23 september 2019

Quarterly Sector Accounts (Base 2016)
Second Quarter 2019

Press release rectified on 24-09-2019 at 16:45 (Portuguese version)

English version rectified on 25-09-2019 at 12:40

Statistics Portugal corrected an error found in the Caixa Geral de Aposentações revenue classification for the second quarter of 2019. Instead of being recorded as transfers, they should have been accounted for as imputed social contributions from general government to this subsystem. This correction has no impact on the consolidated balance of GG. However, as these contributions are an integral part of compensation of employees in national accounts, some variables that have compensation of employees as a component were rectified, namely public Consumption and nominal GDP (an erratum with the corrections made is available at the end of the press release).

Net lending of the Portuguese economy stood at 0.4% of GDP

The Portuguese economy registered a net lending of 0.4% of Gross Domestic Product (GDP) for the year ending in the second quarter of 2019 (0.5% in the first quarter of 2019). The result was determined by the more negative balance of goods and services transactions with the Rest of the World.

Gross Savings and Gross Capital Formation (GCF) recorded an identical change rate of 2.1% in the year ending in the second quarter of 2019. The increase in GCF was particularly significant in the Non-Financial Corporations sector where Investment rate reached 25.9%.

The net lending of Households diminished to 1.0% of GDP in the second quarter 2019, 0.4 p.p. less than in the previous quarter. The saving rate decreased to 5.9% of gross disposable income, mainly reflecting the increase of 0.8% of final consumption expenditure.

General Government (GG) recorded a surplus of 0.2% of GDP in the year ending the second quarter of 2019. Taking quarterly figures as a reference, the GG balance was negative in second quarter of 2019, reaching -1.6 % of GDP (-3.2% in the same period of the previous year). Considering the first half of 2019, the GG balance was -0.8% (-2.2% in the same period of 2018).

Introduction

The current results are the preliminary version of the Quarterly Sector Accounts (QSA) for the second quarter 2019, consistent with the new benchmark year 2016 of the Portuguese National Accounts, also presented today. Thus, the revisions in the results compared to previous releases may be higher than usual. For more information on the benchmark revisions, please see the press release on annual results, also published today (only in Portuguese).

Following the adoption of benchmark year 2016 of the National Accounts, the results for the Quarterly National Accounts were updated, determining revision in quarterly GDP in nominal and volume terms, in the three compilation approaches (expenditure, production and income). In the end of this press release there is a box with additional information on the changes to quarterly GDP, compared to the accounts published in August still according to benchmark year 2011.

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 figures 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 reached to 0.4% of GDP

The Portuguese economy recorded a net lending of 0.4% of Gross Domestic Product (GDP) in the year ending in the second quarter of 2019, 0.1 percentage point (p.p.) lower than in the previous quarter. This behaviour resulted from the reduction of the balance of goods and services with the Rest of the World, with imports growing more than exports (1.0% and 0.3%, respectively).

GDP and Gross National Income (GNI) registered changes of 0.8% and 1.0%, respectively. The growth of GNI above GDP reflected the improvement in the negative balance of property income with the Rest of the World.

Gross disposable income (GDI) increased by 1.0%, 0.3 p.p. higher than the increase in final consumption expenditure (which includes Households and GGs final consumption expenditure), determining an increase of 2.1% in gross savings (0.4% in the previous quarter). Gross savings of the economy reached 18.4% of GDP in the second quarter of 2019 (18.2% in the previous quarter).

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 (%)
2016Q1	181 554	1.0	177 287	1.4	180 632	1.3
2016Q2	183 123	0.9	178 445	0.7	182 196	0.9
2016Q3	184 778	0.9	179 803	0.8	183 535	0.7
2016Q4	186 490	0.9	181 960	1.2	185 549	1.1
2017Q1	188 425	1.0	183 867	1.0	188 012	1.3
2017Q2	190 776	1.2	186 006	1.2	190 065	1.1
2017Q3	193 088	1.2	188 349	1.3	192 707	1.4
2017Q4	195 947	1.5	191 348	1.6	195 931	1.7
2018Q1	197 864	1.0	193 706	1.2	198 147	1.1
2018Q2	199 619	0.9	195 565	1.0	200 123	1.0
2018Q3	201 643	1.0	197 408	0.9	202 035	1.0
2018Q4	203 896	1.1	199 411	1.0	204 006	1.0
2019Q1	205 766	0.9	200 971	0.8	205 469	0.7
2019Q2	207 318	0.8	203 028	1.0	207 594	1.0

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(-)
2016Q1	16.2	11	16.2	12
2016Q2	16.4	10	16.0	14
2016Q3	16.5	10	16.0	16
2016Q4	16.5	0.9	15.8	15
2017Q1	16.8	0.9	15.9	19
2017Q2	17.0	0.9	16.4	16
2017Q3	17.7	0.8	16.8	18
2017Q4	18.2	0.8	17.2	18
2018Q1	18.6	0.8	17.6	18
2018Q2	18.7	0.8	17.6	19
2018Q3	18.7	0.8	17.9	18
2018Q4	18.3	0.9	18.1	12
2019Q1	18.2	0.9	18.7	0.5
2019Q2	18.4	0.8	18.9	0.4

The 2.1% increase in Gross Capital Formation (GCF) more than offset the increase in gross savings, resulting in a decrease of net lending to 0.4% of GDP (0.5% in the previous quarter).

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

The GG registered a net lending of 0.2% of GDP in the year ending in the second quarter of 2019, which compares with a net borrowing of 0.2% of GDP in the previous quarter. The results for the year ending in the second quarter of 2019 represented the first accumulated positive balance of the quarterly series. This improvement in the balance mainly reflected the increase in revenue from taxes on production and the improvement of the balance of property income.

The negative balance of Non-Financial Corporations (NFC) increased by 0.4 p.p. in the second quarter of 2019 to -4.0% of GDP, mainly as a result of the acceleration of investment. The net lending of Financial Corporations increased to 3.2% of GDP, while Households' net lending declined to 1.0% of GDP (1.4% in the previous quarter).

The external balance of goods and services was negative again, standing at -0.6% of GDP in the second quarter of 2019 (see figure 2).

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

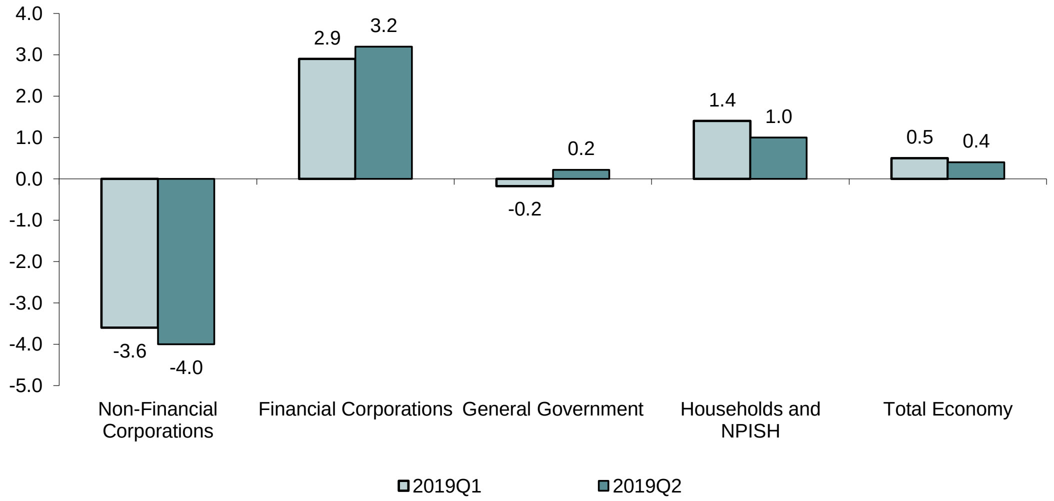
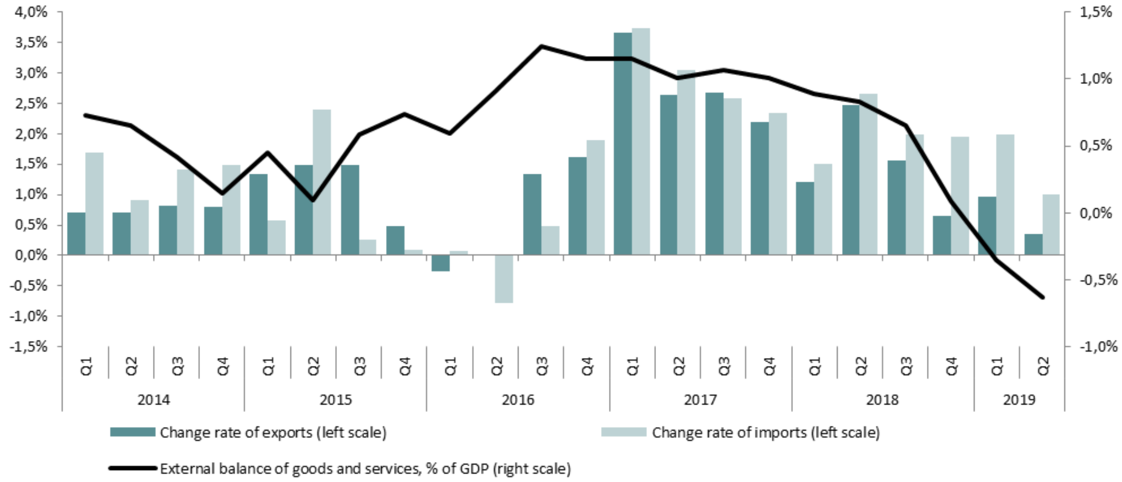


Figure 2 - External balance of goods and services (accumulated sum of 4 quarters)



Households: net lending stood at 1.0% of GDP

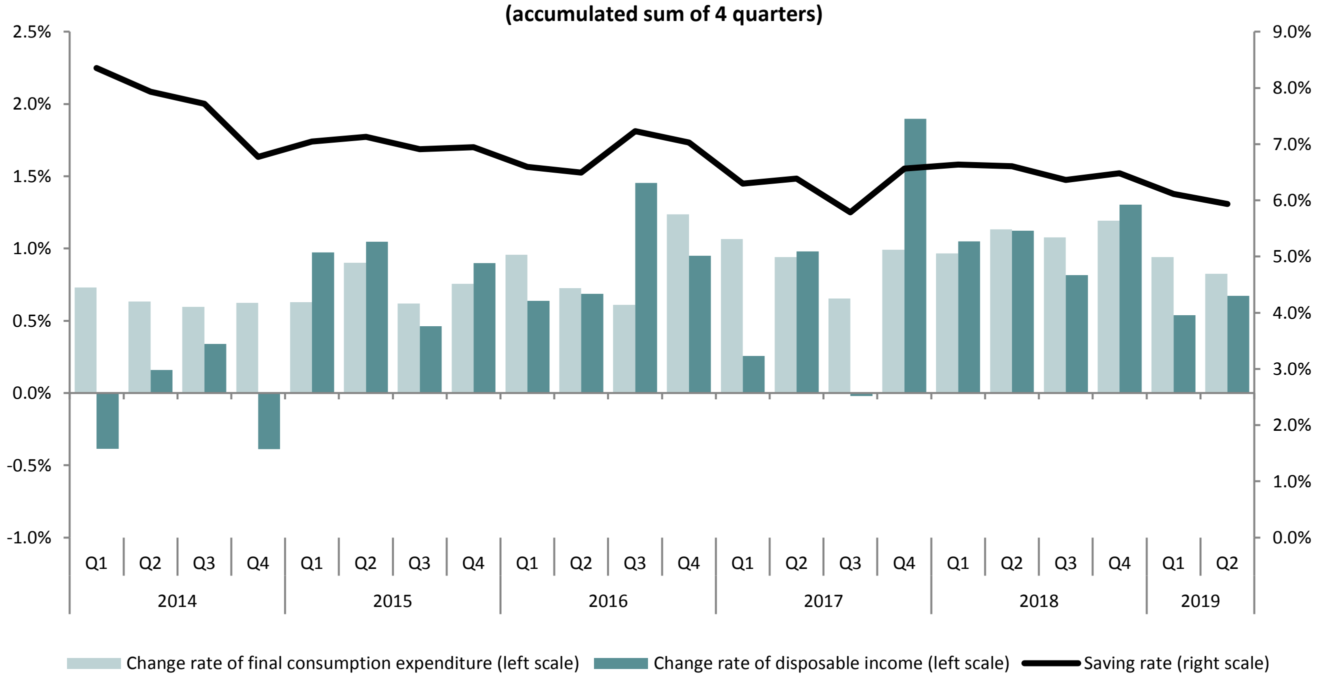
Households' net lending stood at 1.0% of GDP in the year ending in the second quarter of 2019, 0.4 p.p. less than in the previous quarter, reflecting a reduction in savings and an increase in gross capital formation by 1.7% (3.5% in the previous quarter).

Figure 3 presents the saving rate and the rates of change in disposable income and final consumption expenditure. Households' saving rate decreased to 5.9% of disposable income (6.1% in the previous quarter) as a result of the 0.8% increase in final consumption expenditure, 0.1 p.p. more than the growth of disposable income.

The behaviour of disposable income was driven by a 1.1% growth in compensation of employees received, which explains 0.5 p.p. of the increase in income (see Table 3).

Household Investment (Gross Fixed Capital Formation) recorded a rate of change of 1.6% in the second quarter of 2019 (3.1% in the previous quarter).

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



The Households' adjusted GDI per capita stood at 15.8 thousand euro in the second quarter of 2019, corresponding to a increase of 0.8% 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 (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)
2016Q1	0.4	0.2	0.0	0.0	-0.1	-0.1	0.6
2016Q2	0.5	0.1	-0.3	0.1	0.2	-0.1	0.7
2016Q3	0.6	0.2	0.2	0.1	0.1	-0.3	1.5
2016Q4	0.8	0.3	0.2	-0.2	-0.1	0.1	1.0
2017Q1	0.7	0.1	-0.3	-0.2	0.0	0.0	0.3
2017Q2	0.8	0.2	-0.5	-0.3	0.1	-0.7	1.0
2017Q3	0.8	0.2	-0.3	-0.3	0.2	0.7	0.0
2017Q4	1.4	0.2	0.0	0.4	0.1	0.1	1.9
2018Q1	0.6	0.3	0.0	0.0	0.2	0.1	1.0
2018Q2	0.8	0.3	0.2	-0.1	-0.1	-0.1	1.1
2018Q3	0.7	0.3	0.2	-0.1	0.0	0.3	0.8
2018Q4	1.3	0.2	-0.3	0.3	0.0	0.2	1.3
2019Q1	0.7	0.2	-0.2	0.0	0.0	0.1	0.5
2019Q2	0.7	0.2	-0.3	0.0	0.1	0.0	0.7

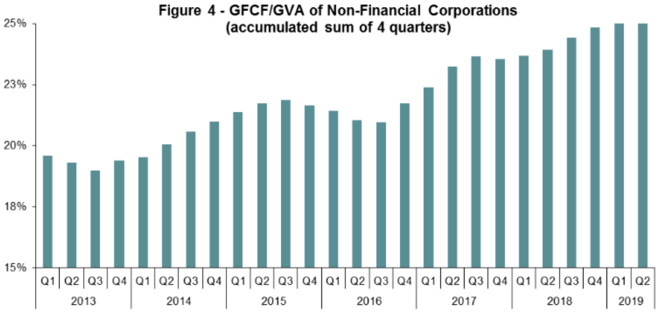
Non-Financial Corporations: net borrowing stood at 4.0% of GDP

The net borrowing of Non-Financial Corporations increased by 0.4 p.p. to 4.0% of GDP in the year ending in the second quarter of 2019. This result mainly reflected the 2.1% increase in investment (3.5% in the previous quarter). The investment rate (measured by the GFCF/GVA ratio) was 25.9%.

The compensation of employees paid by the sector increased by 1.3%, higher than the 0.5% increase in GVA, resulting in a 0.6% decrease in Gross Operating Surplus.

The operating margin rate for the sector reached 26.5% (0.7 p.p. less than in the previous quarter)[1].

Figure 4 - GFCF/GVA of Non-Financial Corporations (accumulated sum of 4 quarters)



Financial Corporations: net lending stood at 3.2% of GDP

The net lending of Financial Corporations increased to 3.2% of GDP (2.9% in the previous quarter). The sector's gross savings increased by 8.2% in the second quarter of 2019 (-1.3% in the previous quarter), driven by the reduction in property income paid.

[1] This rate is obtained by the ratio between GOS and GVA and corresponds to the percentage of value created that is channeled for compensation of the financial resources invested in corporations.

General Government: positive balance at 0.2% of GDP

The net balance of the GG recorded an increase of 0.4 p.p. in the year ending in the second quarter 2019 compared to the year ending in the previous quarter, attaining 0.2% of GDP. As shown in tables 4 and 5, this improvement was a result of a larger increase in revenue than in expenditure (1.3% and 0.4%, respectively).

The behavior of expenditure reflects the decrease of 1.5% in capital expenditure and the increase of 0.5% in current expenditure. Current expenditure variation was a result of the combined effect of decreases in interest paid (0.8%) and intermediate consumption (0.1%) and of increases in subsidies (1.9%) and social benefits, compensation of employees and other current expenditure by 0.8%.

The change in total revenue resulted of increases in both current revenue (1.3%) and capital revenue (3.1%). The changes in current revenue were due to increases in all of its components, namely current taxes on income and wealth (0.1%), taxes on production and imports (1.2%), social contributions (1.4%), sales (1.7%) and other current revenue (6.5%).

Considering quarterly figures rather than the sum of four quarters, the net balance of the GG was negative in the second quarter 2019, attaining -832.6 million euro (-1.6% of GDP), that compares with -3.2% of GDP for the same period of the previous year, as can be seen in table 6. The improvement of the net balance was a result of increases in total expenditure and in total revenue (of 1.6% and 5.8%, respectively).

In what refers to expenditure, current expenditure increased by 2.3% as social benefits, subsidies, compensation of employees and other current expenditure increased, whereas interest paid and intermediate consumption decreased. Capital expenditure decreased by 4.6% due to the decrease of 23% in investment given the existence of significant land sales in Local Government, as the GFCF increased by 6.5%. Other capital expenditure increased 9,5%, mainly due to the capital transfer from Fundo de Resolução to Novo Banco, higher in 2019 than in 2018.

Both components of total revenue portrayed an increase from the second quarter 2018 to the second quarter 2019 – capital revenue increased by 23.4% and current revenue by 5.7%. The change in current revenue was due to the increases of current taxes on income and wealth, taxes on production and imports, social contributions, sales and other current revenue.

In the first semester 2019, the net lending of GG attained -789.3 million euro, -0.8% of GDP (-2.2% in the same period of 2018).

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

Unit: 10^6 EUR

	2018Q1	2018Q2	2018Q3	2018Q4	2019Q1	2019Q2
Total revenue	**83 497.7**	**84 073.2**	**86 087.5**	**87 695.1**	**88 688.7**	**89 853.8**
Current revenue	82 775.8	83 427.9	85 278.7	86 866.5	87 839.9	88 978.4
Current taxes on income and w ealth	19 507.7	19 293.8	20 314.3	20 680.7	20 908.6	20 923.7
Taxes on production and imports	29 629.7	29 848.1	30 406.3	30 955.8	31 251.2	31 637.1
Social contributions	22 864.6	23 125.1	23 311.5	23 835.4	24 113.6	24 452.7
Sales	6 855.0	6 930.8	7 058.3	7 129.4	7 305.9	7 426.8
Other current revenue	3 918.7	4 230.1	4 188.3	4 265.2	4 260.6	4 538.2
Capital revenue	721.9	645.3	808.8	828.6	848.8	875.3
Total expenditure	**84 998.5**	**86 133.7**	**86 380.7**	**88 606.0**	**89 050.8**	**89 398.9**
Current expenditure	80 399.6	80 296.9	80 390.5	82 297.3	82 722.5	83 167.3
Social benefits	36 028.1	36 035.1	36 081.6	37 098.7	37 346.2	37 633.1
Compensation of employees	21 303.7	21 198.9	21 201.0	21 835.2	22 051.5	22 218.4
Interest	7 270.1	7 144.1	6 987.6	6 897.8	6 810.6	6 758.5
Intermediate consumption	10 570.5	10 735.8	10 907.5	11 067.4	10 964.7	10 954.3
Subsidies	836.8	823.3	793.0	750.5	762.5	777.3
Other current expenditure	4 390.3	4 359.6	4 419.7	4 647.7	4 787.0	4 825.9
Capital expenditure	4 598.8	5 836.8	5 990.2	6 308.8	6 328.3	6 231.6
Investment (1)	3 520.1	3 725.3	3 893.9	3 957.9	3 943.6	3 735.0
Other capital expenditure	1 078.8	2 111.5	2 096.3	2 350.9	2 384.6	2 496.6
Current Balance	2 376.2	3 131.0	4 888.2	4 569.3	5 117.4	5 811.1
Balance	**-1 500.8**	**-2 060.5**	**- 293.2**	**- 910.9**	**- 362.1**	**454.9**
By memory:	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Primary current expenditure	73 129.5	73 152.8	73 402.9	75 399.4	75 911.9	76 408.9
Gross Domestic Product at current market prices	197 864.2	199 619.4	201 642.9	203 896.2	205 766.1	207 107.0
Balance in % of GDP	-0.8%	-1.0%	-0.1%	-0.4%	-0.2%	0.2%

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

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

Unit: %

	2018Q1	2018Q2	2018Q3	2018Q4	2019Q1	2019Q2
Total revenue	**0.5**	**0.7**	2.4	1.9	1.1	1.3
Current revenue	0.5	0.8	2.2	1.9	1.1	1.3
Current taxes on income and w ealth	0.5	-1.1	5.3	1.8	1.1	0.1
Taxes on production and imports	1.6	0.7	1.9	1.8	1.0	1.2
Social contributions	0.8	1.1	0.8	2.2	1.2	1.4
Sales	0.4	1.1	1.8	1.0	2.5	1.7
Other current revenue	-8.8	7.9	-1.0	1.8	-0.1	6.5
Capital revenue	0.6	-10.6	25.3	2.4	2.4	3.1
Total expenditure	**-4.4**	**1.3**	**0.3**	**2.6**	**0.5**	**0.4**
Current expenditure	0.0	-0.1	0.1	2.4	0.5	0.5
Social benefits	0.0	0.0	0.1	2.8	0.7	0.8
Compensation of employees	-0.4	-0.5	0.0	3.0	1.0	0.8
Interest	-1.7	-1.7	-2.2	-1.3	-1.3	-0.8
Intermediate consumption	0.0	1.6	1.6	1.5	-0.9	-0.1
Subsidies	1.7	-1.6	-3.7	-5.4	1.6	1.9
Other current expenditure	5.1	-0.7	1.4	5.2	3.0	0.8
Capital expenditure	-46.1	26.9	2.6	5.3	0.3	-1.5
Investment (1)	1.0	5.8	4.5	1.6	-0.4	-5.3
Other capital expenditure	-78.6	95.7	-0.7	12.1	1.4	4.7

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

Table 6: Revenue and expenditure of general government

	2nd quarter 2018		2nd quarter 2019		Nominal change rate (%)
	million euro	% GDP	million euro	% GDP	
Total revenue	**20 102.5**	**39.3**	**21 267.5**	**40.5**	**5.8**
Current revenue	19 988.8	39.1	21 127.3	40.3	5.7
Current taxes on income and wealth	3 310.8	6.5	3 326.0	6.3	0.5
Taxes on production and imports	7 361.3	14.4	7 747.3	14.8	5.2
Social contributions	6 006.1	11.7	6 345.1	12.1	5.6
Sales	1 767.6	3.5	1 888.5	3.6	6.8
Other current revenue	1 543.0	3.0	1 820.5	3.5	18.0
Capital revenue	113.7	0.2	140.2	0.3	23.4
Total expenditure	**21 752.0**	**42.6**	**22 100.2**	**42.1**	**1.6**
Current expenditure	19 665.6	38.5	20 110.5	38.3	2.3
Social benefits	8 343.3	16.3	8 630.2	16.5	3.4
Compensation of employees	5 763.2	11.3	5 930.0	11.3	2.9
Interest	1 653.4	3.2	1 601.3	3.1	- 3.2
Intermediate consumption	2 665.4	5.2	2 655.1	5.1	- 0.4
Subsidies	173.6	0.3	188.3	0.4	8.5
Other current expenditure	1 066.7	2.1	1 105.6	2.1	3.6
Capital expenditure	2 086.4	4.1	1 989.7	3.8	- 4.6
Investment (1)	908.8	1.8	700.1	1.3	- 23.0
Other capital expenditure	1 177.7	2.3	1 289.6	2.5	9.5
Current Balance	323.2	0.6	1 016.9	1.9	
Balance	-1 649.6	- 3.2	- 832.6	- 1.6	

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

Table 7 presents the main adjustments carried out for moving from Public Accounting to National Accounts balances. Comparing the first semester 2019 with the same period of the previous year, both National Accounting and Public Accounting balances improved. It is worth mentioning that the expenditure of 2 015.7 million euro in capital injections and debt assumptions was almost in its entirety destined to public corporations classified inside GG, therefore not impacting the net balance of GG. 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.

Table 7: Public to National Accounting adjustments

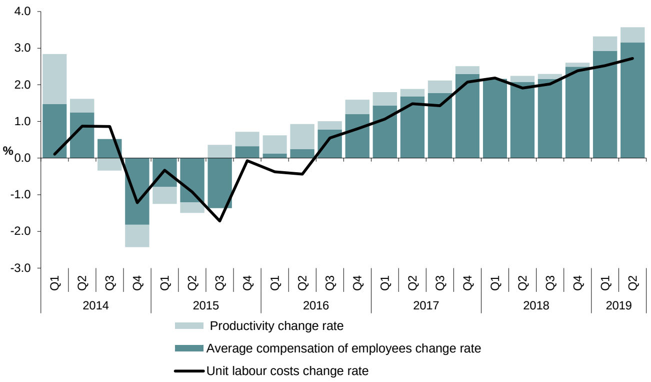
	2018S1	2019S1
	Unit: 10^6 euro	
Balance in Public Accounting:	**-3 012.9**	**- 684.8**
Accrual adjustment and sector delimitation in National Accounts	318.8	597.5
Difference betw een paid and due interest	1 160.0	1 166.5
Other receivables:	- 171.8	- 662.1
Temporal adjustment to taxes and contributions	*162.4*	*- 392.2*
Others	*- 334.1*	*- 269.9*
Other payables:	- 127.5	75.6
Expenditure already incurred but not yet paid	*- 128.8*	*- 102.8*
Others	*1.3*	*178.4*
Other adjustments:	- 321.7	-1 281.9
of which:		
Capital injections and debt assumptions	*- 903.6*	*-2 015.7*
Balance in National Accounting:	**-2 155.0**	**- 789.3**
GDP (1)	99 659.5	102 870.3
Balance in National Accounting in % of GDP	-2.2%	-0.8%

(1) Non seasonally and calendar effects ajusted data

Unit labour costs (ULC) increased 2.7%

In the year ending in the second quarter of 2019, ULC registered an increase of 2.7%, the same rate as in the previous quarter. The growth of ULC was determined by the increase of the average compensation of employees higher than productivity.

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



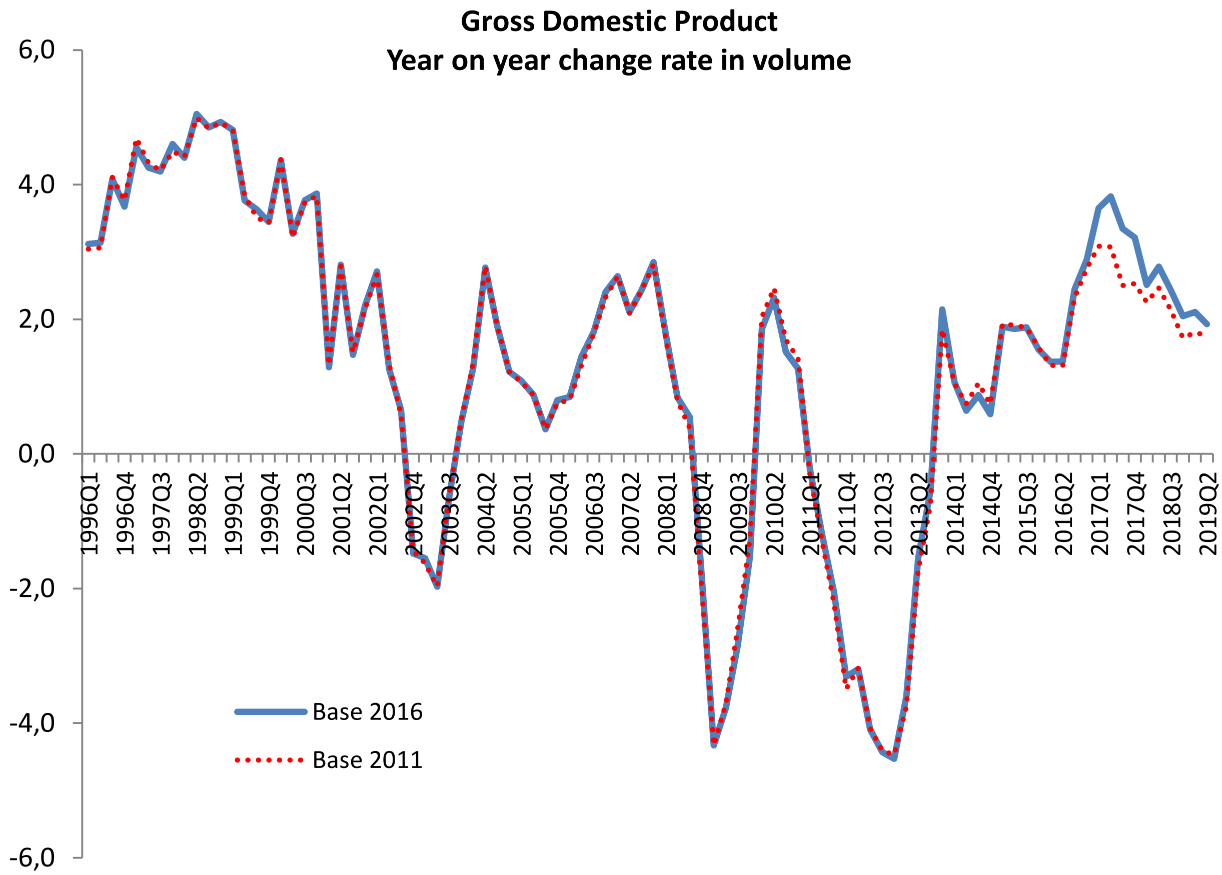
Revision of estimates

The Quarterly Accounts by Institutional Sector now presented constitute the first quarterly results of the new National Accounts benchmark (base 2016) and replace the previous results published according to benchmark 2011. The main differences result from: i) the structural changes coming from the annual results of the 2016 benchmark year of the Portuguese National Accounts also published today (see press release "Contas Nacionais Anuais – Base 2016, only in Portuguese); ii) the incorporation of new statistical information, namely in transactions originating from the balance of payments; iii) the integration of improvements in calculation methods and procedures, including recommendations arising from the ongoing dialogue with Eurostat; iv) and improved consistency between the Rest of the World Account and the Balance of Payments.

Quarterly National Accounts – Base 2016

The new annual series of base 2016 of the Portuguese National Accounts determined revisions to the QNA series. Details on the structural changes underlying the benchmark revision of the National Accounts can be found in the press release "Contas Nacionais Anuais – Base 2016" (only in Portuguese), also published today. Chain linked volume data of the QNA have now 2016 and reference year for the chaining and are available in the area of National Accounts in INE website.

On a quarterly basis, with the exception of the final part of the series, no significant changes occurred in the behavior of the year-on-year volume change rates compared to previous releases, as it can be seen in the following picture.



The higher revisions in quarterly GDP after 2016 are mainly consequence of the integration of revised annual final data for 2017 and 2018, with the status of provisional data, mostly due to the use of new source data. This led to the revaluation of GDP volume change rates from 2.8% to 3.5% in 2017 and from 2.1% to 2.4% in 2018.

In addition, with a considerably lower impact, according with the base methodology of QNA the econometric models for GDP aggregates from the expenditure and production approaches were reestimated, also contributing to changes in the quarterly estimates compared to those published in August.

Finally, it should also be mentioned the use of revised base data, notably in the case of imports and exports of services, from the revised Balance of Payments, with relevant impacts on the behaviour of these components.

According with the new data, the year on year volume change rate of GDP in the 2nd quarter 2019 was 1.9%, which compared with 2.1% in the previous quarter. GDP evolution was mainly determined by the lower contribution of domestic demand, as investment decelerated.

	Year-on-Year change rate (%)				**Contribution to GDP y-o-y change rate (percentage points)**	
	Domestic Demand	**Exports (FOB)**	**Imports (FOB)**	**GDP**	**Domestic Demand**	**Ext. Dem. Balance[1]**
1Q 16	2,8	1,2	4,8	**1,4**	2,7	-1,3
2Q 16	1,0	2,6	1,5	**1,4**	1,0	0,5
3Q 16	2,0	6,6	5,5	**2,4**	2,0	0,5
4Q 16	3,2	7,3	8,3	**2,9**	3,2	-0,3
1Q 17	2,1	10,9	7,1	**3,6**	2,1	1,6
2Q 17	3,9	8,6	9,0	**3,8**	3,9	-0,1
3Q 17	4,2	6,5	8,8	**3,3**	4,1	-0,7
4Q 17	3,1	7,7	7,5	**3,2**	3,1	0,1
1Q 18	3,6	5,0	7,7	**2,5**	3,5	-1,0
2Q 18	2,7	6,9	6,8	**2,8**	2,7	0,1
3Q 18	3,2	2,8	4,6	**2,4**	3,2	-0,7
4Q 18	3,5	0,8	4,2	**2,0**	3,5	-1,4
1Q 19	3,7	3,1	7,0	**2,1**	3,7	-1,5
2Q 19	3,3	1,5	4,8	**1,9**	3,3	-1,3

[1] - External Demand Balance (Exports less Imports)

- Differences may occur due to non-additivity of chain-linked volume data and rounding procedures.

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.

Erratum

Statistics Portugal corrected an error found in the Caixa Geral de Aposentações revenue classification for the second quarter of 2019. Instead of being recorded as transfers, they should have been accounted for as imputed social contributions from general government to this subsystem. This correction has no impact on the consolidated balance of GG. However, as these contributions are an integral part of compensation of employees in National Accounts, a number of variables that have compensation of employees as a component were rectified, namely public Consumption and nominal GDP.

The changes were as follows:

- In page 2, correction were made to changes in nominal GDP (0.8% instead of 0.7%), GNI (1.0% instead of 0.9%) and Gross Available Income (1.0% instead of 0.9%), as well as the line for the second quarter of 2019 in Table 1.
- On page 4, the variation in Household's compensation of employees received (1.1% instead of 0.8%) and the adjusted per capita Household's GDI (0.8% instead of 0.7%) were corrected.
- On page 5, the line for the second quarter of 2019 in Table 3 has been corrected for the contribution of compensation of employees (from 0.5 p.p. to 0.7 p.p.) and social benefits (0.0 p.p. instead of 0.1 p.p.).
- On page 6, references to changes in total revenue (1.3% instead of 1.1%), current revenue (1.3% instead of 1.1%) and social contributions (1.4% instead of 0.5%) were corrected, as well as total expenditure (0.4% instead of 0.2%), current expenditure (0.5% instead of 0.3%) and personnel expenses (0.8% instead of -0.2%).
- On page 6, references to changes in current expenditure (2.3% instead of 1.2%) and current revenue (5.7% instead of 4.6%) were also corrected.
- On pages 7 and 8, tables 4, 5 and 6 corrected the values for the variables previously indicated in the second quarter of 2019.
- On page 9, the reference to the increase in ULC (2.7% instead of 2.5%) as well as its figure has been corrected.