

Quarterly Sector Accounts
2nd quarter of 2011

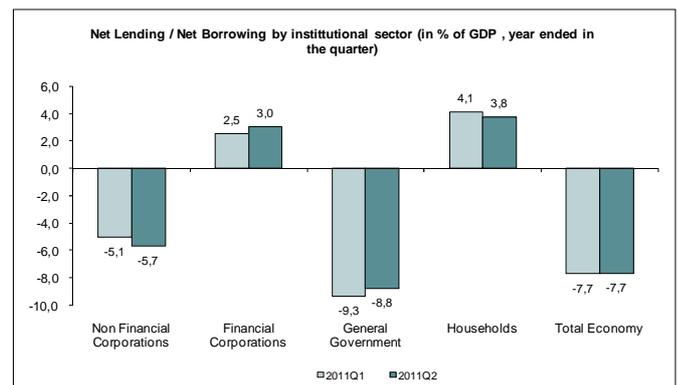
Quarterly national accounts for the institutional sectors

In the year ended in the 2nd quarter of 2011 the net borrowing of the Portuguese economy stabilized at 7.7% of GDP. Net lending of Households diminished to 3.8% of GDP in the same quarter, 0.3 percentage points less than the observed in the previous quarter, mainly due to the reduction of gross saving. The net borrowing of Non-Financial Corporations increased, in spite of investment rate maintaining a downward path. Net lending of Financial Corporations increased, reflecting a lower payment of dividends. Net borrowing of General Government decreased from 9.3% in the year ended in the 1st quarter 2011, to 8.8% of GDP in the year ended in the following quarter.

The current results are the preliminary version of the Quarterly Sector Accounts for the 2nd quarter of 2011, which can be revised in the next quarters accordingly with the update of the input data used in the compilation. Unless stated otherwise, the results and graphics in this press release are always presented as 4 quarters moving averages or as the year ended in the reference quarter. The change rates compare the year ended in the reference quarter with the year ended in the previous quarter. All the variables are valued at current prices.

2nd quarter of 2011 – Main results

In the 2nd quarter of 2011 the net lending of the Portuguese economy stabilized in 7.7% of GDP. This stabilization reflected opposite behaviours from the different sectors: on one hand, the deterioration of the net lending/borrowing of Households and Non-Financial Corporations; on the other hand, the improvement in the net lending/borrowing of Financial Corporations and General Government.



The net lending of Households represented 3.8% of GDP in the 2nd quarter of 2011, 0.3 percentage points (p.p.) less than the observed in the previous quarter, mainly reflecting the decrease in gross saving, which registered a change rate of -6.1%. This decrease in gross saving resulted from a decrease in the disposable income, combined with a slight increase of nominal private consumption. In the year ended in the 2nd quarter of 2011, the disposable income diminished 0.5% while private consumption increased by 0.1%.

The reduction of the disposable income reflected several factors, namely, the impact of new policy measures affecting the wages of public servants, as well as the reduction of social benefits. Wages and

social benefits (net of social contributions) received by Households decreased 0.3 and 3.5, respectively.

Gross Capital Formation of Non Financial Corporations decreased 5.2% in the year ended in the 2nd quarter 2011, compared to a decrease of 1.2% in the previous quarter. The investment rate (measured by the ratio between the gross fixed capital formation and the gross value added) maintained the downward trend. In the 2nd quarter of 2011 the investment rate was 19.7%, 0.8 p.p. below the rate observed in the previous quarter.

The net borrowing of the Non Financial Corporations increased 0.6 p.p. of the GDP to -5.7% in the 2nd quarter of 2011. This development resulted from the reduction of the operating surplus (change rate of -2.2%), combined with a more negative balance of property income.

The net lending of Financial Corporations increased to 3.0% of GDP, which represented 0.5 p.p. more than the observed in the previous quarter. This reflected the increase of the surplus of property income balance, mainly due to the reduction on the payment of dividends by several financial corporations in 2011.

The net borrowing of General Government (GG) was 8.8% of GDP in the year ended in the 2nd quarter 2011, 0.5 p.p. of GDP less than in the year ended in the previous quarter. The decrease in the net borrowing was driven by a less negative gross saving which was due to the decrease of 2.7% of final consumption of GG. This decrease resulted from the reduction of total wages and in social transfers in kind paid by GG.

Gross National Income (GNI) registered a change rate of -1.1% in the 2nd quarter of 2011, 0.9 p.p. lower than the rate of GDP. This lower change rate reflected the deterioration of the balance of primary incomes of the economy vis-à-vis the rest of the world.

Quarterly sector accounts – 2nd quarter of 2011

year ended in the quarter	GDP		GNI		GDI	
	million euros	change of rate (%)	million euros	change of rate (%)	million euros	change of rate (%)
2008Q1	170 301	0,6	164 682	0,4	166 341	0,4
2008Q2	171 294	0,6	165 430	0,5	166 961	0,4
2008Q3	172 123	0,5	165 921	0,3	167 557	0,4
2008Q4	171 983	-0,1	165 836	-0,1	167 636	0,0
2009Q1	170 738	-0,7	164 222	-1,0	165 956	-1,0
2009Q2	169 286	-0,9	162 659	-1,0	164 334	-1,0
2009Q3	168 660	-0,4	162 405	-0,2	163 846	-0,3
2009Q4	168 586	0,0	161 761	-0,4	163 086	-0,5
2010Q1	169 705	0,7	163 237	0,9	164 489	0,9
2010Q2	170 948	0,7	164 474	0,8	165 863	0,8
2010Q3	172 435	0,9	165 693	0,7	167 157	0,8
2010Q4	172 799	0,2	167 039	0,8	168 356	0,7
2011Q1	173 123	0,2	167 527	0,3	169 032	0,4
2011Q2	172 747	-0,2	165 745	-1,1	167 234	-1,1

The Gross Disposable Income (GDI) and the GNI registered the same rate of change of -1.1%.

The final consumption expenditures, both from the Households and GG, decreased 0.6%, 0.5 p.p less than the rate of GDI, which had a negative impact on the gross saving of the total economy.

year ended in the quarter	unit: % of GDP			
	Gross Saving	Balance of Capital Transfers with the Rest of the World	Investment + Acquisitions less disposals of non-financial non-produced assets	Net Lending / Net Borrowing
2008Q1	12,0	1,1	22,9	-9,7
2008Q2	11,4	1,1	23,1	-10,6
2008Q3	10,9	0,9	23,3	-11,6
2008Q4	10,6	1,0	22,9	-11,4
2009Q1	9,8	0,8	22,1	-11,5
2009Q2	9,6	1,0	21,2	-10,6
2009Q3	9,6	1,1	20,4	-9,7
2009Q4	9,2	1,1	19,9	-9,7
2010Q1	9,4	1,1	19,8	-9,3
2010Q2	9,0	1,0	19,6	-9,6
2010Q3	9,0	1,0	19,2	-9,1
2010Q4	9,3	1,4	19,0	-8,4
2011Q1	9,6	1,4	18,8	-7,7
2011Q2	9,1	1,4	18,2	-7,7

Gross capital formation registered a change rate of -3% in the 2nd quarter of 2011. This reduction compensated the diminishing of the gross saving and determined the stabilization of the net borrowing of total economy in 7.7% of GDP.