

Quarterly Sector Accounts (Base 2011)  
First Quarter 2016

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**Net lending of the Portuguese economy stood at 1.0% of GDP**

The Portuguese economy registered a net lending of 1.0% of Gross Domestic Product (GDP) in the year ending in the first quarter 2016, less 0.1 percentage points than in the previous quarter. The gross savings increased by 1.6%, with a growth of the Gross Disposable Income (GDI) of the nation (1.0%) slightly higher than the increase of final consumption expenditure of the economy (0.9%). GDP and Gross National Income (GNI) increased by 0.9% and 1.2% in the first quarter of 2016, respectively. The higher increase of GNI comparing with GDP reflected the improvement in the balance of property income with the Rest of the World (5.4% growth rates in income received and -0.7% in income paid).

The Households saving rate stood at 3.5%, 0.8 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 0.9% and 0.1%, respectively). It should be mentioned that the significant growth of private consumptions was mostly determined by the increase in the consumption of durable goods and the lower increase of disposable income reflected mainly the reduction in the transfers made by emigrants.

The net borrowing of General Government (GG) decreased from 4.4% of GDP in the year ended in the fourth quarter of 2015 to 3.8%. This improvement of the GG balance resulted from the combined effect of the 0.5% increase in revenues and a reduction of 0.6% of expenditure. Using quarterly figures and not the sum of the year ending in the quarter, the balance of the GG stood at -3.2% of GDP in the first quarter 2016 (-5.5% in the same quarter of 2015).

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The current results are the preliminary version of the Quarterly Sector Accounts (QSA) for the first quarter 2016. 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.

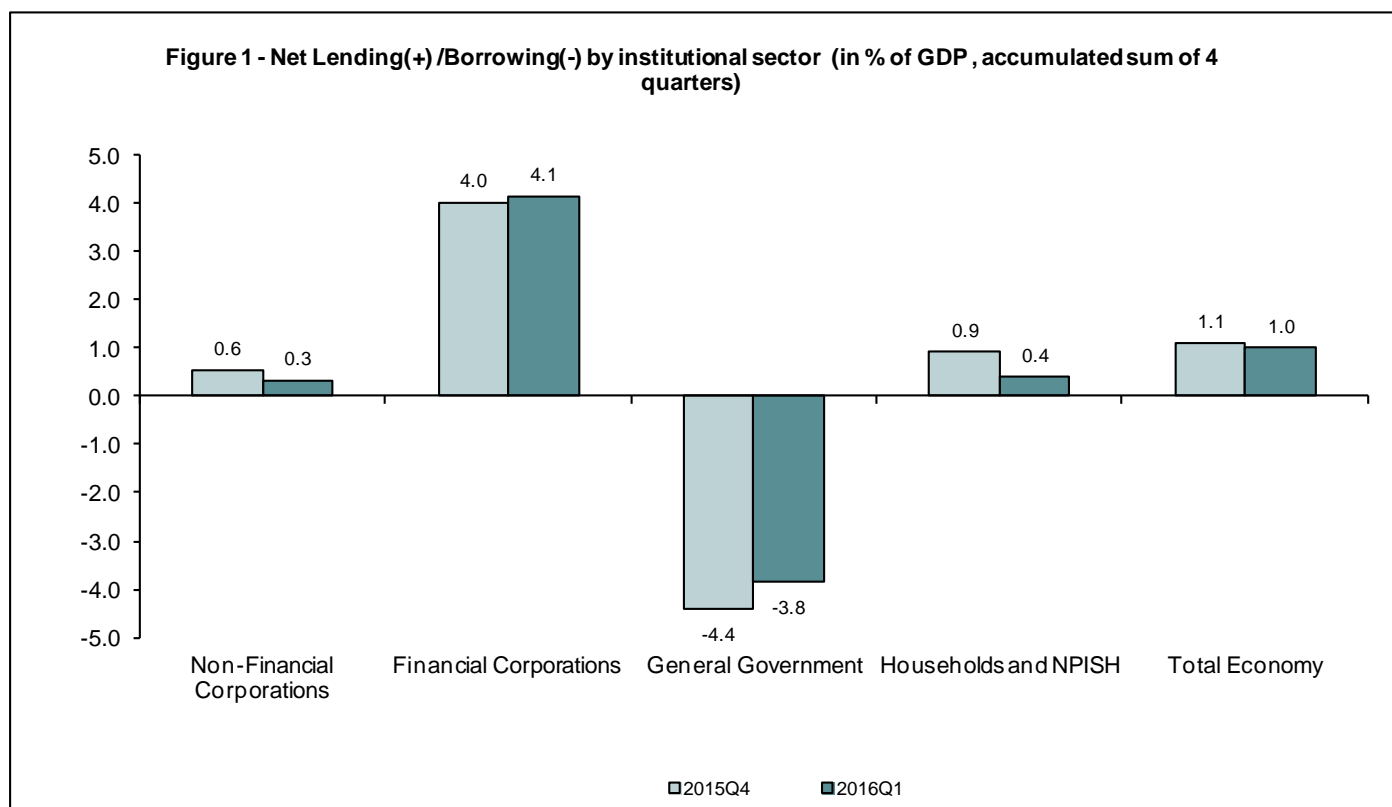
**Net lending of the Portuguese economy stood at 1.0% of GDP**

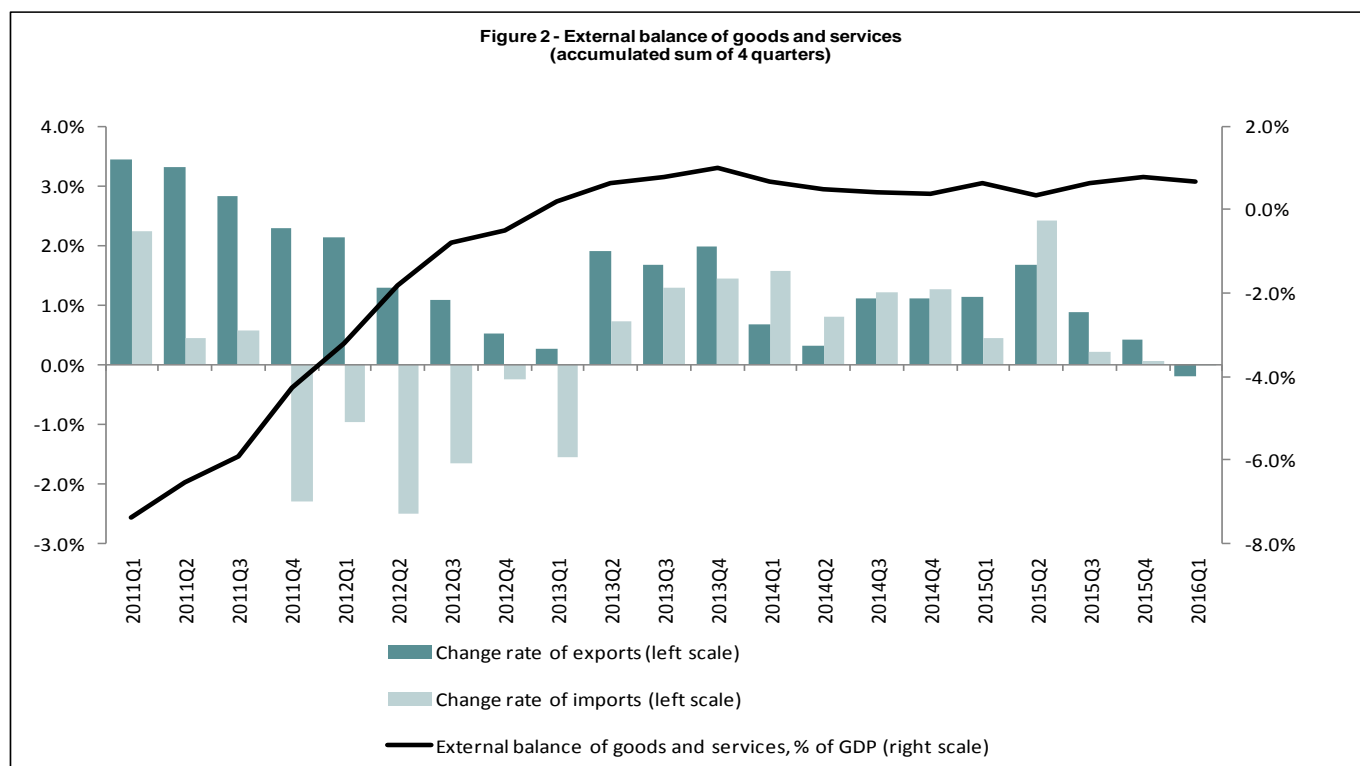
The Portuguese economy registered a net lending of 1.0% of GDP in the year ending in the first quarter 2016, less 0.1 percentage points than in the previous quarter. The current savings registered a growth of 1.6%, with the Gross Disposable Income and the final consumption expenditure increasing by 1.0% and 0.9%, respectively. The growth rate of Gross Disposable Income mainly reflected the nominal GDP increase (0.9%) and, to a lesser degree, the improvement of the balance of property income with the Rest of the World.

Figure 1 presents the evolution of the net lending(+)/borrowing(-) of the economy by institutional sector. The net borrowing of GG decreased 0.6 percentage points, attaining 3.8% of GDP. This improvement of the balance resulted from the combined effect of the 0.5% increase in revenues and

a reduction of 0.6% of expenditure. The balance of Non-Financial Corporations fell by 0.3 percentage points of GDP while the Financial Corporations increased by 0.1 percentage points, standing at 0.3% and 4.1% of GDP, respectively. Since the balances analysed here report to the accumulated sum of four quarters, the net lending of Financial Corporations reflects the positive impact of resolution of Banif in the fourth quarter 2015, representing 1.3% of GDP. Symmetrically, the balance of the GG reflects the negative effect of this operation. The net lending of households was reduced by 0.5 percentage points, reflecting the increase of 0.9% in final consumption expenditure.

The external balance of goods and services decreased slightly to 0.7% of GDP (less 0.1 p.p. than in the previous quarter), with exports of goods and services decreased by 0.2%, while imports of goods and services registered a null variation (see Figure 2).





### Households: net lending decreased to 0.4% of GDP

The net lending of Households<sup>1</sup> decreased to 0.4% of GDP in the year ending the first quarter 2016 (0.9% in the previous quarter). This result was determined by the reduction of savings by 18.7%. The saving rate decreased to 3.5% (4.3% in the previous quarter).

Figure 3 shows the evolution of saving rate and its main components. The reduction in the saving rate was determined by the increase in final consumption expenditure which more than offset the increase in disposable income of Households. The final consumption increased by 0.9% in the year ended in the first quarter 2016, reflecting an increase in the consumption of durable goods, especially the vehicles component, which in part was due to an anticipation of

acquisitions due to changes in the respective tax with the approval of the General Government Budget for 2016.

The disposable income of Households registered a variation of 0.1%. This increase resulted mainly from the increase in the compensation of employees received, which was offset by the decrease in current transfers received (change rates of 0.6% and -3.7%, respectively). The increase in the compensation of employees had as its main source the compensation of employees paid by the Non-Financial Corporations (0.7% change). The decrease in transfers received by Households was determined by a significant reduction in remittances from emigrants, which in part have been determined by restrictions on private transfers imposed by countries of destination of Portuguese emigration, notably Switzerland and Angola.

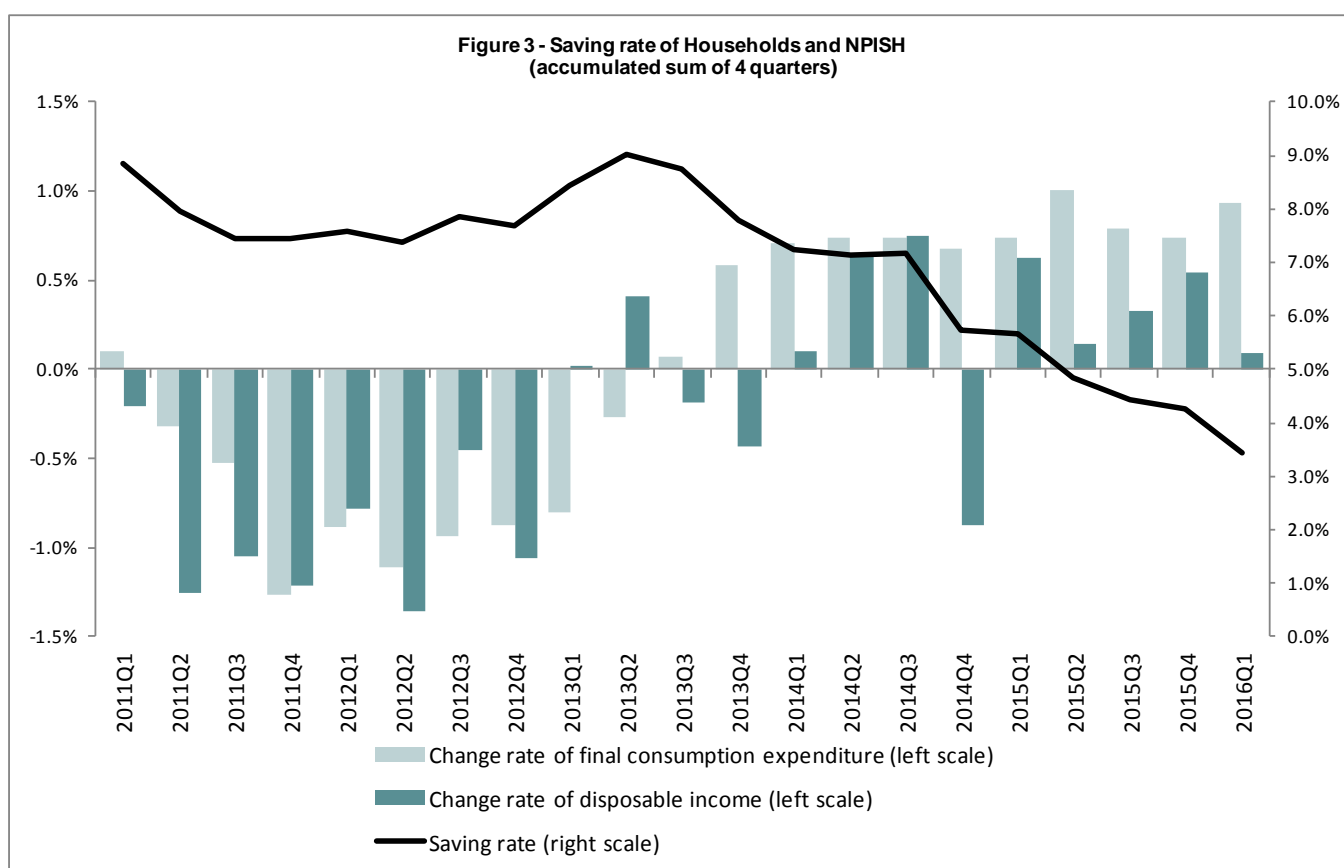
As it can be seen in Table 1, which shows the breakdown of the growth rate of disposable income,

<sup>1</sup> Includes Households and Non-Profit Institutions Serving Households (NPISHs). Corresponds to S.1M code in the attached excel files.

compensation of employees presented the more significant contribution (0.4 percentage points) to the growth of disposable income of Households, partially offset by the reduction in current transfers (-0.2 percentage points).

The decrease in interest paid by Households was more than offset by the reduction in property income (interest and dividends) received, which resulted an impact of -0.1 percentage points on disposable income growth rate.

Table 2 shows the composition of Households' disposable income, with compensation of employees accounting for 63.5% of disposable income and gross operating surplus / mixed income 27.0%.



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

	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
2016Q1	0.4	0.2	-0.1	-0.1	-0.2	0.0	0.1

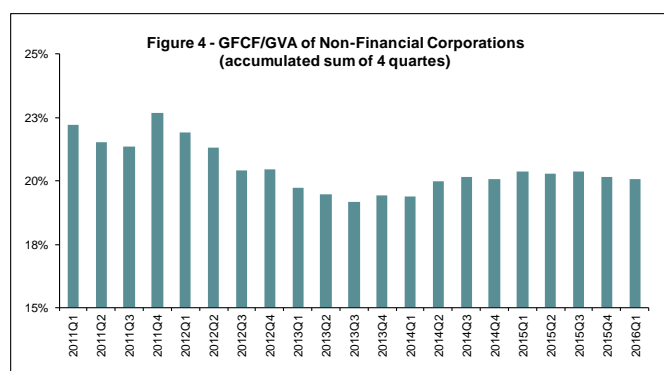
**Table 2: Percentual weight of the components of Households and NPISH's disposable income (% accumulated sum of 4 quarters)**

	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)
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	63.1	26.8	8.4	-10.9	8.1	4.5
2016Q1	63.5	27.0	8.3	-10.9	7.9	4.2

### **Non-Financial Corporations: net lending stood at 0.3% of GDP**

The net lending of Non-Financial Corporations stood at 0.3% of GDP in the year ending in the first quarter 2016, which corresponds to 0.3 percentage points less than in the year ending in the previous quarter. To this result mainly contributed increase of 3.7% of Gross Capital Formation and the compensation of employees paid, which more than offset the nominal increase of the Gross Value Added (GVA) of the sector (0.9%).

The investment rate, measured by the ratio between Gross Fixed Capital Formation (GFCF) and GVA, stabilized at 20.1%.



### **Financial Corporations: net lending reached 4.1% of GDP**

In the first quarter 2016, the sector of Financial Corporations presented a net lending of 4.1% of GDP, which compares with 4.0% in the previous quarter. The high net lending of the sector reflected the resolution operation of Banif held in the fourth quarter 2015, which represented 1.3% percentage points of GDP.

The slight improvement in the net lending was due mainly to a decrease of 2.2% of property income paid. Received property income declined only 0.2%, which resulted in an improvement of 8.5% in the balance of these incomes.

The GVA of the Financial Corporations sector decreased 0.9%, compared with an increase of 2.1% in the year ended in the fourth quarter 2015.

### **General Government: net borrowing decreased by 0.6 percentage points**

The net borrowing of the GG recorded a decrease of 0.6 percentage points in the year ending the first quarter 2016 compared to the previous quarter, attaining 3.8% of GDP. This decrease in net borrowing resulted from the combined effect of an increase by 0.5% of the revenue and a decrease of the expenditure by 0.6%.

The increase of the revenue was determined by the growth of the current revenue, mainly due to the increase in taxes on production and imports (2.1%) and, to a lesser extent, to the increase in social contributions (0.7%) and in taxes on income and wealth (0.2%). On the opposite side, the remaining current revenue components and capital revenue decreased.

The expenditure decreased by 0.6% in the year ending the first quarter 2016, influenced by reductions in capital expenditure, subsidies and interest paid and other current expenditure. On the other hand, the remaining current revenue components rose slightly, reflecting the increases in social benefits (0.1%), employee compensations (0.3%) and intermediate consumption (0.3%).

Considering quarterly figures rather than the sum of four quarters, the net borrowing of the GG stood at about -1 406.1 million Euros in the first quarter 2016 (-3.2% of GDP), while in the same quarter of 2015 it was -5.5% of GDP (-2 344.6 million Euros). This

improvement was mainly due to the increase in total revenue by 2.3% combined with the decrease in expenditure by 2.7%. The evolution of the tax revenue contributed in large extent to the increase of total revenue, particularly the growth of the taxes on production and imports (9.3%) attaining 14.6% of GDP, comparing with 13.8% of GDP in the previous period (Table 5). The total expenditure decreased, namely due to the reductions in capital expenditure (26.1%), reflecting the investment decline compared with the same period of the previous year, and in interest paid (11.1%).

Table 6 presents the main adjustments carried out for moving from Public Accounting to National Accounting balances. Comparing the first quarter 2016 with the same period of the previous year, the National Accounting balance improved, though the slight deterioration of the balance in Public Accounting. This evolution mainly results from the effects of the adjustments carried out when moving from Public

Accounting to National Accounting in the first quarter of 2016. Among those adjustments, it should be highlighted the adjustment of the paid and due interest and the time adjustment of taxes and social contributions. The reduction of the adjustment of the paid and due interest reflects the increase in interest recorded in Public Accounting in the first quarter 2016 and the decrease of the interest recorded on an accrual basis in National Accounting. Taxes and social contributions are time-adjusted so that the recording is closer to the moment when the activity took place. In the first quarter 2016 this adjustment improved as a result of the growth of tax and contributions revenue in the months affected by the time adjustment. It should also be mentioned that the significant decrease in capital injections into public corporations classified in GG institutional is compensated by the difference in the item related to the sector delimitation in national accounts, without impact in the GG balance.

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

	Unit: %				
	2015Q1	2015Q2	2015Q3	2015Q4	2016Q1
<b>Total revenue</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>0.1</b>	<b>0.5</b>
Current revenue	0.6	0.5	0.7	0.2	0.6
Current taxes on income and wealth	-0.3	0.0	1.8	1.1	0.2
Taxes on production and imports	1.7	2.0	2.0	0.3	2.1
Social contributions	1.2	0.5	-0.4	0.4	0.7
Sales	-0.3	1.5	2.0	-0.8	-0.1
Other current revenue	-2.5	-5.7	-6.3	-3.9	-6.0
Capital revenue	0.4	1.5	-6.0	-4.2	-4.0
<b>Total expenditure</b>	<b>0.5</b>	<b>-0.8</b>	<b>-5.8</b>	<b>2.8</b>	<b>-0.6</b>
Current expenditure	0.5	0.0	-0.5	-0.1	-0.4
Social benefits	0.2	0.4	0.3	0.4	0.1
Compensation of employees	0.6	0.0	-1.9	0.2	0.3
Interest	0.5	-1.2	-1.7	-1.3	-2.9
Intermediate consumption	1.9	1.4	1.3	0.5	0.3
Subsidies	0.6	-2.6	2.2	-3.1	-3.3
Other current expenditure	-0.1	-2.7	-2.2	-3.4	-3.4
Capital expenditure	0.1	-6.7	-49.9	50.6	-3.2
Investment <sup>(1)</sup>	-1.5	9.6	-2.2	4.8	-5.1
Other capital expenditure	0.9	-15.1	-81.4	210.0	-1.1

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

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

	Unit: 10 <sup>6</sup> euros				
	2015Q1	2015Q2	2015Q3	2015Q4	2016Q1
<b>Total revenue</b>	<b>77 693.5</b>	<b>78 121.8</b>	<b>78 604.1</b>	<b>78 670.8</b>	<b>79 081.5</b>
Current revenue	76 242.5	76 649.0	77 219.4	77 343.7	77 807.5
Current taxes on income and wealth	18 920.1	18 915.9	19 254.4	19 457.6	19 489.8
Taxes on production and imports	25 011.8	25 507.0	26 005.9	26 072.4	26 622.9
Social contributions	20 614.5	20 724.1	20 632.3	20 717.6	20 867.4
Sales	6 512.5	6 612.2	6 743.6	6 691.3	6 686.6
Other current revenue	5 183.6	4 889.8	4 583.2	4 404.8	4 140.7
Capital revenue	1 451.1	1 472.8	1 384.7	1 327.1	1 274.1
<b>Total expenditure</b>	<b>90 097.7</b>	<b>89 395.0</b>	<b>84 181.9</b>	<b>86 563.8</b>	<b>86 036.1</b>
Current expenditure	79 699.1	79 697.4	79 320.8	79 242.5	78 950.7
Social benefits	34 158.7	34 285.8	34 389.7	34 517.0	34 561.4
Compensation of employees	20 617.2	20 615.1	20 215.3	20 264.1	20 322.7
Interest	8 547.3	8 441.2	8 301.7	8 191.7	7 954.6
Intermediate consumption	10 268.8	10 411.6	10 550.5	10 600.6	10 633.5
Subsidies	1 216.5	1 184.4	1 209.9	1 172.1	1 133.0
Other current expenditure	4 890.6	4 759.3	4 653.8	4 497.0	4 345.6
Capital expenditure	10 398.6	9 697.6	4 861.1	7 321.3	7 085.5
Investment <sup>(1)</sup>	3 524.8	3 862.3	3 775.5	3 956.1	3 756.1
Other capital expenditure	6 873.8	5 835.4	1 085.6	3 365.2	3 329.4
<b>Current Balance</b>	<b>-3 456.6</b>	<b>-3 048.4</b>	<b>-2 101.3</b>	<b>-1 898.8</b>	<b>-1 143.2</b>
<b>Balance</b>	<b>-12 404.2</b>	<b>-11 273.3</b>	<b>-5 577.7</b>	<b>-7 893.0</b>	<b>-6 954.6</b>
<i>By memory:</i>					
Primary current expenditure	71 151.8	71 256.2	71 019.1	71 050.9	70 996.1
Gross Domestic Product at current market prices	175 086.1	176 790.9	178 056.2	179 369.1	180 935.3
Balance in % of GDP	-7.1%	-6.4%	-3.1%	-4.4%	-3.8%



Table 5: Revenue and expenditure of general government

	1st quarter 2015		1st quarter 2016		Nominal change rate (%)
	million euro	% GDP	million euro	% GDP	
<b>Total revenue</b>	<b>17,486.6</b>	<b>40.9</b>	<b>17,897.3</b>	<b>40.4</b>	<b>2.3</b>
Current revenue	17,204.2	40.2	17,668.0	39.8	2.7
Current taxes on income and wealth	3,855.4	9.0	3,887.5	8.8	0.8
Taxes on production and imports	5,915.6	13.8	6,466.1	14.6	9.3
Social contributions	4,870.7	11.4	5,020.5	11.3	3.1
Sales	1,506.3	3.5	1,501.7	3.4	-0.3
Other current revenue	1,056.3	2.5	792.2	1.8	-25.0
Capital revenue	282.4	0.7	229.4	0.5	-18.8
<b>Total expenditure</b>	<b>19,831.2</b>	<b>46.4</b>	<b>19,303.5</b>	<b>43.5</b>	<b>-2.7</b>
Current expenditure	18,929.1	44.3	18,637.2	42.0	-1.5
Social benefits	8,144.6	19.0	8,189.0	18.5	0.5
Compensation of employees	4,818.7	11.3	4,877.3	11.0	1.2
Interest	2,133.1	5.0	1,896.0	4.3	-11.1
Intermediate consumption	2,284.6	5.3	2,317.4	5.2	1.4
Subsidies	208.9	0.5	169.8	0.4	-18.7
Other current expenditure	1,339.2	3.1	1,187.8	2.7	-11.3
Capital expenditure	902.1	2.1	666.3	1.5	-26.1
Investment <sup>(1)</sup>	717.1	1.7	517.1	1.2	-27.9
Other capital expenditure	185.1	0.4	149.2	0.3	-19.4
<b>Current Balance</b>	<b>-1,724.8</b>	<b>-4.0</b>	<b>-969.2</b>	<b>-2.2</b>	
<b>Balance</b>	<b>-2,344.6</b>	<b>-5.5</b>	<b>-1,406.1</b>	<b>-3.2</b>	

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

Table 6: Public to National Accounting adjustments

	Unit: 10 <sup>6</sup> euros	
	2015Q1	2016Q1
<b>Balance in Public Accounting:</b>	<b>- 850.3</b>	<b>- 873.5</b>
Accrual adjustment and sector delimitation in National Accounts	809.2	- 146.9
Difference between paid and due interest	- 630.6	- 101.1
Other receivables:	- 794.4	- 565.7
<i>Time adjustment of taxes and social contributions</i>	- 827.8	- 383.1
<i>Others</i>	33.4	- 182.5
Other payables:	39.8	121.2
<i>Expenditure already incurred but not yet paid</i>	- 122.6	- 135.6
<i>Others</i>	162.4	256.8
Other adjustments:	- 918.3	159.8
<i>of which:</i>	0.0	0.0
<i>Capital injections and debt assumptions</i>	-1 219.7	- 291.3
<b>Balance in National Accounting:</b>	<b>-2 344.6</b>	<b>-1 406.1</b>
Quarterly GDP	42 771.7	44 338.0
Balance in National Accounting in % of GDP	-5.5%	-3.2%

## National Economy: Gross National Income increased 1.2%

In the first quarter 2016, the Gross National Income (GNI) registered a change rate of 1.2% (0.3 percentage points higher than the rate of change of nominal GDP). To this result contributed the increase of the balance of property income (interest and dividends) with the Rest of the World (change rates of 5.4% in income received and -0.7% in the income paid).

lending at 1.0% of GDP in the first quarter 2016 (less 0.1 percentage points than in the previous quarter).

The Gross Capital Formation (investment) for the total economy was 15.3% of GDP in the first quarter 2016 (more 0.1 percentage points than in the previous quarter).

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	173 744	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	170 185	0.0
2009Q4	175 448	-0.1	169 024	0.0	169 934	-0.1
2010Q1	177 298	1.1	171 209	1.3	172 137	1.3
2010Q2	178 320	0.6	172 088	0.5	173 201	0.6
2010Q3	179 363	0.6	172 538	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	178 991	-0.3	174 277	-0.1	175 538	-0.1
2011Q3	178 010	-0.5	174 323	0.0	175 643	0.1
2011Q4	176 167	-1.0	172 772	-0.9	174 098	-0.9
2012Q1	174 838	-0.8	170 502	-1.3	171 824	-1.3
2012Q2	172 022	-1.6	167 757	-1.6	168 966	-1.7
2012Q3	170 389	-0.9	165 925	-1.1	167 081	-1.1
2012Q4	168 398	-1.2	164 317	-1.0	165 851	-0.7
2013Q1	167 633	-0.5	164 351	0.0	165 923	0.0
2013Q2	167 992	0.2	165 421	0.7	167 212	0.8
2013Q3	168 812	0.5	166 317	0.5	168 150	0.6
2013Q4	170 269	0.9	167 975	1.0	169 808	1.0
2014Q1	170 736	0.3	168 353	0.2	170 445	0.4
2014Q2	172 338	0.9	169 812	0.9	171 770	0.8
2014Q3	173 560	0.7	171 143	0.8	173 228	0.8
2014Q4	173 446	-0.1	170 573	-0.3	172 735	-0.3
2015Q1	175 086	0.9	171 930	0.8	174 217	0.9
2015Q2	176 791	1.0	173 104	0.7	175 320	0.6
2015Q3	178 056	0.7	174 519	0.8	176 713	0.8
2015Q4	179 369	0.7	175 528	0.6	177 807	0.6
2016Q1	180 935	0.9	177 660	1.2	179 583	1.0

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	14.9	1.3	15.3	0.9
2015Q3	15.2	1.1	15.3	1.0
2015Q4	15.1	1.2	15.2	1.1
2016Q1	15.2	1.1	15.3	1.0

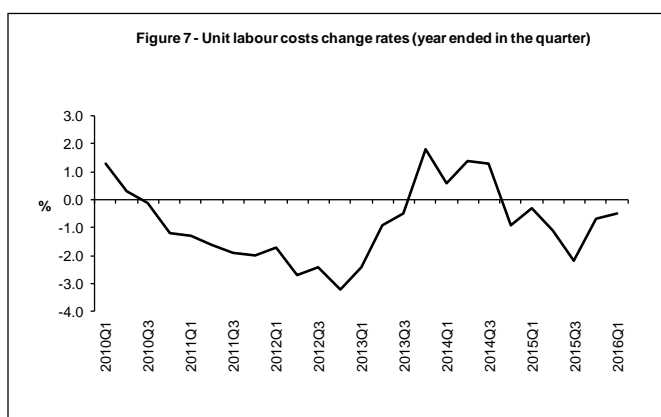
The Gross Disposable Income (GDI) registered an increase of 1.0% in the first quarter 2016, while the final consumption expenditure of the economy (which includes the final consumption expenditure of Households and of General Government) registered an increase of 0.9%, which determined a growth of 1.6% in the current savings of the economy. The balance of capital transfers with the Rest of the World decreased by 7.2%, determining the slight reduction of net

### Unit labour costs (ULC) decreased

In the first quarter 2016, the UCL diminished by 0.5%, less significant than in the previous quarter (reduction of 0.7%) as result of the reduction of 0.6% of average compensation of employees that off-set the slight decrease in productivity. The decrease in the average compensation was influenced by the increase of the number of employees.

Comparing with the previous press release for the fourth 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.



### 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 some aggregates of the Quarterly National Accounts for the total economy, published on May 31, 2016 by Statistics Portugal, were revised with the current results by institutional sector due to the incorporation of additional information. The tables disseminated in the section of National Accounts available in the Statistics Portugal's website are updated whenever changes occur that justify it.

### 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.