March, 24 th 2017

Quarterly Sector Accounts (Base 2011)

Fourth Quarter 2016

Net lending of the Portuguese economy increased to 1.5% of GDP

The Portuguese economy registered a net lending of 1.5% of the Gross Domestic Product (GDP) in the year ending in the fourth quarter of 2016, 0.3 percentage points (p.p.) more than in the previous quarter. Gross savings increased by 1.7%, with an increase in the Gross Disposable Income (RDB) of the nation superior to the increase in the final consumption expenditure of the economy. Gross National Income (GNI) increased by 1.1%, 0.4 p.p. higher than the GDP growth rate, reflecting the improvement in the balance of property income with the Rest of the World.

Households' saving rate stood at 4.4%, 0.2 p.p. less than in the previous quarter, reflecting a slightly higher increase in final consumption expenditure compared to disposable income (1.0% and 0.8%, respectively). The net lending of Households decreased from 1.2% to 0.8% of GDP in the fourth quarter of 2016, while balances of Non-Financial Corporations and Financial Corporations represented 0.4% and 2.2% of GDP, respectively.

The General Government's (GG) net borrowing decreased 1.7 p.p., from 3.8% of GDP in the year ending in the third quarter of 2016 to 2.1%. This decrease resulted from the combined effect of the 0.7% increase in revenue and a 3.0% reduction in expenditure. Taking into account the quarterly figures and not the year ending in the quarter, the GG balance stood at around 49.9 million Euros in the fourth quarter of 2016, corresponding to 0.1% of GDP (-6.8% in same period of the previous year).

Considering 2016 as a whole, the overall balance of the GG stood at -3807.3 million Euros, corresponding to -2.1% of GDP (-4.4% of GDP in 2015).

The current results are the preliminary version of the Quarterly Sector Accounts (QSA) for the fourth 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 the comparison of consecutive quarters, the variation rates between the year ending each quarter and the year ending in the previous quarter are used as a rule.

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 1.5% of GDP

The Portuguese economy registered a net lending of 1.5% of GDP in the fourth quarter of 2016, 0.3 p.p. more than in the previous quarter. GNI increased by 1.1% as a result of the increase in nominal GDP by 0.7% and the improvement in the balance of property income.

The Gross Disposable Income (GDI) registered a rate of change of 1.0%, higher than that of final consumption expenditure (0.9%), which led to a 1.7% increase in gross savings (0.8% in the previous quarter).

Given the behaviour of GCF and the balance of capital transfers, increased savings led to an improvement in net lending to 1.5% of GDP (1.2% in the year ending in the previous quarter).

Figure 1 presents the evolution of the net lending(+)/borrowing(-) of the economy by institutional sector.

The net borrowing of GG decreased by 1.7 p.p. to 2.1% of GDP. The improvement in the GG balance reflects mainly the negative effect of Banif's capital injection registered in the fourth quarter of 2015 and, to a lesser extent, the 15.5% decrease in Gross Capital Formation.

The balance of Non-Financial Corporations increased 0.1 p.p. to 0.4% of GDP, in the fourth quarter of 2016. Net Lending of Financial Corporations decreased to 2.2% of GDP (3.5% in the year ending in the previous quarter), due to the symmetrical effect of the Banif's capital injection previously referred.

The external balance of goods and services changed from 1.3% to 1.2% of GDP, with exports and imports of goods and services increasing by 1.4% and 1.6%, respectively (see Figure 2).

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

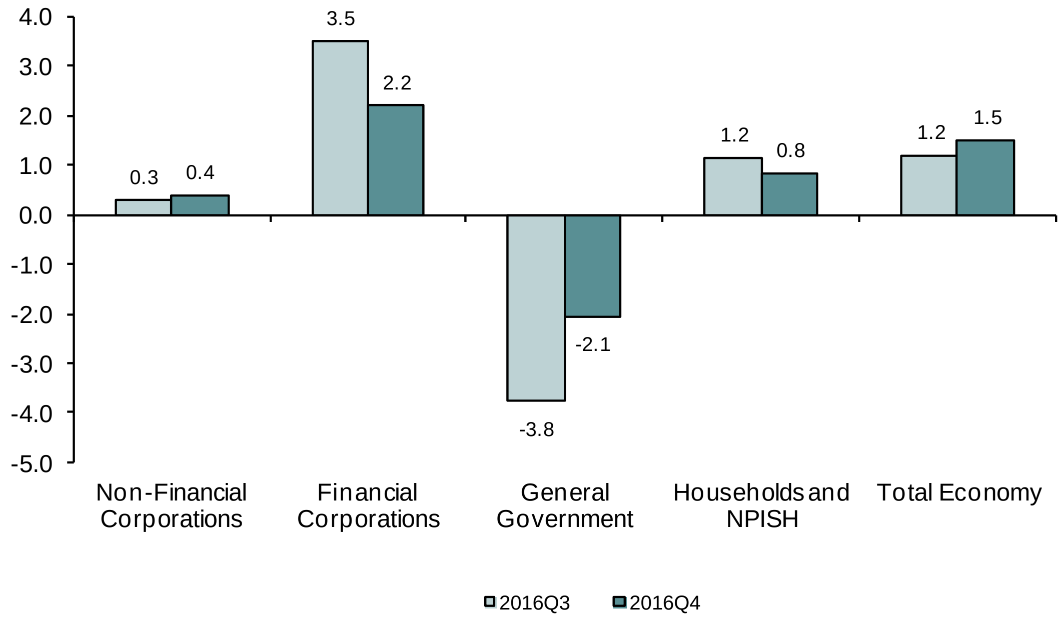
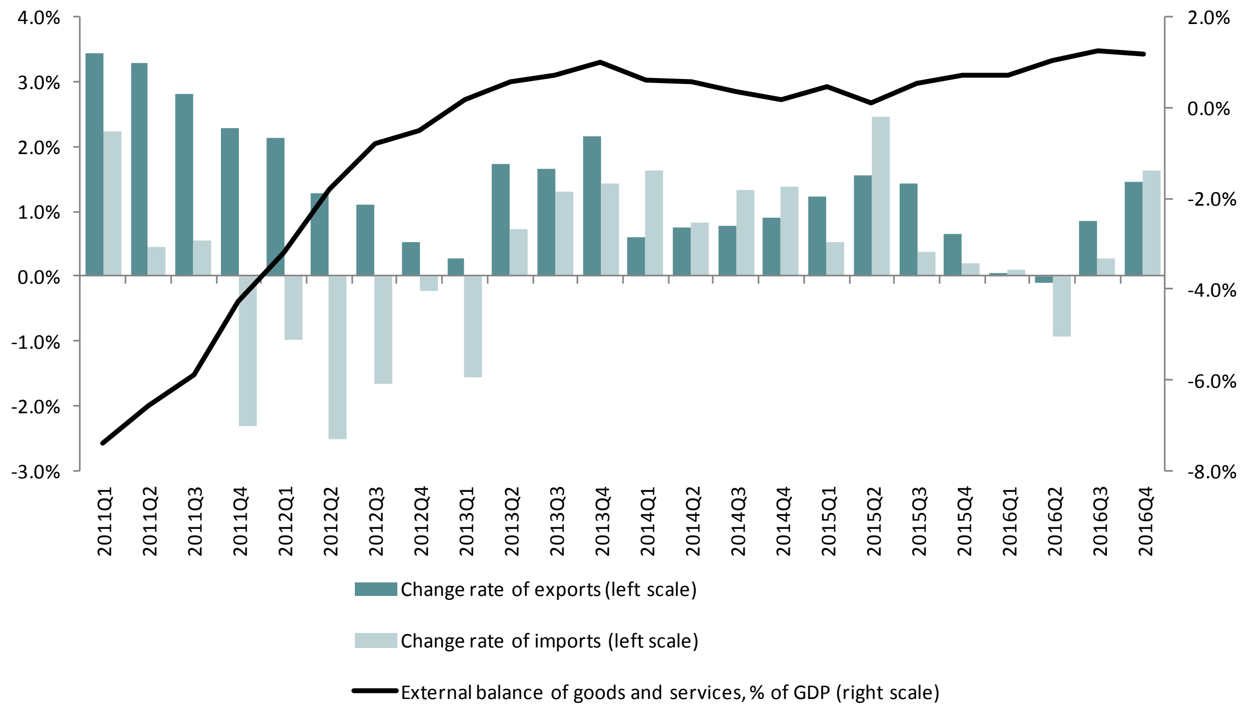


Figure 2 - External balance of goods and services (accumulated sum of 4 quarters)



Households: net lending increased to 0.8% of GDP

The net lending of households reached 0.8% of GDP in the year ending in the fourth quarter of 2016 (1.2% in the previous quarter).

The household saving rate was 4.4% of disposable income, decreasing 0.2 percentage points from the previous quarter. As it can be seen in Figure 3 this evolution results from a growth of final consumption expenditure higher than the increase in disposable income (1.0% and 0.8% growth rates respectively).

The increase in disposable income of Households was mainly due to the increase of 1.1% in compensation of employees received - mainly due to the compensation of employees paid by Non-Financial Corporations and, secondly, to the increase of 1.2% of Operating Surplus plus Mixed Income (Gross).

As it can be observed in Table 1, which shows the decomposition of the rate of change of disposable income (0.8%), compensation of employees presented the most relevant contribution (0.7 pp) to that growth.

Table 2 shows the composition of the Households' disposable income. In the fourth quarter of 2016, wages represented 63.9% of disposable income and Operating Surplus plus Mixed Income (Gross) 26.4%.

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

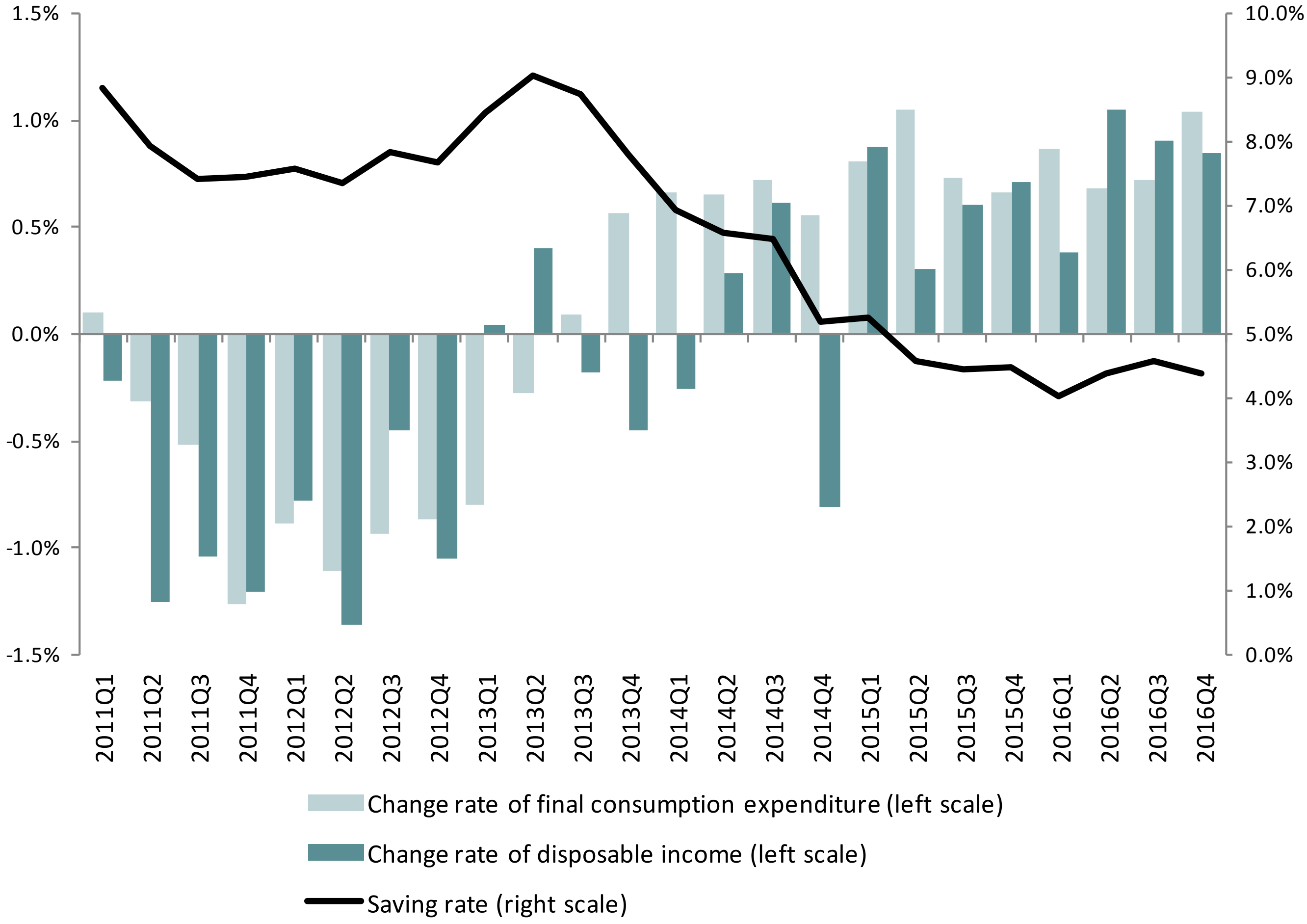


Table 1: Contibutions to the change rate of disposable income of Households and NPISH (percentage points, accumulated sum of 4 quartes)

	Compensation of Employees (1)	Operating Surplus + Mixed Income (Gross) (2)	Net Property Income (receivable) (3)	Social benefits less contributions, excluding social transfers in kind (4)	Net Transfers (receivable) (5)	Taxes (6)	Disposable Income (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	-1.0	-0.1	0.0	0.3	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	-0.5
2012Q4	-1.6	0.3	-0.1	0.1	-0.1	-0.4	-1.1
2013Q1	0.0	0.1	0.6	0.2	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	-0.5
2014Q1	-0.2	0.0	0.0	-0.1	0.1	0.1	-0.3
2014Q2	0.6	0.0	0.1	-0.5	0.1	0.1	0.3
2014Q3	0.5	0.1	0.0	0.5	0.0	0.4	0.6
2014Q4	-0.6	0.0	0.0	-0.5	-0.2	-0.4	-0.8
2015Q1	0.5	0.1	0.2	-0.1	0.2	0.0	0.9
2015Q2	0.5	0.0	-0.2	0.0	0.0	0.0	0.3
2015Q3	0.1	0.1	0.3	0.1	0.0	-0.1	0.6
2015Q4	0.5	0.1	-0.2	0.1	0.1	-0.1	0.7
2016Q1	0.4	0.2	-0.1	-0.1	-0.1	0.0	0.4
2016Q2	0.6	0.2	0.1	0.0	0.2	-0.1	1.1
2016Q3	0.6	0.2	-0.4	0.0	0.1	-0.4	0.9
2016Q4	0.7	0.3	0.2	-0.2	-0.1	0.1	0.8

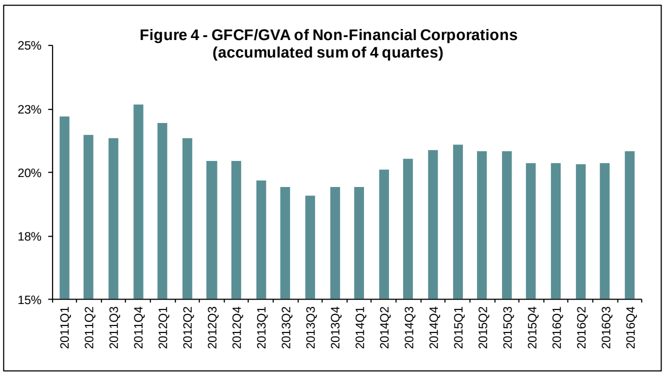
Table 2: Percentual weight of the components of Households and NPISH's disposable income (%, accumulated sum of 4 quarters)

	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	3.6
2013Q2	62.2	26.1	8.7	-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	63.3	26.5	8.6	-11.5	8.8	4.2
2014Q2	63.8	26.5	8.6	-11.5	8.3	4.3
2014Q3	63.9	26.4	8.6	-11.8	8.7	4.2
2014Q4	63.7	26.6	8.8	-11.4	8.2	4.1
2015Q1	63.6	26.5	8.9	-11.3	8.1	4.2
2015Q2	63.9	26.5	8.6	-11.3	8.1	4.2
2015Q3	63.7	26.4	8.9	-11.1	8.1	4.1
2015Q4	63.7	26.3	8.6	-10.9	8.2	4.1
2016Q1	63.9	26.5	8.5	-10.9	8.1	4.0
2016Q2	63.8	26.4	8.5	-10.6	7.9	4.1
2016Q3	63.8	26.3	8.0	-10.2	7.8	4.2
2016Q4	63.9	26.4	8.2	-10.2	7.5	4.1

Non-Financial Corporations: net lending stood at 0.4% of GDP

The net lending of Non-Financial Corporations stood at 0.4% of GDP in the year ending in the fourth quarter of 2016, 0.1 p.p. above the previous quarter. The Gross Value Added (GVA) growth of 0.9% was offset by the 1.3% increase in compensation of employees paid, with an increase of only 0.3% in the gross operating surplus. The balance of property income improved, leading to a 1.8% increase in savings.

The Gross Fixed Capital Formation (GFCF) of the sector increased by 3.4% in the year ending in the fourth quarter of 2016, which determined an improvement of the investment rate (measured by the ratio between GFCF and GVA) of 0.5 p.p. to 20.9%.



Financial Corporations: net lending decreased to 2.2% of GDP

In the year ending in the fourth quarter of 2016, the Financial Corporation sector had a net lending of 2.2% of GDP, 1.3 p.p. less than the one registered in the previous quarter. This decrease results from the effect of the capital injection into Banif made in the fourth quarter of 2015, whose impact has ended in the fourth quarter of 2016.

The GVA of the financial sector decreased by 0.7%, which compares with a decrease of 1.4% in the year ending in the third quarter of 2016. The balance of property income decreased by 4.5%, mainly due to the decrease in incomes received.

General Government: net borrowing decreased by 1.7 percentage points

The net borrowing of the GG recorded a decrease of 1.7 percentage points in the year ending in the fourth quarter 2016 compared to the previous quarter, attaining 2.1% of GDP. This decrease in net borrowing resulted from the combined effects of an increase of 0.7% on the revenue and a decrease of the expenditure by 3.0% (see tables 3 and 4).

On the revenue side, both current and capital revenues registered an increase. It should be highlighted the increase in revenues from taxes on income and wealth (1.5%) and social contributions (1.5%).

The expenditure behaviour was driven by the reduction in capital expenditure (-42.9%), influenced by both the decreases in investment and in other capital expenditures, in particular due to the effect of the capital injection in Banif in the fourth quarter 2015. The current expenditure rose slightly, reflecting the increases in compensation of employees (0.9%) and intermediate consumption (0.6%).

Taking into account the quarterly figures rather than the sum of four quarters, the net lending of the GG stood at about 49.9 million euro in the fourth quarter 2016, corresponding to 0.1% of GDP (-6.8% on the same period in the previous year).

For 2016, the general government balance attained -3 807.3 million euro, corresponding to -2.1% of GDP (-4.4% in 2015). Table 5 illustrates how the 0.9%

increase in revenue combined with the 3.8% decrease in expenditure has resulted in an improvement of net borrowing in 2016.

The increase in revenue was particularly influenced by the increase of taxes on production and imports (3.9%) and social contributions (3.9%), for which contributed the implementation of PERES – Programa Especial de Redução do Endividamento ao Estado[1]. On the other hand, capital revenue decreased (-27.9%), namely due to a significant reduction of the transfers received via European Union funds, partly compensated by the prepaid margins paid back to the GG by the European Financial Stability Facility, within the scope of the Economic and Financial Assistance Programme[2].

The expenditure decreased mostly as a result of the capital expenditure reduction (-51.6%), due to the decreases in investment by 31.8% and in other capital expenditure by 76.4%. It should be mentioned that the capital expenditure in 2015 includes the impact of Banif's resolution process. The current expenditure grew, determined by an increase in employee compensations (2.8%) and in social benefits (1.1%). The rise of the compensation of employees was associated to the total reversal of the remuneration reduction temporary measure. This increase in current expenditure was partially offset by decreases in interest paid (-4.3%) and in other current expenditure (-3.6%).

Table 6 presents the main adjustments of moving from Public Accounting to National Accounts balances. Comparing the fourth quarter 2016 with the same period of the previous year, there was a significant improvement of the balances in Public Accounting and in National Accounts, more significant in the latter case, mostly explained by the Banif's resolution process in 2015 as stated above.

For a more detailed analysis see the press release "Main Aggregates of General Government" simultaneously published with this press release.

[1]PERES, which roughly translates to "Reduction of Indebtedness to the State Special Programme", is a regime published in the Portuguese Official Journal (D-L no. 67/2016) approving special conditions to pay outstanding debts to the State and Social Security.

[2] The two loans provided by the European Financial Stability Fund received under the Economic and Financial Assistance Programme included margins that had to be paid in advance (prepaid margins). These margins are returned to GG at the maturity of the loans, one of which in 2016.

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

Unit: 10^6 euros   Unit: 10^6 euros

	2015Q4	2016Q1	2016Q2	2016Q3	2016Q4
Total revenue	**78 913.2**	**79 310.8**	**79 356.4**	**79 062.0**	**79 613.3**
Current revenue	77 607.5	78 059.6	78 261.9	78 135.8	78 671.6
Current taxes on income and w ealth	19 438.3	19 470.1	19 240.8	18 800.9	19 073.5
Taxes on production and imports	26 233.6	26 787.5	27 041.5	27 168.7	27 258.3
Social contributions	20 775.1	20 904.6	21 089.7	21 272.8	21 595.4
Sales	6 636.4	6 648.5	6 678.9	6 708.5	6 742.5
Other current revenue	4 524.2	4 248.9	4 211.1	4 184.9	4 001.9
Capital revenue	1 305.7	1 251.2	1 094.4	926.2	941.8
Total expenditure	**86 739.1**	**86 103.9**	**85 764.5**	**85 978.7**	**83 420.6**
Current expenditure	79 038.1	78 771.3	78 882.0	79 450.1	79 695.0
Social benefits	34 637.3	34 713.2	34 868.9	34 977.6	35 006.6
Compensation of employees	20 272.9	20 319.0	20 481.0	20 669.4	20 847.1
Interest	8 191.3	7 972.7	7 925.6	7 866.8	7 836.0
Intermediate consumption	10 272.1	10 327.8	10 373.0	10 509.5	10 571.9
Subsidies	1 110.4	1 103.7	1 065.1	1 052.9	1 041.6
Other current expenditure	4 554.1	4 334.9	4 168.5	4 374.0	4 391.9
Capital expenditure	7 701.0	7 332.5	6 882.5	6 528.6	3 725.6
Investment (1)	4 281.8	3 960.8	3 703.6	3 510.9	2 919.5
Other capital expenditure	3 419.3	3 371.7	3 178.9	3 017.7	806.1
Current Balance	-1 430.6	- 711.7	- 620.1	-1 314.3	-1 023.5
Balance	**-7 826.0**	**-6 793.1**	**-6 408.2**	**-6 916.8**	**-3 807.3**
By memory:					
Primary current expenditure	70 846.8	70 798.6	70 956.5	71 583.4	71 859.0
Gross Domestic Product at current market prices	179 504.3	180 975.1	182 197.3	183 616.4	184 931.1
Balance in % of GDP	-4.4%	-3.8%	-3.5%	-3.8%	-2.1%

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

Unit: %   Unit: %

	2015Q4	2016Q1	2016Q2	2016Q3	2016Q4
Total revenue	**0.7**	**0.5**	**0.1**	**-0.4**	**0.7**
Current revenue	0.8	0.6	0.3	-0.2	0.7
Current taxes on income and w ealth	1.2	0.2	-1.2	-2.3	1.5
Taxes on production and imports	1.0	2.1	0.9	0.5	0.3
Social contributions	0.5	0.6	0.9	0.9	1.5
Sales	0.8	0.2	0.5	0.4	0.5
Other current revenue	-0.2	-6.1	-0.9	-0.6	-4.4
Capital revenue	-6.7	-4.2	-12.5	-15.4	1.7
Total expenditure	**2.9**	**-0.7**	**-0.4**	**0.2**	**-3.0**
Current expenditure	0.2	-0.3	0.1	0.7	0.3
Social benefits	0.8	0.2	0.4	0.3	0.1
Compensation of employees	0.3	0.2	0.8	0.9	0.9
Interest	-1.2	-2.7	-0.6	-0.7	-0.4
Intermediate consumption	0.5	0.5	0.4	1.3	0.6
Subsidies	-4.2	-0.6	-3.5	-1.1	-1.1
Other current expenditure	-2.1	-4.8	-3.8	4.9	0.4
Capital expenditure	42.2	-4.8	-6.1	-5.1	-42.9
Investment (1)	6.8	-7.5	-6.5	-5.2	-16.8
Other capital expenditure	142.9	-1.4	-5.7	-5.1	-73.3

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

Table 5: Revenue and expenditure of general government

	2015		2016		Nominal change rate (%)
	million euros	% GDP	million euros	% GDP	
Total revenue	**78 913.2**	**44.0**	**79 613.3**	**43.1**	**0.9**
Current revenue	77 607.5	43.2	78 671.6	42.5	1.4
Current taxes on income and w ealth	19 438.3	10.8	19 073.5	10.3	-1.9
Taxes on production and imports	26 233.6	14.6	27 258.3	14.7	3.9
Social contributions	20 775.1	11.6	21 595.4	11.7	3.9
Sales	6 636.4	3.7	6 742.5	3.6	1.6
Other current revenue	4 524.2	2.5	4 001.9	2.2	-11.5
Capital revenue	1 305.7	0.7	941.8	0.5	-27.9
Total expenditure	**86 739.1**	**48.3**	**83 420.6**	**45.1**	**-3.8**
Current expenditure	79 038.1	44.0	79 695.0	43.1	0.8
Social benefits	34 637.3	19.3	35 006.6	18.9	1.1
Compensation of employees	20 272.9	11.3	20 847.1	11.3	2.8
Interest	8 191.3	4.6	7 836.0	4.2	-4.3
Intermediate consumption	10 272.1	5.7	10 571.9	5.7	2.9
Subsidies	1 110.4	0.6	1 041.6	0.6	-6.2
Other current expenditure	4 554.1	2.5	4 391.9	2.4	-3.6
Capital expenditure	7 701.0	4.3	3 725.6	2.0	-51.6
Investment [(1)]	4 281.8	2.4	2 919.5	1.6	-31.8
Other capital expenditure	3 419.3	1.9	806.1	0.4	-76.4
Current Balance	-1 430.6	-0.8	-1 023.5	-0.6	
Balance	-7 826.0	-4.4	-3 807.3	-2.1	

[(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

	2015Q4	2016Q4
Balance in Public Accounting:	**-1 644.1**	**-1 354.4**
Accrual adjustment and sector delimitation in National Accounts	892.7	949.3
Difference betw een paid and due interest	117.0	35.4
Other receivables:	519.6	175.5
Time adjustment of taxes and social contributions	*539.6*	*182.3*
Others	*- 20.0*	*- 6.8*
Other payables:	232.7	253.6
Expenditure already incurred but not yet paid	*251.7*	*274.9*
Others	*- 19.1*	*- 21.3*
Other adjustments:	-3 177.5	- 9.5
of which:		
Capital injections and debt assumptions	*-3 138.1*	*- 911.0*
Balance in National Accounting:	**-3 059.5**	**49.9**
Quarterly GDP	45 199.6	46 514.3
Balance in National Accounting in % of GDP	-6.8%	0.1%

National Economy: Gross National Income increased 1.1%

In the fourth quarter of 2016, GNI registered a nominal variation of 1.1%, 0.4 p.p. more than the nominal GDP variation. The increase in GNI higher than GDP was driven by the improvement of the negative balance of property income with the rest of the world (rates of change of 0.1% on incomes received and -1.2% on incomes 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 (%)
2011Q1	179 517	-0.2	174 405	0.3	175 653	0.4
2011Q2	179 006	-0.3	174 292	-0.1	175 553	-0.1
2011Q3	178 033	-0.5	174 346	0.0	175 665	0.1
2011Q4	176 167	-1.0	172 772	-0.9	174 098	-0.9
2012Q1	174 815	-0.8	170 491	-1.3	171 813	-1.3
2012Q2	171 980	-1.6	167 742	-1.6	168 951	-1.7
2012Q3	170 344	-1.0	165 903	-1.1	167 059	-1.1
2012Q4	168 398	-1.1	164 317	-1.0	165 851	-0.7
2013Q1	167 657	-0.4	164 355	0.0	165 927	0.0
2013Q2	168 081	0.3	165 470	0.7	167 260	0.8
2013Q3	168 906	0.5	166 375	0.5	168 208	0.6
2013Q4	170 269	0.8	167 975	1.0	169 808	1.0
2014Q1	170 735	0.3	168 337	0.2	170 434	0.4
2014Q2	172 288	0.9	169 695	0.8	171 668	0.7
2014Q3	173 375	0.6	170 889	0.7	172 993	0.8
2014Q4	173 079	-0.2	170 117	-0.5	172 313	-0.4
2015Q1	174 795	1.0	171 246	0.7	173 591	0.7
2015Q2	176 533	1.0	172 103	0.5	174 405	0.5
2015Q3	177 975	0.8	173 464	0.8	175 759	0.8
2015Q4	179 504	0.9	174 353	0.5	176 847	0.6
2016Q1	180 975	0.8	176 613	1.3	178 944	1.2
2016Q2	182 197	0.7	177 739	0.6	180 485	0.9
2016Q3	183 616	0.8	179 051	0.7	181 780	0.7
2016Q4	184 931	0.7	181 106	1.1	183 674	1.0

The GDI registered a 1.0% increase in the fourth quarter of 2016, while the final consumption expenditure of the economy (which includes final consumption expenditure of Households and GG) grew by 0.9%, resulting in an increase of 1.7% of the economy's Gross Saving, which was the key factor for net lending increasing to 1.5% of GDP in the fourth quarter of 2016.

The GCF for the total economy stood at 14.9% of GDP in the fourth quarter of 2016 (0.1% less 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(-)
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	16.5	-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	14.9	1.9
2013Q3	15.2	1.7	14.9	2.0
2013Q4	15.4	1.5	14.6	2.3
2014Q1	15.4	1.6	15.0	2.0
2014Q2	15.2	1.5	15.0	1.7
2014Q3	15.3	1.5	15.2	1.7
2014Q4	15.0	1.2	15.3	1.0
2015Q1	14.9	1.2	15.1	1.0
2015Q2	14.5	1.2	15.6	0.1
2015Q3	14.8	0.9	15.5	0.3
2015Q4	14.7	1.0	15.5	0.3
2016Q1	15.1	0.9	15.5	0.5
2016Q2	15.3	0.8	15.2	0.8
2016Q3	15.3	1.0	15.0	1.2
2016Q4	15.4	1.0	14.9	1.5

Unit labour costs (ULC) increased 1.6%

In the year ending in the fourth quarter of 2016, ULC registered an increase of 1.6%, mainly as a result of the increase in average compensation of employees (rate of change of 1.4%), with productivity declining slightly. In the fourth quarter of 2016, the increase in compensation of employees was higher than the increase in employment.

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

Preliminary version of the Annual Accounts of Institutional Sectors for 2016

The preliminary version of the Annual Accounts of Institutional Sectors is obtained by adding the 4 quarters of 2016 now disclosed. The years 2015 and 2016 are preliminary and may be revised until the publication of the final version. The publication of final Annual Accounts of 2015 is schedule to September 2017.

Table 8 presents the annual evolution of the main economic aggregates resulting from the National Accounts by Institutional Sector.

Table 8 - Indicators for the portuguese economy

	2011	2012	2013	2014	2015Pe	2016Pe
GDP Value (change rate)	-2.1	-4.4	1.1	1.7	3.7	3.0
GNI (change rate)	-0.6	-4.9	2.2	1.3	2.5	3.9
GDI (change rate)	-0.5	-4.7	2.4	1.5	2.6	3.9
Gross Saving (change rate)	19.4	-0.4	13.4	-0.4	1.4	8.1
Saving Rate of Households (% do GDI)	7.5	7.7	7.8	5.2	4.5	4.4
Final Consumption of Households (change rate)	-2.0	-3.8	-0.4	2.6	3.3	3.4
Disposable Income of Households (change rate)	-3.7	-3.6	-0.2	-0.2	2.5	3.2
Gross Capital Formation (change rate)	-13.6	-19.2	-5.9	6.3	4.8	-0.6
Net lending/Net borrowing						
Non-financial Corporations (% of GDP)	-3.5	-0.3	1.4	1.2	-0.2	0.4
Financial Corporations (% of GDP)	4.3	3.1	2.1	4.8	3.8	2.2
General Government (% of GDP)	-7.4	-5.7	-4.8	-7.2	-4.4	-2.1
Households and NPISH (% of GDP)	2.6	2.9	3.6	2.2	1.0	0.8
Total Economy (% of GDP)	-4.0	0.0	2.3	1.0	0.3	1.5
External Balance of Goods and Services (% of GDP)	-4.3	-0.5	1.0	0.2	0.7	1.2
Unit Labour Costs (chande rate)	-2.0	-3.2	1.8	-1.3	-0.5	1.6

Pe - Preliminary data

Revision of estimates

The Quarterly Sector Accounts now presented incorporate new information with the consequent revisions of the previous estimates of some aggregates. Compared to the previous publication for the third quarter of 2016, the revisions reflect the incorporation of the updated results of the quarterly accounts for the economy as a whole, published on March 1.

In addition, the most recent versions of the Balance of Payments and Monetary and Financial Statistics produced by Banco de Portugal were also integrated, being important to point out, in the case of the Balance of Payments, the significant downwards revisions in the balance of property income in 2015.

It should also be noted that the level of nominal GDP in 2016 was revised compared to data published on March 1 due to the incorporation of new information.

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.