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press release
INSTITUTO NACIONAL DE ESTATÍSTICA
STATISTICS PORTUGAL

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Quarterly Sector Accounts (Base 2011)

Fourth Quarter 2015

Net lending of the Portuguese economy stood at 1.1% of GDP

The net lending of the economy stood at 1.1% of Gross Domestic Product (GDP) in the year ending in the fourth quarter 2015, similar to the one observed in the previous quarter. The gross savings increased by 0.2%, with an increase of Gross Disposable Income (GDI) of the nation (0.6%) slightly lower than the increase of final consumption expenditure of the economy (0.7%). The GDP and the Gross National Income (GNI) increased by 0.8% and 0.6% in the fourth quarter 2015, respectively. The evolution of the GNI reflected the reduction of the balance of property income with the Rest of the World (growth rates of -6.1% in the income received and 0.3% in the income paid).

The Households savings rate stood at 4.2%, 0.2 percentage points lower than in the previous quarter, reflecting the effects of the increase of private consumption larger than the increase of disposable income (change rates of 0.7% and 0.5%, respectively). The net lending of the Non-Financial Corporations was 0.6% of GDP (0.5% in the previous quarter) and the investment rate of this sector decrease to 20.1% of GDP (less 0.3 percentage points than in the previous quarter).

The net borrowing of General Government (GG) increased, shifting from 3.1% of GDP in the year ending in the third quarter 2015 to 4.4%. This reduction in the balance of GG was determined by the recording of the Banif resolution process in the fourth quarter 2015 with a corresponding impact of 1.4% of GDP.

In 2015, the overall balance of the GG was -7893.0 million euros, corresponding to -4.4% of GDP (-7.2% of GDP in 2014).

The current results are the preliminary version of the Quarterly Sector Accounts (QSA) for the fourth quarter 2015. National Accounts aggregates are expressed exclusively in nominal terms. 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 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:

http://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_cnacionais&xlang=en

Net lending of the Portuguese economy stood at 1.1% of GDP

The Portuguese economy registered a net lending of 1.1% of GDP in the year ending in the fourth quarter 2015, same as recorded in the previous quarter. The current savings slightly increased (growth rate of 0.2%), with the Gross Disposable Income and the final consumption expenditure increasing by 0.6% and 0.7%, respectively. The growth rate of Gross Disposable Income mainly reflected the nominal GDP increase (0.8%).

Figure 1 presents the evolution of the net lending(+)/borrowing(-) of the economy by institutional sector. The net borrowing of General Government (GG) increased 1.3 percentage points, attaining 4.4% of GDP. This deterioration of the balance of the GG resulted from the resolution of Banco Internacional do Funchal S.A. (Banif) registered in the fourth quarter 2014, which had an impact of 1.4% of GDP.

The balance of Non-Financial Corporations remained almost unchanged, while the balance of the Financial Corporations sector improved significantly due to two specific effects: the negative impact of extraordinary payments to pension funds in the fourth quarter 2014 and the positive impact of the capital transfer from GG in the fourth quarter of 2015. The net lending of Households diminished, mainly reflecting the already mentioned base effect of extraordinary payments to pension funds, in the fourth quarter 2014, which are recorded as resources of Households.

The external balance of goods and services increased to 0.8% of GDP (more 0.2 percentage points than in the previous quarter), as exports of goods and services increased 0.4%, while imports of goods and services remained unchanged.

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

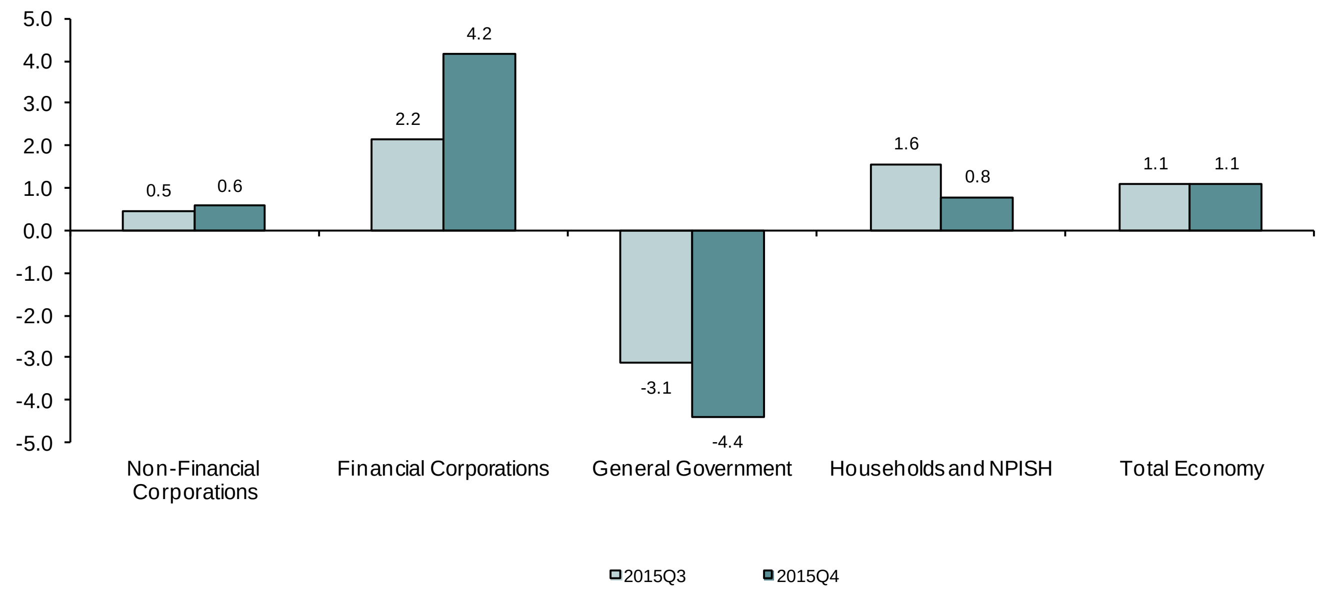
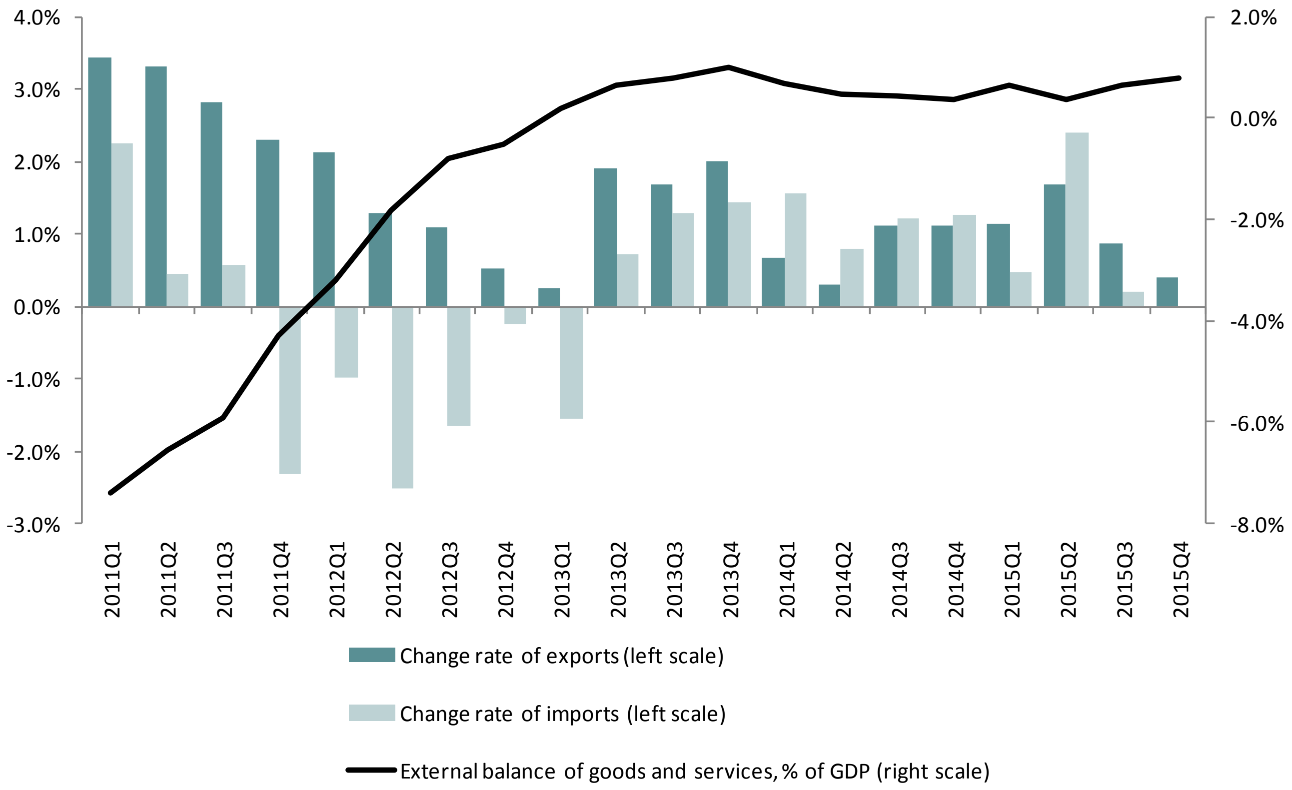


Figure 2 - External balance of goods and services (accumulated sum of 4 quarters)



Households: net lending decreased to 0.8% of GDP

The net lending of Households[1] decreased to 0.8% of GDP in the year ending the fourth quarter 2015 (1.6% in the previous quarter). This result was determined by the reduction of capital transfers and, to a lesser extent, by the decrease of savings (change rate of 4.0%). The reduction of capital transfers in the year ending in the fourth quarter 2015 reflects the base effect of extraordinary payments to pension funds, made by financial institutions in the fourth quarter 2014, which are recorded as resources of Households.

The saving rate decreased to 4.2% of disposable income (4.4% in the previous quarter), maintaining the downward movement albeit at a slower pace than in previous quarters. In the fourth quarter 2015, the final consumption expenditure and the disposable income increased 0.7% and 0.5%, respectively (change rates of 0.8% and 0.3% in the previous quarter).

The increase in disposable income was due to the increase in compensation of employees (growth rate of 0.5%). As can be seen in Table 1, which shows the breakdown of the growth rate of disposable income, compensation of employees presented the more significant contribution (0.3 percentage points) to the growth rate of Households disposable income.

[1] Includes Households and Non-Profit Institutions Serving Households (NPISHs). Corresponds to S.1M code in the attached excel files.

The increase of compensation of employees was primarily determined by the behaviour of the compensation of employees paid by Non-Financial Corporations, which increased by 0.6% in the fourth quarter 2015. The decrease in interest paid by Households was more than offset by the reduction of property income (interest and dividends) received, determining a negative impact of the balance of property income (by 0.1 percentage points) in the disposable income in the fourth quarter 2015.

Table 2 shows the composition of the Households disposable income, with compensation of employees representing for 63.2% of disposable income.

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

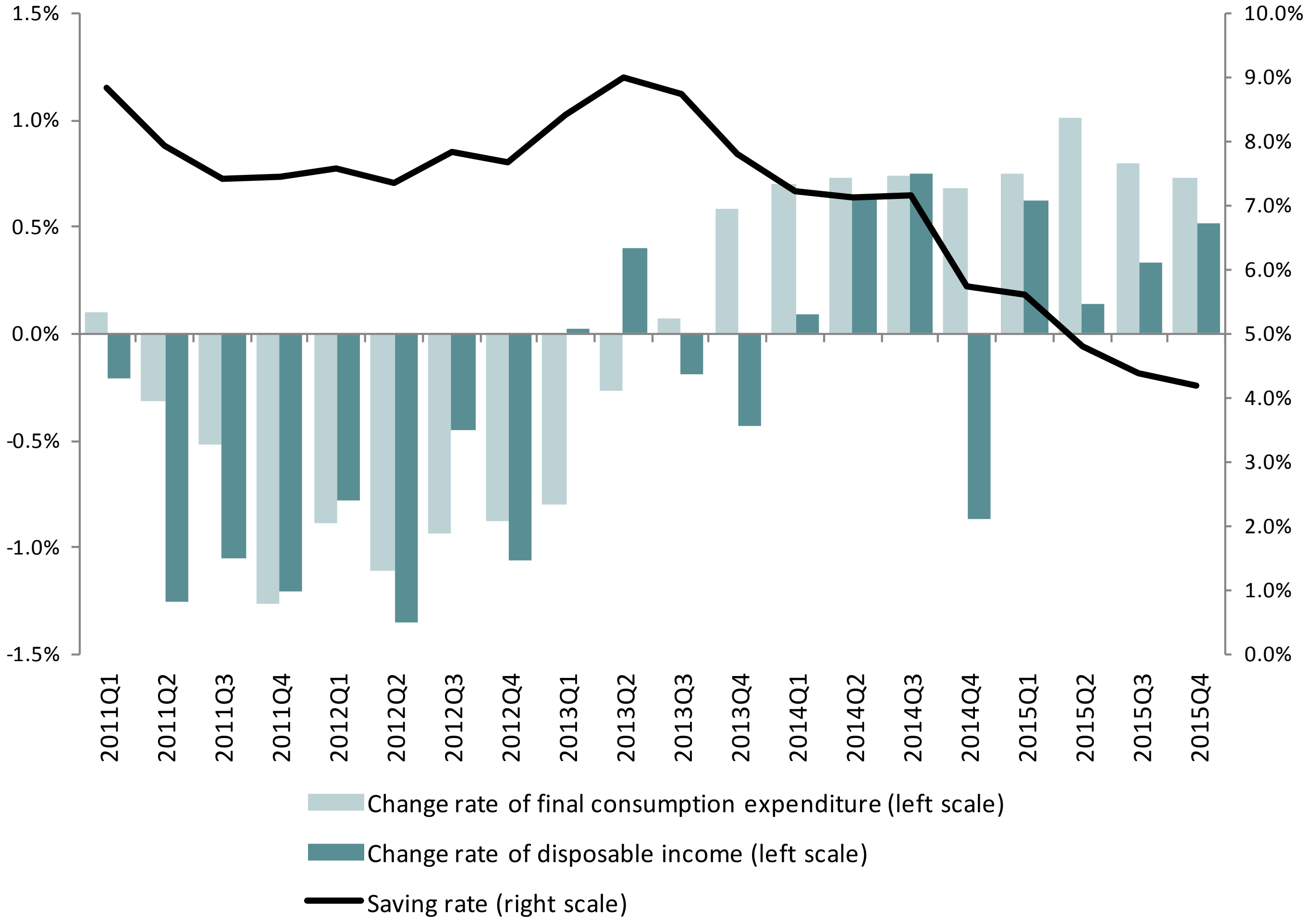


Table 1: Contibutions to the change rate of disposable income of Households and NPISH (percentage points, accumulated sum of 4 quartes)

	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)
2011Q1	-0.3	-0.1	0.0	0.2	0.2	0.2	-0.2
2011Q2	-0.6	-0.2	-0.7	0.0	0.0	-0.1	-1.3
2011Q3	-0.6	-0.2	0.0	0.0	0.1	0.2	-1.0
2011Q4	-1.1	-0.1	0.0	0.2	0.1	0.4	-1.2
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	-0.4
2012Q4	-1.6	0.2	-0.1	0.1	-0.1	-0.4	-1.1
2013Q1	0.0	0.1	0.6	0.3	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	-0.4
2014Q1	-0.2	0.2	0.1	-0.1	0.2	0.1	0.1
2014Q2	0.7	0.2	0.1	-0.5	0.1	0.0	0.6
2014Q3	0.5	0.2	-0.1	0.4	0.1	0.3	0.8
2014Q4	-0.7	0.1	-0.1	-0.5	-0.2	-0.4	-0.9
2015Q1	0.4	0.1	0.0	-0.1	0.2	0.0	0.6
2015Q2	0.3	0.0	-0.2	0.0	0.0	0.0	0.1
2015Q3	-0.1	0.0	0.2	0.2	0.0	0.0	0.3
2015Q4	0.3	0.1	-0.1	0.0	0.1	-0.1	0.5

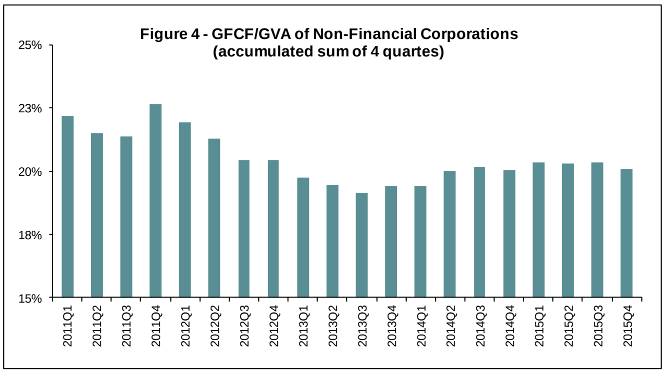
Table 2: Percentual weight of the components of Households and NPISH's disposable income (%, accumulated sum of 4 quarters)

	Compensation of Employees	Operating Surplus + Mixed Income (Gross)	Rendimentos de propriedade liquídos recebidos	Impostos	Social benefits less contributions, excluding social transfers in kind	Net Transfers (receivable)
2011Q1	65.2	24.3	8.2	-7.7	6.2	3.8
2011Q2	65.5	24.5	7.6	-7.7	6.3	3.9
2011Q3	65.5	24.5	7.7	-8.0	6.3	4.0
2011Q4	65.3	24.7	7.8	-8.5	6.6	4.1
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	3.7
2013Q2	62.2	26.1	8.8	-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	63.2	26.6	8.6	-11.4	8.7	4.3
2014Q2	63.4	26.7	8.7	-11.4	8.2	4.3
2014Q3	63.5	26.7	8.6	-11.6	8.6	4.4
2014Q4	63.4	27.0	8.6	-11.3	8.1	4.2
2015Q1	63.3	27.0	8.6	-11.2	7.9	4.4
2015Q2	63.5	27.0	8.4	-11.2	7.9	4.4
2015Q3	63.2	26.9	8.5	-11.1	8.1	4.4
2015Q4	63.2	26.8	8.4	-10.9	8.1	4.5

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 fourth quarter 2015, which corresponds to 0.1 percentage points more than in the year ending in the previous quarter. To this result mainly contributed the increase of 1.1% of Gross Value Added (GVA), which more than offset the increases of compensation of employees paid and of current taxes on income (growth rates of 0.6% and 9.7%, respectively).

The investment rate (measured by the ratio between Gross Fixed Capital Formation (GFCF) and GVA) decreased to 20.1% (less 0.3 percentage points than in the previous quarter).



Financial Corporations: net lending reached 4.2% of GDP

In the fourth quarter 2015, the sector of Financial Corporations presented a net lending of 4.2% of GDP, which compares with 2.2% in the previous quarter. This behaviour was mainly due to two specific effects: in the fourth quarter 2014, extraordinary payments of Financial Corporations to Pension Funds affected negatively the balance of the sector in that quarter; in the fourth quarter 2015, the overall balance reflects the impact of Banif's resolution process (1.4% of GDP).

Property income paid and received registered growth rates of -3.3% and -3.2%, respectively, in the fourth quarter 2015, which resulted in a decrease of 2.7% in the balance of these incomes.

The GVA of the Financial Corporations sector increased 2.7%, representing the main contribution to the increase of the current savings by 4.1%.

General Government: net borrowing increased by 1.3 percentage points

The net borrowing of the GG sector recorded an increase of 1.3 percentage points in the year ending the fourth quarter 2015 compared to the previous quarter, attaining 4.4% of GDP. This performance was mainly due to the increase of capital expenditure that reflects the recording of the Banif resolution process in the fourth quarter 2015, with a negative impact of 1.4% of GDP (see tables 3 and 4).

There was however a decrease in current expenditure by 0.1%, influenced by the reduction of the interest payments, subsidies and other current expenditure. On the other hand, the expenditure with social benefits, compensation of employees and intermediate consumption increased, partially offsetting the decrease in current expenditure.

GG revenue increased 0.1% in the year ending the fourth quarter 2015. This increase was determined by the growth of the current revenue, mainly due to the increase in taxes on income and wealth (change rate of 1.1%) and, to a lesser extent, by the increase in social contributions (0.4%) and in taxes on production and imports (0.3%). On the opposite side, the remaining current revenue components and capital revenue decreased.

Taking into account the quarterly figures rather than the sum of four quarters, the net borrowing of the GG stood at about -3208.8 million euros in the fourth quarter 2015 (-7.1% of GDP).

For 2015, the general government balance attained -7893.0 million euros, corresponding to -4.4% of GDP (-7.2% in 2014). Table 5 illustrates how the 3.5% decrease in expenditure combined with the 1.9% increase in revenue has resulted in an improvement of net borrowing. It should be mentioned that expenditure in 2014 reflects the impact of the capitalization of Novo Banco, which was more significant than the impact of the Banif resolution process in 2015. The revenue increased mainly through taxes, in particular, taxes on production and imports increased by 6.0% and current taxes on income and wealth increased by 2.6%.

Table 6 presents the main adjustments carried out for moving from Public Accounting to National Accounts balances. Comparing the fourth quarter 2015 with the same period of the previous year, the improvement in the balance in Public Accounting was mainly offset by the effect of the Banif resolution process when the balance is adjusted to national accounts.

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

Unit: 10^6 euros

	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4
Total revenue	**77 230.8**	**77 693.5**	**78 121.8**	**78 604.1**	**78 670.8**
Current revenue	75 785.8	76 242.5	76 649.0	77 219.4	77 343.7
Current taxes on income and w ealth	18 973.7	18 920.1	18 915.9	19 254.4	19 457.6
Taxes on production and imports	24 592.6	25 011.8	25 507.0	26 005.9	26 072.4
Social contributions	20 370.8	20 614.5	20 724.1	20 632.3	20 717.6
Sales	6 531.0	6 512.5	6 612.2	6 743.6	6 691.3
Other current revenue	5 317.7	5 183.6	4 889.8	4 583.2	4 404.8
Capital revenue	1 445.0	1 451.1	1 472.8	1 384.7	1 327.1
Total expenditure	**89 676.9**	**90 097.7**	**89 395.0**	**84 181.9**	**86 563.8**
Current expenditure	79 287.5	79 699.1	79 697.4	79 320.8	79 242.5
Social benefits	34 106.3	34 158.7	34 285.8	34 389.7	34 517.0
Compensation of employees	20 494.6	20 617.2	20 615.1	20 215.3	20 264.1
Interest	8 502.3	8 547.3	8 441.2	8 301.7	8 191.7
Intermediate consumption	10 079.2	10 268.8	10 411.6	10 550.5	10 600.6
Subsidies	1 209.7	1 216.5	1 184.4	1 209.9	1 172.1
Other current expenditure	4 895.4	4 890.6	4 759.3	4 653.8	4 497.0
Capital expenditure	10 389.4	10 398.6	9 697.6	4 861.1	7 321.3
Investment (1)	3 578.5	3 524.8	3 862.3	3 775.5	3 956.1
Other capital expenditure	6 810.8	6 873.8	5 835.4	1 085.6	3 365.2
Current Balance	-3 501.8	-3 456.6	-3 048.4	-2 101.3	-1 898.8
Balance	**-12 446.2**	**-12 404.2**	**-11 273.3**	**-5 577.7**	**-7 893.0**
By memory:					
Primary current expenditure	70 785.2	71 151.8	71 256.2	71 019.1	71 050.9
Gross Domestic Product at current market prices	173 446.2	175 017.1	176 696.8	177 953.8	179 378.9
Balance in % of GDP	-7.2%	-7.1%	-6.4%	-3.1%	-4.4%

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

Unit: %

	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4
Total revenue	**-1.9**	**0.6**	**0.6**	**0.6**	**0.1**
Current revenue	-1.5	0.6	0.5	0.7	0.2
Current taxes on income and w ealth	-5.0	-0.3	0.0	1.8	1.1
Taxes on production and imports	0.1	1.7	2.0	2.0	0.3
Social contributions	-2.2	1.2	0.5	-0.4	0.4
Sales	0.6	-0.3	1.5	2.0	-0.8
Other current revenue	5.4	-2.5	-5.7	-6.3	-3.9
Capital revenue	-19.7	0.4	1.5	-6.0	-4.2
Total expenditure	**-2.0**	**0.5**	**-0.8**	**-5.8**	**2.8**
Current expenditure	-2.0	0.5	0.0	-0.5	-0.1
Social benefits	-3.3	0.2	0.4	0.3	0.4
Compensation of employees	-4.6	0.6	0.0	-1.9	0.2
Interest	1.1	0.5	-1.2	-1.7	-1.3
Intermediate consumption	2.7	1.9	1.4	1.3	0.5
Subsidies	4.2	0.6	-2.6	2.2	-3.1
Other current expenditure	2.1	-0.1	-2.7	-2.2	-3.4
Capital expenditure	-1.7	0.1	-6.7	-49.9	50.6
Investment (1)	2.6	-1.5	9.6	-2.2	4.8
Other capital expenditure	-3.8	0.9	-15.1	-81.4	210.0

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

Table 5: Revenue and expenditure of general government

	2014		2015		Nominal change rate (%)
	million euros	% GDP	million euros	% GDP	
Total revenue	**77 230.8**	**44.5**	**78 670.8**	**43.9**	**1.9**
Current revenue	75 785.8	43.7	77 343.7	43.1	2.1
Current taxes on income and wealth	18 973.7	10.9	19 457.6	10.8	2.6
Taxes on production and imports	24 592.6	14.2	26 072.4	14.5	6.0
Social contributions	20 370.8	11.7	20 717.6	11.5	1.7
Sales	6 531.0	3.8	6 691.3	3.7	2.5
Other current revenue	5 317.7	3.1	4 404.8	2.5	-17.2
Capital revenue	1 445.0	0.8	1 327.1	0.7	-8.2
Total expenditure	**89 676.9**	**51.7**	**86 563.8**	**48.3**	**-3.5**
Current expenditure	79 287.5	45.7	79 242.5	44.2	-0.1
Social benefits	34 106.3	19.7	34 517.0	19.2	1.2
Compensation of employees	20 494.6	11.8	20 264.1	11.3	-1.1
Interest	8 502.3	4.9	8 191.7	4.6	-3.7
Intermediate consumption	10 079.2	5.8	10 600.6	5.9	5.2
Subsidies	1 209.7	0.7	1 172.1	0.7	-3.1
Other current expenditure	4 895.4	2.8	4 497.0	2.5	-8.1
Capital expenditure	10 389.4	6.0	7 321.3	4.1	-29.5
Investment (1)	3 578.5	2.1	3 956.1	2.2	10.5
Other capital expenditure	6 810.8	3.9	3 365.2	1.9	-50.6
Current Balance	-3 501.8	-2.0	-1 898.8	-1.1	
Balance	-12 446.2	-7.2	-7 893.0	-4.4	

(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

	2014Q4	2015Q4
Balance in Public Accounting:	**-3 111.1**	**-1 347.0**
Accrual adjustment and sector delimitation in National Accounts	2 125.7	532.7
Difference between paid and due interest	336.4	142.3
Other receivables:	751.2	381.2
Temporal adjustment to taxes and contributions	*534.5*	*389.8*
Others	*216.8*	*- 8.6*
Other payables:	423.1	119.3
Expenditure already incurred but not yet paid	*356.3*	*256.4*
Others	*66.7*	*- 137.1*
Other adjustments:	-1 418.8	-3 037.2
of which:		
Capital injections and debt assumptions	*-1 967.8*	*-3 136.0*
Balance in National Accounting:	**- 893.5**	**-3 208.8**
Quarterly GDP	43 854.8	45 279.9
Balance in National Accounting in % of GDP	-2.0%	-7.1%

National Economy: Gross National Income increased 0.6%

In the fourth quarter 2015, the Gross National Income (GNI) registered a change rate of 0.6% (0.2 percentage points lower than the rate of change of nominal GDP). To this result contributed the reduction of the balance of property income (interest and dividends) with the Rest of the World (change rates of -6.1% in income received and 0.3% in the 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 (%)
2008Q3	179 100	0.6	172 234	0.3	173 745	0.4
2008Q4	178 873	-0.1	171 910	-0.2	173 720	0.0
2009Q1	177 213	-0.9	170 000	-1.1	171 639	-1.2
2009Q2	176 029	-0.7	168 796	-0.7	170 266	-0.8
2009Q3	175 543	-0.3	169 085	0.2	170 184	0.0
2009Q4	175 448	-0.1	169 024	0.0	169 934	-0.1
2010Q1	177 293	1.1	171 204	1.3	172 133	1.3
2010Q2	178 315	0.6	172 084	0.5	173 196	0.6
2010Q3	179 362	0.6	172 537	0.3	173 816	0.4
2010Q4	179 930	0.3	173 878	0.8	174 987	0.7
2011Q1	179 514	-0.2	174 402	0.3	175 649	0.4
2011Q2	178 989	-0.3	174 274	-0.1	175 535	-0.1
2011Q3	178 006	-0.5	174 319	0.0	175 638	0.1
2011Q4	176 167	-1.0	172 772	-0.9	174 098	-0.9
2012Q1	174 842	-0.8	170 506	-1.3	171 828	-1.3
2012Q2	172 028	-1.6	167 763	-1.6	168 972	-1.7
2012Q3	170 397	-0.9	165 932	-1.1	167 089	-1.1
2012Q4	168 398	-1.2	164 317	-1.0	165 851	-0.7
2013Q1	167 631	-0.5	164 349	0.0	165 921	0.0
2013Q2	167 989	0.2	165 418	0.7	167 208	0.8
2013Q3	168 807	0.5	166 313	0.5	168 145	0.6
2013Q4	170 269	0.9	167 975	1.0	169 808	1.0
2014Q1	170 738	0.3	168 363	0.2	170 453	0.4
2014Q2	172 343	0.9	169 822	0.9	171 778	0.8
2014Q3	173 566	0.7	171 153	0.8	173 236	0.8
2014Q4	173 446	-0.1	170 592	-0.3	172 752	-0.3
2015Q1	175 078	0.9	171 943	0.8	174 230	0.9
2015Q2	176 766	1.0	173 111	0.7	175 327	0.6
2015Q3	178 017	0.7	174 513	0.8	176 707	0.8
2015Q4	179 379	0.8	175 546	0.6	177 825	0.6

The Gross Disposable Income (GDI) registered an increase of 0.6% in the fourth quarter 2015, while the final consumption expenditure of the economy (which includes the final consumption expenditure of Households and of General Government) registered an increase of 0.7%, which determined an increase of 0.2% in the current savings of the economy. The balance of capital transfers with the Rest of the World increased by 6.6%, determining the stabilization of net lending at 1.1% of GDP in the fourth quarter 2015 (same as recorded in the previous quarter).

The Gross Capital Formation (investment) for the total economy was 15.2% of GDP in the fourth quarter 2015 (less 0.1 percentage points than in the previous quarter).

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(-)
2008Q3	11.2	0.8	23.8	-11.7
2008Q4	11.0	0.9	23.6	-11.4
2009Q1	10.4	0.8	22.8	-11.4
2009Q2	10.4	1.1	22.0	-10.3
2009Q3	10.9	1.2	21.4	-9.2
2009Q4	10.7	1.1	20.8	-9.0
2010Q1	11.3	1.0	21.1	-8.8
2010Q2	10.9	0.9	21.4	-9.5
2010Q3	10.5	1.0	20.9	-9.5
2010Q4	10.8	1.3	21.1	-9.0
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	16.6	-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	14.8	2.0
2013Q3	15.2	1.7	14.8	2.1
2013Q4	15.4	1.5	14.6	2.3
2014Q1	15.4	1.6	14.9	2.1
2014Q2	15.2	1.5	15.1	1.7
2014Q3	15.4	1.5	15.1	1.8
2014Q4	15.1	1.3	15.1	1.4
2015Q1	15.1	1.3	15.0	1.5
2015Q2	14.8	1.3	15.3	0.9
2015Q3	15.2	1.1	15.3	1.1
2015Q4	15.1	1.2	15.2	1.1

In annual terms, when comparing 2015 with previous years, it should be noted the growth trend of the macroeconomic aggregates since 2013 onwards (see figure 5).

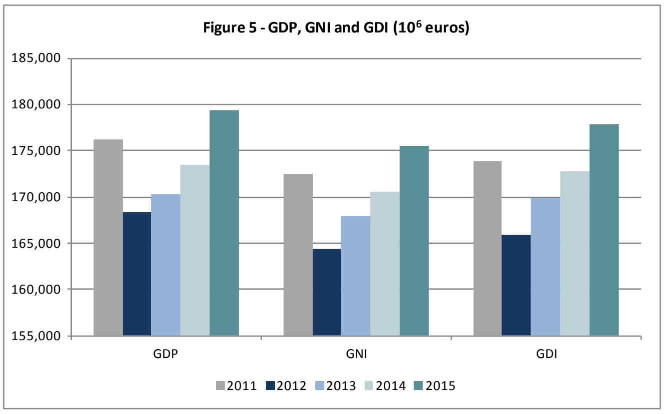
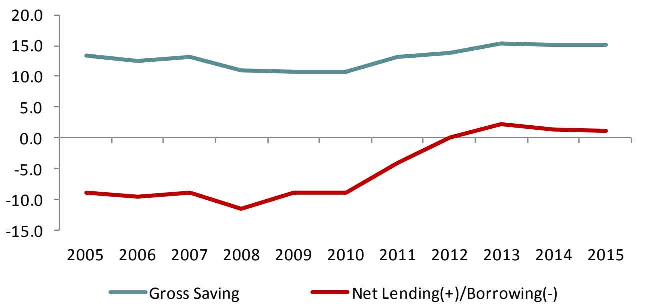


Figure 5 - GDP, GNI and GDI (10^6 euros)

In 2012, the Portuguese economy presented for the first time in the current series of National Accounts, a net lending, although small (15 million euros), which was reinforced in following years. In 2015, the net lending and gross savings stood at 1.1% and 15.1% of GDP, respectively (1.4% and 15.1% in 2014).

Figure 6 - Gross Saving and Net Lending(+)/Borrowing(-) (% of GDP)



Unit labour costs (ULC) decreased

In the fourth quarter of 2015, the UCL fell by 0.6% (reduction of 2.1% in the previous quarter) as result of the reduction of 0.6% of average compensation of employees and a slight increase in productivity. The decrease in the average compensation was influenced by the increase of the number of employees, which more than offset the increase of the compensation of employees.

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

Revision of estimates

The current Quarterly Accounts by Institutional Sector incorporate new information, leading to revisions of the previous estimates of some aggregates. The current results by institutional sector are consistent with the Quarterly National Accounts for the total economy, which consequently reflect the revisions derived there from. Additionally, it also should be noted that the Quarterly National Accounts for the total economy, published on February 29, 2016 by Statistics Portugal may be subject to change in some aggregates as a result of the incorporation of additional information, with the current results by institutional sector. The tables disseminated in the section of National Accounts available in the Statistics Portugal's website are updated whenever changes occur that justify it.

Comparing with the previous press release for the third quarter 2015, it should be noted:

i. The incorporation of the latest version for the Balance of Payments from Banco de Portugal;

ii. the incorporation of the latest information for the Monetary and Financial Statistics from Banco de Portugal.

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.