23 September 2020

Quarterly Sector Accounts (Base 2016)
Second Quarter 2020

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Net lending of economy stood at 1.0% of GDP

- The net lending of Portuguese economy stood at 1.0% of Gross Domestic Product (GDP) in the year ending in the second quarter of 2020, increasing 0.1 percentage points comparing with the previous quarter. Gross Disposable Income (GDI) and nominal GDP decreased by 2.8% and 3.3%, respectively, in the year ending in the second quarter of 2020.
- The net lending of households' sector increased by 2.2 percentage points, to 4.0% of GDP in the year ending in the second quarter of 2020 and the savings rate increased to 10.6% (7.5% in the previous quarter), reflecting mainly the reduction by 3.7% of final consumption.
- The balance of Non-Financial Corporations diminished 0.3 percentage points in the second quarter, representing -3.1% of GDP, mainly due to the 4.9% reduction in nominal Gross Value Added (GVA). The net lending of Financial Corporations remained at 2.0% of GDP.
- The balance of the General Government (GG) sector decreased by 1.8 percentage points in the year ending in the second quarter of 2020, compared to the previous quarter, representing a net borrowing of 1.9% of GDP. Considering quarterly figures and not the year ending in the quarter, the balance of GG was negative in the second quarter of 2020, reaching –4 858.2 million euros (-10.5% of GDP, compared with -2.2% in the same quarter of the previous year). Considering the first half of 2020, the balance of the GG stood at -5.4% of GDP, which compares with -1.2% in the same period of 2019.
- Considering quarterly values and not the year ending in the quarter, it should be highlighted the significant increase in the households savings rate by 12 percentage points in the second quarter 2020 compared to the same quarter of the previous year. It should also be mentioned the reduction in the ratio of Gross Operating Surplus on GVA of Non-Financial Corporations by 7.6 percentage points, the highest year-on-year decrease of the available series.

Despite the circumstances determined by the pandemic COVID-19, Statistics Portugal calls for the best collaboration by companies, families and public entities in responding to Statistics Portugal's data requests. The quality of official statistics, particularly its ability to identify the impacts of the pandemic COVID-19, crucially depends on this collaboration, which Statistics Portugal thanks in advance.

The current results correspond to the preliminary version of the Quarterly Sector Accounts (QSA) for the second quarter of 2020. It is important to mention that these quarterly accounts are consistent with the final results for 2018 and provisional for 2019, also published today. Due to the incorporation of these annual results it was necessary to revise the quarterly accounts series. The effects of the COVID-19 pandemic had a significant impact on the behaviour of economic activity in the current results. 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. The state of emergency in Portugal was being renewed, with the third and last period entering in force until May 02, after which the state of calamity was maintained until June 30.

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 1.0% of GDP

The Portuguese economy's net lending stood at 1.0% of GDP in the year ending in the second quarter of 2020, increasing 0.1 percentage points comparing with the previous quarter. Nominal GDP and GDI presented rates of change of -3.3% and -2.8%, respectively, in the second quarter, while Gross National Income (GNI) diminished by 2.7%.

The balance of property income with the Rest of the World was less negative by 0.5 percentage points, with income paid and received decreasing by 14.6% and 8.3%, respectively.

The decrease of GDI combined with a reduction of 2.6% in final consumption expenditure (which includes the final consumption expenditure of Households and GG), determined a rate of change of -3.6% of gross savings (-1.0% in the previous quarter). Savings in the economy represented 18.9% of GDP in the second quarter of 2020, less 0.1 percentage points than in the previous quarter.

The net lending of the economy increased slightly to 1.0% of GDP (more 0.1 percentage points than in the previous quarter), reflecting the 2.5% decrease in Gross Capital Formation (FBC) as savings also diminished.

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	181 552	1.0	177 285	1.4	180 630	1.3
2016Q2	183 118	0.9	178 441	0.7	182 192	0.9
2016Q3	184 774	0.9	179 799	0.8	183 531	0.7
2016Q4	186 490	0.9	181 960	1.2	185 549	1.1
2017Q1	188 448	1.1	183 891	1.1	188 036	1.3
2017Q2	190 780	1.2	186 011	1.2	190 070	1.1
2017Q3	193 087	1.2	188 348	1.3	192 706	1.4
2017Q4	195 947	1.5	191 348	1.6	195 931	1.7
2018Q1	198 034	1.1	193 939	1.4	198 368	1.2
2018Q2	200 057	1.0	195 487	0.8	200 050	0.8
2018Q3	202 488	1.2	197 801	1.2	202 425	1.2
2018Q4	205 184	1.3	200 173	1.2	204 752	1.1
2019Q1	207 348	1.1	201 942	0.9	206 466	0.8
2019Q2	209 334	1.0	204 498	1.3	209 135	1.3
2019Q3	211 158	0.9	206 351	0.9	211 018	0.9
2019Q4	213 301	1.0	208 373	1.0	213 142	1.0
2020Q1	213 220	0.0	208 187	-0.1	213 171	0.0
2020Q2	206 162	-3.3	202 532	-2.7	207 198	-2.8

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	16.3	1.6
2017Q3	17.6	0.8	16.8	1.8
2017Q4	18.2	0.8	17.2	1.8
2018Q1	18.7	0.8	17.6	1.8
2018Q2	18.6	0.8	17.7	1.7
2018Q3	18.9	0.8	18.1	1.7
2018Q4	18.5	0.8	18.3	1.2
2019Q1	18.6	0.9	18.7	0.8
2019Q2	19.0	0.8	19.0	0.9
2019Q3	19.1	0.8	19.2	0.7
2019Q4	19.2	0.8	19.0	1.0
2020Q1	19.0	0.9	19.0	0.9
2020Q2	18.9	1.1	19.2	1.0

The net borrowing of Non-Financial Corporations (NFC) reached 3.1% of GDP in the second quarter of 2020, more 0.3 percentage points than in the previous quarter.

The net lending of Financial Corporations remained at 2.0% of GDP in the second quarter of 2020.

The GG sector presented a negative balance of 1.9% of GDP in the year ending in the second quarter of 2020, which compares with a net lending of 0.1% of GDP in the previous quarter, reflecting the increase in expenditure by 1.6% and the reduction of 2.4% in revenue.

The external balance of goods and services (see Figure 2) decreased in the second quarter of 2020, from -0.1% of GDP in the first quarter to -0.8% of GDP, due to the strong decrease of exports higher than of imports (rates of change of -10.2% and -8.5%, respectively).

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

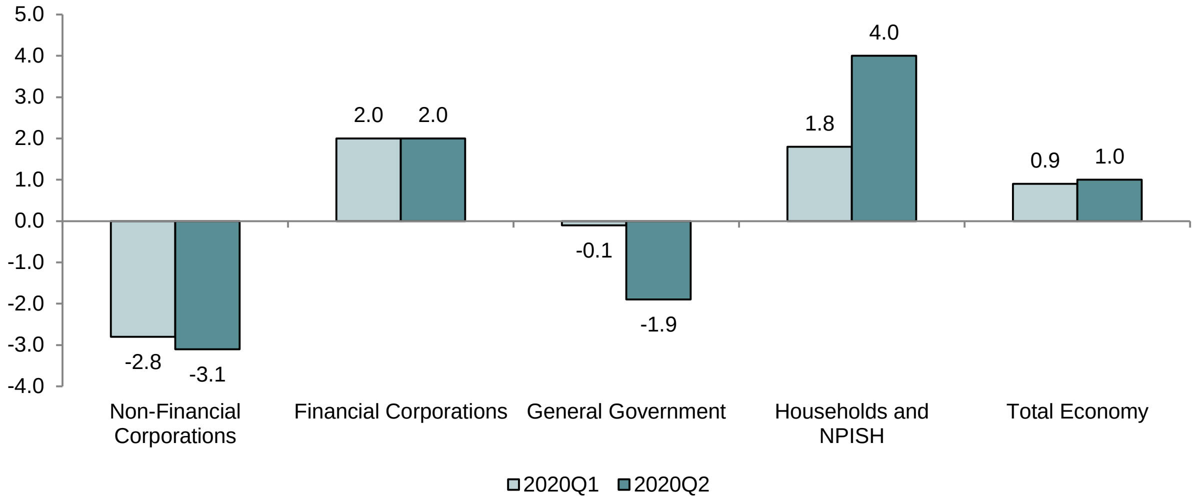
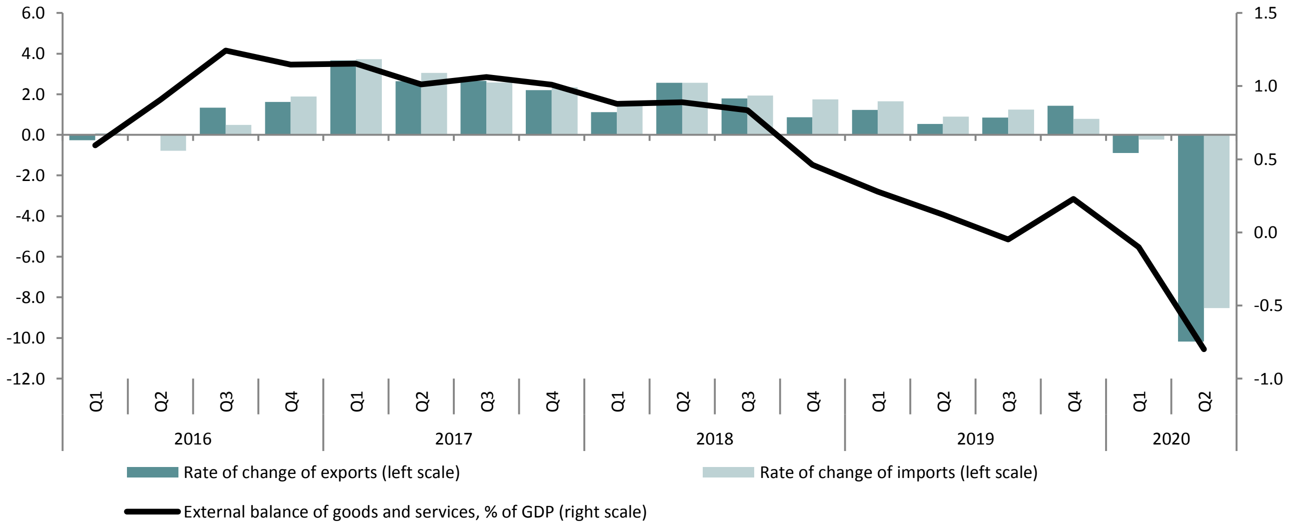


Figure 2 - External balance of goods and services
(%, accumulated sum of four quarters)



Households: net lending stood at 4.0% of GDP

The households' net lending stood at 4.0% of GDP in the year ending in the second quarter of 2020, 2.2 percentage points more than in the previous quarter, driven by the strong reduction in final consumption expenditure (rate of change of -3.7% in the year ending in the second quarter of 2020).

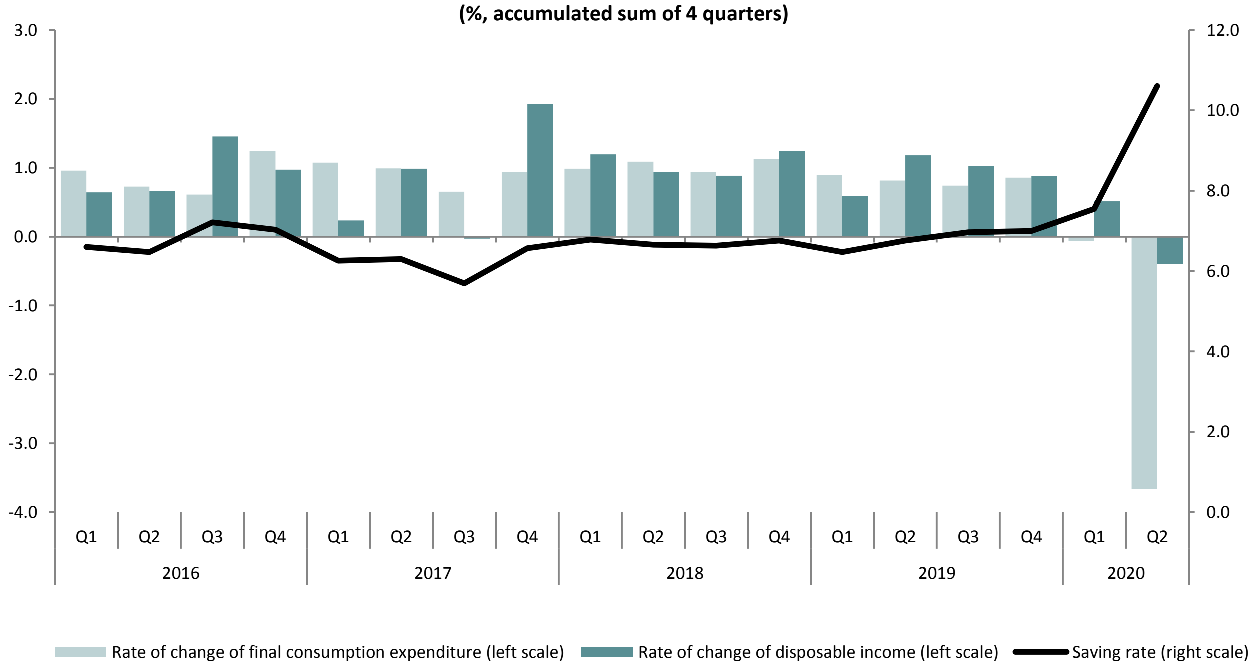
As shown in Figure 3, household's saving rate increased 3.1 percentage points to 10.6% of disposable income, due to the decrease of consumption expenditure that more than offset the 0.4% reduction of disposable income. This reduction was determined by the 0.6% decrease in compensations of employees and the 1.1% reduction in gross operating surplus (GOS).

In Table 3 that shows the breakdown of the rate of change of disposable income, the compensation of employees received and the GOS contributed -0.4 and -0.3 percentage points to the rate of change of disposable income, partially offset by the positive impact (+0.5 percentage points) of social benefits.

It should be mentioned that, in National Accounts, the deferral of interest payments on loans granted by the banking sector do not have a positive impact on the balance of property income as ESA 2010 determines the recording of these flows if they are due, even if not actually paid.

Household Investment (Gross Fixed Capital Formation) recorded a rate of change of 1.3% in the second quarter of 2020 (1.1% 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 16.3 thousand euros in the second quarter of 2020, which corresponded to a reduction of 0.3% compared to the previous quarter. This decrease was less than the reduction of nominal GDP per capita (change rate of -3.3% in the second quarter of 2020).

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.

Table 3: Contributions to the rate of change of disposable income of Households and NPISH (percentage points, accumulated sum of four 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	0.8	0.3	0.1	-0.1	0.2	0.1	1.2
2018Q2	1.0	0.3	-0.2	-0.1	-0.1	-0.2	0.9
2018Q3	0.9	0.3	0.1	-0.1	0.0	0.3	0.9
2018Q4	1.4	0.2	-0.4	0.3	0.0	0.3	1.2
2019Q1	0.7	0.3	-0.4	0.0	0.0	0.1	0.6
2019Q2	0.8	0.3	0.0	0.0	0.2	0.0	1.2
2019Q3	0.8	0.3	-0.1	0.1	0.0	0.0	1.0
2019Q4	0.7	0.3	0.0	0.0	0.0	0.1	0.9
2020Q1	0.6	0.1	-0.1	0.0	0.0	0.1	0.5
2020Q2	-0.4	-0.3	0.2	0.5	-0.1	0.4	-0.4

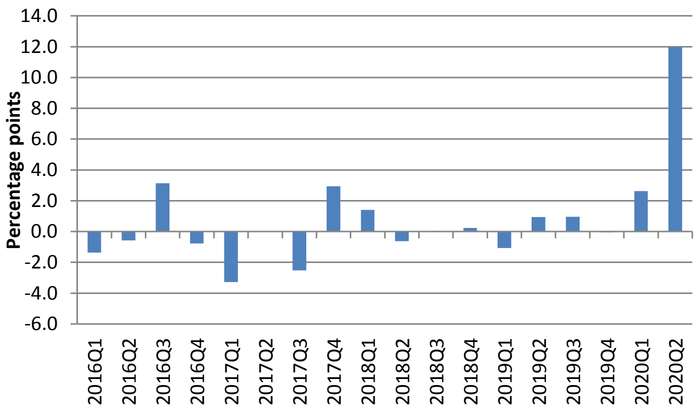
Box: Recent evolution of the households' savings rate and gross operating surplus of corporations in the context of the pandemic

A. 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 12.0 percentage points in the second quarter 2020 comparing with the same quarter of the previous year, mainly reflecting the reduction in private consumption (in particular, on durable goods). Disposable income also decreased, as a result of the reduction of compensation of employees and GVA, but less strongly, reflecting in part the effect of the simplyfied lay-off regime and other measures.

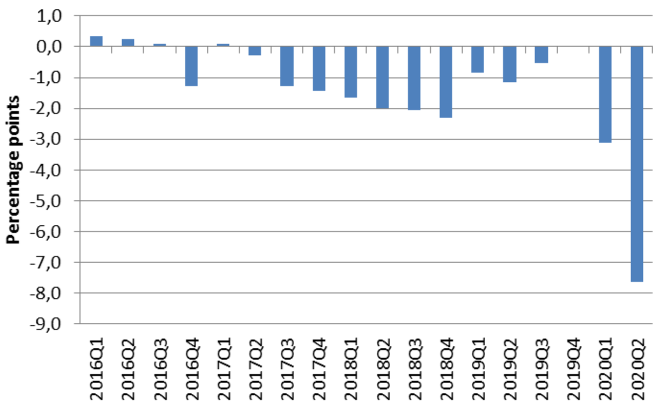
Differences in households savings rate between quarters in year-on-year terms



B. Gross operating surplus of Non-Financial Corporations

The sector of Non-Financial Corporations (NFC) was also very affected by the pandemic, with a strong reduction in GVA and GOS of this sector. Considering quarterly values, the ratio of GOS on GVA presented the bigger reduction in year on year terms of all the available series. It is important to mention that the reduction of GOS was attenuated by the increase in subsidies paid by GG in the context of the lay-off special regime.

Differences in the ratio of GOS on GVA of NFC between quarters in year-on-year terms



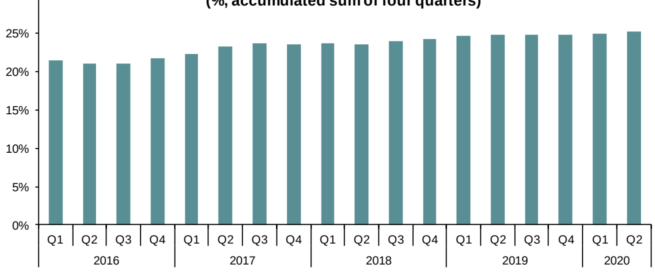
Non-Financial Corporations: net borrowing stood at 3.1% of GDP

The net borrowing of Non-Financial Corporations increased 0.3 percentage points, reaching 3.1% of GDP in the year ending in the second quarter of 2020. This result mainly reflected the decrease of 4.9% in the Gross Value Added (GVA). As a consequence, GOS registered a significant decrease (-9.1%), still attenuated by the reduction in compensation of employees (-1.1%) and by the significant increase in the subsidies received (76.9% increase in the year ending in the second quarter of 2020). The increase in these operating subsidies mainly reflects the payments made by the GG in the context of the special layoff regime. In the year ended in the previous quarter, GVA and compensation of employees paid registered rates of change of -0.4% and 0.8% respectively.

The sector's operating margin rate decreased to 22.4% (3.1 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 3.8% in the year ending in the second quarter, setting the investment rate (measured as the ratio between GFCF and GVA) at 25.2%, more 0.3 percentage points than in the previous quarter.

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



Financial Corporations: net lending remained at 2.0% of GDP

The net lending of Financial Corporations stood at 2.0% of GDP in the second second of 2020, same as in the previous quarter.

The sector's gross savings recorded a decrease of 3.9% in the second quarter of 2020. The positive balance of property income increased by 47.7%, with income received and paid registering rates of change of -8.6% and -9.2%, respectively.

General Government: net balance of GG decreased by 1.8 p.p. of GDP

The net balance of the GG decreased by 1.8 p.p. in the year ending in the first quarter 2020 compared to the year ending in the previous quarter, attaining -1.9% of GDP. As shown in tables 4 and 5, this change was due to an increase in expenditure combined with a decrease in revenue (1.6% and 2.4%, respectively).

The behavior of expenditure reflected the increases of 4.3% in capital expenditure and 1.4% in current expenditure. The change in current expenditure was due to increases in social benefits (0.4%), compensation of employees (0.7%), subsidies (97.5%) and other current expenditure (2.9%) and decreases of interest paid (1.7%) and intermediate consumption (0.5%). The positive variation of capital expenditure reflected the increase of 97.5% in investment and the decrease of 4.3% in other capital expenditure.

The change in total revenue was due to the decrease of its main component, current revenue, by 2.5%. This negative variation was a result of decreases in taxes on production and imports (-4.5%), social contributions (-1.9%), sales (-5.4%) and other current revenue

(-6.9%), whereas current taxes on income and wealth increased by 12.6%.

Considering quarterly figures rather than the sum of four quarters, the net balance of the GG was negative in the second quarter 2020, attaining -4 858.2 million euro (-10.5% of GDP), that compares with -2.2% of GDP for the same period of the previous year, as can be seen in table 6. The decrease of the net balance was a result of an increase in total expenditure, by 6.5%, and a decrease in total revenue, by 10.5%.

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

Unit: 10^6 EUR

	2019Q2	2019Q3	2019Q4	2020Q1	2020Q2
Total revenue	**89 858.5**	**90 341.0**	**91 161.4**	**91 439.1**	**89 212.1**
Current revenue	88 958.5	89 643.9	90 485.6	90 719.2	88 450.5
Current taxes on income and w ealth	20 805.1	20 766.3	20 849.3	20 894.6	21 298.1
Taxes on production and imports	31 658.9	31 773.8	32 065.6	31 998.6	30 548.9
Social contributions	24 458.0	24 843.8	25 274.2	25 539.5	25 050.5
Sales	7 302.5	7 356.6	7 425.1	7 359.7	6 964.9
Other current revenue	4 734.0	4 903.4	4 871.3	4 926.8	4 588.1
Capital revenue	900.0	697.1	675.8	719.9	761.6
Total expenditure	**89 811.3**	**90 789.6**	**90 984.4**	**91 611.3**	**93 053.7**
Current expenditure	83 468.7	84 262.5	84 732.4	85 202.0	86 365.7
Social benefits	37 835.5	38 309.4	38 744.8	39 039.1	39 209.3
Compensation of employees	22 381.8	22 611.6	22 905.3	23 172.2	23 331.0
Interest	6 735.2	6 545.1	6 330.7	6 164.5	6 058.5
Intermediate consumption	10 909.2	11 039.5	11 149.1	11 282.1	11 226.7
Subsidies	789.3	822.6	852.6	883.8	1 745.6
Other current expenditure	4 817.8	4 934.2	4 749.9	4 660.3	4 794.6
Capital expenditure	6 342.5	6 527.2	6 252.0	6 409.3	6 688.0
Investment (1)	3 756.5	3 822.6	3 887.9	3 960.5	4 343.4
Other capital expenditure	2 586.0	2 704.5	2 364.1	2 448.8	2 344.6
Current Balance	5 489.8	5 381.4	5 753.2	5 517.3	2 084.8
Balance	**47.2**	**- 448.6**	**177.0**	**- 172.1**	**-3 841.6**
By memory:					
Primary current expenditure	76 733.5	77 717.3	78 401.7	79 037.5	80 307.2
Gross Domestic Product at current market prices	209 333.5	211 158.2	213 301.0	213 219.8	206 161.8
Balance in % of GDP	0.0%	-0.2%	0.1%	-0.1%	-1.9%

(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: %

	2019Q2	2019Q3	2019Q4	2020Q1	2020Q2
Total revenue	1.1	0.5	0.9	0.3	-2.4
Current revenue	1.1	0.8	0.9	0.3	-2.5
Current taxes on income and wealth	-0.5	-0.2	0.4	0.2	1.9
Taxes on production and imports	1.3	0.4	0.9	-0.2	-4.5
Social contributions	1.6	1.6	1.7	1.0	-1.9
Sales	0.7	0.7	0.9	-0.9	-5.4
Other current revenue	5.5	3.6	-0.7	1.1	-6.9
Capital revenue	-2.2	-22.5	-3.1	6.5	5.8
Total expenditure	**0.7**	**1.1**	**0.2**	**0.7**	**1.6**
Current expenditure	0.7	1.0	0.6	0.6	1.4
Social benefits	0.9	1.3	1.1	0.8	0.4
Compensation of employees	0.9	1.0	1.3	1.2	0.7
Interest	-1.0	-2.8	-3.3	-2.6	-1.7
Intermediate consumption	1.1	1.2	1.0	1.2	-0.5
Subsidies	-0.4	4.2	3.6	3.7	97.5
Other current expenditure	0.2	2.4	-3.7	-1.9	2.9
Capital expenditure	0.6	2.9	-4.2	2.5	4.3
Investment (1)	-3.9	1.8	1.7	1.9	9.7
Other capital expenditure	8.0	4.6	-12.6	3.6	-4.3

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

Concerning expenditure, current expenditure increased by 5.7%[1] as a result of increases in social benefits (1.9%), compensation of employees (2.6%), subsidies (470.2%), reflecting the exceptional and temporary measures of economic activity support taken in the context of the COVID-19 pandemic, and in other current expenditure (12.5%[2]). Intermediate consumption and interest paid decreased by 2.0% and 6.7%, respectively, for the period under analysis. Capital expenditure rose by 13.8%, given the increase of 52.4% in investment, mainly in health equipment and military expenditure, and the decrease in other capital expenditure, by 8.0%.

The change of current revenue was due to decreases in almost all of is components, namely on taxes on production and imports (-18.7%), social contributions (-7.7%), sales (-21.7%) and other current revenue (-18.2%), closely linked to the decrease in economic activity bred by the COVID-19 pandemic, whereas current taxes on income and wealth rose by 12.6%.

Capital revenue recorded an increase of 35.1%, mostly explained by transfers received from the EU.

Table 7 presents the main adjustments carried out for moving from Public Accounts to National Accounts balances. Comparing the first semester of both years, GG net balance went from -1.2% of GDP in 2019 to -5.4% in 2020. This significant decrease was noted in both National Accounting and Public Accounting. 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 remaining 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

[1] Changed from 5.8% to 5.7%.
[2] Changed from 14.1% to 12.5%.

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 period when the activity took place. This temporary adjustment implied higher revenue in National Accounting when compared to Public Accounting, by around 2 000 million euro[3] in the first half of 2020. It is also important to mention that it may be necessary to revise regularly this adjustment once future payments are made.

Table 6: Revenue and expenditure of general government

	2nd quarter 2019		2nd quarter 2020		Nominal change rate (%)
	million euro	% GDP	million euro	% GDP	
Total revenue	**21 162.1**	**39.7**	**18 935.0**	**40.9**	**- 10.5**
Current revenue	21 043.2	39.4	18 774.4	40.6	- 10.8
Current taxes on income and wealth	3 214.3	6.0	3 617.7	7.8	12.6
Taxes on production and imports	7 756.6	14.5	6 307.0	13.6	- 18.7
Social contributions	6 391.0	12.0	5 901.9	12.7	- 7.7
Sales	1 821.6	3.4	1 426.8	3.1	- 21.7
Other current revenue	1 859.7	3.5	1 521.1	3.3	- 18.2
Capital revenue	118.9	0.2	160.6	0.3	35.1
Total expenditure	**22 350.8**	**41.9**	**23 793.2**	**51.4**	**6.5**
Current expenditure	20 324.9	38.1	21 488.6	46.4	5.7
Social benefits	8 742.2	16.4	8 912.4	19.3	1.9
Compensation of employees	6 017.9	11.3	6 176.6	13.3	2.6
Interest	1 587.0	3.0	1 481.1	3.2	- 6.7
Intermediate consumption	2 723.0	5.1	2 667.7	5.8	- 2.0
Subsidies	183.3	0.3	1 045.1	2.3	470.2
Other current expenditure	1 071.5	2.0	1 205.8	2.6	12.5
Capital expenditure	2 025.9	3.8	2 304.6	5.0	13.8
Investment (1)	730.5	1.4	1 113.4	2.4	52.4
Other capital expenditure	1 295.4	2.4	1 191.2	2.6	- 8.0
Current Balance	718.3	1.3	-2 714.2	- 5.9	
Balance	-1 188.7	- 2.2	-4 858.2	- 10.5	

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

3 Of which, around 1 500 million euro are related to the postponement of the delivery of Corporate Income Tax (*Modelo 22*) usually occurring in June, which was actually paid in July.

Table 7: Public to National Accounting adjustments

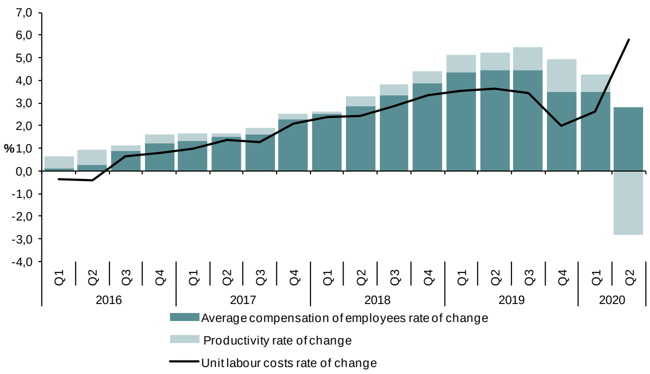
	Unit: 10^6 euro	
	2019S1	**2020S1**
Balance in Public Accounting:	**- 807.8**	**-6 965.6**
Accrual adjustment and sector delimitation in National Accounts	548.7	- 166.1
Difference betw een paid and due interest	1 165.4	1 129.9
Other receivables:	- 652.3	- 713.8
Temporal adjustment to taxes and contributions	*- 396.4*	*- 448.8*
Others	*- 255.9*	*- 264.9*
Other payables:	- 35.9	- 70.6
Expenditure already incurred but not yet paid	*- 97.3*	*- 149.6*
Others	*61.4*	*78.9*
Other adjustments:	-1 439.9	1 545.9
of which:		
Capital injections and debt assumptions	*-2 015.7*	*- 812.7*
Balance in National Accounting:	**-1 221.8**	**-5 240.3**
GDP [(1)]	104 249.1	97 109.9
Balance in National Accounting in % of GDP	-1.2%	-5.4%

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

Unit labour costs (ULC) increased by 5.8%

In the year ending in the second quarter of 2020, ULC registered an increase of 5.8%, which compares with a rate of 2.6% 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 decrease of productivity.

Figure 5 - Unit labour costs rates of change (year ending in the quarter)



It is important to note that the compensation of employees paid by corporations in the context of the special layoff regime largely explains the behaviour of ULC. With adherence to this regime, corporations continued to pay the compensation to employees, even in cases where there was no effective provision of work. As a result, the average compensation per employee increased, while productivity per employee decreased. The firms' compensation costs were partially offset by the GG through operating subsidies, which are not reflected in the calculation of the ULC.

It should also be noticed that taking hours worked and not the number of employees this evolution would be different. Reflecting the significant reduction in hours worked, productivity by hour worked increased, while productivity by employee diminished (see box presented at the end of the press release with GDP results for the second quarter 2020 published by Statistics Portugal by August 31, named “The impact of the pandemic on labour productivity evolution”).

Revision of estimates

The Quarterly Sector Accounts now presented incorporate new information with consequent revisions of the previous estimates of some aggregates.

In the present release, besides the use of the most recent data from the Balance of Payments and the Monetary and Financial Statistics from Banco de Portugal, as well updated data on the GG sector, it is important to underline the incorporation of the final annual results for 208 and provisional for 2019 of the National Accounts, which led to revisions in the quarterly accounts series (see press release on the final annual results for 2018 and provisional for 2019, also published today, with a detailed description of the revisions). As a result of this benchmark and the incorporation of additional information after the publication of August 31, the quarterly accounts for the economy as a whole were also revised, thus ensuring the total consistency of the national accounts aggregates available on the INE Portal.

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.