



31 May 2021  
QUARTERLY NATIONAL ACCOUNTS (Base 2016)  
First Quarter 2021

## GROSS DOMESTIC PRODUCT IN VOLUME REGISTERED A YEAR-ON-YEAR RATE OF CHANGE OF -5.4% AND A QUARTER-ON-QUARTER RATE OF CHANGE OF -3.3%

Gross Domestic Product (GDP) in real terms registered a year-on-year reduction of 5.4% in the first quarter of 2021 (rate of change of -6.1% in the previous quarter), reflecting the effects of the general confinement earlier this year due to the deterioration of the COVID-19 pandemic. In the first quarter 2021, the contribution of domestic demand to the year-on-year rate of change of GDP was more negative than that observed in the previous quarter, shifting from -2.4 to -3.4 percentage points, mainly due to the more intense reduction of private consumption (year-on-year rates of change of -4.6% and -6.9%, in the fourth quarter of 2020 and first quarter of 2021, respectively). On the contrary, investment registered a higher growth (3.5%) than in the previous quarter (0.8%).

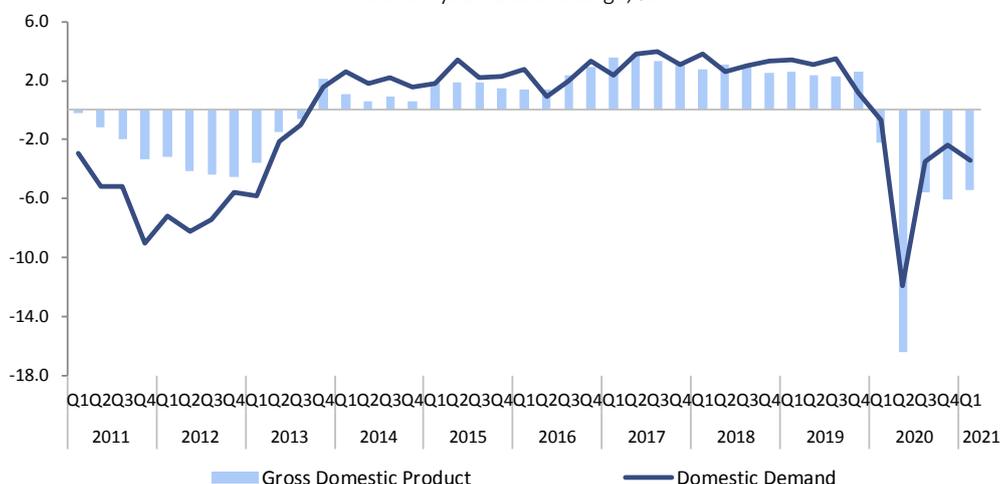
Net external demand presented a less pronounced negative contribution (-2.0 percentage points) than in the fourth quarter (-3.7 percentage points), although Exports of Goods and Services continued to diminish more significantly (-9.4%) than Imports of Goods and Services (-4.5%), with particular emphasis on the severe reduction of non-resident tourism.

Compared to the fourth quarter of 2020, GDP decreased by 3.3% in real terms, after the slight increase (0.2%) registered in the previous quarter, reflecting the impact of mobility limitations as a result of the worsening of the pandemic crisis. The contributions of domestic demand and net external demand to the quarter-on-quarter rate of change of GDP were both negative, being more intense in the first case.

Figure 1. Gross Domestic Product and Domestic Demand in volume (reference year =2016)

Seasonally and calendar adjusted data

Year-on-year rate of change, %





In the first quarter of 2021, GDP in volume decreased by 5.4% in year-on-year terms, and by 3.3% compared with the previous quarter

These results<sup>1</sup> correspond to the GDP preliminary estimates for the first quarter 2021, a period in which a new general confinement occurred, due to the deterioration of the COVID-19 pandemic. It should be noted that the evolution in year-on-year terms is influenced by a base effect, since, for the first time, the comparison focuses on a quarter already affected by the pandemic in the last month (March 2020).

In the first quarter, GDP recorded a year-on-year rate of change of -5.4%, 0.7 percentage points higher than in the previous quarter. In nominal terms, GDP declined by 3.7% in the first quarter of 2021, when compared with the same period of 2020 (year-on-year rate of change of 4.4% in the previous quarter).

Figure 2. Decomposition of GDP year-on-year rate of change (volume)

	1Q 20	2Q 20	3Q 20	4Q 20	1Q 21
	Year-on-Year rate of change (%)				
Domestic Demand	-0.7	-11.9	-3.5	-2.4	-3.4
Exports (FOB)	-5.3	-39.2	-16.0	-14.3	-9.4
Imports (FOB)	-1.8	-29.1	-11.1	-6.1	-4.5
<b>GDP</b>	<b>-2.2</b>	<b>-16.4</b>	<b>-5.6</b>	<b>-6.1</b>	<b>-5.4</b>
Contributions to GDP year-on-year rate of change (percentage points)					
Domestic Demand	-0.7	-11.8	-3.5	-2.4	-3.4
External Demand Balance <sup>1</sup>	-1.5	-4.6	-2.1	-3.7	-2.0

<sup>1</sup> - External Demand Balance (Exports less Imports)

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

The contribution of domestic demand to GDP year-on-year rate of change was more negative in the first quarter, shifting from -2.4 percentage points, in the fourth quarter 2021, to -3.4 percentage points. This evolution was largely determined by the contraction of private consumption (Final Consumption Expenditure of Resident Households and NPISHs), which diminished by -6.9% (-4.6% in the fourth quarter), with Investment accelerating, shifting from 0.8%, in the previous quarter, to 3.5%.

Figure 3. Components of domestic demand

	1Q 20	2Q 20	3Q 20	4Q 20	1Q 21
	Year-on-Year rate of change (%)				
<b>Domestic Demand</b>	<b>-0.7</b>	<b>-11.9</b>	<b>-3.5</b>	<b>-2.4</b>	<b>-3.4</b>
Private Consumption <sup>1</sup>	-0.4	-14.4	-4.0	-4.6	-6.9
Public Consumption <sup>2</sup>	0.2	-3.9	2.7	2.6	2.8
Investment	-2.4	-10.0	-7.2	0.8	3.5

<sup>1</sup> - Final Consumption Expenditure of Resident Households and NPISHs

<sup>2</sup> - Final Consumption Expenditure of General Government

<sup>1</sup> In addition to the tables attached to this press release, a broader set of information is available on the National Accounts section of Statistics Portugal website at [http://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine\\_cnacionais&xlang=en](http://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_cnacionais&xlang=en).



Public consumption registered a year-on-year rate of change of 2.8% in real terms in the first quarter, increasing at a slightly higher pace than in the previous quarter (growth rate of 2.6%).

In the first quarter, net external demand presented a contribution of -2.0 percentage points to GDP year-on-year growth rate (-3.7 percentage points in the previous quarter). Exports of Goods and Services in volume shifted from a year-on-year rate of change of -14.3%, in the fourth quarter, to -9.4%, and Imports of Goods and Services recorded a decrease of 4.5% in the first quarter, following a rate of change of -6.1% in the previous quarter.

Comparing with the previous quarter, GDP decreased by 3.3% in real terms, after the slight increase registered in the fourth quarter (0.2%). In the first quarter, the decline in GDP resulted from the negative contributions of, both domestic and external demand, significantly more intense in the first case.

Figure 4. Decomposition of GDP quarter-on-quarter rate of change (volume)

	1Q 20	2Q 20	3Q 20	4Q 20	1Q 21
	Quarter-on-quarter rate of change (%)				
Domestic Demand	-1.3	-11.2	10.8	0.5	-2.3
Exports (FOB)	-7.8	-36.4	37.6	6.2	-2.5
Imports (FOB)	-1.8	-29.3	27.0	6.5	-0.1
<b>GDP</b>	<b>-4.0</b>	<b>-14.0</b>	<b>13.4</b>	<b>0.2</b>	<b>-3.3</b>
	Contributions to GDP quarter-on-quarter rate of change (percentage points)				
Domestic Demand	-1.3	-11.3	11.3	0.5	-2.3
External Demand Balance <sup>1</sup>	-2.7	-2.6	2.1	-0.3	-1.0

<sup>1</sup> - External Demand Balance (Exports less Imports)

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

#### Final consumption expenditure of Resident Households diminished by 7.1%

In the first quarter, Final Consumption Expenditure of Resident Households registered a year-on-year rate of change of -7.1% in volume, a deeper reduction than in the previous quarter (-4.7%).

Figure 5. Final consumption expenditure of resident households (volume)

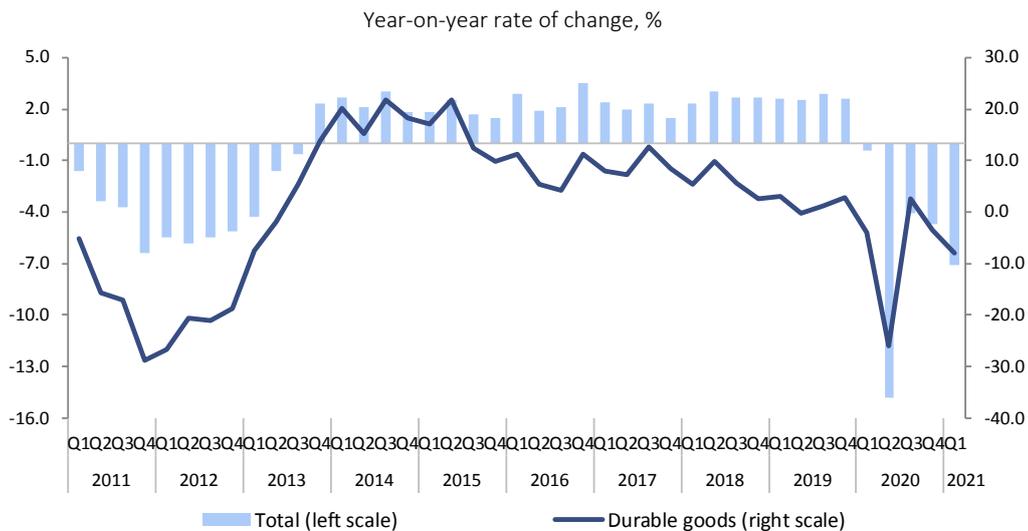
	1Q 20	2Q 20	3Q 20	4Q 20	1Q 21
	Year-on-year rate of change (%)				
<b>Total</b>	<b>-0.4</b>	<b>-14.8</b>	<b>-4.1</b>	<b>-4.7</b>	<b>-7.1</b>
Durable Component	-3.9	-25.9	2.5	-3.5	-7.9
Non-Durable Component	0.0	-13.6	-4.8	-4.8	-7.0
Of which:					
Food and beverage products	4.4	5.0	4.4	4.9	3.1

Final Consumption Expenditure of Resident Households in non-durable goods and services decreased by 7.0%, in year-on-year terms, in the first quarter (-4.8% in the precedent quarter), due to the sharp reduction observed in the component of non-food goods and services, as the food and beverage component maintained a positive rate, although lower than in the previous quarter.



The component of durable goods accentuated the decrease, shifting from a year-on-year variation of -3.5%, in the fourth quarter, to -7.9%, reflecting the more intense reduction in the acquisition of motor vehicles, and the slowdown in other durable goods expenditure.

Figure 6. Final consumption expenditure of resident households, volume (reference year=2016)



Comparing with the fourth quarter, Final Consumption Expenditure of Resident Households declined by 4.5% (quarter-on-quarter rate of change of -0.4% in the previous quarter), registering reductions of 10.7% in the durable goods component, and of 3.8% in the non-durable goods and services component (rates of -4.7% and +0.1%, respectively, in the previous quarter).

Figure 7. Final consumption expenditure of resident households (volume)

	1Q 20	2Q 20	3Q 20	4Q 20	1Q 21
	Quarter-on-Quarter rate of change (%)				
Total	-2.0	-14.1	13.7	-0.4	-4.5
Durable Component	-6.4	-22.8	40.2	-4.7	-10.7
Non-Durable Component	-1.5	-13.2	11.2	0.1	-3.8
Of which:					
Food and beverage products	2.6	1.4	0.2	0.6	0.9

#### Investment accelerated to a 3.5% growth rate

In the first quarter, Investment accelerated, with a year-on-year growth of 3.5% in volume, more intense than in the previous quarter (0.8%). Total GFCF presented a year-on-year rate of change of 3.7%, 2.7 percentage points more than in the fourth quarter.



Figure 8. Gross Fixed Capital Formation (volume)

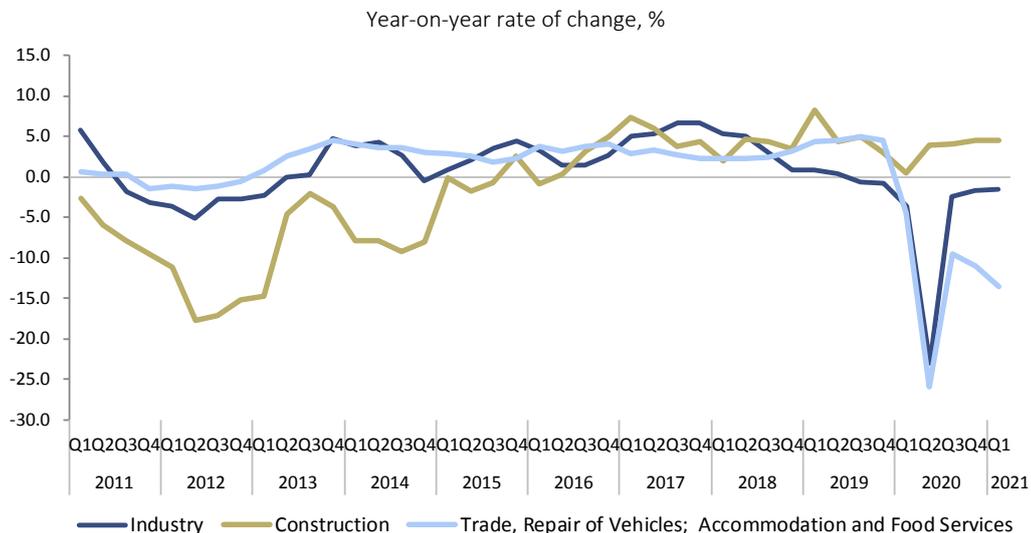
	1Q 20	2Q 20	3Q 20	4Q 20	1Q 21
	Year-on-year rate of change (%)				
<b>Total</b>	-0.3	-8.6	0.7	1.0	3.7
Of which:					
Transport Equipment	3.6	-68.5	-18.6	-24.1	-25.9
Other Machinery and Equipment <sup>1</sup>	-5.2	-19.0	-1.1	0.8	12.2
Construction	1.0	5.6	5.8	6.4	6.4
Intellectual Property Products <sup>2</sup>	1.0	-3.1	-1.5	-1.5	-0.5

<sup>1</sup> - Includes weapon systems; <sup>2</sup> - includes Research and Development (R&D)

GFCF in Construction maintained the dynamism of the previous quarters, presenting a growth of 6.4% in volume in the first quarter, in year-on-year terms (same rate as in the previous quarter). GFCF in Other Machinery and Equipment shifted from a year-on-year rate of change of 0.8%, in the fourth quarter, to 12.2%.

GFCF in Transport Equipment continued to decrease markedly, with a year-on-year rate of change of -25.9% in the first quarter (-24.1% in the previous quarter). GFCF in Intellectual Property also diminished in year-on-year terms (-0.5%), but less sharply than in the previous quarter (-1.5%).

Figure 9. Investment, volume (reference year=2016)



Comparing with the fourth quarter 2020, total Investment increased by 3.6%, 0.3 percentage points higher than the rate of change of the previous quarter.



Figure 10. Gross Fixed Capital Formation (volume)

	1Q 20	2Q 20	3Q 20	4Q 20	1Q 21
	Quarter-on-Quarter rate of change (%)				
<b>Total</b>	0.4	-9.4	9.9	1.0	3.1
Of which:					
Transport Equipment	5.6	-69.4	160.6	-10.0	3.2
Other Machinery and Equipment <sup>1</sup>	-4.2	-15.0	17.6	5.2	6.7
Construction	2.4	1.7	1.2	1.0	2.4
Intellectual Property Products <sup>2</sup>	-1.2	-2.7	2.6	0.0	-0.3

<sup>1</sup> - Includes weapon systems; <sup>2</sup> - includes Research and Development (R&D)

## Exports and Imports

Exports of Goods and Services, in real terms, registered a -9.4% year-on-year rate of change in the first quarter (-14.3% in the previous quarter). Exports of services registered, once again, a significant year-on-year contraction in the first quarter (-38.0%), even more intense than in the previous quarter (-34.5%), highly related to the sharp decline of tourism. Exports of goods shifted from a year-on-year rate of change of -4.8% in the fourth quarter, to a 3.5% growth, partly reflecting a base effect, since the comparison focuses on a quarter already affected by the pandemic.

Figure 11. Exports and Imports (volume)

	1Q 20	2Q 20	3Q 20	4Q 20	1Q 21
	Year-on-year rate of change (%)				
<b>Exports</b>	-5.3	-39.2	-16.0	-14.3	-9.4
Goods (FOB)	-4.3	-33.2	-3.3	-4.8	3.5
Services	-7.4	-52.2	-41.7	-34.5	-38.0
<b>Imports</b>	-1.8	-29.1	-11.1	-6.1	-4.5
Goods (FOB)	-1.3	-28.1	-7.8	-3.7	-1.7
Services	-4.2	-33.7	-26.5	-17.1	-18.9

In the first quarter, Imports of Goods and Services presented a year-on-year reduction of 4.5%, after a contraction of 6.1% in the previous quarter. The decline in imports of services also stood out, with a year-on-year rate of change of -18.9% (-17.1% in the fourth quarter). Imports of goods diminished by 1.7%, a less intense decline than in the previous quarter (-3.7%).

Comparing with the previous quarter, total exports in volume decreased by 2.5% in the first quarter, following the 6.2% growth registered in the fourth quarter, with a quarter-on-quarter rate of change of 1.8% in the goods component, and -15.4% in the services component. Total imports quarter-on-quarter rate of change shifted from 6.5% in the fourth quarter, to -0.1%, with the goods component growing by 2.6% and the services component decreasing by 13.9%.



Figure 12. Exports and Imports (volume)

	1Q 20	2Q 20	3Q 20	4Q 20	1Q 21
	Quarter-on-Quarter rate of change (%)				
<b>Exports</b>	-7.8	-36.4	37.6	6.2	-2.5
Goods (FOB)	-6.4	-30.8	41.5	3.9	1.8
Services	-10.7	-48.8	26.0	13.7	-15.4
<b>Imports</b>	-1.8	-29.3	27.0	6.5	-0.1
Goods (FOB)	0.5	-29.0	29.1	4.5	2.6
Services	-12.0	-31.1	15.9	18.0	-13.9

In the first quarter of 2021, there was a gain in terms of trade, although lower than that observed in the previous quarter. The deflator of Imports of Goods and Services diminished by 1.5% and the deflator of Exports of Goods and Services registered a nil rate of change (year-on-year rates of change of -4.0% and -2.3% in the fourth quarter, respectively).

Figure 13. Implicit deflators of exports and imports of goods (FOB) and services

	1Q 20	2Q 20	3Q 20	4Q 20	1Q 21
	Year-on-year rate of change (%)				
Exports	0.3	-2.3	-3.7	-2.3	0.0
Imports	-0.2	-6.0	-5.0	-4.0	-1.5
<b>Terms of Trade</b>	<b>0.4</b>	<b>4.0</b>	<b>1.3</b>	<b>1.7</b>	<b>1.5</b>

In nominal terms, External Balance of Goods and Services stood at -2.9% of GDP in the first quarter, 1.0 percentage points lower than the rate registered in the previous quarter (-1.4% of GDP in the first quarter of 2020).

### GVA at basic prices

In the first quarter 2021, GVA at basic prices, in real terms, was 4.0% lower than in the same period of 2020 (-4.1% year-on-year rate of change in the previous quarter).

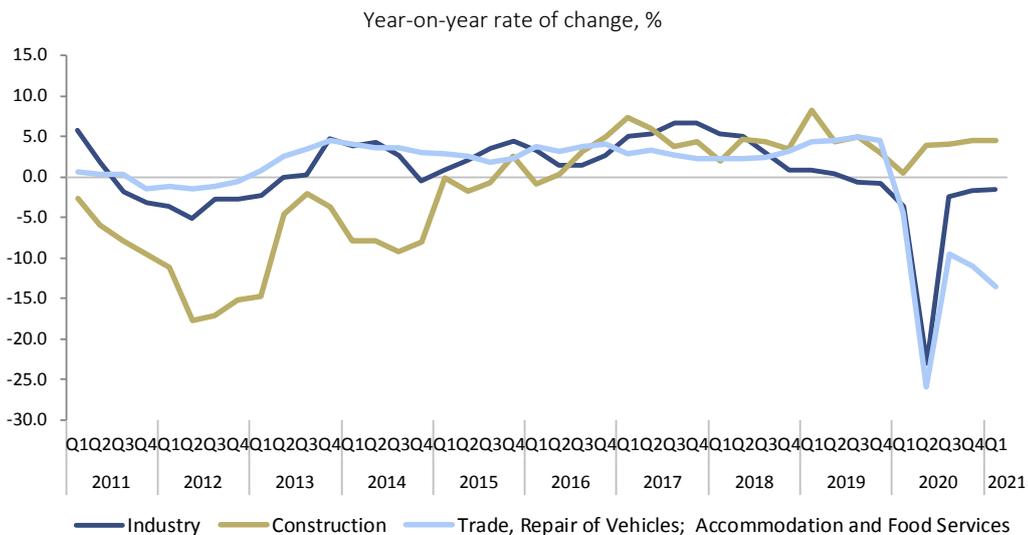
Figure 14. Gross Value Added, volume (reference year=2016)

	1Q 20	2Q 20	3Q 20	4Q 20	1Q 21
	Year-on-Year rate of change (%)				
<b>GVA at basic prices</b>	<b>-2.2</b>	<b>-14.9</b>	<b>-4.6</b>	<b>-4.1</b>	<b>-4.0</b>
Agriculture, Forestry and Fishing	-6.4	-10.0	-10.8	-9.0	-0.7
Industry	-3.6	-23.0	-2.4	-1.7	-1.5
Energy, Water Supply and Sewerage	-6.7	-12.4	-5.5	-4.6	-1.4
Construction	0.5	3.9	4.1	4.5	4.5
Trade, Repair of Vehicles; Accommodation and Food Services	-4.4	-26.0	-9.6	-11.0	-13.6
Transportation and Storage; Information and Communication	-1.1	-17.5	-2.7	-1.2	-3.2
Financial, Insurance and Real Estate Activities	0.4	-0.2	-0.4	-0.3	2.7
Other Services Activities	-1.2	-14.3	-5.8	-4.1	-4.8
Taxes less subsidies on products	-4.2	-26.4	-12.2	-16.9	-15.3



GVA in Trade and Repair of Vehicles, and Accommodation and Food Services presented the main contribution to the reduction of the year-on-year rate of change of total GVA (including Taxes less Subsidies on Products) in the first quarter, shifting from -11.0%, in the fourth quarter, to a 13.6% decrease.

Figure 15. Gross Value Added, volume (reference year=2016)



Taxes less Subsidies on Products, in real terms, fell by 15.3% in the first quarter (-16.9% in the previous quarter).

### Employment

In the first quarter 2021, seasonally adjusted employment (measured in number of individuals) registered a year-on-year decrease of 1.2%, after a reduction of 0.6% in the previous quarter.

The number of employees (seasonally adjusted) presented a year-on-year rate of change of -2.2% in the period of reference (-1.1% in the fourth quarter).



## METHODOLOGICAL NOTE

### Revisions:

The information in this press release for the first quarter of 2021 reflects the effects of the pandemic COVI 19, both in the behaviour of economic activity, and in terms of the primary information available for the compilation of Quarterly National Accounts estimates. Although all the usual sources of information have been used in the compilation of these flash estimates, it is possible that revisions of a magnitude higher than usual will occur in future releases, due to the disturbances in the process of obtaining data from these sources.

Regarding Flash estimates and QNA for the previous quarter, current QNA incorporate new information, causing revisions in some aggregates for the most recent quarters. In particular, the information coming from:

- The latest version for the short-term statistics (retail trade turnover, industry turnover, industrial production, prices in industrial production and services turnover);
- The March 2021 preliminary version of the international goods trade statistics. In what concerns, the deflators for external trade of goods for the first quarter 2021, the Unit Value Quarterly Indices were used, calculated based on the statistics of the International Trade of goods related to March 2021. It should be noticed that this information was not available when the flash estimates were compiled.

Comparing with the flash estimate previously for the first quarter released by Statistics Portugal on April 30, the incorporation of the new data mentioned above not implied revisions in the GDP year on year and quarter-on-quarter rates of change.

### Methodological issues:

The information in volume presented in this press release is chain linked data, with 2016 as reference year. GDP quarterly aggregates for demand and production approaches are estimated using seasonally and calendar effects adjusted quarterly indicators. The seasonal adjustment procedure used is indirect, i.e. seasonally adjusted GDP is the sum of its seasonally and calendar effects adjusted components. This procedure is based in probabilistic models estimated with the software X-13 Arima. Consequently, the estimated figures are subject to minor revisions as new observations become available.

It should be noted that in the concept of employment underlying the National Accounts, only individuals who work in resident production units (domestic employment) are counted, that is, total employment includes individuals who carry out a productive activity included within the scope of production limits of national accounts. This concept is not exactly coincident with that of the Labour Force Survey. In effect, National Accounts follow the concept of domestic employment, considering resident and non-resident individuals employed in resident production units, while in the Labour Force Survey, the concept of employment covers resident individuals employed by resident production units and non-residents. In addition, the employment data of Quarterly National Accounts are adjusted for seasonal fluctuations, so the published employment levels differ from those in the Labour Force Survey.



The estimates currently published may be revised in some aggregates as a result of new information, notably due to the compilation of the National Accounts by Institutional Sector. The revised estimates will be published with the release of the National Accounts by Institutional Sector for the first quarter 2021.

**Reference date of the primary data used:**

These estimates were calculated using information available until May 27, 2021.

**ABBREVIATIONS**

NPISH – Non-Profit Institutions Serving Households.

Gross Capital Formation (Investment); includes: Gross Fixed Capital Formation (GFCF), Acquisitions less Disposals of Valuables and Changes in Inventories.

Exports (FOB) – Exports of Goods at FOB (Free On Board) prices and Services.

Imports (FOB) – Imports of Goods at FOB (Free On Board) prices and Services.

GDP – Gross Domestic Product at market prices.

GVA – Gross Value Added at basic prices.

ESA – European System of National and Regional Accounts

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**Next releases of National Accounts** - National Accounts by Institutional Sector for the first quarter 2021 are scheduled for June 24, 2021.

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