

August, 14th 2008

Employment Statistics

2nd quarter of 2008

Unemployment rate at 7.3% in the 2nd quarter of 2008

The unemployment rate estimated for the 2nd quarter of 2008 was 7.3%. This value is down 0.6 percentage points (p.p.) from the same quarter of 2007 and down 0.3 p.p. from the previous quarter. The number of unemployed was estimated to reach 409.9 thousand individuals, having decreased by 6.9% from the same quarter of the previous year, and by 4.0% from the previous quarter. The number of employed increased by 1.4%, compared with the same quarter of 2007, and by 0.7%, compared with the previous quarter.

1. Labour force (active population)

The Labour Force Survey results for the 2nd quarter of 2008 indicate that the labour force (active population) in Portugal increased by 0.8% (corresponding to 42.8 thousand individuals), compared with the same quarter of 2007, and by 0.4% (20.0 thousand), compared with the previous quarter.

The working age population participation rate (aged 15 years old and over) was estimated at 62.7% in the 2nd quarter of 2008. This rate increased by 0.3 p.p. from the 2nd quarter of 2007, and by 0.2 p.p. from the previous quarter.

The participation rate of working age women stood at 56.4%, while that of men attained 69.6%.

2. Employed population

In the 2nd quarter of 2008, the employed population, totalling 5,228.1 thousand individuals, increased by 1.4% (corresponding to 73.5 thousand individuals), compared with the same quarter of 2007, and recorded a quarterly increase of 0.7% (37.1 thousand).

The following population groups (components) have contributed to the above-mentioned year-on-year increase:

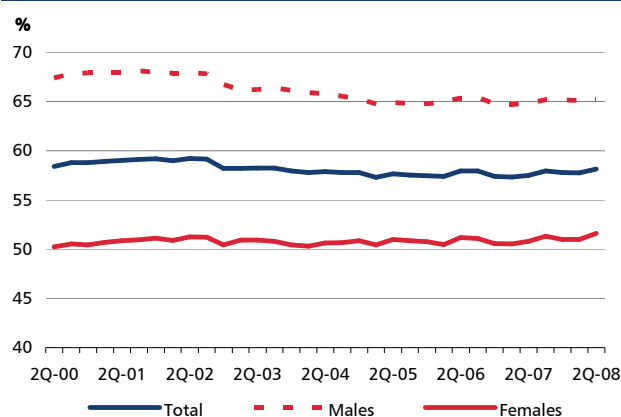
- The increase in the employment for men and women, mainly for women: the number of employed men increased by 26.9 thousand individuals and the women's employment increased by 46.6 thousand individuals, 1.7 times the men's employment increase.
- The increase of 80.9 thousand employed individuals aged 25 to 64 years old, and, in particular, the increase of 55.5 thousand employed individuals aged 45 to 64 years old (about 69% of the increase in the number of employed individuals aged 25 to 64 years). The number of the young employed (15 to 24 years old) remained almost unchanged and the number of employed aged 65 years old or over decreased by 8.8 thousand individuals.
- The increase of employed having completed the tertiary level of education and of those having completed the first or second stages of basic education, whose number increased by 44.0 thousand and 23.6 thousand individuals, respectively. The number of employed having completed the

(upper) secondary and post-secondary non-tertiary level of education also rose, but its contribution to the rise in total employment was slightly lower (5.9 thousand individuals).

- The services sector, which employed more 110.9 thousand individuals. This increase was mainly accounted by two activities: wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods (44.2 thousand individuals), and hotels and restaurants (34.7 thousand individuals), that explained 71.1% of total employment increase in the services sector. The activities of education and of public administration and defence; compulsory social security activities contributed also to the employment increase (31.2 thousand and 29.8 thousand, respectively). In turn, the agriculture, hunting, forestry, and fishing sector, on the one hand, and the mining and quarrying, manufacturing, electricity, gas and water supply sector, on the other hand, recorded a decrease in employment (4.3 thousand and 33.1 thousand individuals, respectively).
- Employees, whose number increased by 83.0 thousand individuals. Among the employees, it was recorded an increase in the number of workers with a temporary job (65.0 thousand), which corresponded to 78.3% of the increase in the number of employees. The number of employees with a permanent job increased by a smaller amount (21.9 thousand) and the number of employees in other contractual arrangements decreased by 3.7 thousand individuals. The number of self-employed workers increase was smaller, either being self-employed without (14.7 thousand) or with employees (1.9 thousand).
- Full-time workers, whose observed increase has attained 73.1 thousand individuals. The number of part-time workers remained nearly unchanged.

The employment rate (15 years and over) stood at 58.1%, in the 2nd quarter of 2008. This value was higher than the one recorded in the same quarter of 2007, by 0.6 p.p., and higher than the one recorded in the previous quarter, by 0.3 p.p.. The male employment rate (65.2%) exceeded that of women (51.6%) by 13.6 p.p..

Figure 1: Employment rate by sex



3. Unemployed population

The unemployed population in Portugal, estimated at 409.9 thousand individuals in the 2nd quarter of 2008, decreased by 6.9% (30.6 thousand individuals), when compared with the 2nd quarter of 2007, and recorded also a quarterly decrease of 4.0% (17.1 thousand).

The following results have contributed to the year-on-year decrease in the unemployed population:

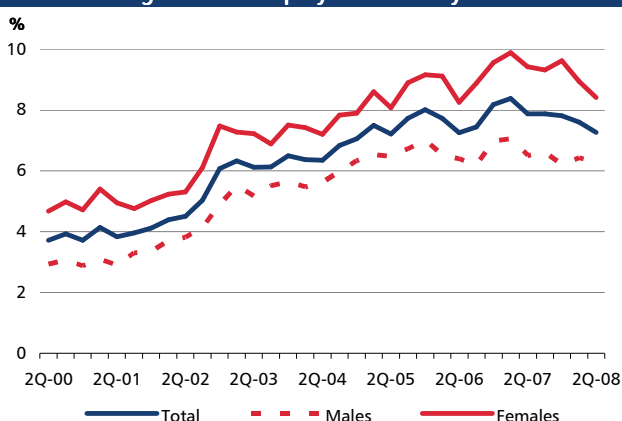
- The decrease in the number of women unemployed (25.0 thousand individuals). The number of unemployed men decreased also, but its contribution to the overall decrease was smaller (5.6 thousand).
- The decrease in unemployment of individuals aged up to 34 years old (33.0 thousand individuals), specially of those aged 25 to 34 years old (27.5 thousand).
- The decrease in the number of unemployed individuals having completed an education level

corresponding to the first and second stages of basic education and, to a lesser extent, to the (upper) secondary or post-secondary non-tertiary education, and to the tertiary level of education, corresponding to 24.9 thousand, to 2.6 thousand, and to 3.2 thousand individuals respectively.

- Unemployed seeking a new job, whose number decreased by 26.5 thousand individuals. This evolution was mainly due to the individuals coming from the mining and quarrying, manufacturing, electricity, gas and water supply, and construction sector (22.2 thousand). The number of unemployed seeking a first job decreased also, but less (4.1 thousand).
- Unemployed seeking a job for less than a year, whose decrease stood at 19.5 thousand individuals. The number of unemployed seeking a job for a year or more has also decreased, but less (10.9 thousand).

The unemployment rate was estimated at 7.3%, in the 2nd quarter of 2008. This value is down 0.6 p.p. from the 2nd quarter of 2007, and down 0.3 p.p. from the previous quarter.

Figure 2: Unemployment rate by sex



The unemployment rate stood at 6.3% for men (down 0.2 p.p. and 0.1 p.p. from the 2nd quarter of 2007 and from the previous quarter, respectively) and at 8.4% for women (down 1.0 p.p. and 0.5 p.p. from the 2nd quarter of 2007 and from the previous quarter, respectively).

The decrease recorded in the unemployment rate, when compared with the previous quarter, resulted from the combination of two effects: the increase of the employed population (of 0.7%) and the decrease of the unemployed population (of 4.0%), corresponding to 37.1 thousand and 17.1 thousand individuals, respectively.

The quarterly decrease in the unemployed population occurred mainly in the following population groups: women, individuals with 15 to 24 years old, individuals who have completed an education level corresponding to the first and second stages of basic education or to the tertiary level of education, individuals seeking the first or a new job (mainly of those who were formerly employed in the services sector), and unemployed seeking for a job for one year or more.

4. Inactive population

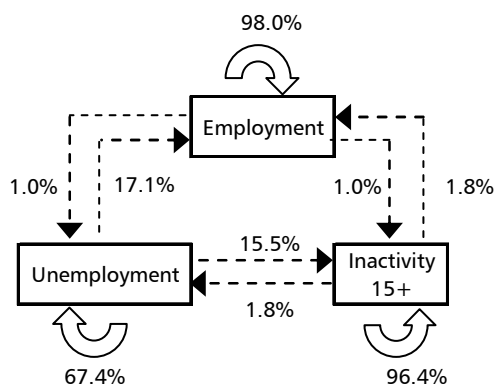
In the 2nd quarter of 2008, the inactive population aged 15 years old and over decreased by 0.4%, when compared to both, the same quarter of 2007 and the previous quarter (corresponding to 13.8 thousand and 15.0 thousand individuals, respectively).

The inactivity rate (15 and over) reached 37.3%, in the 2nd quarter of 2008, standing below the 2nd quarter 2007 and the previous quarter values, by 0.3 and 0.2 p.p., respectively. The inactivity rate for men was 30.4%, down 0.3 p.p. from the 2nd quarter 2007 and keeping the previous quarter level. The inactivity rate for women was 43.6%, down 0.4 p.p. from the 2nd quarter 2007 and 0.4 p.p. from the previous quarter.

5. Quarterly flows between labour market states

From the 1st to the 2nd quarter of 2008, 1.0% of the individuals initially employed moved into unemployment and an equal percentage moved into inactivity, with the proportion of employees moving out of this situation totalling 2.0% in the 2nd quarter of 2008 (98.0% remained employed). From the 4th quarter of 2007 to the 1st quarter of 2008, this percentage had been higher (2.4%).

Quarterly flows between labour force states (as a % of initial state)



The flows out of unemployment between the two quarters were, in relative terms, larger than the flows out of employment. From total individuals who were unemployed in the 1st quarter of 2008, 32.6% moved out of this labour market state in the following quarter, 17.1% of which became employed and 15.5% moved into inactivity. The percentage of individuals moving from unemployment into employment was lower than that observed in the flows from the 4th quarter of 2007 to the 1st quarter of 2008 (18.5%), as for the percentage of individuals moving from unemployment into inactivity (had been 17.2%)

From total individuals aged 15 years old and over considered to be inactive in the 1st quarter of 2008, 1.8% moved into employment and an equal percentage moved into unemployment, in the following quarter. The first percentage is equal to the observed in the flows from the

4th quarter of 2007 to the 1st quarter of 2008, whereas the second is lower (had been 2.1%).

6. Unemployment rates by NUTS II regions

In the 2nd quarter of 2008, the highest unemployment rates were recorded in the Alentejo (8.5%), Norte (8.2%) and Lisboa (7.9%) regions. The lowest values were observed in Centro (5.2%) and Região Autónoma dos Açores (5.4%).

Table 1: Unemployment rates by NUTS II region (NUTS-2002)

	Unit: %		
	2Q-2007	1Q-2008	2Q-2008
Portugal	7,9	7,6	7,3
Norte	9,4	8,6	8,2
Centro	4,9	5,1	5,2
Lisboa	9,0	8,6	7,9
Alentejo	8,8	8,3	8,5
Algarve	6,9	8,0	7,2
R. A. Açores	3,9	5,6	5,4
R. A. Madeira	6,3	6,2	6,1

Source: INE, Employment Statistics - 2nd quarter of 2008.

Comparing to the same quarter of the previous year, and similarly to the overall picture in Portugal, the unemployment rate decreased in regions Norte, Lisboa, Alentejo and Região Autónoma da Madeira, and increased in regions Centro, Algarve and Região Autónoma dos Açores. The highest decreases were observed in Norte (1.2 p.p.) and in Lisboa (1.1 p.p.). The highest increase was observed in Região Autónoma dos Açores (1.5 p.p.)

Compared to the previous quarter, the unemployment rate decreased in all NUTS II regions, with the exceptions of Centro and Alentejo. The highest decreases were recorded in Algarve (0.8 p.p.) and in Lisboa (0.7 p.p.) and the highest increase was observed in Alentejo (0.2 p.p.).

Table 2: Main indicators - active and employed population - Portugal

	Quarterly levels			Rates of change	
	2Q-2007	1Q-2008	2Q-2008	On year	On quarter
	Thousand individuals			%	
Labour force (active population)	5 595,2	5 618,0	5 638,0	0,8	0,4
Males	2 975,0	2 995,3	2 996,2	0,7	o
Females	2 620,2	2 622,8	2 641,8	0,8	0,7
15 to 24	508,2	515,0	504,1	- 0,8	- 2,1
25 to 34	1 471,6	1 466,4	1 467,2	- 0,3	0,1
35 to 44	1 421,9	1 416,9	1 425,6	0,3	0,6
45 to 64	1 858,1	1 891,4	1 914,6	3,0	1,2
65 and over	335,3	328,3	326,5	- 2,6	- 0,5
Participation rate (%)	52,8	52,9	53,1		
Males	58,0	58,3	58,3		
Females	47,9	47,9	48,2		
Participation rate (15 and over) (%)	62,4	62,5	62,7		
Males	69,3	69,6	69,6		
Females	56,1	56,0	56,4		
Employed population	5 154,6	5 191,0	5 228,1	1,4	0,7
Males	2 781,5	2 802,7	2 808,4	1,0	0,2
Females	2 373,1	2 388,4	2 419,7	2,0	1,3
15 to 24	430,6	430,6	432,0	0,3	0,3
25 to 34	1 325,3	1 341,9	1 348,2	1,7	0,5
35 to 44	1 326,8	1 324,7	1 329,3	0,2	0,3
45 to 64	1 737,2	1 766,5	1 792,7	3,2	1,5
65 and over	334,7	327,4	325,9	- 2,6	- 0,5
First and second stages of basic education	3 639,8	3 648,7	3 663,4	0,6	0,4
(Upper) secondary and post-secondary non-tertiary education	782,6	779,6	788,5	0,8	1,1
Tertiary education	732,2	762,7	776,2	6,0	1,8
NACE-Rev. 1.1					
Agriculture, hunting, forestry and fishing	605,8	588,8	601,5	- 0,7	2,2
Mining and quarrying, manufacturing, electricity, gas and water supply, and construction	1 568,3	1 537,4	1 535,2	- 2,1	- 0,1
Services	2 980,5	3 064,8	3 091,4	3,7	0,9
NACE-Rev. 2 (a)					
Agriculture, forestry and fishing		575,9	587,4		2,0
Mining and quarrying; manufacturing; electricity, gas, steam and air conditioning supply; water supply; sewage, waste management and remediation activities; construction		1 542,6	1 539,6		- 0,2
Services		3 072,5	3 101,0		0,9
Employees	3 895,3	3 925,4	3 978,3	2,1	1,3
With a permanent job (work contract of unlimited duration)	3 031,5	3 024,8	3 053,4	0,7	0,9
With a temporary job (work contract of limited duration)	673,8	718,1	738,8	9,6	2,9
Others	189,9	182,4	186,2	- 1,9	2,1
Self-employed workers	1 182,6	1 204,1	1 199,2	1,4	- 0,4
Unpaid family workers and other professional status (b)	76,8	61,6	50,5	- 34,2	- 18,0
Full-time workers	4 524,4	4 563,5	4 597,5	1,6	0,7
Part-time workers	630,2	627,5	630,6	0,1	0,5
Employment rate (15 and over) (%)	57,5	57,8	58,1		
Males	64,8	65,1	65,2		
Females	50,8	51,0	51,6		

Source: INE, Employment Statistics - 2nd quarter of 2008.

Notes:

(a) With the coming into force of the NACE-Rev. 2, the Labour Force Survey launched a process of double coding the economic activities, from the 1st quarter of 2008 onwards. Since the 1st quarter of 2008, the LFS estimates will be published by both NACE-Rev. 1.1 and NACE-Rev. 2, at least until the 1st quarter of 2009.

o Figure that corresponds to less than half the absolute value of the unit used.

- Null.

Table 3: Main indicators - unemployed and inactive population - Portugal

	Quarterly levels			Rates of change	
	2Q-2007	1Q-2008	2Q-2008	On year	On quarter
	Thousand individuals			%	
Unemployed population	440,5	427,0	409,9	- 6,9	- 4,0
Males	193,4	192,6	187,8	- 2,9	- 2,5
Females	247,1	234,4	222,1	- 10,1	- 5,2
15 to 24	77,6	84,4	72,1	- 7,1	- 14,6
25 to 34	146,4	124,5	118,9	- 18,8	- 4,5
35 to 44	95,1	92,2	96,3	1,3	4,4
45 and over	121,5	125,9	122,6	0,9	- 2,6
First and second stages of basic education	321,1	304,3	296,2	- 7,8	- 2,7
(Upper) secondary and post-secondary non-tertiary education	68,6	66,8	66,0	- 3,8	- 1,2
Tertiary education	50,8	55,9	47,6	- 6,3	- 14,8
Looking for a first job	54,4	59,5	50,3	- 7,5	- 15,5
Looking for a new job	386,1	367,5	359,6	- 6,9	- 2,1
NACE-Rev. 1.1					
Agriculture, hunting, forestry and fishing	11,9	11,3	10,5	- 11,8	- 7,1
Mining and quarrying, manufacturing, electricity, gas and water supply, and construction	171,6	147,6	149,4	- 12,9	1,2
Services	202,6	208,6	199,7	- 1,4	- 4,3
NACE-Rev. 2 (a)					
Agriculture, hunting, forestry and fishing		10,4	8,9		- 14,4
Mining and quarrying; manufacturing; electricity, gas, steam and air conditioning supply; water supply; sewage, waste management and remediation activities; construction		147,8	149,1		0,9
Services		209,3	201,6		- 3,7
Unemployment rate (%)	7,9	7,6	7,3		
Males	6,5	6,4	6,3		
Females	9,4	8,9	8,4		
Youth (15 to 24)	15,3	16,4	14,3		
Unemployed by duration of search (b)					
Less than 12 months	221,0	203,2	201,5	- 8,8	- 0,8
12 months or longer (long-term unemployment)	216,4	221,8	205,5	- 5,0	- 7,3
Long-term unemployment rate (%)	3,9	3,9	3,6		
Inactive population	5 004,9	4 997,4	4 981,0	- 0,5	- 0,3
Inactive population (15 and over)	3 369,2	3 370,4	3 355,4	- 0,4	- 0,4
Males	1 316,3	1 308,0	1 310,0	- 0,5	0,2
Females	2 052,9	2 062,4	2 045,4	- 0,4	- 0,8
15 to 24	733,7	718,6	720,4	- 1,8	0,3
25 to 34	173,9	166,0	160,6	- 7,6	- 3,3
35 to 44	153,9	162,9	157,4	2,3	- 3,4
45 to 64	811,1	803,4	793,1	- 2,2	- 1,3
65 and over	1 496,6	1 519,5	1 523,9	1,8	0,3
Students	753,6	748,2	753,5	o	0,7
Looking after home / family	559,8	556,0	542,6	- 3,1	- 2,4
Retired	1 682,2	1 731,4	1 748,9	4,0	1,0
Other inactive	373,6	334,8	310,4	- 16,9	- 7,3
Inactivity rate (15 and over) (%)	37,6	37,5	37,3		
Males	30,7	30,4	30,4		
Females	43,9	44,0	43,6		

Source: INE, Employment Statistics - 2nd quarter of 2008.

Notes:

(a) With the coming into force of the NACE-Rev. 2, the Labour Force Survey launched a process of double coding the economic activities, from the 1st quarter of 2008 onwards. Since the 1st quarter of 2008, the LFS estimates will be published by both NACE-Rev. 1.1 and NACE-Rev. 2, at least until the 1st quarter of 2009.

(b) The variable "duration of search for employment" does not include the unemployed workers that have already found a job which will start within a period of at most 3 months. As a consequence, the sum of the number of unemployed individuals by duration of search can be less than the total unemployed population.

o Figure that corresponds to less than half the absolute value of the unit used.

- Null.

TECHNICAL NOTE

The main purpose of the Labour Force Survey is to characterise the population in terms of the labour market. It is a quarterly sample survey, addressed to families occupying the same dwelling in the national territory, which makes available quarterly and annual data. The information is obtained directly, through computer-assisted interview. Published data were calibrated, based on independent estimates of the population, calculated from the definitive results of the 2001 Census.

The published data respect the quality standards defined for the Labour Force Survey results dissemination.

SOME CONCEPTS

For additional concepts see the publication Employment Statistics – 2nd quarter 2008 (“Estatísticas do Emprego – 2^o trimestre de 2008”).

Participation rate

Rate that is defined as the ratio of the labour force (active population) to total population.

P.R. (%) = (Labour force / Total population) x 100

Participation rate (15 and over)

Rate that is defined as the ratio of the labour force to working age population (aged 15 years old and over).

P.R. (%) = (Labour force / Population aged 15 years old and over) x 100

Unemployment rate

Rate that is defined as the ratio of the unemployed population to total labour force.

U.R. (%) = (Unemployed population / Labour force) x 100

Long term unemployment rate

Rate that is defined as the ratio of the population unemployed for 12 months or over to total labour force.

U.R. (%) = (Population unemployed for 12 months or over / Labour force) x 100

Employment rate (15 and over)

Rate that is defined as the ratio of the employed population to working age population (aged 15 years old and over).

E.R. (%) = (Employed population / Population aged 15 years old and over) x 100

Inactivity rate (aged 15 and over)

Rate that is defined as the ratio of inactive working age population (aged 15 years old and over) to total working age population.

I.R. (%) = (Inactive population aged 15 years old and over / Population aged 15 years old and over) x 100

Year-on-year rate of change

The year-on-year change compares the level of the variable in the current quarter with that of the corresponding quarter of the previous year. This rate of change, considering a seasonal stable pattern, is not affected by this type of fluctuation, but may, however, be influenced by specific effects in a given quarter.

Quarterly rate of change

The quarterly change compares the level of the variable over two consecutive periods. Although this indicator permits to monitor the recent pace of the variable, its calculation is particularly influenced by seasonal effects and other more specific effects in one (or both) quarters under comparison.

Annual rate of change

The annual change compares the average level of the variable for the four quarters of the last year over the average level of the variable for the four quarters of the previous year. Being an average, this indicator is less sensible to sporadic effects in the variable.

DATE SCHEDULED FOR THE NEXT PRESS RELEASE

November, 18th 2008.

The publication Employment Statistics – 2nd quarter of 2008 (“Estatísticas do Emprego – 2^o trimestre de 2008”) associated with this press release is available, free of charge, at http://www.ine.pt/portal/page/portal/PORTAL_INE/Publicacoes.