

02 February 2021

Quarterly National Accounts (Base 2016) – Flash Estimate at 30 days
Fourth Quarter 2020 and Year 2020

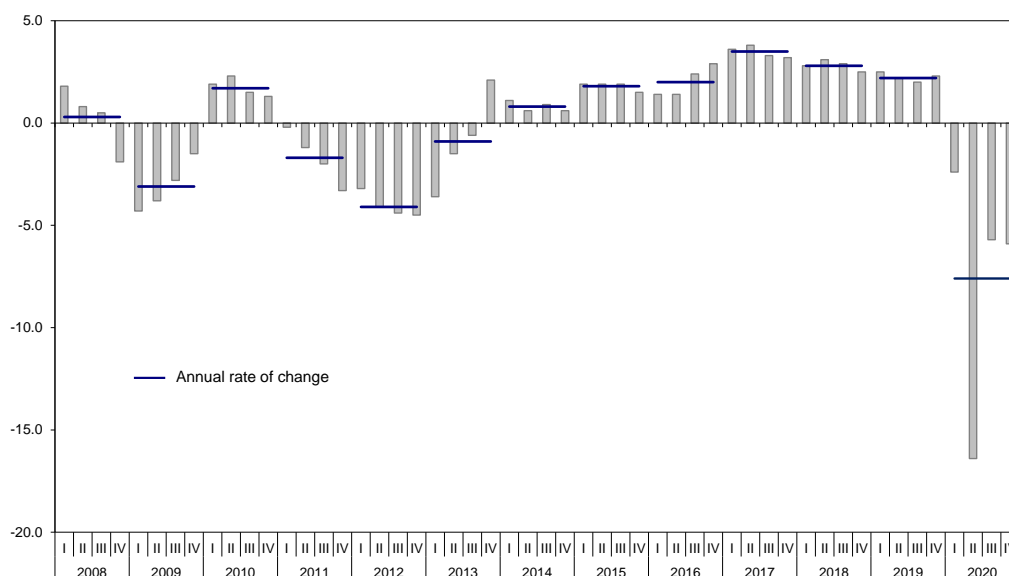
**Gross Domestic Product decreased by 5.9% in volume in the fourth quarter 2020
and by 7.6% in 2020**

Gross Domestic Product (GDP) in real terms registered a year-on-year reduction of 5.9% in the fourth quarter of 2020 (rate of change of -5.7% in the previous quarter). The contribution of domestic demand to the year-on-year rate of change of GDP was less negative than that observed in the previous quarter, reflecting, to a large extent, the less intense reduction of Investment, despite the more pronounced reduction of private consumption. The net external demand presented a more negative contribution in the fourth quarter, with a more intense contraction of Exports of Goods and Services than that observed of Imports of Goods and Services.

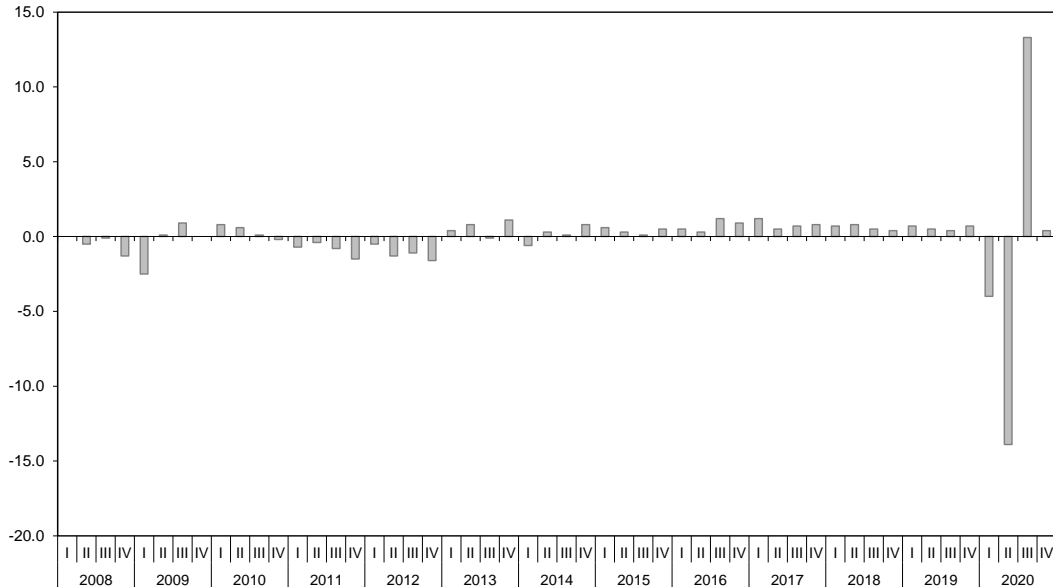
Compared to the third quarter of 2020, GDP increased by 0.4% in real terms, after the strong rates of change of opposite sign in the previous quarters (-13.9% and +13.3% in the second and third quarters, respectively). The contributions of domestic demand and net external demand to the quarter-on-quarter rate of change of GDP were both positive.

In 2020, GDP recorded a contraction of 7.6% in volume (growth rate of 2.2% in 2019), the most intense of the available National Accounts series, reflecting the adverse effects of the COVID-19 pandemic on economic activity. Domestic demand presented a significant negative contribution to the annual rate of change of GDP, after being positive in 2019, mainly due to the decrease of private consumption. The contribution of net external demand was more negative in 2020, with exports and imports of goods and services diminishing significantly, particularly in the case of tourism exports which had an unprecedented reduction.

Gross Domestic Product (chain-linked volume data, reference year=2016)
Calendar and seasonally adjusted data
Year-on-year rate of change, %



Gross Domestic Product (chain-linked volume data, reference year=2016)
Calendar and seasonally adjusted data
Quarter-on-quarter rate of change, %



This flash estimate incorporates new primary information, namely regarding international trade in goods and short-term indicators data for the third quarter of 2020. This new set of information did not implied revisions in the year-on-year and quarter-on-quarter rates of change of GDP for the third quarters of 2020, in comparison with the dissemination of the results of the Quarterly National Accounts on December 23, 2020.

Gross Domestic Product

Chain linked volume data (reference year=2016)

	4Q 18	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20	4Q 20
Year-on-Year Quarterly Growth Rate (%)	2.5	2.5	2.2	2.0	2.3	-2.4	-16.4	-5.7	-5.9
Quarter-on-Quarter Growth Rate (%)	0.4	0.7	0.5	0.4	0.7	-4.0	-13.9	13.3	0.4

Gross Domestic Product

Chain linked volume data (reference year=2011)

	2018	2019	2020
Annual Growth Rate (%)	2.8	2.2	-7.6

2018: final data; 2019: provisional data; 2020: preliminary data

Next Press Release of Quarterly National Accounts

Detailed estimates of Quarterly National Accounts (detailed results) for the fourth quarter of 2020 will be released on February 26, 2021.

Methodological information about the flash estimates

In the pandemic context, where the knowledge of economic information, although inevitably incomplete, has a particular urgency, Statistics Portugal has decided to anticipate, since the second quarter of 2020, the release to t+30 days of flash estimates of the rates of change of quarterly GDP in volume. Thus, the publication of quarterly data of the National Accounts is now made at t+30 days (GDP flash estimate), t+60 days (detailed results for GDP and its components) and t+85 days (detailed results by institutional sector).

For several years now, Statistics Portugal has been testing flash estimates at t+30 days and developing improvements in data sources. In the three years period between the first quarter of 2017 and the fourth quarter of 2019, the mean absolute revision vis-à-vis the GDP year-on-year rate of change in volume released at t+60 days was 0.1 percentage points and the revision never exceeded 0.3 percentage points. The magnitude of these revisions is similar to other Member-States.

The flash estimates are calculated using the same methodology, and preferably the same basic information, compared to the Quarterly National Accounts current estimate. In particular, the following stand out:

- The preliminary version for the short-term statistics for the month of December (retail trade turnover, industry turnover, industrial production, prices in industrial production and services turnover);
- The balance of payments provisional information for the month of December;
- The latest version for international goods trade statistics (preliminary version of November 2020 and provisional estimate for December). In what concerns the deflators for external trade of goods, the unit value monthly indices were used, calculated based on the international goods trade statistics for October and November 2020.

In order to reduce the impacts caused by the COVID-19 pandemic on the quality of primary information available for the 4th quarter, new sources of complementary information were used, in particular:

- Information within the scope of the electronic system for issuing invoices and automatic communication to the Tax Authority (e-invoice system);
- Operations on the automatic teller machines of the Multibanco network.

Understandably, the early publication of the present data carries a greater risk of higher revisions, reflecting the pandemic related uncertainty and the smaller amount of available primary information. However, this early release of macroeconomic information, allows the alignment of Portugal with other EU countries which are, generally, important economic partners.

These results are calculated from chain-linked volume data (2016=100) and data are calendar and seasonally adjusted.