

13 May 2026
LABOUR COST INDEX
1st quarter of 2026

THE LABOUR COST INDEX INCREASED BY 4.9%

In the 1st quarter of 2026, the Labour Cost Index (LCI) recorded a year-on-year increase of 4.9%. In the previous quarter, it had increased 7.6%.

The wage costs (per hour actually worked) increased by 5.0% and the other labour costs (also per hour actually worked) increased by 4.6%, compared with the same period of the previous year.

The year-on-year change of the LCI resulted also from the increase of 4.9% in the average cost per employee and the decrease of 0.1% 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 Construction (6.7%) and lower in Public Administration (4.5%). With the exception of Construction, which presented a higher increase than in the preceding quarter, the remaining activities recorded lower increases. The hours actually worked per employee decreased 1.1% in Industry, 0.3% in Construction and in Public Administration, and increased 0.6% in Services. As a result of these variations, the LCI increased in all economic activities, with the largest increase being recorded in Construction (7.0%).

1. LABOUR COST INDEX AND COMPONENTS

In the 1st quarter of 2026¹, the LCI, which measures the labour costs per hour actually worked, increased by 4.9% compared with the same quarter of 2025 (it had increased by 7.6% in the preceding quarter).

The wage costs (per hour actually worked) increased by 5.0% (7.5% in the preceding quarter) and the other labour costs (also per hour actually worked) increased by 4.6% (7.6% in the previous quarter) (Figure 1)².

¹ It should be noted that the wage costs included in the calculation of the LCI include those that were partially covered by Social Security as part of the employment protection measures following the aftermath of storm Kristin, more specifically, those covered by the simplified regime for reducing or suspending activity in situations of business crisis (commonly known as layoff) under Decree-Law No. 31-C/2026 of February 5. According to calculations made by Statistics Portugal, based on data provided by Social Security, in the 1st quarter of 2026, there were 634 distinct enterprises with workers who had at least one day of reduced or suspended work, covering 5,0 thousand distinct workers, representing on average 15.8% of the total number of workers in those enterprises and 0.06% of the total number of workers in the economy. Therefore, although from the economy perspective the LCI reflects the behaviour of the hourly labour costs, from the enterprises' perspective these costs tend to be overestimated during the period these measures were in place.

² 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.

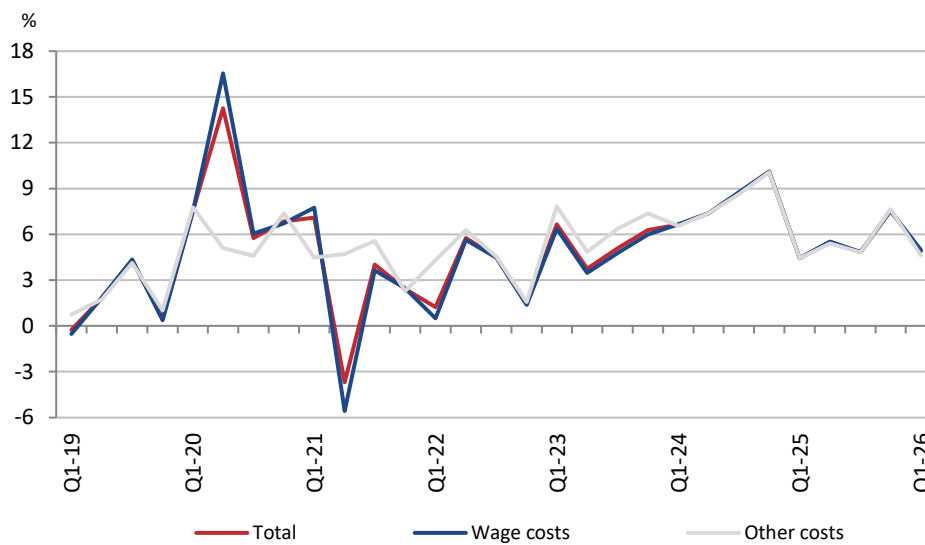
In the 1st quarter of 2026, the wage costs increased by 7.1% in Construction, 6.0% in Industry, 4.9% in Public Administration and 4.2% in Services. Compared with the preceding quarter, the year-on-year increase observed was higher in Public Administration (4.5% in the previous quarter) and lower in Services (10.4%), in Construction (7.9%), and in Industry (6.1%).

Non-wage costs were up 6.7% in Construction, 5.5% in Industry, 4.7% in Public Administration, and 3.8% in Services. Compared with the previous quarter, a higher year-on-year increase was registered in Public Administration (4.5% in the preceding quarter) and lower in Services (10.5%), in Construction (7.7%), and in Industry (6.1%).

Figure 1

LCI YEAR-ON-YEAR RATE OF CHANGE BY COMPONENTS

(working days adjusted data)



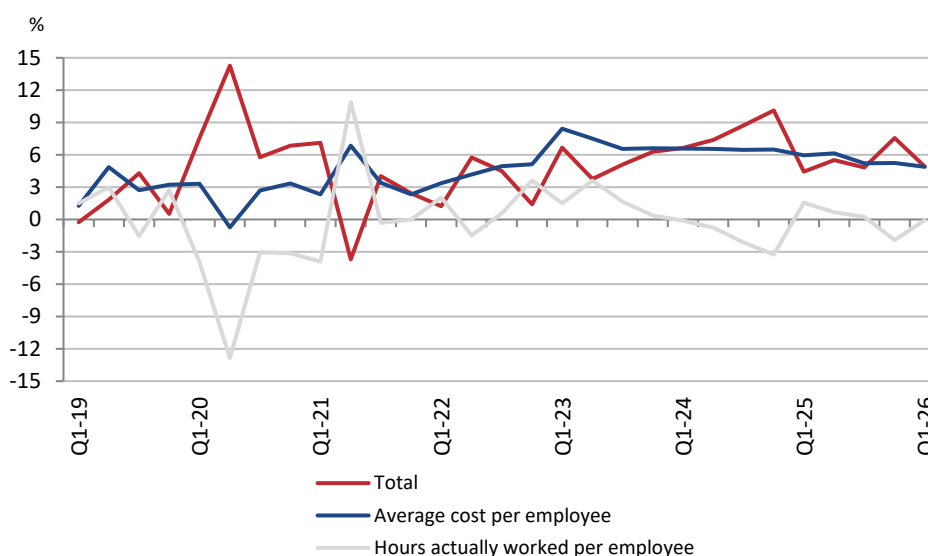
In Industry, Construction and Public Administration, the increase in wage and non-wage costs was, essentially, due to the increase of the average costs (wage and non-wage) per employee and the decrease in the number of hours actually worked per employee. In Services, the LCI variation was due to the increase in the average costs per employee and to the increase in the hours actually worked per employee.

The LCI increase was explained by the 4.9% rise in the average cost per employee (it had increased by 5.2% in the preceding quarter) and by the 0.1% decrease in the number of hours actually worked per employee (it had decreased by 1.9% in the previous quarter) (Figure 2).

Figure 2

LCI YEAR-ON-YEAR RATE OF CHANGE BY SOURCE OF VARIATION

(working days adjusted data)



The average cost per employee increased in all economic activities. The largest increase was observed in Construction (6.7%) and the lowest in Public Administration (4.5%). Industry and Services recorded an increase of 4.8%. Compared with the previous quarter, with exception of Construction, which observed a higher increase (6.3% in the preceding quarter), Industry (5.1%), Services (5.3%) and Public Administration (5.1%) recorded lower increases.

With the exception of Services, where it increased by 0.6%, the number of hours actually worked per employee decreased in the remaining economic activities: 1.1% in Industry, and 0.3% in Public Administration and in Construction. Compared with the previous quarter, Public Administration recorded a decrease (it had increased 0.7% in the preceding quarter), Services observed an increase (it had decreased 4.5% in the previous quarter) and Industry and Construction recorded decreases (it had decreased 0.9% and 1.4%, respectively, in the preceding quarter).

2. SECTORS OF ECONOMIC ACTIVITY

In the 1st quarter of 2026, 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 4.9%.

In the remaining economic activities (sections O to S), which include mostly (but not exclusively) the public sector of the economy, the LCI recorded a year-on-year increase of 4.8%.

SECTIONS B TO N

In the 1st quarter of 2026, in the activities from sections B to N, compared with the same quarter of 2025, it was observed that:

- the wage costs increased by 5.0% and the other labour costs increased by 4.6% (Figure 3);
- the average labour cost per employee increased by 5.0% (Figure 4);
- the number of hours actually worked per employee remained unchanged (Figure 4).

Among the activities from sections B to N, the LCI increased by 5.9% in Industry (sections B to E), by 7.0% in Construction (section F), and by 4.1% in Services (sections G to N).

In Industry (5.9%):

- the wage costs increased by 6.0% and the other labour costs increased by 5.5%;
- the average labour cost per employee increased by 4.8%;
- the number of hours actually worked per employee decreased by 1.1%.

In Construction (7.0%):

- the wage costs increased by 7.1% and the other labour costs increased by 6.7%;
- the average labour cost per employee increased by 6.7%;
- the number of hours actually worked per employee decreased by 0.3%.



In Services (4.1%):

- the wage costs increased by 4.2% and the other labour costs increased by 3.8%;
- the average labour cost per employee increased by 4.8%;
- the number of hours actually worked per employee increased by 0.6%.

SECTIONS O TO S

In the 1st quarter of 2026, in the activities from sections O to S, the LCI recorded an increase of 4.8%. In these activities:

- the wage costs increased by 4.9% and the other labour costs increased by 4.7%;
- the average labour cost per employee increased by 4.5%;
- the number of hours actually worked per employee decreased by 0.3%.

Figure 3

LCI YEAR-ON-YEAR RATE OF CHANGE BY INDEX COMPONENT AND ECONOMIC ACTIVITY

IN THE 1ST QUARTER OF 2026 (working days adjusted data)

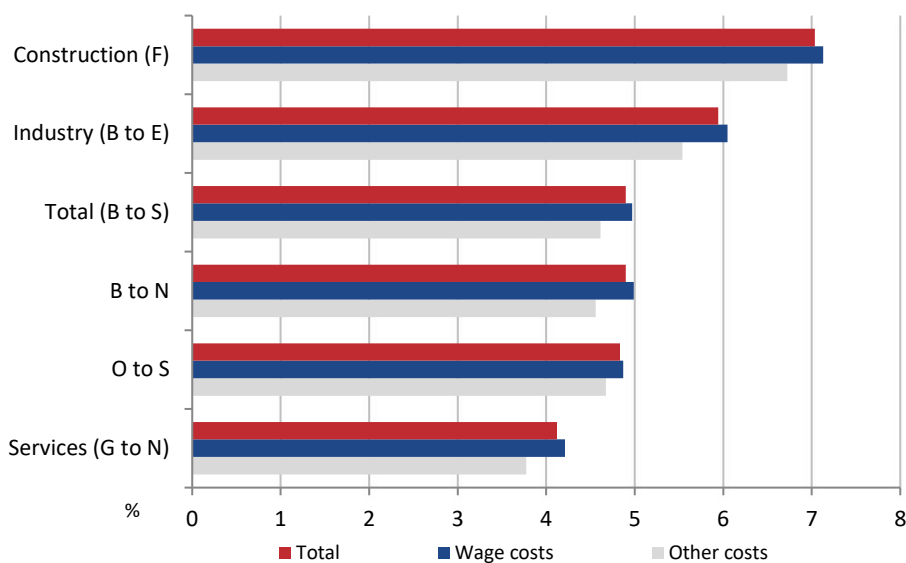
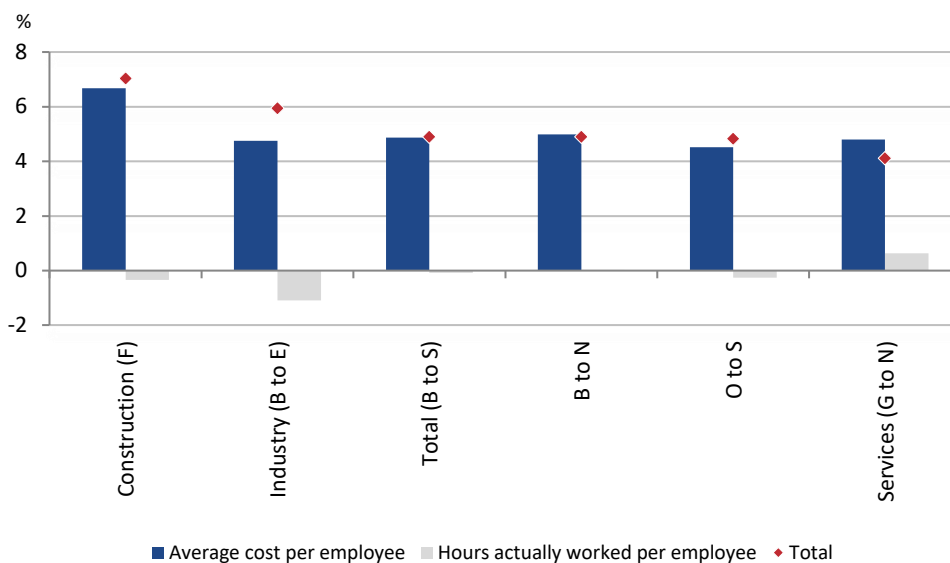


Figure 4

LCI YEAR-ON-YEAR RATE OF CHANGE BY INDEX SOURCE OF VARIATION AND ECONOMIC ACTIVITY

IN THE 1ST QUARTER OF 2026 (working days adjusted data)



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 4th quarter of 2025 and was published by Eurostat on the 19th of March of 2026 (Figure 5).

The LCI year-on-year rate of change for the European Union (27 countries) was 3.7%, in the 4th quarter of 2025.

Fifteen countries, including Portugal, recorded LCI rates of change above the European Union average, with Slovenia recording the largest LCI year-on-year increase (17.1%).

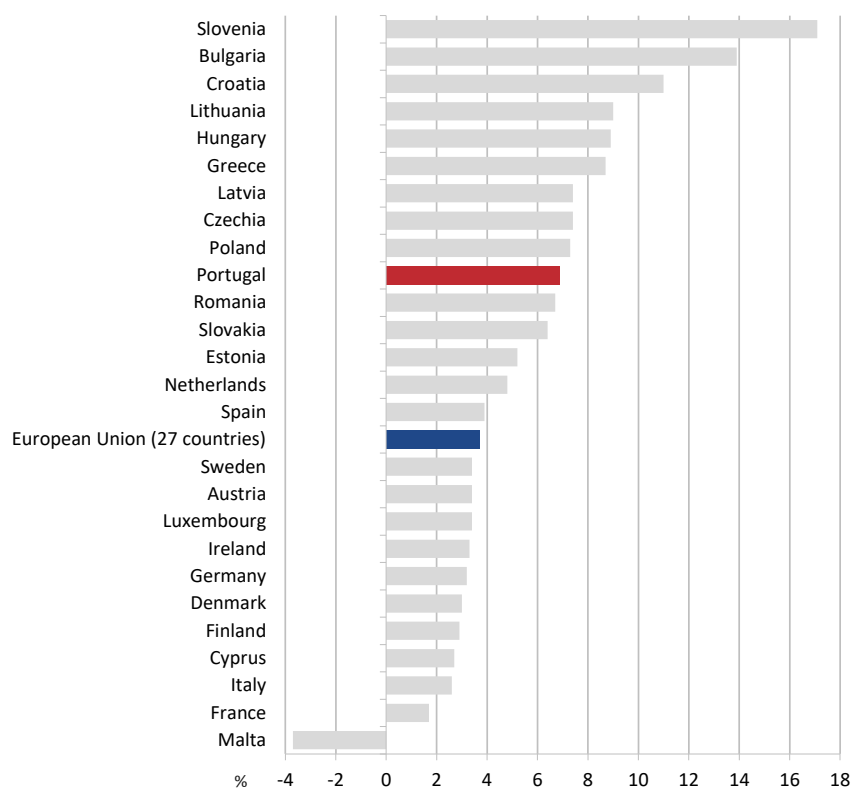
In ten countries, the LCI recorded a lower increase than the European Union average, between 1.7% in France, and 3.4% in Austria, Luxembourg and Sweden. Malta registered a year-on-year decrease of the LCI of 3.7%.

In the 4th quarter of 2025, Portugal recorded a year-on-year increase of 6.9%³.

Figure 5

LCI YEAR-ON-YEAR RATE OF CHANGE BY EUROPEAN UNION COUNTRY (27) IN THE 4TH QUARTER OF 2025

(working days adjusted data)



Source: Eurostat, Labour cost index by NACE Rev. 2 activity - nominal value, quarterly data [[lc_lci_r2_q](#)].

Note: The figure does not include the value for Belgium (data not available).

³ This value has now been revised to 7.6% (as described in the technical note, page 11).



TECHNICAL NOTE

With the publication of the results for the 1st 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 (corresponding to number of jobs). In 2025 (definitive data), the information gathered from administrative sources corresponds to the universe of approximately 464 thousand entities which declared earnings to Social Security and to *Caixa Geral de Aposentações*, for a total of around 4.9 million workers. The information on hours actually worked continues to be obtained by direct inquiry from the entities that belong to the LCI sample (5 370 entities in 2026), 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 1st 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 1st 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) contributes 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.

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 series of index figures and related rates of change, including the raw figures, working days non adjusted data, are available at the Official Statistics website, as presented in the next point, as well as in the Excel file released together with the present Press release.

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 30th of April of 2026. The response rate of the LCI survey on hours worked was 90%.

QUARTERLY AND ANNUAL INDICATORS AT STATISTICS PORTUGAL PORTAL

The indicators, quarterly and annual, are available in the [Database](#) of Statistics Portugal Portal (www.ine.pt).

- [Labour cost index \(working days adjusted, Base - 2020\) by Economic activity \(NACE Rev. 2\) and Index components; Quarterly](#)
- [Labour cost index \(Base - 2020\) by Economic activity \(NACE Rev. 2\) and Index components; Quarterly](#)
- [Labour cost index \(working days adjusted, Base - 2020\) by Economic activity \(NACE Rev. 2\) and Index source of variation; Quarterly](#)
- [Labour cost index \(Base - 2020\) by Economic activity \(NACE Rev. 2\) and Index source of variation; Quarterly](#)
- [Labour cost index \(Year-on-year growth rate - working days adjusted - Base 2020 - %\) by Economic activity \(NACE Rev.2\) and Index components; Quarterly](#)
- [Labour cost index \(Year-on-year growth rate - Base 2020 - %\) by Economic activity \(NACE Rev. 2\) and Index components; Quarterly](#)
- [Labour cost index \(Year-on-year growth rate - working days adjusted - Base 2020 - %\) by Economic activity \(NACE Rev.2\) and Index source of variation; Quarterly](#)
- [Labour cost index \(Year-on-year growth rate - Base 2020 - %\) by Economic activity \(NACE Rev. 2\) and Index source of variation; Quarterly](#)
- [Labour cost index \(working days adjusted, Base - 2020\) by Economic activity \(NACE Rev. 2\) and Index components; Annual](#)
- [Labour cost index \(Base - 2020\) by Economic activity \(NACE Rev. 2\) and Index components; Annual](#)
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- [Labour cost index \(Annual average growth rate - Base 2020 - %\) by Economic activity \(NACE Rev. 2\) and Index source of variation; Annual](#)

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 4th quarter of 2025 in the Press Release [“Labour Cost Index – 4th quarter of 2025”](#), is presented in the following table:

REVISION OF THE LCI YEAR-ON-YEAR RATES OF CHANGE PUBLISHED FOR THE 4TH QUARTER OF 2025

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.									
Total (B to S)	0.7	0.5	0.7	0.3	-0.2	0.7	0.6	0.7	0.3	-0.3
B to N	0.8	0.7	0.9	0.3	-0.3	0.8	0.7	0.9	0.3	-0.4
Industry (B to E)	0.3	0.3	0.3	0.2	-0.1	0.3	0.3	0.3	0.2	0.0
Construction (F)	2.1	2.1	2.1	-0.1	-2.0	2.1	2.1	2.1	-0.1	-2.0
Services (G to N)	0.7	0.7	1.0	0.4	-0.3	0.8	0.8	1.0	0.4	-0.3
O to S	0.3	0.3	0.3	0.3	0.0	0.4	0.3	0.4	0.3	0.0

Source: Statistics Portugal, Labour Cost Index – 4th quarter of 2025.

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

Next quarterly press release – 13 August 2026
