-on-year increase of the LCI of 4.3%, equal to the European Union average.

In eight countries, the LCI recorded a lower increase than the European Union average, between 0.8% in Luxembourg, and 4.2% in Denmark.

In the 4<sup>th</sup> quarter of 2024, Portugal recorded a year-on-year increase of 9.6%<sup>2</sup>.

Figure 5. LCI year-on-year rate of change by European Union Country (27) in the 4<sup>th</sup> quarter of 2024



Source: Eurostat, Labour Cost Index – 4<sup>th</sup> quarter of 2024.

<sup>2</sup> This value has now been revised to 10.1% (as described in the technical note, page 11).



Table 1. LCI year-on-year rate of change by index component and economic activity (NACE-Rev. 2)  
(working days adjusted data)

Economic activity (sections from Nace-Rev. 2)	Q1-2024			Q2-2024			Q3-2024			Q4-2024			Q1-2025		
	Total	Wage costs	Other costs	Total	Wage costs	Other costs	Total	Wage costs	Other costs	Total	Wage costs	Other costs	Total	Wage costs	Other costs
%															
<b>Total (B to S)</b>	<b>6.6</b>	<b>6.6</b>	<b>6.6</b>	<b>7.4</b>	<b>7.4</b>	<b>7.4</b>	<b>8.7</b>	<b>8.7</b>	<b>8.6</b>	<b>10.1</b>	<b>10.1</b>	<b>10.1</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>
B to N	5.0	5.0	5.1	8.9	8.9	8.9	8.6	8.6	8.5	9.9	9.9	9.9	4.5	4.5	4.6
Industry (B to E)	5.1	5.1	5.1	10.4	10.4	10.3	10.7	10.7	10.8	9.8	9.8	9.8	2.6	2.6	2.7
Construction (F)	4.4	4.4	4.4	8.9	8.9	8.8	8.6	8.6	8.5	13.5	13.5	13.6	4.8	4.8	4.8
Services (G to N)	5.0	5.0	5.1	8.2	8.2	8.2	7.5	7.5	7.3	9.5	9.5	9.5	5.1	5.1	5.2
O to S	9.6	9.7	9.6	4.9	5.0	4.7	9.2	9.2	9.0	10.5	10.5	10.4	2.6	2.7	2.5

Source: Statistics Portugal, Labour Cost Index – 1<sup>st</sup> quarter of 2025.

Table 2. LCI year-on-year rate of change by index component and economic activity (NACE-Rev. 2)  
(working days non-adjusted data)

Economic activity (sections from Nace-Rev. 2)	Q1-2024			Q2-2024			Q3-2024			Q4-2024			Q1-2025		
	Total	Wage costs	Other costs	Total	Wage costs	Other costs	Total	Wage costs	Other costs	Total	Wage costs	Other costs	Total	Wage costs	Other costs
%															
<b>Total (B to S)</b>	<b>10.0</b>	<b>10.0</b>	<b>9.9</b>	<b>7.4</b>	<b>7.4</b>	<b>7.4</b>	<b>7.0</b>	<b>7.1</b>	<b>6.9</b>	<b>3.2</b>	<b>3.2</b>	<b>3.2</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>
B to N	8.4	8.3	8.4	8.9	8.9	8.9	6.9	6.9	6.8	3.0	3.0	3.0	4.5	4.5	4.6
Industry (B to E)	8.5	8.5	8.4	10.4	10.4	10.3	9.0	9.0	9.1	2.9	2.9	2.9	2.6	2.6	2.7
Construction (F)	7.7	7.7	7.7	8.9	8.9	8.8	6.9	7.0	6.9	6.4	6.4	6.5	4.8	4.8	4.8
Services (G to N)	8.3	8.3	8.4	8.2	8.2	8.2	5.8	5.8	5.7	2.7	2.7	2.6	5.1	5.1	5.2
O to S	13.1	13.1	13.0	4.9	5.0	4.7	7.5	7.5	7.3	3.6	3.6	3.5	2.6	2.7	2.5

Source: Statistics Portugal, Labour Cost Index – 1<sup>st</sup> quarter of 2025.

**Sections from Nace-Rev. 2**

- |   |   |  |
|---|---|--|
| B - Mining and quarrying  | H - Transport and storage                             | N - Administrative and support service activities                  |
| C - Manufacturing   | I - Accommodation and food service activities         | O - Public administration, defence, and compulsory social security |
| D - Electricity, gas, steam and air conditions supply                     | J - Information and communication                     | P - Education  |
| E - Water supply, sewerage, waste management and remediation activities   | K - Financial and insurance activities                | Q - Human health and social work activities                        |
| F - Construction  | L - Real estate activities                            | R - Arts, entertainment and recreation                             |
| G - Wholesale and retail trade; repair of motor vehicles and motor cycles | M - Professional, scientific and technical activities | S - Other service activities                                       |



Table 3. LCI year-on-year rate of change by index source of variation and economic activity (NACE-Rev. 2)  
(working days adjusted data)

Economic activity (sections from Nace-Rev. 2)	Q1-2024			Q2-2024			Q3-2024			Q4-2024			Q1-2025		
	Total	Average cost per employee	Hours actually worked per employee	Total	Average cost per employee	Hours actually worked per employee	Total	Average cost per employee	Hours actually worked per employee	Total	Average cost per employee	Hours actually worked per employee	Total	Average cost per employee	Hours actually worked per employee
%															
<b>Total (B to S)</b>	<b>6.6</b>	<b>6.6</b>	<b>-0.1</b>	<b>7.4</b>	<b>6.5</b>	<b>-0.8</b>	<b>8.7</b>	<b>6.4</b>	<b>-2.1</b>	<b>10.1</b>	<b>6.5</b>	<b>-3.3</b>	<b>4.0</b>	<b>5.4</b>	<b>1.5</b>
B to N	5.0	6.6	1.6	8.9	6.9	-1.8	8.6	6.2	-2.1	9.9	5.9	-3.7	4.5	5.1	0.7
Industry (B to E)	5.1	6.8	1.6	10.4	6.9	-3.1	10.7	6.7	-3.6	9.8	6.4	-3.1	2.6	5.2	2.5
Construction (F)	4.4	6.4	2.0	8.9	7.1	-1.6	8.6	6.7	-1.8	13.5	6.6	-6.1	4.8	5.3	0.5
Services (G to N)	5.0	6.6	1.6	8.2	6.9	-1.2	7.5	5.9	-1.5	9.5	5.5	-3.6	5.1	5.0	-0.1
O to S	9.6	6.2	-3.2	4.9	6.1	1.3	9.2	6.8	-2.4	10.5	7.7	-2.5	2.6	5.8	3.1

Source: Statistics Portugal, Labour Cost Index – 1<sup>st</sup> quarter of 2025.

Table 4. LCI year-on-year rate of change by index source of variation and economic activity (NACE-Rev. 2)  
(working days non-adjusted data)

Economic activity (sections from Nace-Rev. 2)	Q1-2024			Q2-2024			Q3-2024			Q4-2024			Q1-2025		
	Total	Average cost per employee	Hours actually worked per employee	Total	Average cost per employee	Hours actually worked per employee	Total	Average cost per employee	Hours actually worked per employee	Total	Average cost per employee	Hours actually worked per employee	Total	Average cost per employee	Hours actually worked per employee
%															
<b>Total (B to S)</b>	<b>10.0</b>	<b>6.6</b>	<b>-3.2</b>	<b>7.4</b>	<b>6.5</b>	<b>-0.8</b>	<b>7.0</b>	<b>6.4</b>	<b>-0.6</b>	<b>3.2</b>	<b>6.5</b>	<b>3.2</b>	<b>4.0</b>	<b>5.4</b>	<b>1.5</b>
B to N	8.4	6.6	-1.5	8.9	6.9	-1.8	6.9	6.2	-0.6	3.0	5.9	2.8	4.5	5.1	0.7
Industry (B to E)	8.5	6.8	-1.6	10.4	6.9	-3.1	9.0	6.7	-2.1	2.9	6.4	3.4	2.6	5.2	2.5
Construction (F)	7.7	6.4	-1.2	8.9	7.1	-1.6	6.9	6.7	-0.2	6.4	6.6	0.2	4.8	5.3	0.5
Services (G to N)	8.3	6.6	-1.6	8.2	6.9	-1.2	5.8	5.9	0.0	2.7	5.5	2.8	5.1	5.0	-0.1
O to S	13.1	6.2	-6.1	4.9	6.1	1.3	7.5	6.8	-0.8	3.6	7.7	4.0	2.6	5.8	3.1

Source: Statistics Portugal, Labour Cost Index – 1<sup>st</sup> quarter of 2025.

Note: The name of the activities can be found in the previous page.



## TECHNICAL NOTE

With the publication of the results for the 1<sup>st</sup> quarter of 2020, Statistics Portugal started to include, in the LCI calculation, regarding the information related to the labour costs obtained from administrative sources, data corresponding to the universe of about 386 thousand entities (instead of the sample of around 3 800 entities), which declared earnings for a total of 4.2 million workers. In 2024 (definitive data), the information gathered from administrative sources corresponds to the universe of approximately 456 thousand entities which declared earnings to Social Security and to *Caixa Geral de Aposentações*, for a total of around 4.7 million workers. The information on hours actually worked continues to be obtained by direct inquiry from the entities that belong to the LCI sample (5 220 entities in 2025), and no changes were introduced at this level. For the O, P and Q sections of NACE-Rev. 2 estimates of the number of hours actually worked per employee from the Labour Force Survey are used.

With the publication of the results for the 1<sup>st</sup> quarter of 2023, the Labour Cost Index (LCI) series were rebased to the year 2020 (2020=100), in line with Eurostat's procedure for the Labour Cost Index, whenever more up-to-date data of the (quadrennial) Labour Cost Survey become available. This procedure does not change, by definition, the year-on-year changes already published. However, this opportunity was taken to fully adjust the method for calculating the indices to the methodology adopted by Eurostat, resulting in small differences from the figures previously published.

The back series for all indices, from the 1<sup>st</sup> quarter of 2008, are available at the Official Statistics website.

The LCI is a short-term indicator that measures quarterly developments in labour costs per hour actually worked (hourly average cost) incurred by the employer. The index is calculated by dividing the average cost per employee by the number of hours actually worked per employee. For this reason, the evolution of these two variables (labour costs and hours worked) contribute to explaining the development of the LCI.

Labour costs incurred by the employer correspond to that reported by the entities to the Social Security (*Declaração Mensal de Remunerações*) and to the *Caixa Geral de Aposentações (Relação Contributiva)* include the following:

### Wage costs:

- Base wage
- Regular bonuses and allowances
- Irregular bonuses and allowances (holiday bonus, Christmas bonus, end-of-year bonuses/distribution of profits, other irregular bonuses and allowances)
- Payment of overtime

### Other costs:

- Severance payment
- Employers' legal costs (social security contributions, insurance against accidents and occupational disease)



- Collectively agreed, contractual and voluntary costs (supplementary pension/invalidity benefit, health insurance, life/personal accident insurance, and social benefits paid directly to employees in case of absence on account of sickness)

Quarterly data collection on the hours worked in the enterprises is carried out through an electronic questionnaire (Computer Assisted Web Interviewing – CAWI).

By economic activity, the LCI covers Sections B to S of NACE-Rev. 2.

The LCI is a Laspeyres index.

For more detailed information about the LCI calculation, please see the [methodological document](#) (only in Portuguese) for this statistical operation.

## INFORMATION SELECTED FOR PUBLICATION

This Press Release analyses changes in the total LCI and respective items: 1) wage costs versus other costs; and 2) average costs per employee versus number of hours actually worked per employee.

Given that the LCI is seasonal, data are presented as year-on-year rates of change, which compare index levels in the current quarter with those for the same quarter a year earlier. The series of index figures are available on the Official Statistics website.

With the purpose of eliminating the effects of a different number of working days in similar quarters of different years (Easter and other movable feasts), the series analysed are adjusted for working days. The raw figures, not adjusted for these effects, are available in the annex tables and on the Official Statistics website.

Due to rounding, the sum of the components may not equal to the corresponding totals.

This Press Release was prepared with the data received up to the 2 May 2025. The response rate of the LCI survey on hours worked was 92%.

## REVISIONS

The Data published in this Press Release concerning the last quarters were subject to the usual revisions. These revisions are the result of the inclusion of information relating to the previous quarter sent late by some enterprises of the sample survey on hours worked and from the update of information obtained through administrative sources, namely data from the *Declaração Mensal de Remunerações* reported by enterprises to Social Security.

The impact of these revisions, measured by the difference between the year-on-year rates of change now available and those published for the 4<sup>th</sup> quarter of 2024 in the Press Release [“Labour Cost Index – 4<sup>th</sup> quarter of 2024”](#), is presented in the following table:



## Revision of the LCI year-on-year rates of change published in the 4<sup>th</sup> quarter of 2024

Economic activity (sections from Nace- Rev. 2)	Working days adjusted data					Non-adjusted working days data				
	Total	Component of the index		Source of variation of the index		Total	Component of the index		Source of variation of the index	
		Wage costs	Other costs	Average cost	Hours actually worked		Wage costs	Other costs	Average cost	Hours actually worked
	Per hour actually worked			Per employee		Per hour actually worked			Per employee	
p.p.										
<b>Total (B to S)</b>	<b>0.5</b>	<b>0.5</b>	<b>0.6</b>	<b>0.5</b>	<b>0.0</b>	<b>0.4</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.0</b>
B to N	0.3	0.3	0.4	0.3	0.0	0.2	0.2	0.3	0.3	0.0
Industry (B to E)	-0.1	-0.2	-0.1	0.1	0.2	-0.2	-0.2	-0.1	0.1	0.2
Construction (F)	0.1	0.1	0.2	0.1	-0.1	0.1	0.1	0.2	0.1	0.0
Services (G to N)	0.5	0.5	0.6	0.4	-0.1	0.5	0.5	0.6	0.4	-0.1
O to S	0.9	0.9	0.9	0.8	0.0	0.8	0.8	0.8	0.8	0.0

Source: Statistics Portugal, Labour Cost Index – 4<sup>th</sup> quarter of 2024.

### ACRONYMS AND ABBREVIATIONS

Eurostat – Statistical Office of the European Union

LCI – Labour Cost Index

NACE-Rev. 2 – Statistical Classification of Economic Activities in the European Communities, Revision 2

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**Next quarterly press release -14 August 2025**

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