

Private consumption slows down and Investment strengthens its growth in February

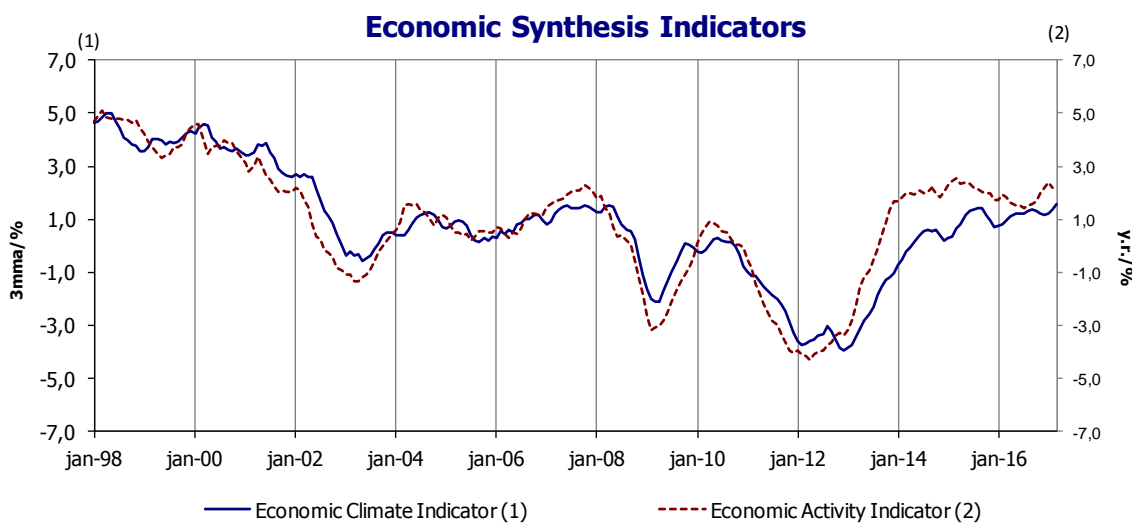
In March, the consumer confidence indicator increased slightly in the Euro Area (EA), while the economic sentiment indicator stabilized. In the same month, the raw materials and oil prices presented monthly change rates of -2.4% and -6.3% (0.5% and 0.3% in February, respectively).

In Portugal, the economic climate indicator, already available for March, increased. The economic activity indicator diminished in February, interrupting the positive movement observed since August. The quantitative indicator of private consumption presented a lower year-on-year growth rate in February, reflecting the less intense positive contribution of the non-durable consumption component. In the same month, the Gross Fixed Capital Formation (GFCF) indicator accelerated due to the behaviour of the construction and the transport material components. It should be mentioned that the economic activity, private consumption and investment indicators refer to new series, which are described at the end of this publication.

Concerning the international trade of goods, exports and imports recorded year-on-year nominal change rates of 13.3% and 14.7% in February, respectively (12.9% and 14.7% in January). Considering the economic activity from the production perspective, the industry and services turnover indices registered a deceleration in February. The construction and public works production index accelerated in February.

The provisional monthly estimate for the seasonally adjusted unemployment rate (15 to 74 years old) was 10.0% in February (0.1 p.p. below the definitive rate observed in January), which compares with a rate of 10.5% three months earlier and 12.2% one year earlier. The estimate for the employed population (15 to 74 years old), seasonally adjusted, showed an increase of 2.8% comparing with February 2016 (2.7% in January) and a 0.1% change rate comparing with the previous month (identical rate in January).

The year-on-year change rate of the Consumer Price Index (CPI) was 1.4% in March (1.6% in February), with a change rate of 1.5% in the goods component (1.7% in the last month) and 1.2% in the services component (1.4% in February).



Based on information available up to April 19, 2017.

	Unit	First Period	Minimum		Maximum		Year			Quarter					Month												
			Value	Date	Value	Date	2014	2015	2016	2016				I	2016												
										I	II	III	IV		Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
External Demand																											
Nominal exports of goods - International trade	y.r./3-mma/%	Mar-96	-26.7	Mar-09	23.3	Oct-94	1.6	3.7	1.0	0.3	-1.5	-1.5	1.9	5.0	-0.8	-1.5	-1.4	-2.1	-1.5	-2.4	-1.1	1.9	2.4	3.6	5.0	12.9	-
Nominal imports of goods - International trade	y.r./3-mma/%	Mar-96	-26.8	Apr-09	25.5	Feb-94	3.5	2.2	1.2	-0.2	1.0	-3.4	1.3	6.4	1.2	1.0	-0.6	-3.2	-3.4	-3.7	0.1	1.3	3.2	3.1	6.4	14.3	-
Coverage rate	3-mma/%	Mar-95	56.6	Dec-99	85.9	May-13	81.4	82.6	82.4	82.3	83.0	83.2	82.2	81.2	81.5	83.0	83.4	82.2	83.2	84.4	82.3	82.2	80.4	83.8	81.2	80.9	-
External demand indicator	s.a./y.r./3-mma/%	Mar-91	-26.3	Jul-09	26.8	Oct-00	2.0	4.4	-0.9	3.9	-0.7	-3.9	-1.5	2.5	1.7	-0.7	-2.9	-4.5	-3.9	-3.8	-1.9	-1.5	-0.2	0.5	2.5	-	-
Labour Market																											
Unemployment rate (15 to 74 years)	s.a./%	Feb-98	4.8	Nov-00	17.5	Jan-13	14.1	12.6	11.2	12.2	11.2	10.9	10.5	10.0	12.0	11.6	11.2	11.0	10.9	10.9	10.9	10.6	10.5	10.2	10.1	10.0	-
Number of unemployed (15 to 74 years)	s.a./y.r./%	Feb-99	-17.9	Feb-17	40.6	Dec-02	-15.1	-11.0	-11.4	-10.3	-9.8	-11.1	-14.3	-17.9	-9.8	-9.9	-9.8	-10.5	-11.0	-11.1	-12.2	-14.0	-14.3	-16.4	-15.9	-17.9	-
Employment (15 to 74 years)	y.r./%	Feb-99	-5.5	Jan-13	2.8	Feb-17	1.8	1.2	1.4	0.9	0.7	2.1	1.8	2.8	0.6	1.0	0.7	1.2	1.8	2.1	2.1	2.1	1.8	2.6	2.7	2.8	-
Employment indicator - Short-term statistics	y.r./3-mma	Mar-01	-6.8	Dec-12	2.9	Feb-17	-0.1	1.2	1.5	0.7	1.2	1.6	2.4	-	0.7	0.8	1.0	1.2	1.4	1.5	1.6	1.8	2.0	2.4	2.7	2.9	-
Reg. unemp. along the month - State emp. agencies	s.a./y.r./3-mma	Mar-90	-20.2	May-90	44.7	Jun-93	-5.5	-1.5	-8.0	-6.0	-3.9	-10.5	-11.8	-	-6.0	-6.6	-4.9	-3.9	-6.1	-9.0	-10.5	-10.7	-11.6	-11.8	-11.9	-13.9	-
Vacancies along the month - State employment ag.	s.a./y.r./3-mma	Mar-90	-38.5	Dec-16	71.1	Feb-14	18.3	9.1	-16.8	2.1	-4.8	-27.1	-38.5	-	2.1	-2.6	-7.3	-4.8	-5.4	-15.1	-27.1	-34.2	-36.2	-38.5	-37.1	-26.4	-
Employment expectations of entrepreneurs	bal./s.a./3-mma	Jan-03	-22.0	Nov-12	2.8	Mar-17	-3.1	-0.2	0.3	0.7	-0.3	0.1	0.9	2.8	0.7	0.9	-0.2	-0.3	-0.4	0.4	0.1	-0.1	0.1	0.9	1.5	2.4	2.8
Unemployment expectations of consumers	balance/3-mma	Sep-97	-8.5	Mar-17	79.7	Mar-09	16.5	9.9	5.3	5.7	8.0	7.5	0.2	-8.5	5.7	5.7	6.6	8.0	8.5	8.9	7.5	6.3	3.4	0.2	-3.3	-6.1	-8.5
Average monthly wage declared by worker	s.a./y.r./3-mma	Mar-02	-1.7	Feb-14	4.8	Dec-02	0.2	0.6	1.5	0.8	1.4	1.7	2.2	-	0.8	1.1	1.1	1.4	1.4	1.6	1.7	1.8	2.1	2.2	1.8	1.3	-
Prices																											
Consumer price index - Total	y.r./%	Jan-49	-3.7	Sep-54	36.7	May-77	-0.3	0.5	0.6	0.5	0.5	0.7	0.8	1.4	0.4	0.5	0.3	0.5	0.6	0.7	0.6	0.9	0.6	0.9	1.3	1.6	1.4
- Goods	y.r./%	Jan-49	-3.7	Jul-09	38.2	May-77	-1.1	-0.1	0.0	-0.2	-0.3	0.2	0.3	1.5	-0.4	-0.2	-0.6	-0.1	0.1	0.3	0.1	0.1	0.1	0.6	1.4	1.7	1.5
- Services	y.r./%	Jan-49	-4.4	Sep-54	30.5	Mar-74	0.8	1.3	1.5	1.6	1.6	1.3	1.5	1.3	1.7	1.5	1.8	1.5	1.3	1.3	1.4	1.9	1.3	1.3	1.3	1.4	1.2
Core inflation indicator	y.r./%	Jan-49	-4.3	Oct-54	31.1	May-84	0.1	0.7	0.7	1.0	0.8	0.7	0.6	0.6	1.0	0.8	0.8	0.7	0.8	0.6	0.5	0.7	0.4	0.5	0.5	0.6	0.6
Harmonised index of consumer prices	y.r./%	Jan-96	-1.8	Sep-09	5.1	Mar-01	-0.2	0.5	0.6	0.4	0.5	0.7	0.8	1.4	0.5	0.5	0.4	0.7	0.7	0.8	0.7	1.1	0.5	0.9	1.3	1.6	1.4
Manufacturing industry production price index	y.r./3-mma/%	Mar-11	-4.8	May-16	7.0	Jul-11	-2.3	-2.6	-2.7	-2.9	-4.7	-2.9	-0.2	3.3	-2.9	-4.2	-4.8	-4.7	-4.3	-3.7	-2.9	-2.1	-1.1	-0.2	1.1	2.4	3.3
Consumers expectations of prices evolution	balance/3-mma	Sep-97	-5.2	Jul-09	58.2	Nov-11	10.3	-0.6	4.8	7.7	5.4	1.4	5.0	10.4	7.7	8.7	6.9	5.4	2.1	1.6	1.4	5.4	5.7	5.0	6.9	8.9	10.4
Expectations of prices in manufacturing industry	bal./s.a./3-mma	Jan-87	-23.0	Jan-09	27.5	Nov-90	-8.6	-1.5	-0.4	-4.4	-0.8	0.6	3.0	2.7	-4.4	-3.9	-2.5	-0.8	0.2	0.9	0.6	0.8	1.9	3.0	3.5	2.7	2.7
Effective exchange rate ind. for Portugal (nominal)	y.r.	Mar-01	-3.9	Apr-15	3.6	May-03	0.1	-2.5	0.9	0.4	1.1	0.9	1.0	-	1.1	1.6	1.0	0.8	1.2	0.8	0.7	0.8	1.4	0.7	0.4	0.0	-

(c) From the 1st quarter of 2011 onwards, the Employment Survey questionnaire and inquiry method were changed.

NOTES

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

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

New Indicators

Starting with the current publication, Statistics Portugal will publish new coincident economic activity, consumption and investment indicators.

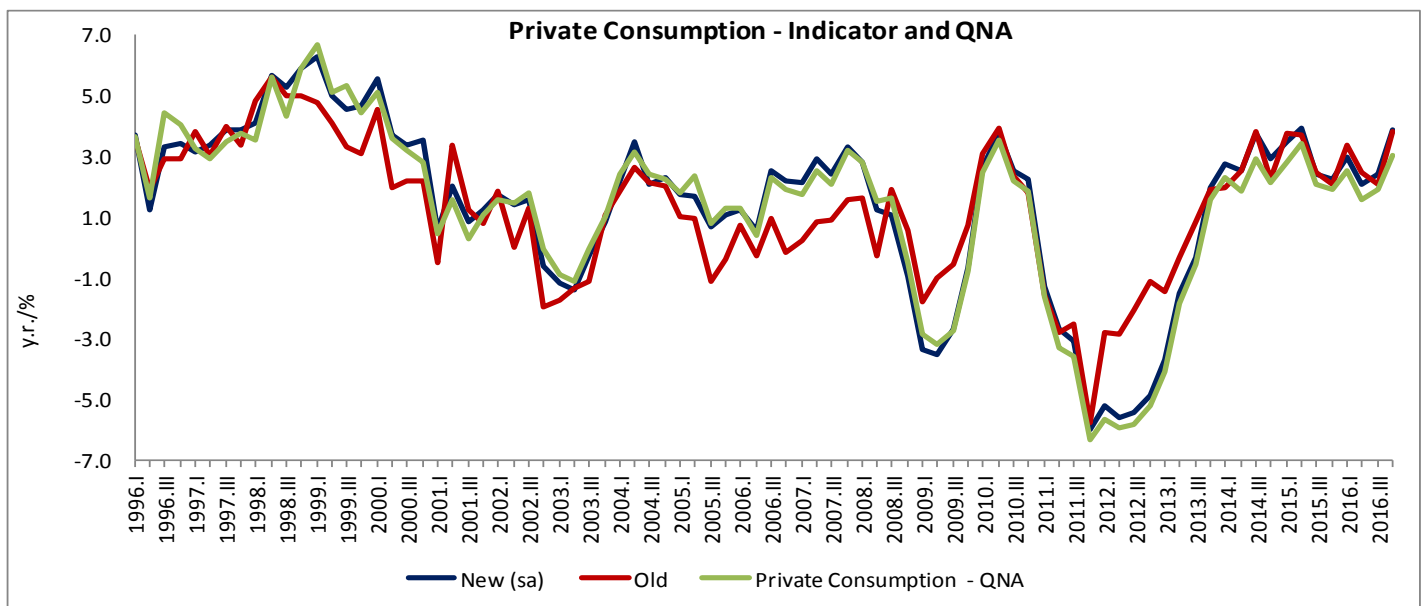
The new coincident indicators largely follow the current methodology, while updating the information used and changing some calculation methods in order to increase their consistency and synchronism with the procedures carried out for the Quarterly National Accounts (QNA) reference indicators.

Quantitative Indicator of Consumption

The new Private Consumption Quantitative Indicator aims to approximate its methodology to the one used by QNA through temporal disaggregation of the quarterly time-series, so that the monthly indicator anticipates what may be later observed in the Quarterly National Accounts of the reference quarter.

The main innovations of the indicator are the addition of the Services Turnover Index (STI), a monthly estimation of expenditure in real-estate services and the weights from the QNA in the calculation of the composite indicator of current consumption.

Due to the way it is constructed, the new indicator assures a higher consistency with the National Accounts' reference indicator, which can be seen in the following graph:

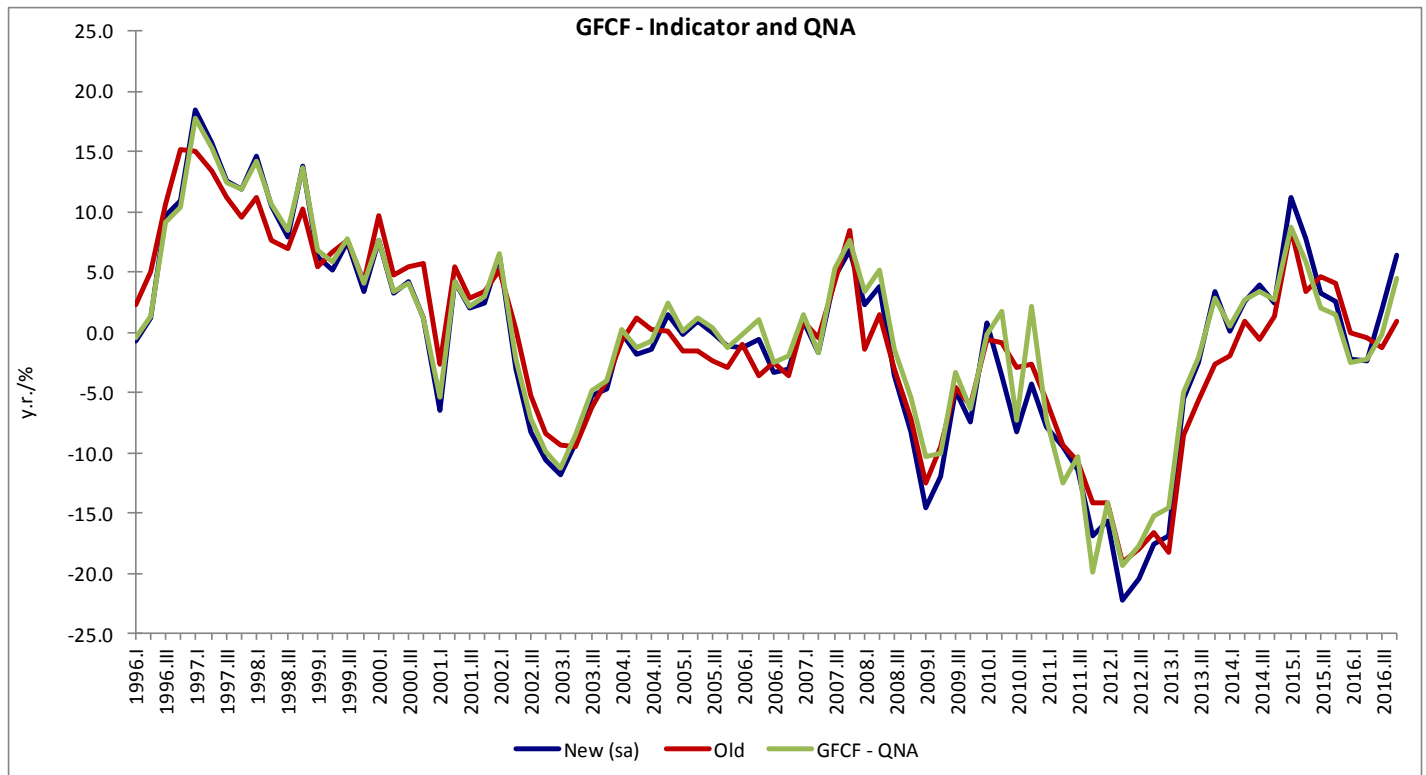


Gross Fixed Capital Formation Indicator

As the case above, the new Gross Fixed Capital Formation (GFCF) Indicator aims at achieving a more robust consistency with the information from the corresponding QNA variable.

With this new indicator, transport equipment component also includes information from non-automobile transportation. The machinery and equipment component was fully changed, being now estimated using data on the imports of machines and equipment. Finally, the construction component drops the use of qualitative information, in line with the QNA.

The following graph shows the quarterly values for the old and new Gross Fixed Capital Formation Indicators, comparing them with the Quarterly National Accounts values of GFCF.



Economic Activity Indicator

The new Economic Activity Indicator (EAI) series intends to be a more faithful portrait of the economic activity featuring a more synchronized behaviour with its evolution. With this purpose, the information set used in its calculation was enlarged, making the indicator more complete and robust. The methodology used was partially modified, retaining the use of factor analysis, but now in a two-step approach.

In the first step, through factor analysis, sub-indicators of interest are estimated (Consumption, Investment, Labour Market, Industry and External Demand) which will form the information set for the second factor analysis, where the Economic Activity Indicator is calculated. The indicator is calibrated taking as the benchmark series the quarterly GDP in volume.

The information set used in the indicator include qualitative (companies' surveys on future orders to suppliers, for example), and quantitative variables related to the behaviour of demand components.

The smoothing of the series is carried out through *Fixed-interval Smoothing*, instead of the previously used moving averages.

Comparing with the previous indicator, the new Economic Activity Indicator shows a higher consistency vis-à-vis GDP, showing, in particular, a more synchronized behaviour relatively to the business cycle.

