

Quarterly Sector Accounts (Base 2011)

Fourth Quarter 2017

Net lending of the Portuguese economy increased to 1.4% of GDP

The net lending of the economy stood at 1.4% of the Gross Domestic Product (GDP) in the year ending in the fourth quarter of 2017, 0.3 percentage points (p.p.) more than in the previous quarter.

By institutional sector, Households showed an improvement in their balance, which increased from 0.9% to 1.5% of GDP in the year ending in the fourth quarter of 2017, reflecting the higher increase in disposable income (1.7%) comparing with the growth of final consumption expenditure (0.8%). General Government (GG) net borrowing increased by 0.6 p.p. to 3.0% of GDP, mainly as a result of a 2.5% increase in social benefits and, to a lesser extent, an increase in investment and compensation of employees paid. These results incorporate the impact of the recapitalisation operation in Caixa Geral de Depósitos (CGD) implemented in the first quarter of 2017, which amounted to 3 944 million euros.

Taking into account quarterly figures and not the year ending in the quarter, the GG balance stood at around -983.4 million euros in the fourth quarter of 2017, corresponding to -2.0% of GDP (0.3% in the same period of the previous year).

The current results are the preliminary version of the Quarterly Sector Accounts (QSA) for the fourth quarter 2017. National Accounts aggregates are expressed exclusively in nominal terms and are not seasonally and calendar adjusted.

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 the end of this press release it is presented a section with the comparison of the annual results for the main aggregates.

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



press release

Net lending of the Portuguese economy increased to 1.4% of GDP

The Portuguese economy registered a net lending of 1.4% of GDP in the fourth quarter of 2017 (0.3 p.p. more than in the year ending in the previous quarter). GDP and Gross National Income (GNI) grew by 1.2%, as a result of the stabilization of the balance of property income with the Rest of the World.

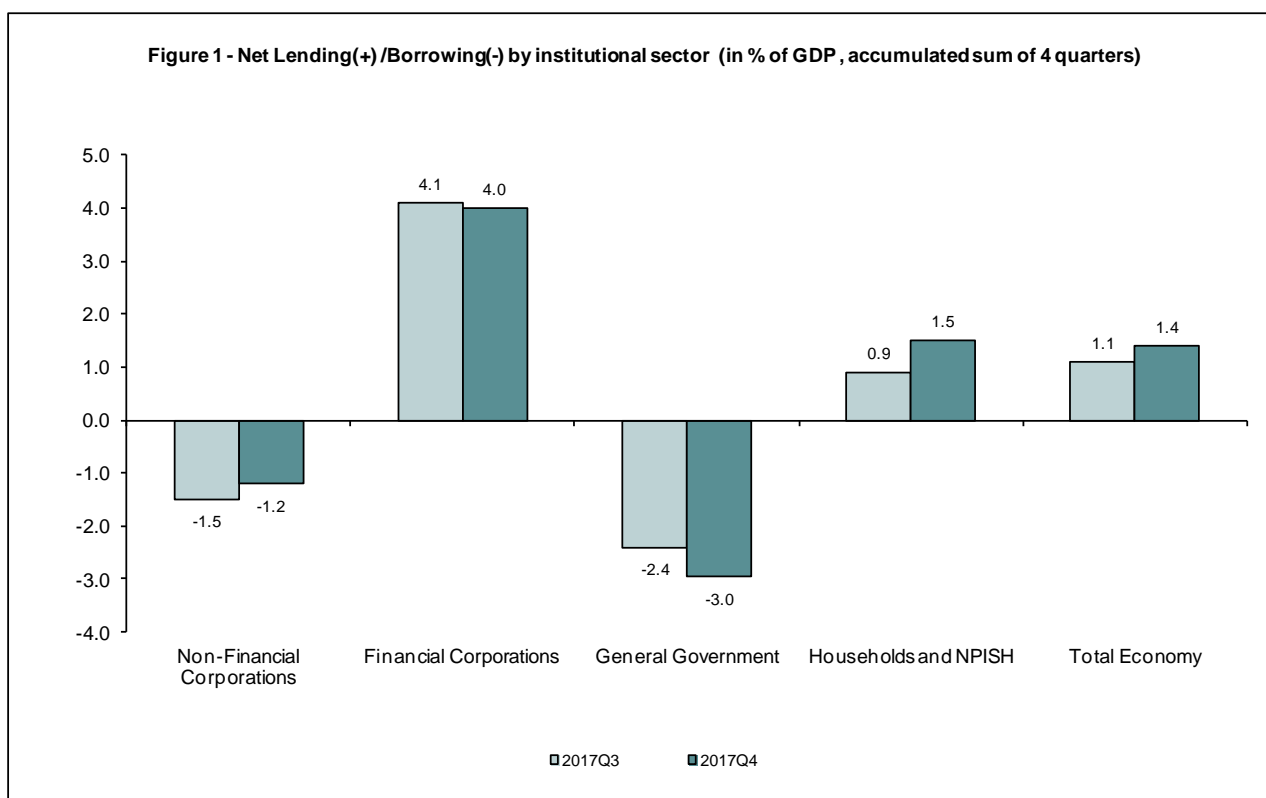
The Gross Disposable Income (GDI) registered a rate of change of 1.3%, higher than that of final consumption expenditure (0.8%), which led to a 3.8% increase in gross savings (0.4 p.p. more than in the previous quarter).

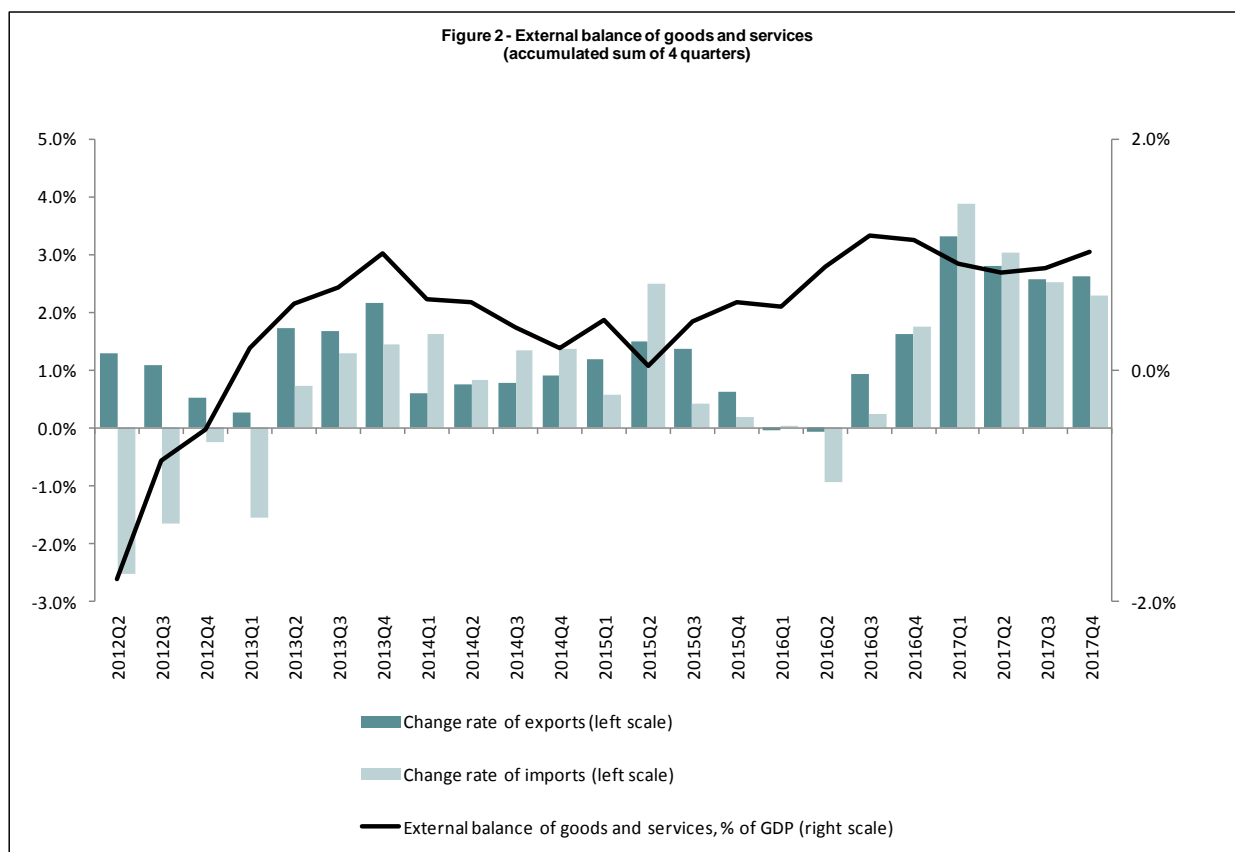
The growth in savings was higher than that of the Gross Capital Formation (GFC), which recorded a 2.0% growth rate, leading to an increase in the net lending of the economy to 1.4% of GDP (1.1% in the previous quarter).

Figure 1 presents the evolution of the net lending(+)/borrowing(-) of the economy by institutional sector. The net borrowing of GG increased by 0.6 p.p. to 3.0% of GDP. The worsening of the balance of GG was mainly due to a 2.5% increase in expenditure with social benefits and, to a lesser extent, the increase in investment and compensation of employees (rates of change of 12.8% and 1.8%, respectively). Current expenditure increased by 0.9% in the fourth quarter of 2017.

The balance of Non-Financial Corporations increased 0.3 p.p. to -1.2% of GDP, in the fourth quarter of 2017, while net lending of Financial Corporations stood at 4.0% of GDP (0.1 p.p. below the previous quarter).

The external balance of goods and services increased to 1.0% of GDP (0.9% in the third quarter), due to the 2.6% increase in exports, 0.3 p.p. higher than the increase in imports (see figure 2).





Households: net lending increased to 1.5% of GDP

The net lending of Households reached 1.5% of GDP in the year ending in the fourth quarter of 2017, mainly reflecting an increase of 20.6% in savings. Household investment registered a rate of change of 0.5% in the fourth quarter of 2017 (1.4% in the previous quarter).

Figure 3 shows the savings rate and the rates of change of disposable income and final consumption expenditure. As it can be seen, the Household's saving rate increased to 5.4% of disposable income (0.9 p.p. more than in the previous quarter). The improvement in the saving rate resulted from an increase in disposable income higher than final consumption expenditure (rates of change of 1.7% and 0.8%, respectively).

The increase in disposable income resulted primarily from the increase in compensation of employees and social benefits received (growth rates of 1.6% and 2.7%, respectively), in part reflecting the reversion of the reductions previously applied to compensation of employees paid by GG and pensions. These increases more than offset the increases in social contributions (1.7%) and income taxes (0.5%) paid by households.

Table 1 shows the breakdown of the change rate of disposable income. To the 1.7% increase registered in the fourth quarter of 2017 mainly contributed the compensation of employees and net social benefits received, with 1.0 p.p. and 0.4 p.p., respectively.

In the fourth quarter of 2017, compensation of employees accounted for 64.6% of disposable income and gross operating surplus / mixed income 25.8% (64.7% and 26.1% in the previous quarter, respectively).

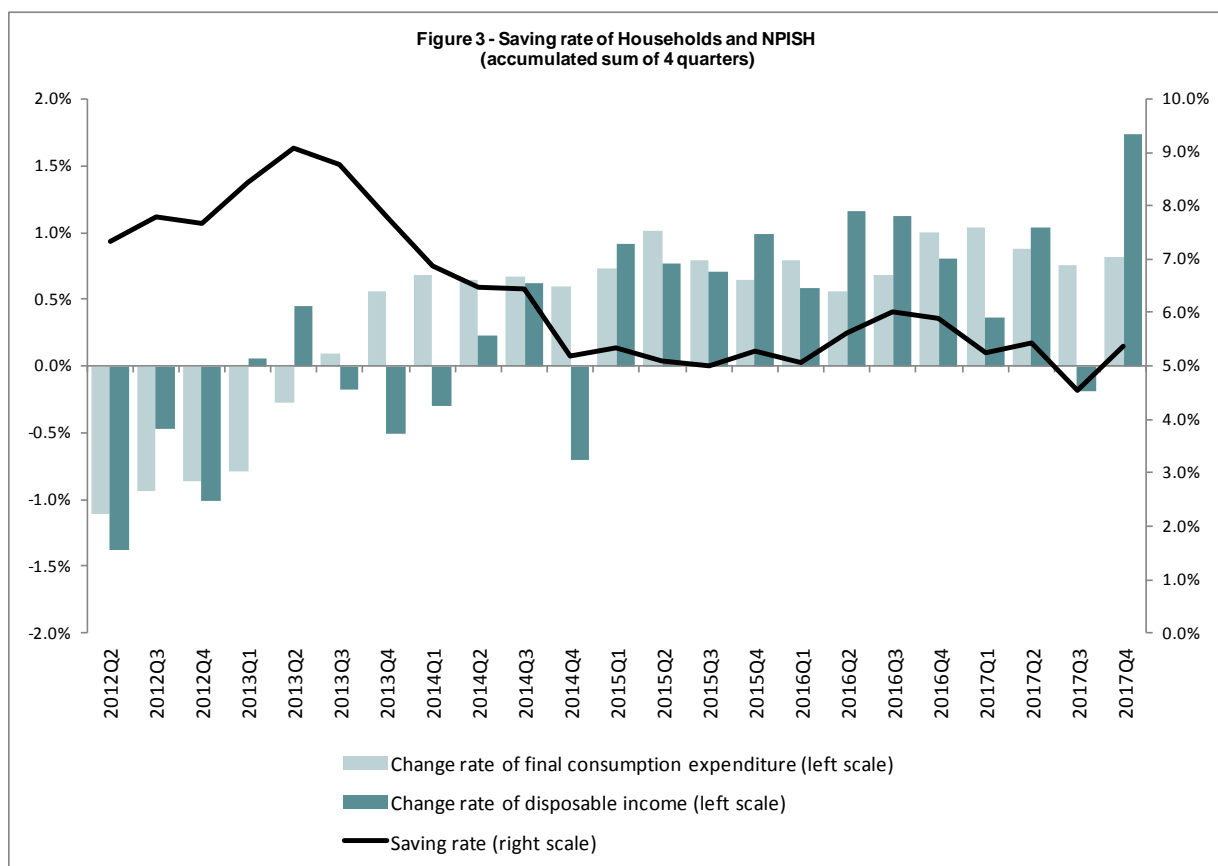


Table 1: Contributions to the change rate of disposable income of Households and NPISH (percentage points, accumulated sum of 4 quarters)

	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)
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	0.0	0.1	-0.1	-0.4	-1.0
2013Q1	0.0	0.1	0.6	0.3	0.1	1.0	0.1
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	-0.2	0.4	1.1	-0.5
2014Q1	-0.2	0.0	-0.1	-0.1	0.1	0.1	-0.3
2014Q2	0.6	0.0	0.0	-0.5	0.1	0.1	0.2
2014Q3	0.5	0.1	0.1	0.5	0.0	0.4	0.6
2014Q4	-0.6	0.1	0.1	-0.5	-0.2	-0.4	-0.7
2015Q1	0.5	0.1	0.2	-0.1	0.2	0.0	0.9
2015Q2	0.5	0.0	0.2	0.1	0.0	0.0	0.8
2015Q3	0.2	0.1	0.3	0.1	0.1	0.0	0.7
2015Q4	0.6	0.1	0.0	0.2	0.0	-0.1	1.0
2016Q1	0.5	0.3	-0.1	0.0	-0.1	0.0	0.6
2016Q2	0.6	0.2	0.1	0.0	0.2	-0.2	1.2
2016Q3	0.7	0.2	-0.2	0.0	0.0	-0.4	1.1
2016Q4	0.8	0.3	0.0	-0.3	0.0	0.1	0.8
2017Q1	0.6	0.0	-0.2	-0.3	0.2	-0.1	0.4
2017Q2	0.7	0.2	-0.3	-0.3	0.1	-0.7	1.0
2017Q3	0.6	0.1	-0.1	-0.3	0.2	0.8	-0.2
2017Q4	1.0	0.2	0.1	0.4	0.0	0.0	1.7

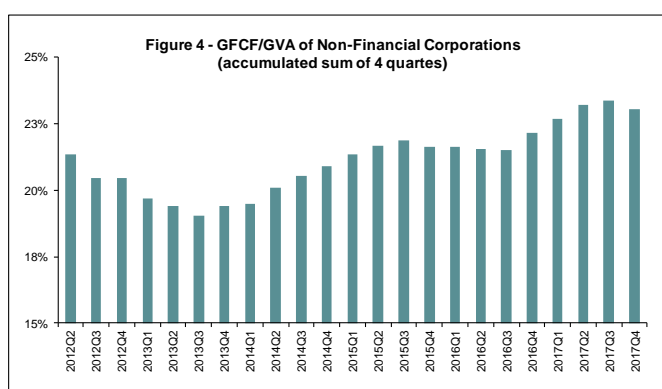
press release

Non-Financial Corporations: net lending decreased to 1.2% of GDP

Non-financial corporations' net borrowing decreased by 0.3 p.p. to 1.2% of GDP in the fourth quarter of 2017 (1.5% in the previous quarter). Gross Value Added (GVA) increased by 1.1%, 0.1 p.p. more than in the previous quarter. The compensation of employees paid and Gross Operating Surplus of the sector increased by 1.6% and 0.5%, respectively.

The abovementioned increase in GVA more than offset the increase in compensation of employees paid and the increase of 3.2% in income tax, leading to a growth of 2.8% in sector savings (1.3% in the previous quarter).

The investment (GFCF) of the sector decreased 0.4% in the year ending in the quarter, resulting in a decrease in the investment rate (measured by the ratio between GFCF and GVA) by 0.4 p.p. to 23.0%, thus interrupting the upward trend started in the fourth quarter of 2016.



Financial Corporations: net lending was 4.0% of GDP

The sector's net lending represented 4.0% of GDP in the fourth quarter of 2017, 0.1 p.p. less than in the previous quarter. The high levels of the sector's net lending reflect the effect of the State's capital injection in Caixa Geral de Depósitos in the first quarter of 2017¹.

Current savings, which are not affected by this recapitalisation operation, decreased by 6.5% in the year ending in the fourth quarter of 2017, mainly due to the increase in income taxes and the reduction in property income received (rate of change of 14.1% and 1.0%).

General Government: net borrowing increased by 0.6 percentage points

The net borrowing of the GG recorded an increase of 0.6 percentage points in the year ending in the fourth quarter 2017 compared to the previous quarter, attaining 3.0% of GDP.

As stated above, this performance was mainly due to the recapitalisation of CGD implemented in the first quarter 2017, with a negative impact of 2.0% of GDP (see tables 2 and 3)².

The expenditure behaviour was also driven by the growth of current expenditure reflecting the increases in social benefits (2.1%), compensation of employees (1.8%) and investment (13.5%). The remaining current

¹ For a more detailed analysis of the recapitalisation process of CGD, view the press release on the "Excessive Deficit Procedure".

² Considering two decimal places, the net borrowing of GG corresponded to 2.96% of GDP and the effect of the CGD recapitalisation process was 2.04% of GDP in 2017. Consequently, excluding this impact, the net borrowing was 0,92% of GDP.

expenditure components decreased in comparison with the year ending in the previous quarter.

GG revenue increased by 0.2% in the year ending the fourth quarter 2017. This increase was determined by the growth of the current revenue, mainly due to the increase in social contributions (1.5%) and in taxes on production and imports (1.3%). The other current revenue and capital revenue decreased (-6.6% and -23.0% respectively), as well as, to a lesser extent, current taxes on income and wealth (-0.3%).

Considering quarterly figures rather than the sum of four quarters, the net borrowing of the GG stood at about -983.4 million euro in the fourth quarter 2017 (-2.0% of GDP), while in the same quarter of 2016 the net lending was 0.3% of GDP (150.1 million euro).

For 2017, the general government balance attained -5 709.4 million euro, corresponding to -3.0% of GDP (-2.0% in 2016). Table 4 illustrates the impact of the total expenditure increase by 6.2% in the net borrowing deterioration, largely as a result of the one-off recapitalisation of CGD, whereas the total revenue increased 3.9%.

The increase of taxes on production and imports (6.1%), such as Value Added Tax (VAT), social contributions (5.1%) and current taxes on income and wealth (3.3%) influenced total revenue. On the other hand, other current revenue decreased (-8.0%), namely due to a reduction of the transfers received via European Union funds. Capital revenue also reduced 7.8% when comparing with the same period in the previous year.

Table 5 presents the main adjustments carried out for moving from Public Accounting to National Accounts balances. Comparing the fourth quarter 2017 with the same period of the previous year, there was a deterioration of the balances in Public Accounting and in National Accounts, more significant in the latter case.

For a more detailed analysis please see the press release "Main Aggregates of General Government" also published today.

Table 2: Revenue and expenditure of general government in the year ending the quarter

Unit: 10⁶ euro

	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4
Total revenue	79 705.6	80 275.8	80 572.5	82 636.3	82 840.5
Current revenue	78 909.2	79 457.7	79 671.1	81 683.2	82 106.3
Current taxes on income and wealth	19 081.1	18 891.9	18 440.4	19 773.4	19 714.6
Taxes on production and imports	27 346.7	27 619.1	28 049.3	28 656.5	29 028.0
Social contributions	21 608.6	21 848.6	22 116.7	22 370.6	22 704.2
Sales	6 625.5	6 674.6	6 712.6	6 697.7	6 752.3
Other current revenue	4 247.3	4 423.5	4 352.2	4 185.0	3 907.2
Capital revenue	796.4	818.1	901.3	953.2	734.3
Total expenditure	83 370.8	87 304.3	87 280.4	87 212.2	88 550.0
Current expenditure	79 818.4	79 711.1	79 676.5	79 478.8	80 177.9
Social benefits	35 112.8	35 042.4	34 955.9	34 881.8	35 615.8
Compensation of employees	20 880.9	20 919.4	20 919.7	20 894.1	21 269.7
Interest	7 760.7	7 691.4	7 631.6	7 586.3	7 475.1
Intermediate consumption	10 417.8	10 580.0	10 541.1	10 536.7	10 469.8
Subsidies	975.0	968.1	946.7	906.8	866.4
Other current expenditure	4 671.3	4 509.8	4 681.5	4 673.0	4 481.1
Capital expenditure	3 552.3	7 593.2	7 603.9	7 733.4	8 372.1
Investment ⁽¹⁾	2 800.8	2 865.2	2 866.1	3 022.7	3 429.6
Other capital expenditure	751.5	4 727.9	4 737.8	4 710.7	4 942.5
Current Balance	- 909.2	- 253.4	- 5.4	2 204.4	1 928.4
Balance	-3 665.2	-7 028.5	-6 708.0	-4 575.9	-5 709.4
<i>By memory:</i>					
Primary current expenditure	72 057.7	72 019.7	72 044.9	71 892.5	72 702.7
Gross Domestic Product at current market prices	185 494.0	187 096.9	189 021.7	190 829.9	193 048.6
Balance in % of GDP	-2.0%	-3.8%	-3.5%	-2.4%	-3.0%

Table 3: Change rates of revenue and expenditure of general government in the year ending the quarter

Unit: %

	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4
Total revenue	0.9	0.7	0.4	2.6	0.2
Current revenue	1.0	0.7	0.3	2.5	0.5
Current taxes on income and wealth	1.3	-1.0	-2.4	7.2	-0.3
Taxes on production and imports	0.9	1.0	1.6	2.2	1.3
Social contributions	1.6	1.1	1.2	1.1	1.5
Sales	1.3	0.7	0.6	-0.2	0.8
Other current revenue	-3.9	4.1	-1.6	-3.8	-6.6
Capital revenue	-5.7	2.7	10.2	5.8	-23.0
Total expenditure	-2.9	4.7	0.0	-0.1	1.5
Current expenditure	0.6	-0.1	0.0	-0.2	0.9
Social benefits	0.3	-0.2	-0.2	-0.2	2.1
Compensation of employees	1.0	0.2	0.0	-0.1	1.8
Interest	-0.8	-0.9	-0.8	-0.6	-1.5
Intermediate consumption	1.9	1.6	-0.4	0.0	-0.6
Subsidies	-4.4	-0.7	-2.2	-4.2	-4.5
Other current expenditure	2.3	-3.5	3.8	-0.2	-4.1
Capital expenditure	-46.0	113.8	0.1	1.7	8.3
Investment ⁽¹⁾	-21.5	2.3	0.0	5.5	13.5
Other capital expenditure	-75.0	529.1	0.2	-0.6	4.9

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

Table 4: Revenue and expenditure of general government

	2016		2017		Nominal change rate (%)
	million euro	% GDP	million euro	% GDP	
Total revenue	79 705.6	43.0	82 840.5	42.9	3.9
Current revenue	78 909.2	42.5	82 106.3	42.5	4.1
Current taxes on income and wealth	19 081.1	10.3	19 714.6	10.2	3.3
Taxes on production and imports	27 346.7	14.7	29 028.0	15.0	6.1
Social contributions	21 608.6	11.6	22 704.2	11.8	5.1
Sales	6 625.5	3.6	6 752.3	3.5	1.9
Other current revenue	4 247.3	2.3	3 907.2	2.0	-8.0
Capital revenue	796.4	0.4	734.3	0.4	-7.8
Total expenditure	83 370.8	44.9	88 550.0	45.9	6.2
Current expenditure	79 818.4	43.0	80 177.9	41.5	0.5
Social benefits	35 112.8	18.9	35 615.8	18.4	1.4
Compensation of employees	20 880.9	11.3	21 269.7	11.0	1.9
Interest	7 760.7	4.2	7 475.1	3.9	-3.7
Intermediate consumption	10 417.8	5.6	10 469.8	5.4	0.5
Subsidies	975.0	0.5	866.4	0.4	-11.1
Other current expenditure	4 671.3	2.5	4 481.1	2.3	-4.1
Capital expenditure	3 552.3	1.9	8 372.1	4.3	135.7
Investment ⁽¹⁾	2 800.8	1.5	3 429.6	1.8	22.4
Other capital expenditure	751.5	0.4	4 942.5	2.6	557.7
Current Balance	- 909.2	-0.5	1 928.4	1.0	
Balance	-3 665.2	-2.0	-5 709.4	-3.0	

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

Table 5: Public to National Accounting adjustments

	Unit: 10 ⁶ euro	
	2016Q4	2017Q4
Balance in Public Accounting:	-1 154.6	-2 035.7
Accrual adjustment and sector delimitation in National Accounts	929.8	1 916.4
Difference between paid and due interest	35.5	- 0.2
Other receivables:	457.4	140.5
<i>Time adjustment of taxes and social contributions</i>	185.5	237.1
<i>Others</i>	272.0	- 96.6
Other payables:	228.1	221.3
<i>Expenditure already incurred but not yet paid</i>	258.1	206.4
<i>Others</i>	- 30.0	14.9
Other adjustments:	- 346.2	-1 225.7
<i>of which:</i>		
<i>Capital injections and debt assumptions</i>	- 929.6	-1 415.1
Balance in National Accounting:	150.1	- 983.4
Quarterly GDP ⁽¹⁾	46 787.6	49 006.3
Balance in National Accounting in % of GDP	0.3%	-2.0%

⁽¹⁾ Not seasonally and calendar effects adjusted data

National Economy: Gross National Income

increased 1.2%

In the fourth quarter of 2017, GNI registered a nominal variation of 1.2%, same as the change in GDP. The negative balance of property income with the Rest of the World slightly improved, with rates of change of -5.9% in incomes received and -3.5% in income paid in the fourth quarter.

Table 6: 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 (%)
2012Q1	174 810	-0.8	170 487	-1.3	171 809	-1.3
2012Q2	171 973	-1.6	167 735	-1.6	168 944	-1.7
2012Q3	170 335	-1.0	165 894	-1.1	167 051	-1.1
2012Q4	168 398	-1.1	164 317	-1.0	165 851	-0.7
2013Q1	167 664	-0.4	164 362	0.0	165 934	0.0
2013Q2	168 093	0.3	165 482	0.7	167 273	0.8
2013Q3	168 920	0.5	166 389	0.5	168 222	0.6
2013Q4	170 269	0.8	167 975	1.0	169 808	0.9
2014Q1	170 692	0.2	168 293	0.2	170 390	0.3
2014Q2	172 235	0.9	169 641	0.8	171 614	0.7
2014Q3	173 278	0.6	170 792	0.7	172 896	0.7
2014Q4	173 079	-0.1	170 117	-0.4	172 313	-0.3
2015Q1	174 772	1.0	171 262	0.7	173 575	0.7
2015Q2	176 615	1.1	172 301	0.6	174 512	0.5
2015Q3	178 194	0.9	173 827	0.9	176 005	0.9
2015Q4	179 809	0.9	174 868	0.6	177 168	0.7
2016Q1	181 357	0.9	176 999	1.2	179 166	1.1
2016Q2	182 641	0.7	177 970	0.5	180 577	0.8
2016Q3	184 078	0.8	179 142	0.7	181 764	0.7
2016Q4	185 494	0.8	181 040	1.1	183 533	1.0
2017Q1	187 097	0.9	182 399	0.8	185 416	1.0
2017Q2	189 022	1.0	184 634	1.2	187 486	1.1
2017Q3	190 830	1.0	186 497	1.0	189 544	1.1
2017Q4	193 049	1.2	188 823	1.2	192 041	1.3

The GDI registered a 1.3% increase in the fourth quarter of 2017, while the final consumption expenditure of the economy (which includes GG and Household final consumption expenditures) increased by 0.8%, leading to an increase of 3.8% of the economy's gross saving. The economy's gross saving represented 16.8% of GDP in the fourth quarter of 2017.

The GCF for the total economy stood at 16.3% of GDP in the fourth quarter of 2017 (0.1 p.p. more than in the previous quarter). This increase in the GCF was lower than the increase in savings already mentioned, resulting in an increase of the economy's net lending at 1.4% of GDP.

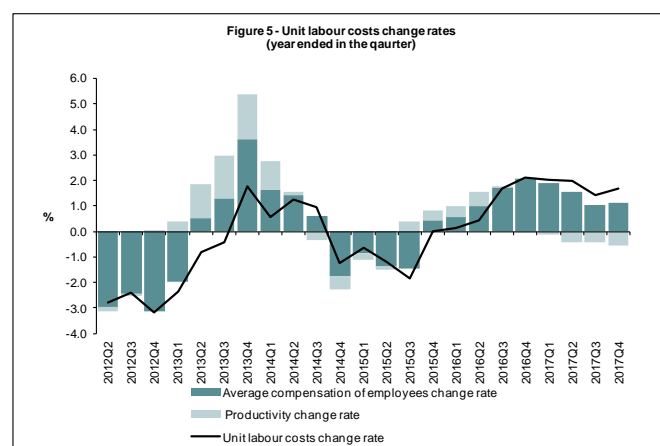
Quarterly Sector Accounts – Fourth Quarter 2017

Table 7: 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(-)
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	15.0	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	14.9	2.0
2014Q2	15.2	1.5	15.0	1.7
2014Q3	15.3	1.5	15.1	1.7
2014Q4	15.0	1.2	15.3	1.0
2015Q1	15.0	1.2	15.2	1.0
2015Q2	14.6	1.2	15.7	0.1
2015Q3	14.9	1.1	15.7	0.3
2015Q4	14.9	1.2	15.8	0.3
2016Q1	15.3	1.1	16.0	0.4
2016Q2	15.6	0.9	15.8	0.7
2016Q3	15.6	1.0	15.7	0.9
2016Q4	15.5	0.9	15.5	1.0
2017Q1	15.7	1.0	15.6	1.0
2017Q2	16.0	0.9	16.0	1.0
2017Q3	16.4	0.8	16.2	1.1
2017Q4	16.8	0.8	16.3	1.4

Unit labour costs (ULC) increased 1.7%

In the year ending in the fourth quarter of 2017, ULC registered an increase of 1.7%, 0.3 p.p. more than in the previous quarter. This evolution was determined by the growth in average compensation of employees slightly higher than in the previous quarter and by a more pronounced reduction in productivity.



Annual Sector Accounts of 2017

The first version of the Annual Sector Accounts is obtained by the sum of the results for the four quarters of 2017 now published. The results for previous years reflect base information of annual frequency. The results for year 2016 are still provisional and may be

revised until the publication of the final version, expected to be released in September 2018.

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	2015	2016 ^{Po}	2017 ^{Pe}
GDP Value (change rate)	-2.1	-4.4	1.1	1.7	3.9	3.2	4.1
GNI (change rate)	-0.6	-4.9	2.2	1.3	2.8	3.5	4.3
GDI (change rate)	-0.5	-4.7	2.4	1.5	2.8	3.6	4.6
Gross Saving (change rate)	19.4	-0.4	13.4	-0.4	3.1	7.4	12.6
Saving Rate of Households (% do GDI)	7.5	7.7	7.8	5.2	5.3	5.9	5.4
Final Consumption of Households (change rate)	-2.0	-3.8	-0.4	2.6	3.2	3.1	3.5
Disposable Income of Households (change rate)	-3.7	-3.6	-0.2	-0.2	3.4	3.7	3.0
Gross Capital Formation (change rate)	-13.6	-19.2	-5.9	6.3	7.4	0.9	9.7
Net lending/Net borrowing							
Non-financial Corporations (% of GDP)	-3.5	-0.3	1.4	1.2	-0.7	-0.9	-1.2
Financial Corporations (% of GDP)	4.3	3.1	2.1	4.8	3.6	1.9	4.0
General Government (% of GDP)	-7.4	-5.7	-4.8	-7.2	-4.4	-2.0	-3.0
Households and NPISH (% of GDP)	2.6	2.9	3.6	2.2	1.9	2.0	1.5
Total Economy (% of GDP)	-4.0	0.0	2.3	1.0	0.3	1.0	1.4
External Balance of Goods and Services (% of GDP)	-4.3	-0.5	1.0	0.2	0.6	1.1	1.0
Unit Labour Costs (change rate)	-2.0	-3.2	1.8	-1.3	0.0	2.1	1.7

Po - Provisional values

Pe - preliminary value

Revision of estimates

Quarterly Sector Accounts now presented incorporate new information with the consequent revisions of the previous estimates of some aggregates. Thus, in comparison with the previous publication for the third quarter of 2017, it is worth noting the incorporation of the revisions of the quarterly accounts for the total economy, published on February 28th.

In addition, the most recent versions of the Balance of Payments and Monetary and Financial Statistics produced by Banco de Portugal were also integrated.

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.