

November, 18th 2008

Employment Statistics

3rd quarter of 2008

Unemployment rate at 7.7% in the 3rd quarter of 2008

The unemployment rate estimated for the 3rd quarter of 2008 was 7.7%. This value is down 0.2 percentage points (p.p.) from the same quarter of 2007 and up 0.4 p.p. from the previous quarter. The number of unemployed was estimated to reach 433.7 thousand individuals, having decreased by 2.4% from the same quarter of the previous year, and increased by 5.8% from the previous quarter. The number of employed decreased by 0.1%, compared with the same quarter of 2007, and by 0.6%, compared with the previous quarter.

1. Labour force (active population)

The Labour Force Survey results for the 3rd quarter of 2008 indicate that the labour force (active population) in Portugal decreased by 0.3% (15.2 thousand individuals), compared with the same quarter of 2007, and by 0.2% (8.5 thousand), compared with the previous quarter.

The working age population participation rate (aged 15 years old and over) was estimated at 62.5%, in the 3rd quarter of 2008. This rate decreased by 0.4 p.p. from the 3rd quarter of 2007, and by 0.2 p.p. from the previous quarter.

The participation rate of working age women stood at 56.3%, while that of men attained 69.3%.

2. Employed population

In the 3rd quarter of 2008, the employed population, totalling 5,195.8 thousand individuals, decreased by 0.1% (corresponding to 4.5 thousand individuals), compared with the same quarter of 2007, and by 0.6%, compared with the previous quarter (32.3 thousand).

The following population groups (components) have contributed to the above-mentioned year-on-year decrease:

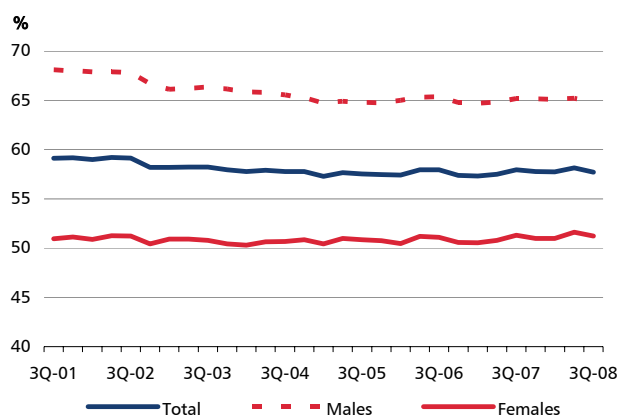
- The decrease in the employment for men (6.9 thousand individuals). The women's employment, on the contrary, increased slightly (2.5 thousand).
- The decrease of 31.2 thousand employed individuals aged 15 to 34 years old, and of 11.9 thousand employed individuals aged 65 years old or over. In turn, the number of individuals employed aged 35 to 64 years old increased by 38.5 thousand individuals.
- The decrease of employed having completed the tertiary level of education and of those having completed the first or second stages of basic education, whose number decreased by 73.3 thousand individuals. In turn, the number of employed having completed the (upper) secondary and post-secondary non-tertiary level of education and the tertiary level of education rose, by 23.3 and 45.5 thousand individuals, respectively.
- The mining and quarrying, manufacturing, electricity, gas and water supply sector, which employed less 74.6 thousand individuals. This decrease was mainly

accounted by the manufacturing activities (which employed less 54.1 thousand individuals, globally), explaining 72.5% of total employment decrease in the sector. The agriculture, hunting, forestry, and fishing sector recorded a slight decrease in employment, by 2.8 thousand individuals. On the other hand, the services sector recorded an increase in employment, mainly in the following two activities: education (44.0 thousand), and hotels and restaurants (37.4 thousand).

- Unpaid family workers and other professional status (besides employees and self-employed), whose number decreased by 28.6 thousand individuals. In turn, the number of employees increased by 20.6 thousand individuals. An increase was also recorded in the number of employees with a temporary job (23.7 thousand), and in the number of those with a permanent job (15.3 thousand). The increase in the number of self-employed workers was smaller. Among them, the number of self-employed without employees decreased (5.2 thousand), whereas the number of self-employed with employees increased (8.6 thousand).
- Part-time workers, whose number decreased by 15.1 thousand individuals. The number of full-time workers, on the contrary, increased by 10.6 thousand individuals.

The employment rate (15 years and over) stood at 57.7% in the 3rd quarter of 2008. This value was lower than the one recorded in the same quarter of 2007 by 0.3 p.p. and than the one recorded in the previous quarter by 0.4 p.p.. The male employment rate (64.8%) exceeded that of women (51.2%) by 13.6 p.p..

Figure 1: Employment rate by gender



3. Unemployed population

The unemployed population in Portugal, estimated at 433.7 thousand individuals in the 3rd quarter of 2008, decreased by 2.4% (10.7 thousand individuals) when compared with the 3rd quarter of 2007, and increased by 5.8% when compared with the previous quarter (23.8 thousand).

The following results have contributed to the year-on-year decrease in the unemployed population:

- The decrease in the number of women unemployed (6.8 thousand individuals). The number of unemployed men decreased also, but its contribution to the overall decrease was smaller (3.9 thousand).
- The decrease in unemployment of individuals aged 35 years old or over (15.8 thousand). In turn, the number of individuals unemployed aged 15 to 34 years old increased (5.2 thousand).
- The decrease in the number of unemployed individuals having completed an education level corresponding to the first and second stages of basic education, corresponding to 13.8 thousand individuals. In turn, the number of individuals having completed the (upper) secondary and post-secondary non-tertiary level of education remained unchanged,

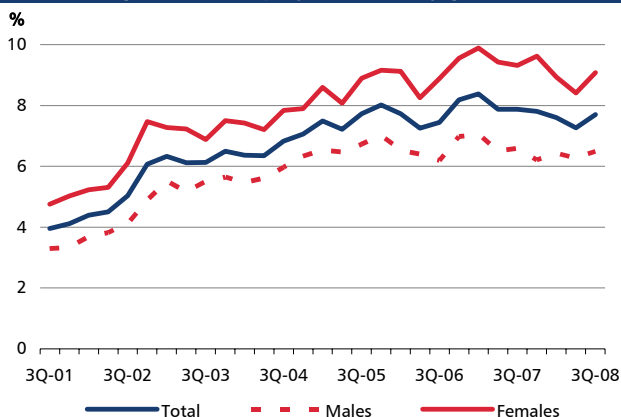
and the number of individuals having completed the tertiary level of education increased (4,0 thousand).

- Unemployed seeking a new job, whose number decreased by 11.3 thousand individuals. This evolution was due to the unemployed coming from the three activity sectors: agriculture, hunting, forestry, and fishing (4.5 thousand); mining and quarrying, manufacturing, electricity, gas and water supply, and construction sector (2.2 thousand); and services (4.6 thousand). The number of unemployed seeking a first job remained relatively stable.
- Unemployed seeking a job for less than a year, whose decrease stood at 8.9 thousand individuals. The number of unemployed seeking a job for a year or more has also decreased, but less (2.3 thousand).

The unemployment rate was estimated at 7.7% in the 3rd quarter of 2008. This value is down 0.2 p.p. from the 3rd quarter of 2007, and up 0.4 p.p. from the previous quarter.

The unemployment rate stood at 6.5% for men (down 0.1 p.p. and up 0.2 p.p. from the 3rd quarter of 2007 and from the previous quarter, respectively) and at 9.1% for women (down 0.2 p.p. and up 0.7 p.p. from the 3rd quarter of 2007 and from the previous quarter, respectively).

Figure 2: Unemployment rate by gender



The increase recorded in the unemployment rate, when compared with the previous quarter, resulted from the combination of two effects: the decrease of the employed population (of 0.6%) and the decrease of the unemployed population (of 5.8%), corresponding to 32.3 thousand and 23.8 thousand individuals, respectively.

The quarterly increase in the unemployed population occurred mainly in the following population groups: women, individuals with 15 to 34 years old, individuals who have completed an education level corresponding to the tertiary level of education, individuals seeking the first or a new job (mainly of those who were formerly employed in the services sector), and unemployed seeking for a job for less than one year.

4. Inactive population

In the 3rd quarter of 2008, the inactive population aged 15 years old and over increased by 1.3%, when compared to the same quarter of 2007, and by 0.5%, when compared the previous quarter (corresponding to 43.3 thousand and 16.4 thousand individuals, respectively).

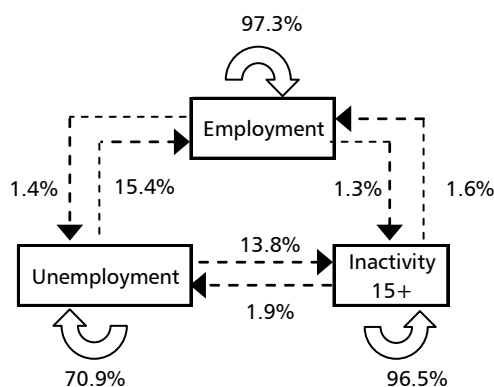
The inactivity rate (15 and over) reached 37.5%, in the 3rd quarter of 2008, standing above the 3rd quarter 2007 and the previous quarter values, by 0.4 and 0.2 p.p., respectively. The inactivity rate for men was 30.7%, up 0.5 p.p. from the 3rd quarter 2007 and 0.3 p.p. from the previous quarter. The inactivity rate for women was 43.7%, up 0.3 p.p. from the 3rd quarter 2007 and 0.1 p.p. from the previous quarter.

5. Quarterly flows between labour market states

From the 2nd to the 3rd quarter of 2008, 1.4% of the individuals initially employed moved into unemployment and 1.3% moved into inactivity, with the proportion of employees moving out of this situation totalling 2.7% in

the 3rd quarter of 2008 (97.3% remained employed). From the 1st to the 2nd quarter of 2008, this percentage had been smaller (2.0%).

**Quarterly flows between labour force states
(as a % of initial state)**



The flows out of unemployment between the two quarters were, in relative terms, larger than the flows out of employment. From the total of individuals who were unemployed in the 2nd quarter of 2008, 29.2% moved out of this labour market state in the following quarter, 15.4% of which became employed and 13.8% moved into inactivity. The percentage of individuals moving from unemployment into employment was lower than that observed in the flows from the 1st to the 2nd quarter of 2008 (17.1%), as for the percentage of individuals moving from unemployment into inactivity (had been 15.5%)

From total individuals aged 15 years old and over considered to be inactive in the 2nd quarter of 2008, 1.6% moved into employment and 1.9% moved into unemployment, in the following quarter. The first percentage is lower than the observed in the flows from the 1st to the 2nd quarter of 2008, whereas the second is higher (had been 1.8% in both cases).

6. Unemployment rates by NUTS II regions

In the 3rd quarter of 2008, the highest unemployment rates were recorded in the Norte and Alentejo regions (9.1%). The lowest values were observed in Região Autónoma dos Açores (5.2%) and Centro (5.7%).

Table 1: Unemployment rates by NUTS II region (NUTS-2002)

	3Q-2007	2Q-2008	3Q-2008
Portugal	7,9	7,3	7,7
Norte	9,5	8,2	9,1
Centro	5,1	5,2	5,7
Lisboa	9,2	7,9	7,9
Alentejo	7,3	8,5	9,1
Algarve	5,9	7,2	6,1
R. A. Açores	3,9	5,4	5,2
R. A. Madeira	6,8	6,1	5,8

Source: INE, Employment Statistics - 3rd quarter of 2008.

Comparing to the same quarter of the previous year, and similarly to the overall picture in Portugal, the unemployment rate decreased in regions Norte, Lisboa and Região Autónoma da Madeira, and increased in regions Centro, Alentejo, Algarve and Região Autónoma dos Açores. The highest decrease was observed in Lisboa (1.3 p.p.) and the highest increase was observed in Alentejo (1.8 p.p.)

Compared to the previous quarter, the unemployment rate increased in all NUTS II regions, with the exceptions of Algarve and the Autonomous Regions, where it decreased, and Lisboa, where it remained unchanged. The highest increase was recorded in Norte (0.9 p.p.) and the highest decrease was observed in Algarve (1.1 p.p.).

Table 2: Main indicators - active and employed population - Portugal

	Quarterly levels			Rates of change	
	3Q-2007	2Q-2008	3Q-2008	On year	On quarter
	Thousand individuals			%	
Labour force (active population)	5 644,7	5 638,0	5 629,5	- 0,3	- 0,2
Males	2 997,5	2 996,2	2 986,7	- 0,4	- 0,3
Females	2 647,2	2 641,8	2 642,8	- 0,2	o
15 to 24	522,5	504,1	509,9	- 2,4	1,2
25 to 34	1 477,5	1 467,2	1 464,0	- 0,9	- 0,2
35 to 44	1 425,8	1 425,6	1 424,1	- 0,1	- 0,1
45 to 64	1 880,3	1 914,6	1 905,1	1,3	- 0,5
65 and over	338,6	326,5	326,5	- 3,6	-
Participation rate (%)	53,2	53,1	53,0		
Males	58,4	58,3	58,1		
Females	48,4	48,2	48,2		
Participation rate (15 and over) (%)	62,9	62,7	62,5		
Males	69,8	69,6	69,3		
Females	56,6	56,4	56,3		
Employed population	5 200,3	5 228,1	5 195,8	- 0,1	- 0,6
Males	2 799,9	2 808,4	2 793,0	- 0,2	- 0,5
Females	2 400,3	2 419,7	2 402,8	0,1	- 0,7
15 to 24	439,0	432,0	422,7	- 3,7	- 2,2
25 to 34	1 340,5	1 348,2	1 325,6	- 1,1	- 1,7
35 to 44	1 328,4	1 329,3	1 333,6	0,4	0,3
45 to 64	1 754,5	1 792,7	1 787,8	1,9	- 0,3
65 and over	338,0	325,9	326,1	- 3,5	0,1
First and second stages of basic education	3 700,8	3 663,4	3 627,5	- 2,0	- 1,0
(Upper) secondary and post-secondary non-tertiary education	780,8	788,5	804,1	3,0	2,0
Tertiary education	718,7	776,2	764,2	6,3	- 1,5
NACE-Rev. 1.1					
Agriculture, hunting, forestry and fishing	608,9	601,5	606,1	- 0,5	0,8
Mining and quarrying, manufacturing, electricity, gas and water supply, and construction	1 595,0	1 535,2	1 520,4	- 4,7	- 1,0
Services	2 996,4	3 091,4	3 069,3	2,4	- 0,7
NACE-Rev. 2 (a)					
Agriculture, forestry and fishing		587,4	589,4		0,3
Mining and quarrying; manufacturing; electricity, gas, steam and air conditioning supply; water supply; sewage, waste management and remediation activities; construction		1 539,6	1 520,1		- 1,3
Services		3 101,0	3 086,3		- 0,5
Employees	3 921,4	3 978,3	3 942,0	0,5	- 0,9
With a permanent job (work contract of unlimited duration)	3 025,7	3 053,4	3 041,0	0,5	- 0,4
With a temporary job (work contract of limited duration)	706,0	738,8	729,7	3,4	- 1,2
Others	189,7	186,2	171,3	- 9,7	- 8,0
Self-employed workers	1 199,6	1 199,2	1 203,1	0,3	0,3
Unpaid family workers and other professional status (b)	79,2	50,5	50,6	- 36,1	0,2
Full-time workers	4 567,9	4 597,5	4 578,5	0,2	- 0,4
Part-time workers	632,4	630,6	617,3	- 2,4	- 2,1
Employment rate (15 and over) (%)	58,0	58,1	57,7		
Males	65,2	65,2	64,8		
Females	51,3	51,6	51,2		

Source: INE, Employment Statistics - 3rd quarter of 2008.

Notes:

(a) With the coming into force of the NACE-Rev. 2, the Labour Force Survey launched a process of double coding the economic activities, from the 1st quarter of 2008 onwards. Since the 1st quarter of 2008, the LFS estimates will be published by both NACE-Rev. 1.1 and NACE-Rev. 2, at least until the 1st quarter of 2009.

o Figure that corresponds to less than half the absolute value of the unit used.

- Null.

Table 3: Main indicators - unemployed and inactive population - Portugal

	Quarterly levels			Rates of change	
	3Q-2007	2Q-2008	3Q-2008	On year	On quarter
	Thousand individuals			%	
Unemployed population	444,4	409,9	433,7	- 2,4	5,8
Males	197,6	187,8	193,7	- 2,0	3,1
Females	246,8	222,1	240,0	- 2,8	8,1
15 to 24	83,5	72,1	87,2	4,4	20,9
25 to 34	137,0	118,9	138,5	1,1	16,5
35 to 44	97,4	96,3	90,4	- 7,2	- 6,1
45 and over	126,5	122,6	117,7	- 7,0	- 4,0
First and second stages of basic education	312,7	296,2	298,9	- 4,4	0,9
(Upper) secondary and post-secondary non-tertiary education	67,1	66,0	66,2	- 1,3	0,3
Tertiary education	64,7	47,6	68,7	6,2	44,3
Looking for a first job	62,0	50,3	62,6	1,0	24,5
Looking for a new job	382,4	359,6	371,1	- 3,0	3,2
NACE-Rev. 1.1					
Agriculture, hunting, forestry and fishing	12,5	10,5	8,0	- 36,0	- 23,8
Mining and quarrying, manufacturing, electricity, gas and water supply, and construction	155,7	149,4	153,5	- 1,4	2,7
Services	214,2	199,7	209,6	- 2,1	5,0
NACE-Rev. 2 (a)					
Agriculture, hunting, forestry and fishing		8,9	7,6		- 14,6
Mining and quarrying; manufacturing; electricity, gas, steam and air conditioning supply; water supply; sewage, waste management and remediation activities; construction		149,1	152,8		2,5
Services		201,6	210,7		4,5
Unemployment rate (%)	7,9	7,3	7,7		
Males	6,6	6,3	6,5		
Females	9,3	8,4	9,1		
Youth (15 to 24)	16,0	14,3	17,1		
Unemployed by duration of search (b)					
Less than 12 months	224,9	201,5	216,1	- 3,9	7,2
12 months or longer (long-term unemployment)	216,1	205,5	213,7	- 1,1	4,0
Long-term unemployment rate (%)	3,8	3,6	3,8		
Inactive population	4 962,9	4 981,0	4 995,6	0,7	0,3
Inactive population (15 and over)	3 328,5	3 355,4	3 371,8	1,3	0,5
Males	1 298,1	1 310,0	1 323,4	1,9	1,0
Females	2 030,4	2 045,4	2 048,4	0,9	0,1
15 to 24	710,3	720,4	707,3	- 0,4	- 1,8
25 to 34	168,1	160,6	161,8	- 3,7	0,7
35 to 44	151,6	157,4	160,3	5,7	1,8
45 to 64	801,0	793,1	814,1	1,6	2,6
65 and over	1 497,5	1 523,9	1 528,3	2,1	0,3
Students	716,3	753,5	726,3	1,4	- 3,6
Looking after home / family	545,6	542,6	543,6	- 0,4	0,2
Retired	1 704,8	1 748,9	1 763,9	3,5	0,9
Other inactive	361,7	310,4	338,1	- 6,5	8,9
Inactivity rate (15 and over) (%)	37,1	37,3	37,5		
Males	30,2	30,4	30,7		
Females	43,4	43,6	43,7		

Source: INE, Employment Statistics - 3rd quarter of 2008.

Notes:

(a) With the coming into force of the NACE-Rev. 2, the Labour Force Survey launched a process of double coding the economic activities, from the 1st quarter of 2008 onwards. Since the 1st quarter of 2008, the LFS estimates will be published by both NACE-Rev. 1.1 and NACE-Rev. 2, at least until the 1st quarter of 2009.

(b) The variable "duration of search for employment" does not include the unemployed workers that have already found a job which will start within a period of at most 3 months. As a consequence, the sum of the number of unemployed individuals by duration of search can be less than the total unemployed population.

o Figure that corresponds to less than half the absolute value of the unit used.

- Null.

TECHNICAL NOTE

The main purpose of the Labour Force Survey is to characterise the population in terms of the labour market. It is a quarterly sample survey, addressed to families occupying the same dwelling in the national territory, which makes available quarterly and annual data. The information is obtained directly, though computer-assisted interview. Published data were calibrated, based on independent estimates of the population, calculated from the definitive results of the 2001 Census.

The published data respect the quality standards defined for the Labour Force Survey results dissemination.

SOME CONCEPTS

For additional concepts see the publication Employment Statistics – 2nd quarter 2008 (“Estatísticas do Emprego – 3^o trimestre de 2008”).

Participation rate

Rate that is defined as the ratio of the labour force (active population) to total population.

P.R. (%) = (Labour force / Total population) x 100

Participation rate (15 and over)

Rate that is defined as the ratio of the labour force to working age population (aged 15 years old and over).

P.R. (%) = (Labour force / Population aged 15 years old and over) x 100

Unemployment rate

Rate that is defined as the ratio of the unemployed population to total labour force.

U.R. (%) = (Unemployed population / Labour force) x 100

Long term unemployment rate

Rate that is defined as the ratio of the population unemployed for 12 months or over to total labour force.

U.R. (%) = (Population unemployed for 12 months or over / Labour force) x 100

Employment rate (15 and over)

Rate that is defined as the ratio of the employed population to working age population (aged 15 years old and over).

E.R. (%) = (Employed population / Population aged 15 years old and over) x 100

Inactivity rate (aged 15 and over)

Rate that is defined as the ratio of inactive working age population (aged 15 years old and over) to total working age population.

I.R. (%) = (Inactive population aged 15 years old and over / Population aged 15 years old and over) x 100

Year-on-year rate of change

The year-on-year change compares the level of the variable in the current quarter with that of the corresponding quarter of the previous year. This rate of change, considering a seasonal stable pattern, is not affected by this type of fluctuation, but may, however, be influenced by specific effects in a given quarter.

Quarterly rate of change

The quarterly change compares the level of the variable over two consecutive periods. Although this indicator permits to monitor the recent pace of the variable, its value is particularly influenced by seasonal effects and other more specific effects in one (or both) quarters under comparison.

Annual rate of change

The annual change compares the average level of the variable for the four quarters of the last year over the average level of the variable for the four quarters of the previous year. Being an average, this indicator is less sensible to sporadic effects in the variable.

DATE SCHEDULED FOR THE NEXT PRESS RELEASE

February, 17th 2009.

The publication Employment Statistics – 3rd quarter of 2008 (“Estatísticas do Emprego – 3^o trimestre de 2008”) associated with this press release is available, free of charge, at http://www.ine.pt/portal/page/portal/PORTAL_INE/Publicacoes.