26 March 2019

Quarterly Sector Accounts (Base 2011)

Fourth Quarter 2018

Net borrowing of the Portuguese economy decreased to 0.2% of GDP in 2018

The net lending of the economy was 0.2% of the Gross Domestic Product (GDP) in 2018, which compares to 1.1% in 2017. Nominal GDP increased by 3.6%, above the 3.2% increase in Gross National Income (GNI) and Gross Disposable Income (GDI), being observed a reduction in the balance of primary incomes with the Rest of the World.

Considering annual figures ended in the quarter, the net lending of the economy went from 0.6% of GDP in the third quarter to 0.2% in the fourth quarter of 2018.The net lending of Households increased from 0.5% of GDP in the third quarter to 0.7% in the fourth quarter of 2018. Households' disposable income increased more than final consumption expenditure, which led to an increase in the saving rate to 4.6%. The balance of Non-Financial Corporations deteriorated to -2.0% of GDP in the fourth quarter, while net lending of Financial Corporations increased to 1.9%. The balance of the sector General Government (GG) decreased by 0.3 percentage points in the year ended in the fourth quarter of 2018 compared to the previous quarter, standing at about -912.8 million euros, which corresponded to -0.5% of GDP (-3.0% of GDP in 2017).

The current results are the preliminary version of the Quarterly Sector Accounts (QSA) for the fourth quarter 2018.

National Accounts aggregates are expressed exclusively in nominal terms and are not seasonally and calendar adjusted. The results are presented for the aggregate economy or broken down by the following institutional sectors:

- Non-Financial Corporations;
- Financial Corporations;
- General Government;
- Households and Non-Profit Institutions Serving Households (Households);
- Rest of the World.

Unless otherwise stated, the following descriptive analysis and graphs presented in this press release refer to data in the year ended 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 ended each quarter and the year ended 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 decreased to 0.2% of GDP

The net lending of the economy was 0.2% of the Gross Domestic Product (GDP) in 2018, compared to 1.1% in 2017. Nominal GDP increased by 3.6%, above the 3.2% rate observed for Gross National Income (GNI) and Gross Disposable Income (GDI), with a reduction in the balance of primary incomes with the Rest of the World.

Taking into account annual figures ended in the quarter, the net lending of the economy increased from 0.6% of GDP in the third quarter to 0.2% in the fourth quarter of 2018. GDP and Gross National Income (GNI) registered rates of change of 1.1% and 1.2%, respectively. The growth of GNI higher than of GDP was driven by the slight reduction of the negative balance of property income with the Rest of the World, with income paid and received recording rates of change of -1.2% and -1.4%, respectively.

Gross Disposable Income (GDI) increased by 1.2%, 0.2 p.p. lower than the growth in the final consumption expenditure (which includes Households' and GG final consumption expenditure), determining an increase of 0.1% of gross savings (0.4% in the previous quarter). Gross savings of the economy accounted for 16.7% of GDP in the fourth quarter of 2018 (16.9% in the previous quarter).

The increase of 3.1% of Gross Capital Formation (GCF) more than offset the increase in gross savings, resulting in a reduction in the net lending of the economy to 0.2% of GDP.

Table 1: 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 (%)
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	172 897	0.7
2014Q4	173 079	-0.1	170 117	-0.4	172 313	-0.3
2015Q1	174 810	1.0	171 299	0.7	173 613	0.8
2015Q2	176 641	1.0	172 327	0.6	174 538	0.5
2015Q3	178 203	0.9	173 836	0.9	176 013	0.8
2015Q4	179 809	0.9	174 868	0.6	177 168	0.7
2016Q1	181 598	1.0	177 237	1.4	179 442	1.3
2016Q2	183 085	0.8	178 490	0.7	181 097	0.9
2016Q3	184 760	0.9	179 948	0.8	182 555	0.8
2016Q4	186 480	0.9	182 176	1.2	184 660	1.2
2017Q1	188 378	1.0	183 876	0.9	186 826	1.2
2017Q2	190 485	1.1	186 187	1.3	188 954	1.1
2017Q3	192 412	1.0	188 187	1.1	191 130	1.2
2017Q4	194 613	1.1	190 364	1.2	193 458	1.2
2018Q1	196 186	0.8	192 381	1.1	195 257	0.9
2018Q2	197 644	0.7	192 864	0.3	195 907	0.3
2018Q3	199 468	0.9	194 228	0.7	197 297	0.7
2018Q4	201 606	1.1	196 467	1.2	199 607	1.2

Table 2: 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(-)
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	15.8	0.1
2015Q3	14.9	1.1	15.7	0.3
2015Q4	14.9	1.2	15.8	0.3
2016Q1	15.4	1.1	16.0	0.5
2016Q2	15.7	0.9	15.9	0.7
2016Q3	15.8	1.0	15.8	0.9
2016Q4	15.9	0.9	15.7	1.0
2017Q1	16.1	1.0	16.0	1.1
2017Q2	16.4	0.9	16.4	1.0
2017Q3	16.8	0.9	16.7	1.1
2017Q4	17.1	0.8	16.9	1.1
2018Q1	17.4	0.8	17.1	1.1
2018Q2	17.0	0.8	17.1	0.8
2018Q3	16.9	0.9	17.2	0.6
2018Q4	16.7	0.9	17.6	0.2

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

The balance of GG stood at -0.5% of GDP in the year ended in the fourth quarter of 2018, compared with a net borrowing of 0.2% of GDP in the previous quarter. This higher net borrowing resulted from a positive rate of change of 2.4% in total expenditure and 1.7% in total GG income. By the end of 2017 the GG net borrowing had reached 3.0% of GDP.

The balance of Non-Financial Corporations decreased by 0.5 p.p. in the fourth quarter of 2018 to -2.0% of GDP. The net lending of Financial Corporations slightly increased from 1.8% of GDP in the third quarter of 2018 to 1.9% in the fourth quarter of 2018.

The external balance of goods and services (see Figure 2) decreased to 0.1% of GDP in the fourth quarter of 2018 (0.7% in the previous quarter), due to the increase in imports higher than imports (2.0% and 0.6%, respectively).

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

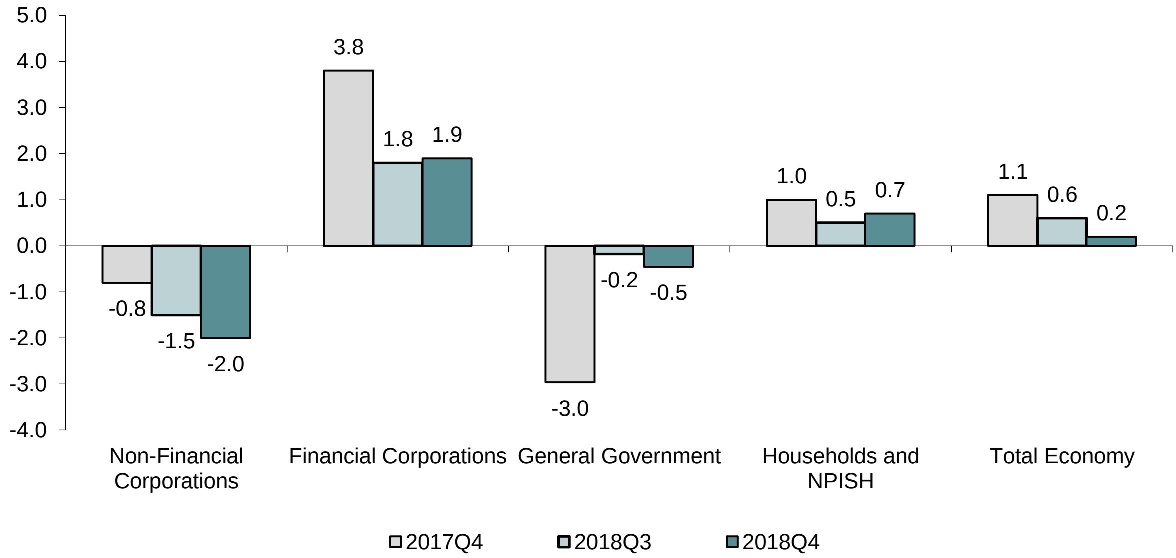
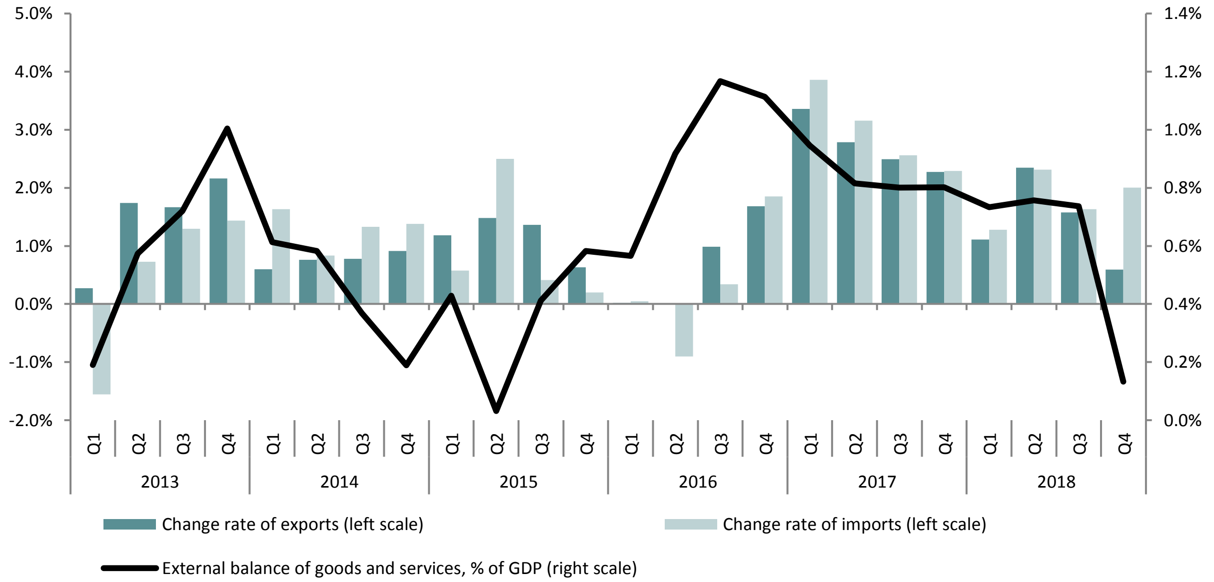


Figure 2 - External balance of goods and services (accumulated sum of 4 quarters)



Households: net lending stood at 0.7% of GDP

The net lending of Households stood at 0.7% of GDP in the year ended in the fourth quarter of 2018, 0.2 p.p. more than the previous quarter, reflecting mainly the 13.6% increase in gross savings, which more than offset the 4.4% increase in Gross Capital Formation (2.9% in the previous quarter).

Figure 3 shows the saving 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 4.6% of disposable income (0.5 p.p. more than in the previous quarter), reflecting the increase in disposable income higher than the growth of the final consumption expenditure.

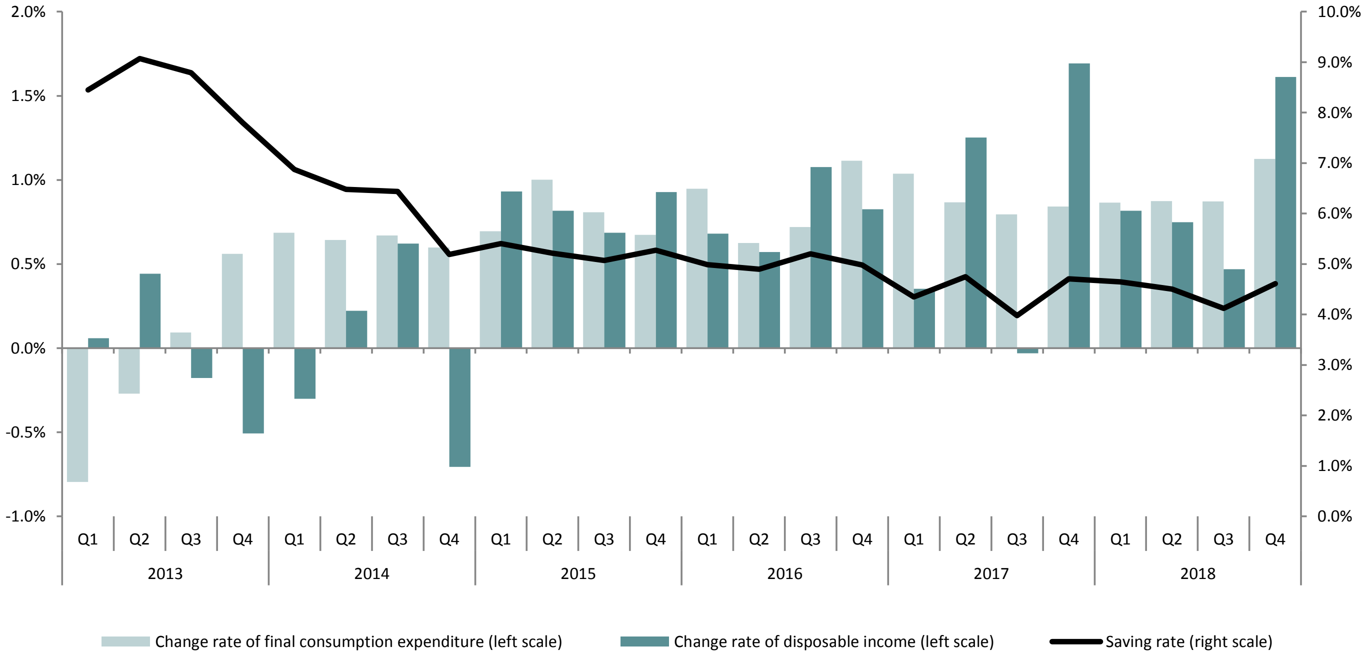
The more intense increase in the Households' disposable income was determined by growth of 1.9% compensation of employees received in the fourth quarter 2018 (increase of 1.1% in the previous quarter) and also by the increase of 2.3% in the social benefits received.

It should be noted that the acceleration of compensation of employees and social benefits received reflects the effect of the payment of the Christmas bonus in full to GG employees and to pensioners.

Table 3 shows the breakdown of the rate of change of disposable income.

The investment (Gross Fixed Capital Formation) of Households registered a 3.2% growth rate in the fourth quarter of 2018 (2.9% in the previous quarter).

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



The adjusted GDI per capita stood at 15.3 thousand euro in the fourth quarter of 2018, corresponding to a increase of 1.8% over the previous quarter. Note that the adjusted GDI differs from the GDI by including the value of the goods and services that are purchased or produced by the GG and NPISH and consumed by the Households.

Table 3: 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)
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	0,3	-0,1	0,2	0,0	0,9
2015Q2	0,6	0,1	0,2	0,1	0,0	0,0	0,8
2015Q3	0,2	0,0	0,3	0,1	0,1	0,0	0,7
2015Q4	0,6	0,1	0,0	0,2	0,0	-0,1	0,9
2016Q1	0,5	0,2	0,0	0,0	-0,1	-0,1	0,7
2016Q2	0,6	0,1	-0,4	0,0	0,2	-0,1	0,6
2016Q3	0,6	0,2	-0,2	0,0	0,1	-0,4	1,1
2016Q4	0,8	0,3	0,0	-0,3	0,0	0,0	0,8
2017Q1	0,7	0,1	-0,3	-0,3	0,1	0,0	0,4
2017Q2	0,8	0,2	-0,2	-0,4	0,0	-0,8	1,3
2017Q3	0,8	0,2	-0,1	-0,3	0,2	0,7	0,0
2017Q4	1,2	0,2	-0,1	0,4	0,0	0,1	1,7
2018Q1	0,6	0,2	0,1	-0,1	0,1	0,1	0,8
2018Q2	0,7	0,2	-0,2	-0,1	0,0	-0,1	0,7
2018Q3	0,7	0,2	0,0	-0,1	0,1	0,3	0,5
2018Q4	1,2	0,2	0,0	0,3	0,1	0,2	1,6

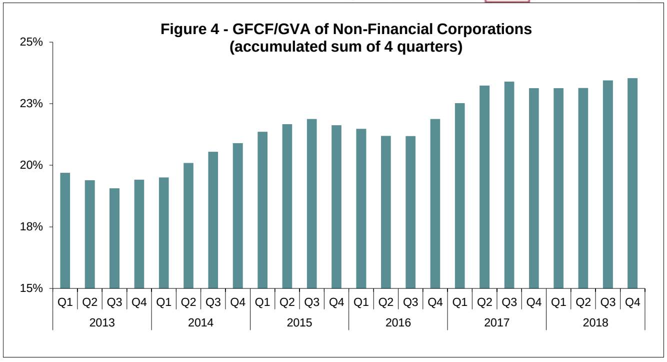
Non-Financial Corporations: net lending stood at 2.0% of GDP

The net borrowing of Non-Financial Corporations worsened by 0.5 p.p., reaching 2.0% of GDP in the year ended in the fourth quarter of 2018. This result was mainly due to increases in compensation of employees and Gross Capital Formation (GCF). Gross Value Added (GVA) increased by 0.7%, 0.2 p.p. less than in the previous quarter.

The compensation of employees paid by the sector registered a growth of 1.6%, higher than the increase in GVA, which resulted in a reduction of 0.9% in Gross Operating Surplus (GOS).

The sector's operating margin rate reached 38.5% (0.6 p.p. less than in the previous quarter). This rate is obtained by the ratio between GOS and GVA, and corresponds to the percentage of value created that is intended to remunerate the financial resources invested in corporations.

GFCF increased by 1.1% in the year ended in the fourth quarter, with the investment rate (measured by the ratio between GFCF and GVA) at 23.5%, 0.1 p.p. more than in the previous quarter.



Financial Corporations: net lending stood at 1.9% of GDP

The sector's net lending represented 1.9% of GDP in the fourth quarter of 2018, 0.1 p.p. more than in the previous quarter.

Gross savings increased by 2.3% in the fourth quarter of 2018. For this evolution contributed mainly the improvement of the balance of property income. Income received and paid registered rates of change of 1.0% and -0.3%, respectively.

General Government: net borrowing increased by 0.3 p.p.

The net balance of the GG recorded a decrease of 0.3 p.p. in the year ended in the fourth quarter 2018 compared to the year ended in the previous quarter, reaching -0.5% of GDP. The decrease in net balance resulted from the fact that total expenditure increased more than total revenue (by 2.4% and 1.7%, respectively), as tables 4 and 5 show.

The behaviour of total expenditure was a result of increases in capital and current expenditure, of 4.9% and 2.2%, respectively.

Capital expenditure rose mainly due to the increase in other capital expenditure. The positive variation of current expenditure was a result of increases in other current expenditure (4.3%), social contributions (2.8%), compensation of employees (2.8%) and intermediate consumption (1.0%) and of decreases in subsidies and interest payments, of 4.5% and 1.6%, respectively.

The behaviour of total revenue was a result of the combined effects of the increase of 1.8% in current revenue and the decrease of 0.6% in capital revenue. The positive variation of current revenue was due to increases in social contributions (2.1%), taxes on income and wealth (1.8%), taxes on production and imports (1.8%), other current revenue (1.2%) and sales (0.6%).

It should be highlighted that the balance of GG in the year ended in the 3rd quarter was revised downwards, attaining -0.2% of GDP, reflecting new base information. In the publication of the 3rd quarter 2018 this balance was 0.0% of GDP.

Considering quarterly figures rather than the sum of four quarters, the net balance of the GG stood at -1 630.2 million euros in the fourth quarter of 2018, corresponding to -3.2% of GDP, that compares with a net balance of -2.2% of GDP in the same period of the previous year (view table 6).

Comparing the fourth quarter of 2018 with the same period of 2017, total expenditure increased by 8.8% and total revenue increased by 6.7%. All components of current revenue increased, namely social contributions (7.9%), taxes on products and imports (7.4%) and taxes on income wealth (6.7%), in line with the economic growth, whereas capital revenue decreased by 1.9%. Current expenditure increased given the positive variations of the majority of its components, with the exception of subsidies (-11.9%) and interest payments (-6.0%). Other capital expenditure increased by 42.7%.

Table 4: Revenue and expenditure of general government in the year ended in the quarter

Unit: 10^6 EUR

	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4
Total revenue	**83 109,5**	**83 596,5**	**84 164,0**	**86 218,6**	**87 713,7**
Current revenue	82 311,3	82 812,2	83 462,0	85 353,4	86 853,7
Current taxes on income and wealth	19 718,9	19 818,5	19 608,9	20 625,2	20 990,6
Taxes on production and imports	29 041,7	29 540,9	29 756,8	30 318,3	30 873,1
Social contributions	22 685,0	22 843,3	23 097,7	23 316,0	23 800,6
Sales	6 695,6	6 714,3	6 800,6	6 937,9	6 981,9
Other current revenue	4 170,1	3 895,2	4 198,0	4 156,1	4 207,5
Capital revenue	798,2	784,3	702,0	865,2	860,0
Total expenditure	**88 875,6**	**85 045,9**	**86 259,5**	**86 576,0**	**88 626,5**
Current expenditure	80 286,4	80 287,7	80 279,5	80 422,3	82 172,7
Social benefits	35 646,6	35 659,3	35 698,5	35 748,4	36 749,8
Compensation of employees	21 299,1	21 206,3	21 140,0	21 180,8	21 764,7
Interest	7 436,9	7 316,6	7 219,2	7 066,9	6 955,6
Intermediate consumption	10 565,3	10 536,3	10 681,4	10 821,0	10 930,0
Subsidies	857,3	872,9	865,1	834,8	797,3
Other current expenditure	4 481,1	4 696,2	4 675,5	4 770,4	4 975,3
Capital expenditure	8 589,2	4 758,2	5 979,9	6 153,7	6 453,8
Investment (1)	3 618,2	3 698,6	3 854,8	4 013,5	4 060,2
Other capital expenditure	4 971,0 (2)	1 059,6	2 125,1	2 140,2	2 393,6
Current Balance	2 024,9	2 524,5	3 182,5	4 931,1	4 681,0
Balance	**-5 766,1 (2)**	**-1 449,4**	**-2 095,4**	**- 357,4**	**- 912,8**
By memory:	*0,0*	*0,0*	*0,0*	*0,0*	*0,0*
Primary current expenditure	72 849,5	72 971,1	73 060,4	73 355,4	75 217,2
Gross Domestic Product at current market p	194 613,5	196 186,5	197 643,7	199 468,3	201 605,7
Balance in % of GDP	-3,0%	-0,7%	-1,1%	-0,2%	-0,5%

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

(2) Includes 3 944 million euro of the recapitalization of CGD

Table 5: Change rates of revenue and expenditure of general government in the year ending the quarter

Unit: %

	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4
Total revenue	**0,5**	**0,6**	**0,7**	2,4	1,7
Current revenue	0,8	0,6	0,8	2,3	1,8
Current taxes on income and wealth	-0,2	0,5	-1,1	5,2	1,8
Taxes on production and imports	1,5	1,7	0,7	1,9	1,8
Social contributions	1,6	0,7	1,1	0,9	2,1
Sales	1,4	0,3	1,3	2,0	0,6
Other current revenue	-4,7	-6,6	7,8	-1,0	1,2
Capital revenue	-22,9	-1,7	-10,5	23,2	-0,6
Total expenditure	**1,8**	**-4,3**	**1,4**	**0,4**	**2,4**
Current expenditure	1,0	0,0	0,0	0,2	2,2
Social benefits	2,1	0,0	0,1	0,1	2,8
Compensation of employees	2,0	-0,4	-0,3	0,2	2,8
Interest	-1,7	-1,6	-1,3	-2,1	-1,6
Intermediate consumption	0,1	-0,3	1,4	1,3	1,0
Subsidies	-7,5	1,8	-0,9	-3,5	-4,5
Other current expenditure	-4,6	4,8	-0,4	2,0	4,3
Capital expenditure	10,0	-44,6	25,7	2,9	4,9
Investment (1)	16,0	2,2	4,2	4,1	1,2
Other capital expenditure	6,1	-78,7	100,6	0,7	11,8

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

Table 6: Revenue and expenditure of general government

	4th quarter 2017		4th quarter 2018		Nominal change rate (%)
	million euro	% GDP	million euro	% GDP	
Total revenue	**22 256,8**	**45,2**	**23 751,9**	**46,2**	**6,7**
Current revenue	21 986,4	44,6	23 486,7	45,7	6,8
Current taxes on income and wealth	5 436,6	11,0	5 801,9	11,3	6,7
Taxes on production and imports	7 534,3	15,3	8 089,2	15,7	7,4
Social contributions	6 156,4	12,5	6 641,0	12,9	7,9
Sales	1 869,7	3,8	1 913,8	3,7	2,4
Other current revenue	989,4	2,0	1 040,8	2,0	5,2
Capital revenue	270,4	0,5	265,2	0,5	- 1,9
Total expenditure	**23 331,5**	**47,3**	**25 382,1**	**49,4**	**8,8**
Current expenditure	21 329,7	43,3	23 080,2	44,9	8,2
Social benefits	9 331,7	18,9	10 333,0	20,1	10,7
Compensation of employees	5 623,1	11,4	6 207,0	12,1	10,4
Interest	1 861,7	3,8	1 750,4	3,4	- 6,0
Intermediate consumption	3 014,0	6,1	3 123,1	6,1	3,6
Subsidies	314,5	0,6	277,0	0,5	- 11,9
Other current expenditure	1 184,7	2,4	1 389,6	2,7	17,3
Capital expenditure	2 001,8	4,1	2 301,9	4,5	15,0
Investment (1)	1 408,2	2,9	1 454,9	2,8	3,3
Other capital expenditure	593,6	1,2	847,0	1,6	42,7
Current Balance	656,6	1,3	406,5	0,8	
Balance	-1 074,7	- 2,2	-1 630,2	- 3,2	

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

Table 7 presents the main adjustments from Public Accounting to National Accounts. In the fourth quarter of 2018, the balance stood at -1 630.2 million euros, corresponding to -3.2% of GDP (-2.2% of GDP in same period of last year). Comparing the fourth quarter of 2018 with the same period of the previous year, balances in both National Accounts and Public Accounting recorded decreases. The main differences between National and Public Accounting were due to time adjustment of taxes and social contributions and to GG sector delimitation, particularly corporations classified inside GG. Taxes and social contributions are time-adjusted so that the recording and the moment when the activity took place are closer.

For 2018, the net balance of GG stood at -912.8 million euros, -0.5% of GDP (that compares with -5 766.1, -3.0% of GDP, in 2017). For a more detailed analysis of the annual data, view the press releases "Excessive Deficit Procedure (1st Notification for 2019)" and "Main Aggregates of General Government" simultaneously published with this press release.

Table 7: Public to National Accounting adjustments

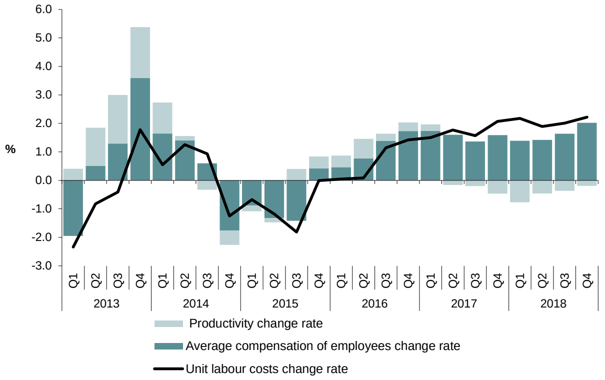
	Unit: 10^6 euro	
	2017Q4	**2018Q4**
Balance in Public Accounting:	**-2 058.4**	**-3 586.2**
Accrual adjustment and sector delimitation in National Accounts	1 936.7	2 437.5
Difference between paid and due interest	- 0.2	27.3
Other receivables:	142.3	715.8
Time adjustment of taxes and social contributions	243.3	*755.2*
Others	- 101.1	*- 39.5*
Other payables:	115.2	165.4
Expenditure already incurred but not yet paid	183.3	*180.1*
Others	- 68.1	*- 14.7*
Other adjustments:	-1 210.4	-1 389.9
of which:		
Capital injections and debt assumptions	-1 422.8	*-1 110.4*
Balance in National Accounting:	**-1 074.7**	**-1 630.2**
GDP (1)	49 285.6	51 423.0
Balance in National Accounting in % of GDP	-2.2%	-3.2%

(1) Non seasonally and calendar effects ajusted data

Unit labour costs (ULC) increased 2.2%

In the year ended in the fourth quarter of 2018, ULC registered an increase of 2.2%, 0.2 p.p. more than in the previous quarter. The growth of ULC was determined by the increase of the average compensation of employees, and to a lesser extent, the decrease in productivity.

Figure 5 - Unit labour costs change rates
(year ended in the qaurter)



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 2018, 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.

Annual Accounts of the Institutional Sectors for 2018

The first version of the Annual Accounts of the Institutional Sectors for 2018 is obtained by the sum of the fourth quarters now disclosed. The results for the year 2017 are still provisional, and may be revised until the final version is published, scheduled for September 2019.

It is important to note that the results to be published in September will be compiled according to a new benchmark year of the Portuguese National Accounts (2016). In this benchmark revision, some methodological improvements should be made, namely with the aim to increase the consistency with the Financial Accounts and the Balance of Payments statistics compiled by the Banco de Portugal.

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

	2013	2014	2015	2016	2017[Po]	2018[Pe]
GDP nominal (rate of change)	1.1	1.7	3.9	3.7	4.4	3.6
GNI (rate of change)	2.2	1.3	2.8	4.2	4.5	3.2
GDI (rate of change)	2.4	1.5	2.8	4.2	4.8	3.2
Gross Saving (rate of change)	13.4	-0.4	3.1	10.1	12.5	1.4
Saving Rate of Households and NPISH (% do GDI)	7.8	5.2	5.3	5.0	4.7	4.6
Final Consumption of Households and NPISH (rate of change)	-0.4	2.6	3.2	3.5	3.6	3.8
Disposable Income of Households and NPISH (rate of change)	-0.2	-0.2	3.4	3.2	3.3	3.7
Gross Capital Formation (rate of change)	-5.9	6.3	7.4	3.0	12.1	7.9
Net lending (+)/Net borrowing (-)						
Non-financial Corporations (% of GDP)	1.4	1.2	-0.7	-0.1	-0.8	-2.0
Financial Corporations (% of GDP)	2.1	4.8	3.6	1.8	3.8	1.9
General Government (% of GDP)	-4.8	-7.2	-4.4	-2.0	-3.0	-0.5
Households and NPISH (% of GDP)	3.6	2.2	1.9	1.3	1.0	0.7
Total Economy (% of GDP)	2.3	1.0	0.3	1.0	1.1	0.2
External Balance of Goods and Services (% of GDP)	1.0	0.2	0.6	1.1	0.8	0.1
Unit Labour Costs (rate of change)	1.8	-1.3	0.0	1.4	2.1	2.2

Po - Provisional value

Pe - Preliminary value

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 ended 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 ended in the reference quarter and the year ended 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.