23 June 2017

Quarterly Sector Accounts (Base 2011)

First Quarter 2017

Net lending of the Portuguese economy increased to 1.5% of GDP

The net lending of the economy stood at 1.5% of the Gross Domestic Product (GDP) in the year ending in the first quarter of 2017, 0.1 percentage points (p.p.) more than in the previous quarter.

This evolution reflected different behaviours of the resident institutional sectors. There have been improvements in the sector of General Government (GG), whose net borrowing fell by 0.3 p.p., from 2.0% of GDP in the year ending in fourth quarter of 2016 to 1.7%, and in the Non-Financial Corporations' net lending, which increased by 0.2 p.p. to 0.6% of GDP. The balance of Financial Corporations stabilized at 2.2% of GDP. The net lending of Households decreased by 0.3 p.p. to 0.5% of GDP, in the first quarter of 2017. This reduction reflected the evolution of the Households' saving rate, which was 3.8%, less 0.5 p.p. than in the previous quarter, as a result of the higher growth of final consumption expenditure compared to disposable income (1.0% and 0.5%, respectively).

Taking into account the quarterly figures and not the year ending in the quarter, the GG balance stood at around -965.6 million Euros in the first quarter of 2017, corresponding to -2.1% of GDP (-3.3% in same period of the previous year). It should be noted that the GG balance does not include any impact of the recapitalisation of the Caixa Geral de Depósitos, given that the statistical treatment of this operation is still under analysis.

The current results are the preliminary version of the Quarterly Sector Accounts (QSA) for the first quarter 2017. National Accounts aggregates are expressed exclusively in nominal terms and are not seasonally and calendar adjusted.

Unless otherwise stated, the following descriptive analysis and graphs presented in this press release refer to data in the year ending in the reference quarter, which eliminates seasonal fluctuations and reduces the effect of irregular oscillations. In the comparison of consecutive quarters, the variation rates between the year ending each quarter and the year ending in the previous quarter are used as a rule.

In addition to the attached tables in this press release, additional information can be accessed in the section of National Accounts available in the Statistics Portugal's website:

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Net lending of the Portuguese economy stood at 1.5% of GDP

The Portuguese economy registered a net lending of 1.5% of GDP in the first quarter of 2017, 0.1 p.p. more than in the previous quarter. Gross National Income (GNI) increased by 0.8% as a result of the increase in nominal GDP by 0.9%, which more than offset the deterioration in the balance of property income.

The Gross Disposable Income (GDI) registered a rate of change of 1.0%, higher than that of final consumption expenditure (0.9%), which led to a 1.7% increase in gross savings (same rate of change as in the previous quarter).

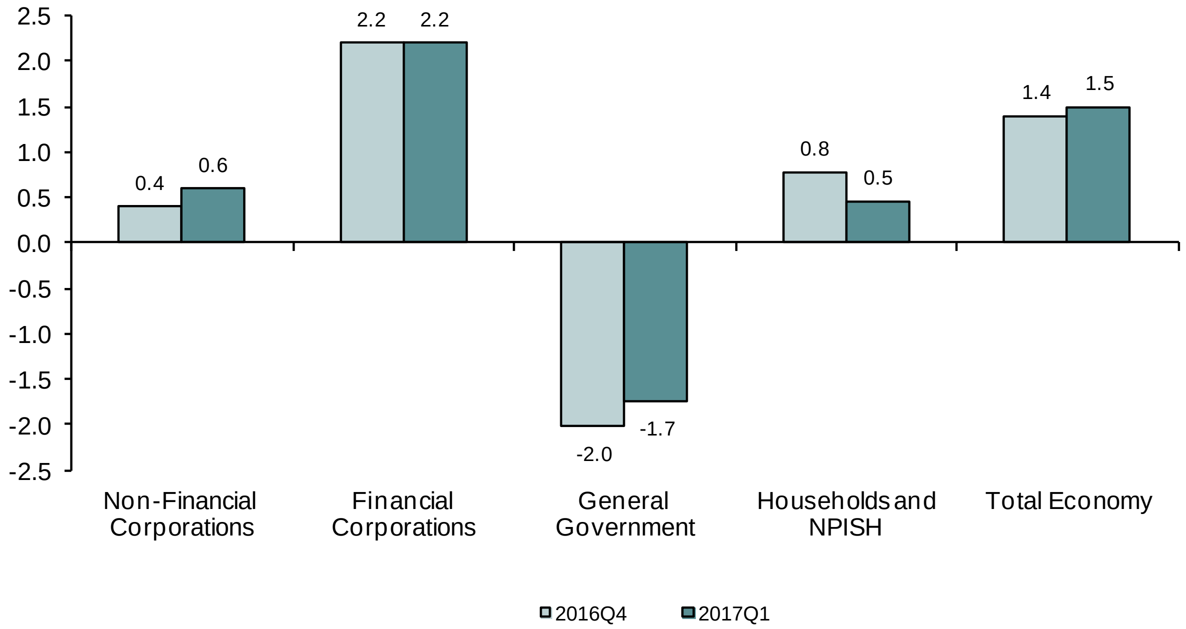
Gross saving of the economy was enough to finance the 1.7% increase in Gross Capital Formation (GFC) and, together with the positive effect of the balance of capital transfers, led to the increase of the net lending to 1.5 % of GDP (1.4% in the year ending the previous quarter).

Figure 1 presents the evolution of the net lending(+)/borrowing(-) of the economy by institutional sector. The net borrowing of GG decreased by 0.3 p.p. to 1.7% of GDP. The improvement of the balance of GG resulted primarily from the simultaneous increase in tax revenues on production and social contributions.

The balance of Non-Financial Corporations increased 0.2 p.p. to 0.6% of GDP, in the first quarter of 2017, while net lending of Financial Corporations stabilized at 2.2% of GDP.

The external balance of goods and services decreased by 0.2 p.p. to 1.0% of GDP, as a result of increases in exports and imports of goods and services by 3.2% and 3.7%, respectively (see figure 2).

Figure 1 - Net Lending(+) /Borrowing(-) by institutional sector (in % of GDP, accumulated sum of 4 quarters)



Households: net lending decreased to 0.5% of GDP

The net lending of households reached 0.5% of GDP in the year ending in the first quarter of 2017 (0.8% in the previous quarter), mainly reflecting a reduction in the savings rate.

The household saving rate was 3.8% of disposable income, decreasing 0.5 p.p. from the previous quarter. As it can be seen in Figure 3 this evolution resulted from a growth of final consumption expenditure higher than the increase in disposable income (1.0% and 0.5% growth rates respectively).

The increase in disposable income of Households was mainly due to the increase of 0.9% in compensation of employees received, which more than offset the reductions in net income property and the balance of social benefits and social contributions.

As it can be observed in Table 1, which shows the decomposition of the rate of change of disposable income, compensation of employees presented the most relevant contribution (0.6 p.p.). Table 2 presents the composition of disposable income. In the first quarter of 2017, compensations of employees received represented 64.2% of disposable income and gross surplus/mixed income 26.3% (64.0% and 24.3%, respectively, in the previous quarter).

Figure 3 - Saving rate of Households and NPISH (accumulated sum of 4 quarters)

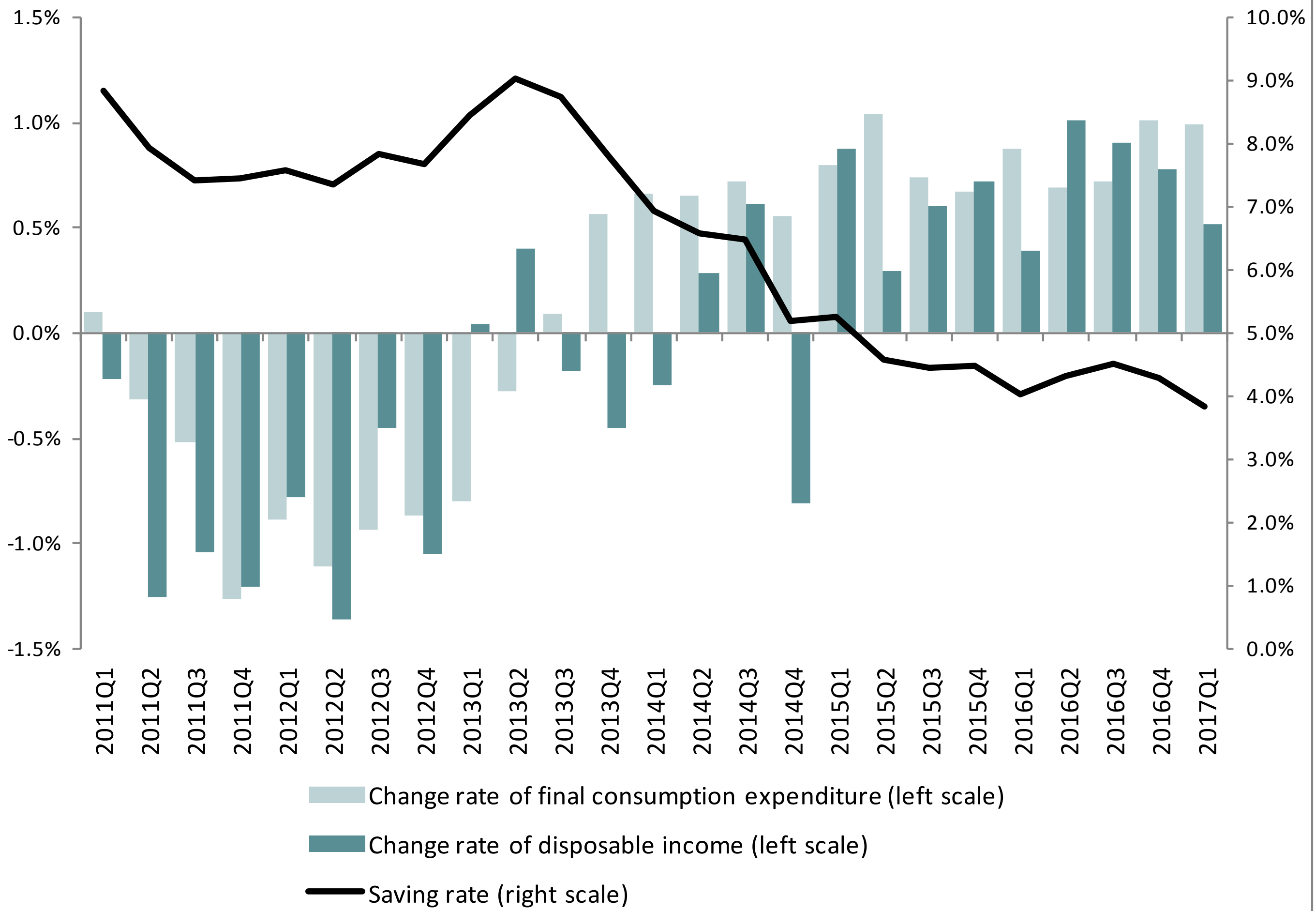


Figure 2 - External balance of goods and services (accumulated sum of 4 quarters)

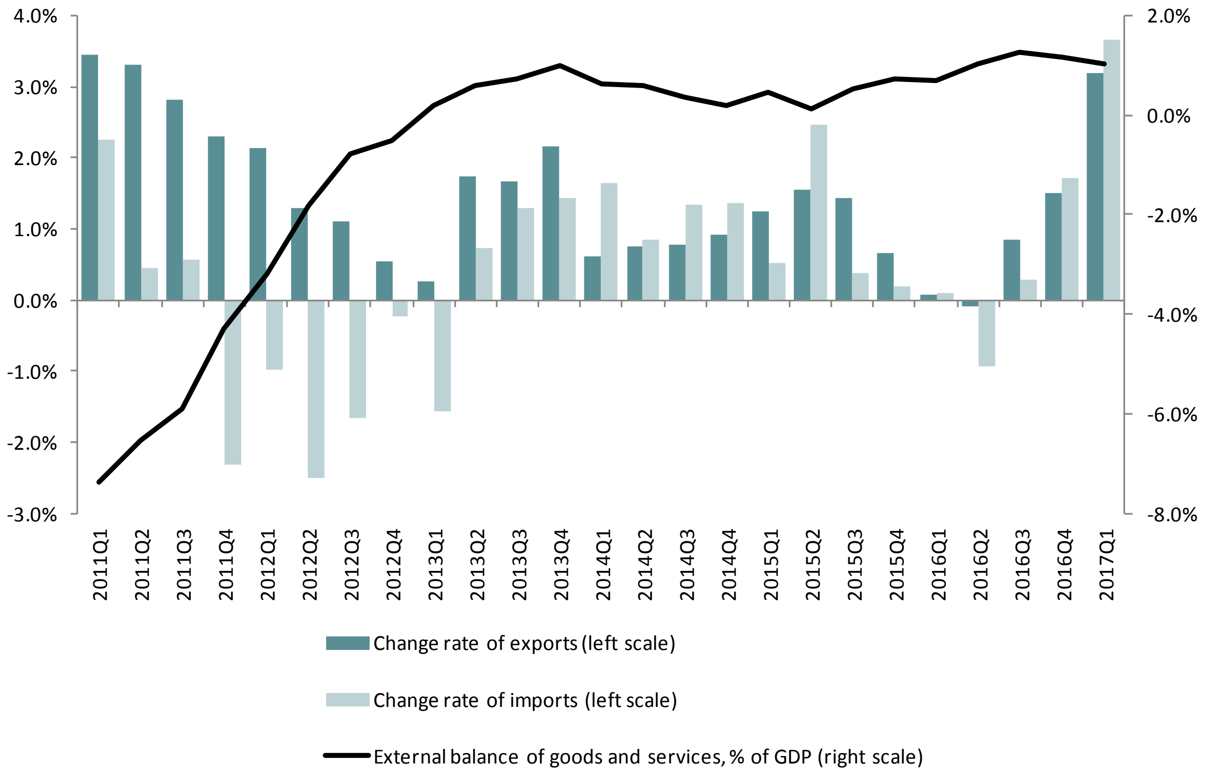


Table 1: Contibutions to the change rate of disposable income of Households and NPISH (percentage points, accumulated sum of 4 quartes)

	Compensation of Employees	Operating Surplus + Mixed Income (Gross)	Net Property Income (receivable)	Social benefits less contributions, excluding social transfers in kind	Net Transfers (receivable)	Taxes	Disposable Income
	(1)	(2)	(3)	(4)	(5)	(6)	(7) = (1)+...+(5) - (6)
2012Q1	-0.7	0.0	-0.1	0.4	-0.4	0.0	-0.8
2012Q2	-1.9	0.1	0.1	0.6	-0.1	0.2	-1.4
2012Q3	-0.8	0.1	0.0	0.2	-0.2	-0.2	-0.5
2012Q4	-1.6	0.3	-0.1	0.1	-0.1	-0.4	-1.1
2013Q1	0.0	0.1	0.6	0.2	0.1	1.0	0.0
2013Q2	0.0	0.1	0.2	0.3	0.0	0.1	0.4
2013Q3	0.1	0.1	0.0	0.1	0.1	0.6	-0.2
2013Q4	0.7	0.1	-0.3	-0.1	0.4	1.2	-0.5
2014Q1	-0.2	0.1	0.0	-0.1	0.1	0.1	-0.3
2014Q2	0.6	0.0	0.1	-0.5	0.1	0.1	0.3
2014Q3	0.5	0.1	0.0	0.5	0.0	0.4	0.6
2014Q4	-0.6	0.0	0.0	-0.5	-0.2	-0.4	-0.8
2015Q1	0.5	0.1	0.2	-0.1	0.2	0.0	0.9
2015Q2	0.5	0.0	-0.2	0.0	0.0	0.0	0.3
2015Q3	0.1	0.1	0.3	0.1	0.0	-0.1	0.6
2015Q4	0.5	0.1	-0.2	0.1	0.1	-0.1	0.7
2016Q1	0.4	0.2	-0.1	-0.1	-0.1	0.0	0.4
2016Q2	0.6	0.2	0.0	0.0	0.2	-0.1	1.0
2016Q3	0.6	0.2	-0.4	0.0	0.1	-0.4	0.9
2016Q4	0.7	0.3	0.2	-0.2	-0.1	0.1	0.8
2017Q1	0.6	0.0	-0.1	-0.3	0.2	-0.1	0.5

Table 2: Percentual weight of the components of Households and NPISH's disposable income (%, accumulated sum of 4 quarters)

	Compensation of Employees	Operating Surplus + Mixed Income (Gross)	Net Property Income (receivable)	Taxes	Social benefits less contributions, excluding social transfers in kind	Net Transfers (receivable)
2012Q1	65.0	24.9	7.7	-8.6	7.1	3.8
2012Q2	64.0	25.3	8.0	-8.8	7.8	3.8
2012Q3	63.5	25.5	8.0	-8.7	8.0	3.6
2012Q4	62.5	26.1	8.0	-8.4	8.3	3.5
2013Q1	62.5	26.1	8.6	-9.4	8.5	3.6
2013Q2	62.2	26.1	8.7	-9.4	8.8	3.6
2013Q3	62.4	26.2	8.8	-10.1	8.9	3.7
2013Q4	63.4	26.4	8.6	-11.3	8.8	4.1
2014Q1	63.3	26.5	8.6	-11.5	8.8	4.2
2014Q2	63.8	26.5	8.6	-11.5	8.3	4.3
2014Q3	63.9	26.4	8.6	-11.8	8.7	4.2
2014Q4	63.7	26.6	8.8	-11.4	8.2	4.1
2015Q1	63.6	26.5	8.9	-11.3	8.1	4.2
2015Q2	63.9	26.5	8.6	-11.3	8.1	4.2
2015Q3	63.7	26.4	8.9	-11.1	8.1	4.1
2015Q4	63.7	26.3	8.6	-10.9	8.2	4.1
2016Q1	63.9	26.5	8.5	-10.9	8.1	4.0
2016Q2	63.8	26.4	8.5	-10.6	7.9	4.1
2016Q3	63.8	26.3	8.0	-10.2	7.8	4.2
2016Q4	64.0	26.4	8.1	-10.2	7.6	4.1
2017Q1	64.2	26.3	8.0	-10.1	7.2	4.3

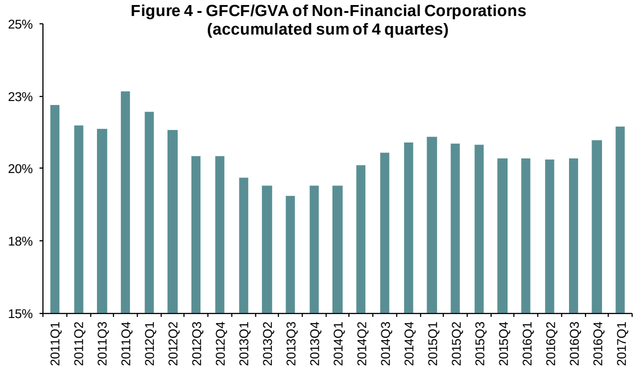
Non-Financial Corporations: net lending stood at 0.6% of GDP

The net lending of Non-Financial Corporations stood at 0.6% of GDP in the year ending in the first quarter of 2017, 0.2 p.p. above the previous quarter. The Gross Operating Surplus increased 1.3% as a result of the growth of the Gross Value Added above the growth of the compensation of employees.

The increase in the Gross Operating Surplus more than offset the increase in the negative balance of property income, so the savings of the sector increased 2.6%.

The Gross Fixed Capital Formation (GFCF) of the sector increased by 3.5% in the year ending in the first quarter of 2017, which determined an improvement of the investment rate (measured by the ratio between GFCF and GVA) of 0.5 p.p. to 21.5%.

Figure 4 - GFCF/GVA of Non-Financial Corporations (accumulated sum of 4 quartes)



Financial Corporations: net lending stood at 2.2% of GDP

The sector's financing capacity represented 2.2% of GDP in the first quarter of 2017, the same as in the previous quarter.

The GVA of the Financial Corporations decreased by 0.4%, which compares with a reduction of 0.7% in the year ending in the fourth quarter of 2016. The balance of property income decreased by 1.4% due to the decrease in incomes received. Therefore, gross savings of the sector decreased 1.4%.

General Government: net borrowing decreased by 0.3 percentage points

The net borrowing of the GG recorded a decrease of 0.3 percentage points in the year ending in the first quarter 2017 compared to the previous quarter, attaining 1.7% of GDP. This decrease in net borrowing resulted from an increase of 0.7% in revenue, higher than the growth of 0.1% in expenditure (see tables 3 and 4). This balance does not include any impact of the recapitalisation of Caixa Geral de Depósitos[1].

The revenue behaviour was mostly driven by the rise of revenues in taxes on production and imports (1.0%), social contributions (1.2%) and other current revenue (5.4%). On the opposite side, there was a reduction in the current taxes on income and wealth (-0.9%) and in capital revenue (-3.7%).

The slight increase in expenditure was mainly determined by the growth of intermediate consumption (1.6%) and, to a lesser extent, by increases in capital expenditure (2.2%) and in compensations of employees (0.3%), while the remaining revenue components decreased. The evolution of employee compensations was associated to the reversal of the remuneration reduction temporary measure, to the increase in the meal allowance and to the raise of employees in the National Health Service and in schools.

Taking into account the quarterly figures rather than the sum of four quarters, the net borrowing of the GG stood at about -965.6 million euro in the first quarter 2017, corresponding to -2.1% of GDP (-3.3% on the same period in the previous year).

Table 5 illustrates the improvement of net borrowing that resulted from an increase in total revenue (3.1%) at a higher pace than the increase of expenditure (0.3%). The largest upward impacts to the current revenue came from the revenue of taxes on production and imports (4.2%), social contributions (5.1%) and other current revenue (28.5%).

The expenditure was particularly influenced by the increase in intermediate consumption (7.5%) and in capital expenditure (12.5%). This increase was partially offset by reductions in social benefits (1.4%) and interest paid (4.2%).

Table 6 presents the main adjustments of moving from Public Accounting to National Accounts balances. Comparing the first quarter 2017 with the same period of the previous year, there was a significant improvement of the balances in Public Accounting and in National Accounts, more significant in the latter case.

[1] The recapitalisation Plan for CGD began in the first quarter of 2017, and was not considered as State Aid by the European Commission.

The recapitalisation of CGD is projected to be of 4 874 million euro (4 444 million euro occurred in the first quarter of 2017) of which 3 944 million euro, supported by the Portuguese State, amounting to 2.1% GDP.

Given the complexity of this operation, there is an ongoing exchange of information and dialogue between Statistics Portugal and the European Commission (Eurostat) regarding its recording in national accounts. This discussion has to be concluded at least on March 2018, when INE will send the first notification for 2017 in the context of the Excessive Deficit Procedure.

Table 3: Revenue and expenditure of general government in the year ending the quarter

Unit: 10^6 euros

	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1
Total revenue	**79,310.8**	**79,356.4**	**79,062.0**	**79,613.3**	**80,169.9**
Current revenue	78 059.6	78 261.9	78 135.8	78 671.6	79 263.2
Current taxes on income and w ealth	19 470.1	19 240.8	18 800.9	19 073.5	18 894.9
Taxes on production and imports	26 787.5	27 041.5	27 168.7	27 258.3	27 530.5
Social contributions	20 904.6	21 089.7	21 272.8	21 595.4	21 846.7
Sales	6 648.5	6 678.9	6 708.5	6 742.5	6 772.5
Other current revenue	4 248.9	4 211.1	4 184.9	4 001.9	4 218.6
Capital revenue	1 251.2	1 094.4	926.2	941.8	906.7
Total expenditure	**86 092.8**	**85 727.7**	**85 927.5**	**83 335.7**	**83 402.1**
Current expenditure	78 771.3	78 882.0	79 450.1	79 695.0	79 682.1
Social benefits	34 713.2	34 868.9	34 977.6	35 006.6	34 893.0
Compensation of employees	20 319.0	20 481.0	20 669.4	20 847.1	20 916.3
Interest	7 972.7	7 925.6	7 866.8	7 836.0	7 755.6
Intermediate consumption	10 327.8	10 373.0	10 509.5	10 571.9	10 743.1
Subsidies	1 103.7	1 065.1	1 052.9	1 041.6	1 032.3
Other current expenditure	4 334.9	4 168.5	4 374.0	4 391.9	4 341.9
Capital expenditure	7 321.5	6 845.7	6 477.4	3 640.7	3 720.0
Investment (1)	3 960.8	3 703.6	3 510.9	2 838.5	2 884.9
Other capital expenditure	3 360.7	3 142.1	2 966.5	802.2	835.1
Current Balance	- 711.7	- 620.1	-1 314.3	-1 023.5	- 418.9
Balance	**-6 782.0**	**-6 371.4**	**-6 865.5**	**-3 722.4**	**-3 232.2**
By memory:					
Primary current expenditure	70,798.61	70,956.45	71,583.36	71,859.03	71,926.51
Gross Domestic Product at current market prices	180 992.9	182 228.8	183 646.6	184 933.7	186 532.8
Balance in % of GDP	-3.7%	-3.5%	-3.7%	-2.0%	-1.7%

Table 4: Change rates of revenue and expenditure of general government in the year ending the quarter

Unit: %

	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1
Total revenue	**0.5**	**0.1**	**-0.4**	**0.7**	**0.7**
Current revenue	0.6	0.3	-0.2	0.7	0.8
Current taxes on income and w ealth	0.2	-1.2	-2.3	1.5	-0.9
Taxes on production and imports	2.1	0.9	0.5	0.3	1.0
Social contributions	0.6	0.9	0.9	1.5	1.2
Sales	0.2	0.5	0.4	0.5	0.4
Other current revenue	-6.1	-0.9	-0.6	-4.4	5.4
Capital revenue	-4.2	-12.5	-15.4	1.7	-3.7
Total expenditure	**-0.7**	**-0.4**	**0.2**	**-3.0**	**0.1**
Current expenditure	-0.3	0.1	0.7	0.3	0.0
Social benefits	0.2	0.4	0.3	0.1	-0.3
Compensation of employees	0.2	0.8	0.9	0.9	0.3
Interest	-2.7	-0.6	-0.7	-0.4	-1.0
Intermediate consumption	0.5	0.4	1.3	0.6	1.6
Subsidies	-0.6	-3.5	-1.1	-1.1	-0.9
Other current expenditure	-4.8	-3.8	4.9	0.4	-1.1
Capital expenditure	-4.9	-6.5	-5.4	-43.8	2.2
Investment (1)	-7.5	-6.5	-5.2	-19.2	1.6
Other capital expenditure	-1.7	-6.5	-5.6	-73.0	4.1

(1) Includes Gross capital formation and Acquisitions less disposals of non-produced non-financial assets

Table 5: Revenue and expenditure of general government

	1st quarter 2016		1st quarter 2017		Nominal change rate (%)
	million euro	% GDP	million euro	% GDP	
Total revenue	**17,751.3**	**40.0**	**18,307.8**	**39.8**	**3.1**
Current revenue	17,597.9	39.7	18,189.5	39.6	3.4
Current taxes on income and w ealth	3,894.5	8.8	3,716.0	8.1	-4.6
Taxes on production and imports	6,450.6	14.5	6,722.8	14.6	4.2
Social contributions	4,969.3	11.2	5,220.6	11.4	5.1
Sales	1,524.3	3.4	1,554.3	3.4	2.0
Other current revenue	759.1	1.7	975.8	2.1	28.5
Capital revenue	153.4	0.3	118.3	0.3	-22.9
Total expenditure	**19,207.1**	**43.3**	**19,273.4**	**41.9**	**0.3**
Current expenditure	18,575.0	41.9	18,562.1	40.4	-0.1
Social benefits	8,204.0	18.5	8,090.4	17.6	-1.4
Compensation of employees	4,846.2	10.9	4,915.4	10.7	1.4
Interest	1,911.1	4.3	1,830.7	4.0	-4.2
Intermediate consumption	2,284.4	5.2	2,455.7	5.3	7.5
Subsidies	175.9	0.4	166.6	0.4	-5.3
Other current expenditure	1,153.3	2.6	1,103.3	2.4	-4.3
Capital expenditure	632.1	1.4	711.3	1.5	12.5
Investment (1)	495.6	1.1	542.0	1.2	9.4
Other capital expenditure	136.5	0.3	169.3	0.4	24.1
Current Balance	-977.2	-2.2	-372.6	-0.8	
Balance	-1,455.8	-3.3	-965.6	-2.1	

(1) Includes Gross capital formation and Acquisitions less disposals of non-produced non-financial assets

Table 6: Public to National Accounting adjustments

Unit: 10^6 euros

	2016Q1	2017Q1
Balance in Public Accounting:	**- 867.7**	**- 592.3**
Accrual adjustment and sector delimitation in National Accounts	- 110.2	292.1
Difference betw een paid and due interest	- 100.9	- 94.8
Other receivables:	- 648.5	- 545.6
Time adjustment of taxes and social contributions	*- 384.6*	*- 278.5*
Others	*- 263.9*	*- 267.2*
Other payables:	159.6	175.7
Expenditure already incurred but not yet paid	*- 125.7*	*- 116.4*
Others	*285.3*	*292.1*
Other adjustments:	111.9	- 200.7
of which:		
Capital injections and debt assumptions	*- 291.3*	*- 617.7*
Balance in National Accounting:	**-1 455.8**	**- 965.6**
Quarterly GDP (1)	44 351.9	45 951.1
Balance in National Accounting in % of GDP	-3.3%	-2.1%

(1) Not seasonally and calendar effects ajusted data

National Economy: Gross National Income increased 0.8%

In the first quarter of 2017, GNI registered a nominal change rate of 0.8%, 0.1 p.p. less than the nominal GDP changed rate. This difference was determined by the increase in the negative balance of property income with the rest of the world (growth rates of -8.7% in the received income and 4.4% in income paid).

Table 7: GDP, GNI and GDI (year ended in the quarter)

Year ending in the quarter	GDP		GNI		GDI	
	million euros	quarter-on-quarter change rate (%)	million euros	quarter-on-quarter change rate (%)	million euros	quarter-on-quarter change rate (%)
2011Q1	179 517	-0.2	174 405	0.3	175 652	0.4
2011Q2	179 006	-0.3	174 291	-0.1	175 553	-0.1
2011Q3	178 032	-0.5	174 346	0.0	175 665	0.1
2011Q4	176 167	-1.0	172 772	-0.9	174 098	-0.9
2012Q1	174 815	-0.8	170 492	-1.3	171 813	-1.3
2012Q2	171 981	-1.6	167 743	-1.6	168 952	-1.7
2012Q3	170 345	-1.0	165 903	-1.1	167 060	-1.1
2012Q4	168 398	-1.1	164 317	-1.0	165 851	-0.7
2013Q1	167 657	-0.4	164 354	0.0	165 926	0.0
2013Q2	168 080	0.3	165 469	0.7	167 259	0.8
2013Q3	168 905	0.5	166 374	0.5	168 206	0.6
2013Q4	170 269	0.8	167 975	1.0	169 808	1.0
2014Q1	170 737	0.3	168 339	0.2	170 435	0.4
2014Q2	172 292	0.9	169 698	0.8	171 671	0.7
2014Q3	173 378	0.6	170 891	0.7	172 996	0.8
2014Q4	173 079	-0.2	170 117	-0.5	172 313	-0.4
2015Q1	174 790	1.0	171 241	0.7	173 585	0.7
2015Q2	176 524	1.0	172 094	0.5	174 395	0.5
2015Q3	177 966	0.8	173 455	0.8	175 750	0.8
2015Q4	179 504	0.9	174 353	0.5	176 847	0.6
2016Q1	180 993	0.8	176 630	1.3	178 962	1.2
2016Q2	182 229	0.7	177 771	0.6	180 517	0.9
2016Q3	183 647	0.8	179 082	0.7	181 811	0.7
2016Q4	184 934	0.7	181 110	1.1	183 678	1.0
2017Q1	186 533	0.9	182 513	0.8	185 573	1.0

The GDI registered a 1.0% increase in the first quarter of 2017, while the final consumption expenditure of the economy (which includes final consumption expenditure of Households and GG) grew by 0.9%, resulting in an increase of 1.7% of the economy's Gross Saving.

The GCF for the total economy stood at 15.1% of GDP in the first quarter of 2017 (0.2 p.p. more than in the previous quarter). Despite this increase, as a result of the increases in gross savings and in net capital transfers received, the economy's net lending increased by 0.1 p.p. to 1.5% of GDP in the first quarter of 2017.

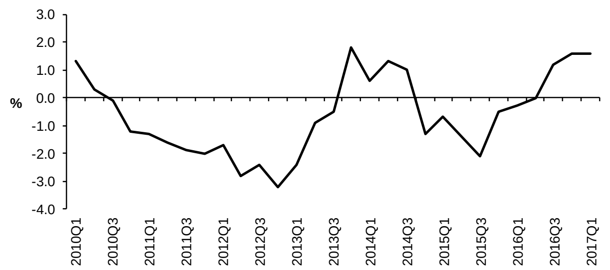
Table 8: Gross Saving and Net Lending(+)/ Borrowing(-) unit: % of GDP

Year ending in the quarter	Gross Saving	Balance of Capital Transfers with the Rest of the World	Gross Capital Formation	Net Lending (+)/ Borrowing(-)
2011Q1	11.3	1.5	20.9	-8.1
2011Q2	11.9	1.4	20.4	-7.0
2011Q3	12.8	1.5	20.0	-5.7
2011Q4	13.1	1.4	18.6	-4.0
2012Q1	12.7	1.6	17.6	-3.3
2012Q2	13.0	1.7	16.5	-1.8
2012Q3	12.8	1.8	15.5	-0.8
2012Q4	13.7	2.0	15.7	0.0
2013Q1	14.3	1.8	15.1	1.0
2013Q2	14.9	1.8	14.9	1.9
2013Q3	15.2	1.7	14.9	2.0
2013Q4	15.4	1.5	14.6	2.3
2014Q1	15.4	1.6	15.0	2.0
2014Q2	15.2	1.5	15.0	1.7
2014Q3	15.3	1.5	15.2	1.7
2014Q4	15.0	1.2	15.3	1.0
2015Q1	14.9	1.2	15.1	1.0
2015Q2	14.5	1.2	15.6	0.1
2015Q3	14.8	0.9	15.5	0.3
2015Q4	14.7	1.0	15.5	0.3
2016Q1	15.1	0.9	15.5	0.5
2016Q2	15.3	0.8	15.2	0.8
2016Q3	15.3	1.0	15.0	1.2
2016Q4	15.4	0.9	14.9	1.4
2017Q1	15.6	1.0	15.1	1.5

Unit labour costs (ULC) increased 1.6%

In the year ending in the first quarter of 2017, ULC registered an increase of 1.6%, similar to that recorded in the previous quarter. This increase was mainly due to the growth of 1.3% of the average compensation of employees and to the reduction by 0.3% in productivity.

Figure 7 - Unit labour costs change rates (year ended in the quarter)



Revision of estimates

The Quarterly Sector Accounts now presented incorporate new information with the consequent revisions of the previous estimates of some aggregates. Compared to the previous publication for the fourth quarter of 2016, the revisions reflect the incorporation of the updated results of the quarterly accounts for the economy as a whole, published on May 31.

In addition, the most recent versions of the Balance of Payments and Monetary and Financial Statistics produced by Banco de Portugal were also integrated.

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Methodological notes

The results are preliminary as the basis of information used is subject to revisions, and the treatment of some transactions can be changed with the incorporation of information derived from the compilation of Annual National Accounts.

The Quarterly Sector Accounts differ from Quarterly National Accounts since they are based on non-seasonally adjusted data unless otherwise stated, the descriptive analysis and graphs presented in this press release refer to data in the year ending in the reference quarter (which eliminates seasonal fluctuations and reduces the effect of irregular oscillations. When comparing consecutive quarters are used, in general, quarter-on-quarter change rates between the year ending in the reference quarter and the year ending in the preceding quarter. The Quarterly Sector Accounts are expressed exclusively in nominal terms.

The estimated aggregates are compiled based on the European System of National and Regional Accounts (ESA 2010), with emphasis on the following concepts:

Net lending (+)/ borrowing (-) (B.9) – The net lending (+) or borrowing (-) represents the net resources that one institutional sector makes available to the other sectors (if it is positive) or receives from the other sectors (if it is negative). The net lending or borrowing of the total economy is equal but of opposite sign to the net borrowing or lending of the rest of the world.

Final consumption – Final consumption expenditure is expenditure on goods and services used by institutional units to satisfy individual and collective needs.

Unit Labour Costs (ULC) – Measure the average cost of labour per unit of output and are calculated as the ratio of average worker compensation to real GDP by employee.

Gross Fixed Capital Formation (GFCF) – Gross Fixed Capital Formation (P.51g) consists of resident producers' acquisitions, less disposals, of fixed assets during a given period plus certain additions to the value of non-produced assets realised by the productive activity of producer or institutional units. Fixed assets are produced assets used in production for more than one year.

Gross Capital Formation (Investment) – The Gross Capital Formation (or Investment) (P.5) includes (GFCF), changes in inventories (P.52) and acquisitions less disposals of valuables (P.53).

Disposable income – Disposable income refers to the value that each institutional sector has available to affect to final consumption expenditure or saving.

Gross National Income (GNI) – Gross National Income (at market prices) represents total primary income receivable by resident institutional units: compensation of employees, taxes on production and imports less subsidies, property income (receivable less payable), operating surplus and mixed income.

Property income – Property income accrues when the owners of financial assets and natural resources put them at the disposal of other institutional units.
It corresponds to the income receivable by the owner of a financial asset or an asset not produced tangible to remunerate the fact of making funds or assets not produced tangible at the disposal of another institutional unit.

Saving – This aggregate measures the portion of disposable income that is not used for final consumption expenditure. If saving is positive, the remaining income is used in the acquisition of assets or in the reduction of liabilities. If saving is negative, some assets are reduced or some liabilities are increased.

Gross Domestic Product (GDP) – Gross Domestic Product (at market prices) is the final result of the production activity of resident producer units. It can be defined in three ways: 1) production approach: GDP is the sum of gross value added of the various institutional sectors or the various industries plus taxes and less subsidies on products (which are not allocated to sectors and industries); 2) expenditure approach: GDP is the sum of final uses of goods and services by resident institutional units (final consumption and gross capital formation), plus exports and minus imports of goods and services; 3) income approach: GDP is the sum of uses in the total economy generation of income account (compensation of employees, taxes on production and imports less subsidies, gross operating surplus and mixed income of the total economy).

Institutional Sector – The institutional sector aggregates institutional units with similar economic behaviour. The institutional units are grouped into sectors on the basis of the type of producer they are and depending on their principal activity and function, which are considered to be indicative of their economic behaviour. Each institutional unit belongs to one and only one sector.

Investment Rate – Represents the ratio between GFCF and Gross Value Added (GVA).

Households saving rate – The households saving rate measures the part of de disposable income which is not spent as final consumption expenditure, and it is calculated as the ratio between gross saving and disposable income (includes the adjustment for the change in pension entitlements).

Concerning the balance of General Government in National Accounting and in Public Accounting, it should be clarified that:
In the compilation of the budget deficit in National Accounts it is necessary to perform several adjustments to the Public Accounting data. Indeed, Public Accounting data is on a cash basis, meaning that expenditures and revenues are recorded in the accounting period in which they are paid and received. On the contrary, in National Accounts, expenditure and revenue are recorded on an accrual basis, that is, in the accounting period to which they refer to, regardless of whether their payment is made or their revenue is received in a different period. Another important adjustment is related to sector delimitation of General Government. In National Accounts, the general government sector includes entities which are not considered in Public Accounting. Similarly, entities which are not part of General Government sector from a National Accounts perspective but are included in Public Accounting should be excluded.
Finally, there are transactions that, according to the framework of National Accounts, have a specific classification. Notably, there are cases of entities belonging to the General Government sector that acquire shares from other entities, which should be recorded as capital transfers rather than financial transactions, thus leading to the introduction of the corresponding adjustments.

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