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press release
Instituto Nacional de Estatística
Statistics Portugal

24 June 2020

Quarterly Sector Accounts (Base 2016)

First Quarter 2020

Net lending of economy decreased to 0.6% of GDP

- The net lending of Portuguese economy stood at 0.6% of Gross Domestic Product (GDP) in the year ending in the first quarter of 2020, less 0.2 percentage points than in the previous quarter. Gross Disposable Income (GDI) and nominal GDP remained almost unchanged in the first quarter.
- The net lending of households' sector increased by 0.5 percentage points, to 2.1% of GDP in the year ending in the first quarter of 2020 and the savings increased to 7.4% (6.8% in the previous quarter). This result mainly reflects two effects: the increase by 0.9% in compensation of employees and the slight reduction in final consumption. Considering quarterly figures rather than the sum of four quarters, the household savings rate increased 2.9 percentage points in the first quarter of 2020 compared to the same period of the previous year.
- The balance of Non-Financial Corporations diminished 0.3 percentage points in the first quarter, standing at -3.8% of GDP, due to the 0.4% reduction in nominal Gross Value Added (GVA). The net lending of Financial Corporations decreased to 2.4%.
- The balance of the General Government (GG) sector registered an decrease of 0.3 percentage points in the year ending in the first quarter of 2020, moving from a positive balance in the previous quarter to a negative one (-0.1% of GDP). Considering quarterly figures rather than the sum of four quarters, the net balance of the GG was negative in the first quarter 2020, attaining -570.9 million euro (-1.1% of GDP, comparing to 0.1% one year before), with an increase in total expenditure (4.3%) higher than in total revenue (1.1%).

Despite the circumstances determined by the pandemic COVID-19, Statistics Portugal will try to maintain the statistical production and release calendar, although some adjustments might occur associated with the impact of the pandemic in obtaining primary information. For this reason, Statistics Portugal asks for the best collaboration by firms, households and public entities in answering to Statistics Portugal's requests to obtain information, using Internet and telephone as alternative channels to face-to-face contacts. The quality of official statistics, particularly its ability to identify the impacts of the COVID-19 pandemic, depends crucially on this collaboration that Statistics Portugal is grateful for in advance.

The current results correspond to the preliminary version of the Quarterly Sector Accounts (QSA) for the first quarter of 2020, reflecting the effects of the COVID-19 pandemic on the behaviour of economic activity. It should be recalled that with the transition to a pandemic phase, several measures were taken in Portugal to contain the spread of COVID-19, including the closure of schools and universities announced on March 12 (with effect from March 16 onwards) and the declaration of the state of emergency on March 18, which led to the temporary closure of several economic activities.

QSA aggregates are presented exclusively in nominal terms and are not seasonally and calendar adjusted. The results are available for the total economy and in detail 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 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 rates of change between the year ending each quarter and the year ending in the previous quarter are used as a rule. A box is also presented with the evolution of the household savings rate in the recent period. Due to rounding, the sum of the components of the economic indicators presented may not coincide with the result for the total economy.

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 stood at 0.6% of GDP

The Portuguese economy recorded a net lending of 0.6% of GDP in the year ending in the first quarter of 2020, compared to 0.8% in the previous quarter. Nominal GDP and GDI remained stable in the first quarter, while Gross National Income (GNI) diminished by 0.1%, reflecting the economic impacts of the COVID-19 pandemic already occurred in March.

The negative balance of property income with the Rest of the World presented a slight deterioration, with income paid and received growing by 2.1% and 1.5%, respectively.

The GDI remained unchanged, which combined with an increase of 0.3% in final consumption expenditure (which includes the final consumption expenditure of Households and GG), determined a rate of change of -1.4% of gross savings (+1.5% in the previous quarter). Savings in the economy represented 18.6% of GDP in the first quarter of 2020, less 0.2 percentage points than in the previous quarter.

The 0.4% decrease in Gross Capital Formation (GCF) partially offset the reduction in savings, contributing to set the economy's net lending at 0.6% of GDP (0.8% in the previous quarter).

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

Table 1: GDP, GNI and GDI (year ending in the quarter)

Year ending in the quarter	GDP		GNI		GDI	
	million euros	quarter-on-quarter rate of change (%)	million euros	quarter-on-quarter rate of change (%)	million euros	quarter-on-quarter rate of change (%)
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	188 013	1.3
2017Q2	190 776	1.2	186 007	1.2	190 066	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	197 892	1.0	193 772	1.3	198 220	1.2
2018Q2	199 740	0.9	195 142	0.7	199 708	0.8
2018Q3	201 906	1.1	197 154	1.0	201 791	1.0
2018Q4	204 305	1.2	199 270	1.1	203 882	1.0
2019Q1	206 386	1.0	200 934	0.8	205 475	0.8
2019Q2	208 267	0.9	203 338	1.2	208 025	1.2
2019Q3	210 109	0.9	205 235	0.9	209 947	0.9
2019Q4	212 321	1.1	207 256	1.0	212 062	1.0
2020Q1	212 229	0.0	207 071	-0.1	212 046	0.0

The GG sector presented a negative balance of 0.1% of GDP in the year ending in the first quarter of 2020, which compares with net lending of 0.2% of GDP in the previous quarter, reflecting the increase in expenditure by 0.9%, higher than the increase in revenue (0.2%).

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(-)
2016Q1	16.2	1.1	16.2	1.2
2016Q2	16.4	1.0	16.0	1.4
2016Q3	16.5	1.0	16.0	1.6
2016Q4	16.5	0.9	15.8	1.5
2017Q1	16.8	0.9	15.9	1.9
2017Q2	17.0	0.9	16.4	1.6
2017Q3	17.7	0.8	16.8	1.8
2017Q4	18.2	0.8	17.2	1.8
2018Q1	18.6	0.8	17.6	1.9
2018Q2	18.5	0.8	17.6	1.8
2018Q3	18.7	0.8	17.8	1.7
2018Q4	18.3	0.9	18.1	1.2
2019Q1	18.3	0.9	18.6	0.7
2019Q2	18.6	0.8	18.8	0.8
2019Q3	18.8	0.8	19.0	0.6
2019Q4	18.8	0.8	18.9	0.8
2020Q1	18.6	0.8	18.9	0.6

The net borrowing of Non-Financial Corporations (NFC) reached 3.8% of GDP in the first quarter of 2020, 0.3 percentage points more than in the previous quarter. The net lending of Financial Corporations decreased to 2.4% of GDP in the first quarter of 2020 (less 0.1 percentage points than in the previous quarter).

The external balance of goods and services (see Figure 2) decreased in the first quarter of 2020, from an almost nil balance in the previous quarter to -0.2% of GDP, due to the decrease of exports higher than imports (rates of change of -1.0% and -0.4%, respectively).

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

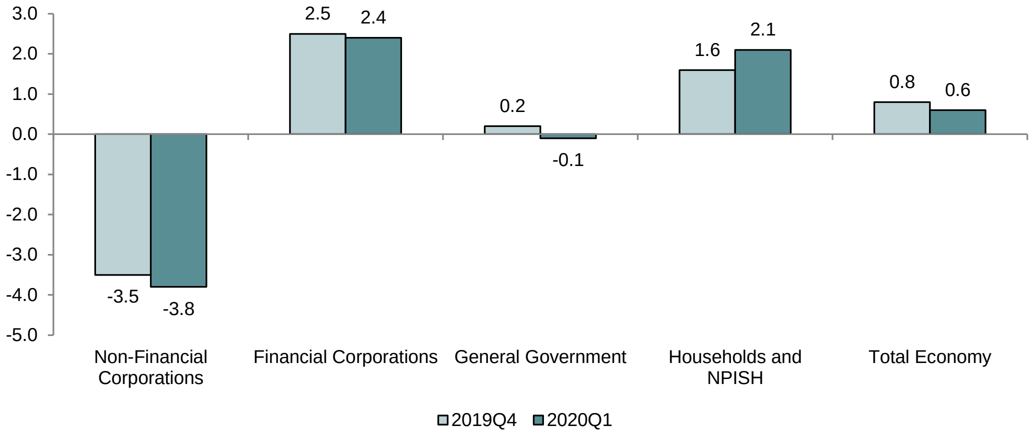
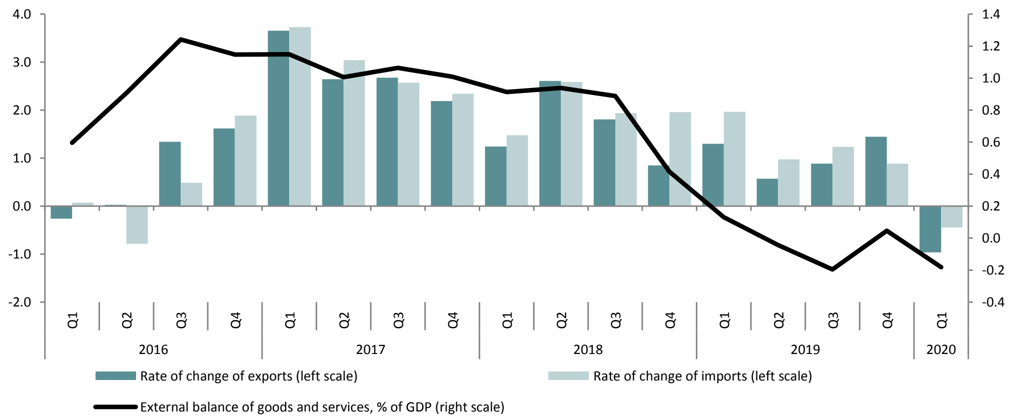


Figure 2 - External balance of goods and services (accumulated sum of 4 quarters)



Households: net lending stood at 2.1% of GDP

The households' net lending stood at 2.1% of GDP in the year ending in the first quarter of 2020, 0.5 percentage points more than in the previous quarter, reflecting the increase in savings by 9.7%. The GCF presented a slight growth of 0.3%.

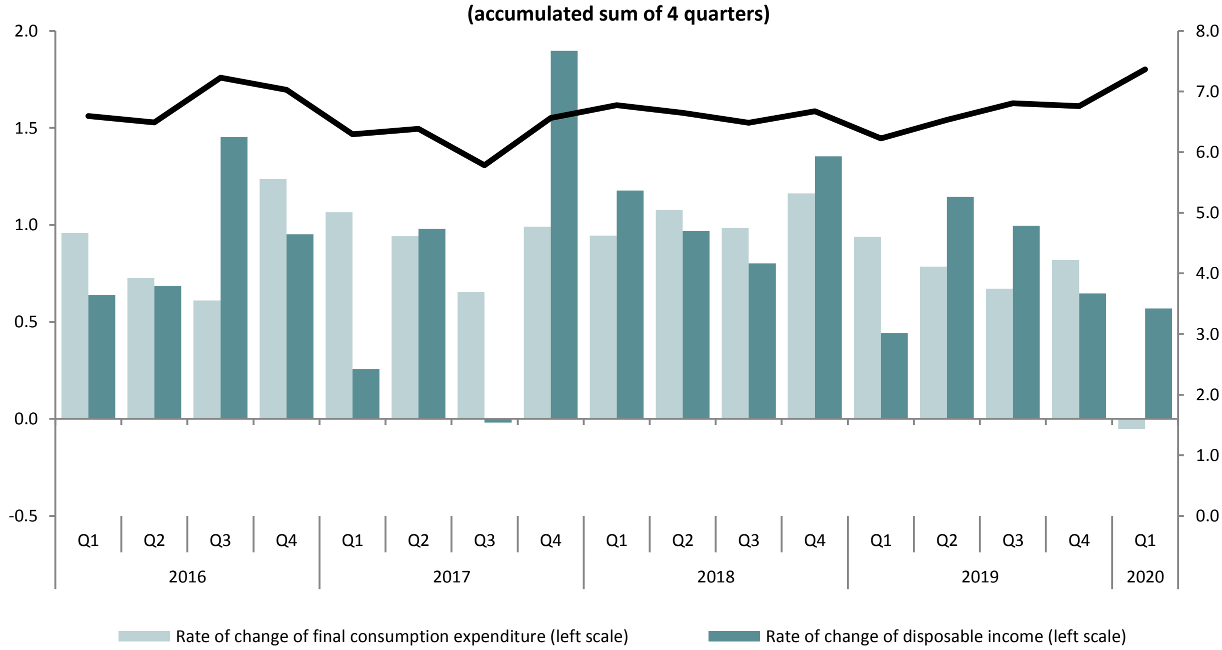
As shown in Figure 3, household's saving rate increased 0.6 percentage points to 7.4% of disposable income. This result was a consequence of the 0.6% increase in disposable income (identical to the previous quarter), with an almost nil change in final consumption for the year ending in the first quarter of 2020.

The increase in Households' disposable income was determined by the 0.9% growth in compensation of employees received in the year ending in the first quarter of 2020 (1.1% in the previous quarter).

In Table 3 that shows the breakdown of the rate of change of disposable income, the compensation of employees received contributes 0.6 percentage points to the rate of change of disposable income.

Household Investment (Gross Fixed Capital Formation) recorded a rate of change of 0.8% in the first quarter of 2020 (1.7% in the previous quarter).

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



The adjusted household GDI (GDIa) per capita was 16.2 thousand euros in the first quarter of 2020, which corresponded to a growth of 0.5% compared to the previous quarter (0.7 percentage points more than the rate of change of nominal GDP per capita).

Note that adjusted GDI differs from GDI by including the value of goods and services that are purchased or produced by GG or NPISH and intended for household consumption, such as, for example, co-payments in the purchase of medicines by households.

Figure 4 - Households' Adjusted Disposable Income (%)

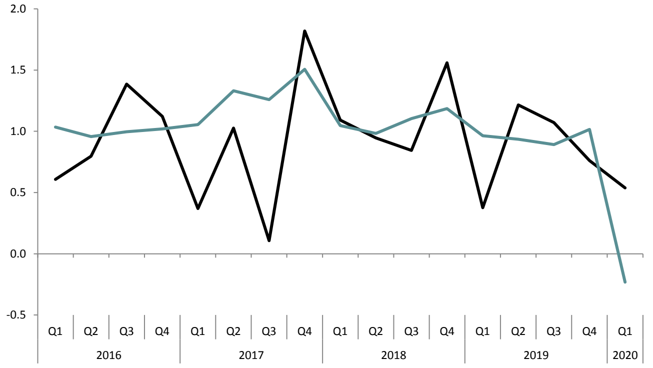


Table 3: Contributions to the rate of change of disposable income of Households and NPISH (percentage points, accumulated sum of 4 quarters)

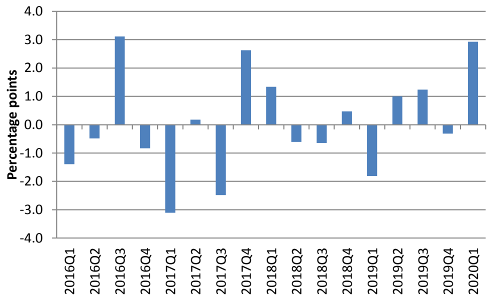
	Compensation of Employees	Operating Surplus + Mixed Income (Gross)	Net Property Income (receivable)	Social benefits less contributions, excluding social transfers in kind	Net Transfers (receivable)	Taxes	Disposable Income
	(1)	(2)	-3	-4	-5	-6	(7) = (1)+...+(5) - (6)
2018Q1	0.7	0.3	0.1	-0.1	0.3	0.1	1.2
2018Q2	0.8	0.3	0.0	-0.1	-0.1	-0.1	1.0
2018Q3	0.7	0.3	0.1	-0.1	0.0	0.3	0.8
2018Q4	1.3	0.2	-0.3	0.3	0.0	0.2	1.4
2019Q1	0.7	0.2	-0.3	0.0	0.0	0.1	0.4
2019Q2	0.7	0.2	0.0	0.0	0.2	0.0	1.1
2019Q3	0.8	0.2	-0.1	0.0	0.0	0.0	1.0
2019Q4	0.7	0.2	-0.1	-0.1	0.0	0.1	0.6
2020Q1	0.6	0.1	-0.1	0.0	0.0	0.1	0.6

Box: Recent evolution of the households' savings rate

The main indicators from the QSA are significantly influenced by seasonal effects. Thus, in general, the analysis is based on data for the year ending in the reference quarter. In the specific case of the households' sector, the payments of the holidays allowances (that might occur in the second or third quarter) and Christmas allowances (generally in the fourth quarter) determine to a great extent the behaviour of the savings rate. For this reason, the savings rate for the first quarter of each year is the lowest (or even negative).

Despite this strong seasonal effect, in the context of the COVID-19 pandemic it is useful to analyse the savings rate. As it can be seen in the figure below, considering actual quarterly values and not annual values, the households' savings rate increased by 2.9 percentage points in the first quarter 2020 comparing with one year before, mainly reflecting the reduction in private consumption. The disposable income continued to increase, with the improvement of compensation of employees as the COVID-19 pandemic has not yet impacted this variable and of social benefits received.

Differences in households savings rate between quarters in year-on-year terms



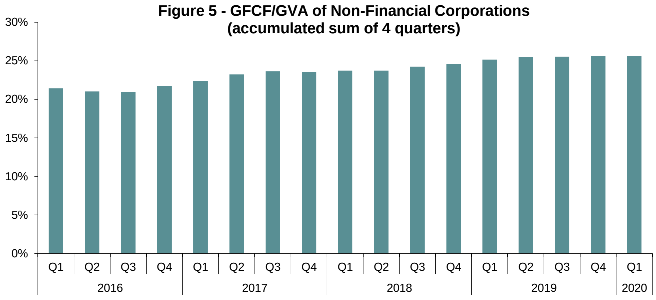
Non-Financial Corporations: net borrowing stood at 3.8% of GDP

The net borrowing of Non-Financial Corporations increased 0.3 percentage points, reaching 3.8% of GDP in the year ending in the first quarter of 2020. This result mainly reflected the decrease of 2.4% in the Gross Operating Surplus, due to the 0.4% decrease of GVA, while the compensation of employees paid by the sector registered a growth of 0.8%. In the year ended in the previous quarter, GVA and compensation of employees paid registered rates of change of 1.0% and 1.2% respectively.

The sector's operating margin rate decreased to 25.5% (1.2 percentage points 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 for compensation of the financial resources invested in corporations.

GFCF declined by 0.2% in the year ending in the first quarter, setting the investment rate (measured as the ratio between GFCF and GVA) at 25.7%, more 0.2 percentage points than in the previous quarter.

Figure 5 - GFCF/GVA of Non-Financial Corporations (accumulated sum of 4 quarters)



Financial Corporations: net lending stood at 2.4% of GDP

The net lending of Financial Corporations stood at 2.4% of GDP in the first quarter of 2020, 0.1 percentage points less than in the previous quarter.

The sector's gross savings recorded a decrease of 2.0% in the first quarter of 2020. The positive balance of property income decreased by 10.3%, with income received and paid registering rates of change of -3.4% and -2.5%, respectively.

General Government: net balance of GG decreased by 0.3 percentage points of GDP

The net balance of the GG decreased by 0.3 p.p. in the year ending in the first quarter 2020 compared to the previous quarter, attaining -0.1% of GDP. As shown in tables 4 and 5, this decrease was a result of a higher increase in expenditure (0.9%) than in revenue (0.2%).

The behavior of expenditure reflects the increases of 4.2% in capital expenditure and 0.7% in current expenditure. Regarding current expenditure, there were increases in social benefits (0.7%), compensation of employees (1.1%), intermediate consumption (1.9%) and subsidies (3.5%) and decreases in interest paid (2.2%) and other current expenditure (0.5%). The behaviour of capital expenditure was determined by increases in both components, investment and other capital expenditure (4.4% and 3.8%, respectively).

The change in total revenue was due to the increases of 0.2% in current revenue and 2.7% in capital revenue. The variation in current revenue was a result of increases in current taxes on income and wealth (0.2%), social contributions (0.6%) and other current revenue (2.9%), and decreases in taxes on production and imports (0.1%) and sales (1.1%).

Considering quarterly figures rather than the sum of four quarters, the net balance of the GG was negative in the first quarter 2020, attaining -570.9 million euro (-1.1% of GDP), that compares with 0.1% of GDP for the same period of the previous year, as it can be seen in table 6. The increase of the net balance was a result of increases in both total expenditure and total revenue, higher in the first case (4.3% and 1.1%, respectively).

Concerning expenditure, current expenditure increased by 3.1% as a result of increases in social contributions (3.0%) and compensation of employees (5.1%), reflecting policy measures for salary increases, in intermediate consumption (9.3%), mainly due of the expenditure in health services in the context of the COVID-19 pandemic, and in subsidies paid (18.0%). On the other hand there were decreases in interest paid (8.8%) and other current expenditure (1.8%). Capital expenditure was higher by 29.1%, reflecting the increase by 23.7% in investment and by 50.4% in other capital expenditure, explained by the reimbursement of contributions by *Fundo de Garantia de Crédito Agrícola Mútuo* to the Banco de Portugal according to Decree-law n.º 106/2019.

The change in total revenue (1.1%) was determined by increases in current revenue (1.0%) and capital revenue by 12.6%, explained by the increase in transfers from EU. The change in current revenue was due to the increases in current taxes on income and wealth, social contributions and other current revenue and the decreases in taxes on production and imports and sales.

Table 7 presents the main adjustments carried out for moving from Public Accounts to National Accounts balances. Comparing the first quarter 2020 with the same period last year, both National Accounting and Public Accounting balances decreased. It is worth mentioning that the expenditure in capital injections and debt assumptions was in almost 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. Hence, due to the policy measures for fractional future payment of taxes and social contributions implemented in the context of the COVID-19 pandemic, an additional adjustment was necessary in order to include the future payments as revenue of the current period when the activity took place. This adjustment implied a higher revenue in National Accounting compared to Public Accounting by around 550 million euro. It is also important to mention that it may be necessary to revise regularly this adjustment once the future payments are made.

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

Unit: 10^6 EUR

	2019Q1	2019Q2	2019Q3	2019Q4	2020Q1
Total revenue	**88 667.0**	**89 698.5**	**90 262.7**	**91 008.1**	**91 225.5**
Current revenue	87 813.4	88 821.2	89 530.8	90 259.3	90 456.2
Current taxes on income and wealth	20 905.4	20 812.4	20 780.3	20 865.0	20 905.5
Taxes on production and imports	31 256.3	31 659.7	31 827.1	32 148.5	32 102.5
Social contributions	24 100.3	24 504.8	24 910.9	25 342.5	25 493.2
Sales	7 297.6	7 349.7	7 381.7	7 389.0	7 311.1
Other current revenue	4 253.9	4 494.6	4 630.8	4 514.3	4 643.9
Capital revenue	853.6	877.2	731.9	748.8	769.3
Total expenditure	**89 006.6**	**89 445.8**	**90 388.6**	**90 604.2**	**91 451.5**
Current expenditure	82 653.1	83 261.7	84 043.0	84 491.3	85 084.1
Social benefits	37 373.2	37 738.5	38 231.9	38 683.8	38 940.7
Compensation of employees	21 997.4	22 234.6	22 498.1	22 799.3	23 053.6
Interest	6 807.0	6 751.8	6 578.6	6 379.3	6 239.8
Intermediate consumption	10 938.9	10 971.9	10 995.3	10 991.5	11 205.5
Subsidies	755.9	768.8	839.9	887.3	918.7
Other current expenditure	4 780.6	4 796.1	4 899.1	4 750.2	4 725.7
Capital expenditure	6 353.5	6 184.1	6 345.6	6 112.9	6 367.4
Investment (1)	3 986.0	3 702.3	3 688.7	3 754.5	3 920.0
Other capital expenditure	2 367.5	2 481.8	2 657.0	2 358.4	2 447.5
Current Balance	5 160.3	5 559.5	5 487.8	5 768.0	5 372.2
Balance	**- 339.6**	**252.7**	**- 125.9**	**403.9**	**- 226.0**
By memory:					
Primary current expenditure	75 846.1	76 509.9	77 464.4	78 112.0	78 844.2
Gross Domestic Product at current market prices	206 386.4	208 267.1	210 108.6	212 320.6	212 229.0
Balance in % of GDP	-0.2%	0.1%	-0.1%	0.2%	-0.1%

(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: %

	2019Q1	2019Q2	2019Q3	2019Q4	2020Q1
Total revenue	1.1	1.2	0.6	0.8	0.2
Current revenue	1.1	1.1	0.8	0.8	0.2
Current taxes on income and wealth	1.1	-0.4	-0.2	0.4	0.2
Taxes on production and imports	1.0	1.3	0.5	1.0	-0.1
Social contributions	1.1	1.7	1.7	1.7	0.6
Sales	2.4	0.7	0.4	0.1	-1.1
Other current revenue	-0.3	5.7	3.0	-2.5	2.9
Capital revenue	3.0	2.8	-16.6	2.3	2.7
Total expenditure	**0.5**	**0.5**	**1.1**	**0.2**	**0.9**
Current expenditure	0.4	0.7	0.9	0.5	0.7
Social benefits	0.7	1.0	1.3	1.2	0.7
Compensation of employees	0.7	1.1	1.2	1.3	1.1
Interest	-1.3	-0.8	-2.6	-3.0	-2.2
Intermediate consumption	-1.2	0.3	0.2	0.0	1.9
Subsidies	0.7	1.7	9.3	5.6	3.5
Other current expenditure	2.9	0.3	2.1	-3.0	-0.5
Capital expenditure	0.8	-2.7	2.6	-3.7	4.2
Investment (1)	0.7	-7.1	-0.4	1.8	4.4
Other capital expenditure	1.0	4.8	7.1	-11.2	3.8

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

Table 6: Revenue and expenditure of general government

	1st quarter 2019		1st quarter 2020		Nominal change rate (%)
	million euro	% GDP	million euro	% GDP	
Total revenue	**19 809.8**	**39.1**	**20 027.2**	**39.6**	**1.1**
Current revenue	19 646.8	38.8	19 843.7	39.2	1.0
Current taxes on income and wealth	3 947.5	7.8	3 988.0	7.9	1.0
Taxes on production and imports	7 511.7	14.8	7 465.7	14.8	- 0.6
Social contributions	5 642.6	11.1	5 793.2	11.5	2.7
Sales	1 738.3	3.4	1 660.4	3.3	- 4.5
Other current revenue	806.8	1.6	936.4	1.9	16.1
Capital revenue	163.1	0.3	183.6	0.4	12.6
Total expenditure	**19 750.9**	**39.0**	**20 598.2**	**40.7**	**4.3**
Current expenditure	18 874.9	37.3	19 467.7	38.5	3.1
Social benefits	8 513.5	16.8	8 770.5	17.3	3.0
Compensation of employees	4 973.8	9.8	5 228.1	10.3	5.1
Interest	1 588.8	3.1	1 449.3	2.9	- 8.8
Intermediate consumption	2 295.6	4.5	2 509.7	5.0	9.3
Subsidies	175.0	0.3	206.5	0.4	18.0
Other current expenditure	1 328.2	2.6	1 303.7	2.6	- 1.8
Capital expenditure	876.0	1.7	1 130.5	2.2	29.1
Investment (1)	699.3	1.4	864.8	1.7	23.7
Other capital expenditure	176.6	0.3	265.7	0.5	50.4
Current Balance	771.9	1.5	376.0	0.7	
Balance	59.0	0.1	- 570.9	- 1.1	

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

Table 7: Public to National Accounting adjustments

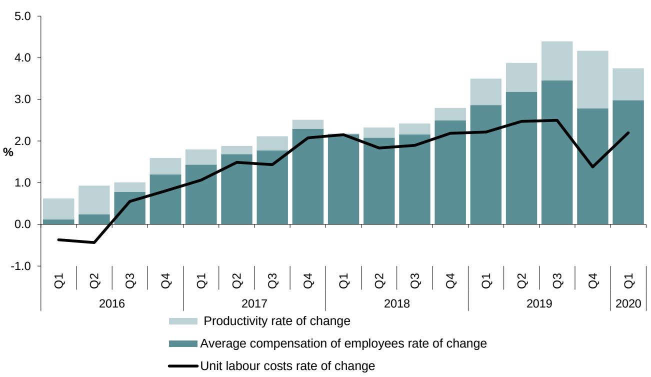
	Unit: 10^6 euro	
	1st quarter 2019	**1st quarter 2020**
Balance in Public Accounting:	**- 722.3**	**- 55.3**
Accrual adjustment and sector delimitation in National Accounts	2 808.2	601.3
Difference between paid and due interest	796.8	243.4
Other receivables:	- 97.1	-1 360.4
Time adjustment of taxes and social contributions	*263.8*	*-1 150.3*
Others	*- 361.0*	*- 210.1*
Other payables:	310.9	33.0
Expenditure already incurred but not yet paid	*89.6*	*- 135.0*
Others	*221.3*	*168.0*
Other adjustments:	-2 692.6	- 32.9
of which:		
Capital injections and debt assumptions	*-3 484.6*	*- 673.3*
Balance in National Accounting:	**403.9**	**- 570.9**
GDP [(1)]	212 302.8	50 557.8
Balance in National Accounting in % of GDP	0.2%	-1.1%

[(1)] Non seasonally and calendar effects ajusted data

Unit labour costs (ULC) increased by 2.2%

In the year ending in the first quarter of 2020, ULC registered an increase of 2.2%, which compares with a rate of 1.4% in the previous quarter. The acceleration of ULC was due to the combined effect of a more intense growth of average compensation of employees and a deceleration of productivity.

Figure 6 - Unit labour costs rates of change
(year ending in the quarter)



Revision of estimates

The Quarterly Accounts by Institutional Sector now presented incorporate new information with consequent revisions of the previous estimates of some aggregates. Thus, compared to the previous publication for the fourth quarter of 2019, it is important to highlight the incorporation of quarterly accounts revisions for the total economy. It should be noted that the results for the total economy differ from those published on May 29, particularly in nominal terms, reflecting the incorporation of new information related to international trade statistics for goods (preliminary version of January 2020) and data on public consumption and taxes.

Additionally, the latest 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.