

20<sup>th</sup> June, 2008

## Monthly Economic Survey May 2008

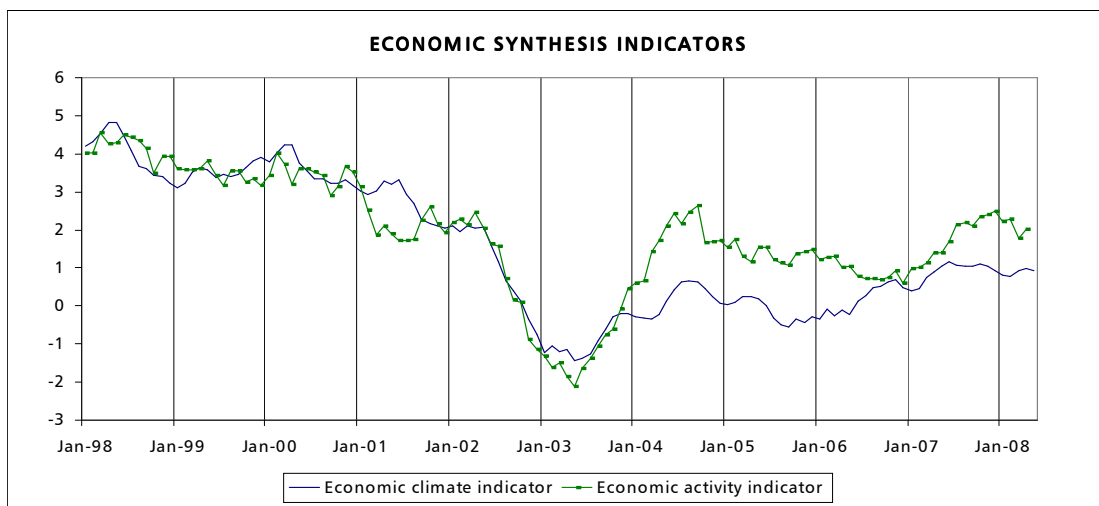
### After some recovery registered in April, the available information for May is less positive.

In May, the Euro Area (EA) economic sentiment and the consumer confidence indicators maintained the downward movement started in August 2007. In the 1st quarter 2008, the main customer countries GDP decelerated 0.2 p.p. to 2.5%.

On the domestic side, in April the economic climate and the economic activity indicators gave slightly more positive indications than in the previous month. However, the economic climate indicator recorded a reduction in May.

In April, the Short Term Indicators information pointed to a more dynamic evolution in the industry and construction sectors and to a slowdown in services. The behaviour of these indicators was influenced by calendar effects (less two working days in March and two more working days in April than in the same months of the previous year). In nominal terms, imports (2.1 p.p) and exports (1.5 p.p.) accelerated in April, behaviour that was also partially explained by the referred calendar effects. In the same month, concerning the domestic demand, the available information revealed distinctive behaviours in private consumption, that might have decelerated, and in investment, that might have accelerated.

In May, year-on-year inflation was 2.8%, 0.3 p.p. more than in the previous month. The differential between the EA Harmonized Index of Consumer Prices (HICP) and the Portuguese HICP increased 0.1 p.p. in May, to 0.9 p.p..



Report based on information available up to June 19, 2008.

**Next report will be released on July 17, 2008.**

#### NOTES

With exception of situations duly identified, the values presented in tables and graphs and others that also serve for the analysis are, in the case of quantitative series, year-on-year rates of change (y.r.) under three-month moving average (3-mma) or, in the case of qualitative series, 3-mma of seasonally adjusted values (s.a.) or of effective values (e.v.). Annual information correspond to 12-mma, with the exception of variables presented as y.r. on stocks, where the annual value corresponds to the variation of the balance at the end of the year. Annualised variation (a.v.). Weight (w.).

Balances: differences between the percentage of respondents giving positive and negative replies.



		Year 2006	Year 2007	Quarter 1 2007	Quarter 2 2007	Quarter 3 2007	Quarter 4 2007	Quarter 1 2008	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
<b>International background</b>															
GDP of customer countries	s.a/y.r.	3.3	3.0	3.3	2.9	3.1	2.7	2.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
GDP European Union	s.a/y.r.	3.1	2.9	3.4	2.8	2.9	2.5	2.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
GDP Euro Area	s.a/y.r.	2.8	2.6	3.2	2.6	2.7	2.1	2.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Industrial production index of customer countries	s.a/y.r./3-mma	3.1	2.8	3.3	2.7	2.9	2.4	1.8	2.8	2.4	1.9	2.0	1.8	1.7	-
Economic Sentiment Indicator in EU	ind/s.a.-3mma	107.5	110.8	111.2	113.6	111.4	107.1	101.8	108.4	107.1	105.2	103.1	101.8	100.1	98.9
Economic Sentiment Indicator in EA	ind/s.a.-3mma	106.3	108.4	109.4	111.0	108.7	104.3	100.5	105.3	104.3	103.1	101.8	100.5	99.0	97.9
Order books in industry of customer countries	balance/s.a.-3mma	-2.2	3.4	4.5	6.1	3.9	-0.8	-2.4	0.7	-0.8	-1.0	-2.5	-2.4	-3.5	-5.2
Consumer confidence indicator in EU	balance/s.a.-3mma	-7.6	-4.2	-5.0	-2.5	-3.1	-6.2	-10.4	-5.3	-6.2	-7.9	-9.2	-10.4	-11.0	-12.1
Unemployment rate in EU	s.a/%	8.1	7.1	7.4	7.2	7.1	6.9	6.7	6.9	6.8	6.8	6.7	6.7	6.7	-
Harmonised index of consumer prices in EA	y.r.	2.2	2.1	1.9	1.9	1.9	2.9	3.4	3.1	3.1	3.2	3.3	3.6	3.3	3.7
Production price index of supplying countries	y.r./3-mma	4.3	3.2	2.7	2.7	2.7	4.7	5.7	4.1	4.7	5.1	5.4	5.7	5.9	-
Crude oil price (Brent)	Euros	51.9	52.6	44.1	50.9	54.5	61.1	64.6	62.9	62.4	62.6	64.4	66.7	69.3	78.9
Crude oil price (Brent)	y.r.	18.2	1.4	-14.2	-8.1	-0.2	32.1	46.6	38.0	32.0	51.7	46.3	42.4	38.7	58.7
<b>Economic activity</b>															
GDP	y.r.	1.3	1.8	1.9	1.7	1.6	1.8	0.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Economic climate indicator	balance/3-mma	0.2	1.0	0.7	1.2	1.0	0.9	0.9	1.1	0.9	0.8	0.8	0.9	1.0	0.9
Economic activity indicator	3-mma	0.8	1.9	1.1	1.7	2.1	2.5	1.8	2.4	2.5	2.2	2.3	1.8	2.0	-
Total turnover index	y.r./3-mma	2.6	4.7	4.9	4.2	4.0	5.8	3.6	4.6	5.8	5.0	6.4	3.6	4.2	-
Manufacturing industry production index	s.a/y.r./3-mma	2.3	3.2	4.7	3.4	2.0	2.8	-0.2	2.3	2.8	0.9	1.7	-0.2	1.1	-
Production index in construction	s.a/y.r./3-mma	-6.6	-4.1	-7.2	-5.0	-3.4	-0.3	-2.7	-2.8	-0.3	-1.0	0.1	-2.7	-0.4	-
Retail trade turnover index (real)	y.r./3-mma	1.2	-0.1	0.9	-0.7	-0.2	-0.3	2.2	-0.2	-0.3	-0.1	1.3	2.2	1.4	-
Sales of passenger vehicles	y.r./3-mma	-5.8	3.7	-4.8	0.4	11.9	10.1	11.5	7.7	10.1	10.0	15.0	11.5	12.8	7.6
<b>Consumption</b>															
Consumer confidence indicator	balance/3-mma	-34.2	-35.2	-33.2	-32.9	-35.5	-39.2	-42.9	-37.9	-39.2	-41.4	-42.5	-42.9	-41.8	-43.4
Quantitative indicator of private consumption	y.r./3-mma	1.4	2.1	1.7	2.3	2.0	2.3	2.2	1.9	2.3	2.3	2.6	2.2	2.0	-
Indicator of non-durable consumer goods	y.r./3-mma	1.5	1.6	1.7	1.3	1.5	1.7	1.7	1.4	1.7	1.7	1.7	1.7	1.5	-
Indicator of durable consumer goods	y.r./3-mma	0.8	5.8	1.4	9.3	5.3	7.1	5.7	5.9	7.1	6.8	8.6	5.7	5.9	-
Vol. ind. consumption of passenger vehicles	y.r./3-mma	-3.0	6.2	-1.1	14.2	4.1	6.5	6.0	4.8	6.5	7.0	11.0	6.0	7.0	-
<b>Investment</b>															
GFCF indicator		-3.0	3.5	0.1	0.6	2.6	10.8	-1.9	4.2	10.8	5.7	3.2	-1.9	-0.5	-
Cement sales	y.r./3-mma	-7.6	2.1	-1.9	-2.3	2.0	12.0	-7.7	8.1	12.0	3.5	1.0	-7.7	-	-
Sales of steel for concrete	y.r./3-mma	5.9	-5.9	-6.9	-3.9	-9.9	-2.9	-8.1	-18.0	-2.9	-3.2	-1.7	-8.1	-	-
Credit for purchase of habitation	y.r./stocks	15.6	9.8	9.6	9.0	9.8	9.8	9.3	9.6	9.8	9.8	9.7	9.3	-	-
Licenses for construction of new habitations	y.r./3-mma	-6.8	-7.5	-8.8	-11.3	-4.3	-5.1	-11.9	-6.1	-5.1	-9.6	-6.0	-11.9	-7.5	-
Machinery and equipment indicator		2.7	4.6	4.1	4.0	5.1	5.0	4.5	5.4	5.0	4.6	4.3	4.5	4.4	4.2
Sales of light commercial vehicles	y.r./3-mma	-7.3	6.3	1.5	48.0	-17.5	-7.9	-18.0	-12.8	-7.9	-10.4	-11.0	-18.0	-16.9	-20.2
Sales of new heavy commercial vehicles	y.r./3-mma	12.9	6.2	2.7	-9.0	-19.8	92.9	19.0	2.9	92.9	53.8	26.4	19.0	17.3	8.8
<b>External demand</b>															
External demand indicator in value	s.a/y.r./3-mma	12.9	4.3	4.3	2.9	5.8	4.1	9.8	5.4	4.1	5.3	6.7	9.8	-	-
External order books	balance/3-mma	-14.4	-3.6	-7.0	-2.0	-1.3	-4.0	-10.3	-2.0	-4.0	-8.0	-9.7	-10.3	-10.0	-11.0
Exports of merchandises in value	y.r./3-mma	12.4	8.8	13.5	9.8	6.3	5.8	5.0	6.1	5.8	5.1	8.4	5.0	6.5	-
Imports of merchandises in value	y.r./3-mma	8.1	7.4	3.5	6.6	7.3	12.0	12.1	10.3	12.0	12.5	15.0	12.1	14.2	-
<b>Labour market</b>															
Unemployment rate	%	7.7	8.0	8.4	7.9	7.9	7.8	7.6	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Employment	y.r.	0.7	0.2	0.2	-0.5	0.2	0.9	1.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Unemployed registration along the month	s.a/y.r./3-mma	1.2	-6.5	-5.3	-3.8	-6.1	-10.7	-0.4	-9.7	-10.7	-10.9	-5.4	-0.4	5.3	-
Unemployment expectations	balance/3-mma	43.8	42.2	40.5	40.4	42.7	45.3	46.6	44.7	45.3	46.6	47.8	46.6	45.2	46.1
Vacancies along the month	s.a/y.r./3-mma	3.6	13.7	15.1	3.0	11.4	25.7	-0.4	19.5	25.7	15.9	11.6	-0.4	1.4	-
Employment indicator (short-term statistics)	y.r./3-mma	-1.9	-0.4	-1.1	-0.8	-0.3	0.4	0.7	0.1	0.4	0.6	0.7	0.7	0.7	-
Average declared wages	s.a/y.r./3-mma	3.5	3.5	3.6	3.5	3.6	3.3	3.9	3.9	3.3	3.4	3.3	3.9	3.7	-
Wage negotiation	a.v./3-mmaq.w.	2.8	2.9	2.5	2.9	2.9	3.2	2.9	2.6	3.2	3.6	3.4	2.9	2.8	-
<b>Prices and exchange rates</b>															
Consumer price index	y.r.	3.1	2.5	2.4	2.5	2.2	2.7	2.9	2.8	2.7	2.9	2.9	3.1	2.5	2.8
Core inflation indicator	y.r.	2.0	1.9	1.6	1.9	2.0	2.1	2.4	2.1	2.2	2.3	2.3	2.4	2.2	2.2
Consumer price index - goods	y.r.	3.2	2.2	2.3	2.3	1.8	2.5	2.6	2.7	2.5	2.5	2.6	2.8	2.3	2.8
Consumer price index - services	y.r.	2.9	2.9	2.6	3.1	2.9	3.0	3.5	3.0	3.0	3.4	3.4	3.6	2.8	2.8
Manufacturing industry production price index	y.r./3-mma	4.6	2.5	1.6	1.7	1.7	5.2	7.2	3.9	5.2	6.1	6.5	7.2	7.2	7.5
Effective exchange rate index for Portugal	y.r.	0.2	0.8	0.8	0.7	0.6	1.3	1.6	1.4	1.2	1.6	1.5	1.8	1.9	-
Exchange rate eur/USD	y.r.	0.9	9.1	9.0	7.3	7.9	12.4	14.4	14.0	10.3	13.2	12.8	17.3	16.5	15.1
Exchange rate USD/Euro	USD	1.256	1.371	1.311	1.348	1.374	1.449	1.500	1.468	1.457	1.472	1.475	1.553	1.575	1.556
Exchange rate eur/JPY	y.r.	6.6	10.4	11.4	13.2	9.3	7.9	0.8	7.8	5.6	1.4	0.2	0.9	0.5	-0.6