



31 August 2021
QUARTERLY NATIONAL ACCOUNTS (Base 2016)
Second Quarter 2021

GROSS DOMESTIC PRODUCT IN VOLUME REGISTERED A YEAR-ON-YEAR RATE OF CHANGE OF 15.5% AND A QUARTER-ON-QUARTER RATE OF CHANGE OF 4.9%

Gross Domestic Product (GDP) in real terms registered a year-on-year rate of change of 15.5% in the second quarter of 2021 (-5.3% in the previous quarter). This evolution is influenced by a base effect, as the restrictions imposed on economic activity as a result of the pandemic were felt more intensely in the first two months of the second quarter of 2020, leading to unprecedented contraction of economic activity.

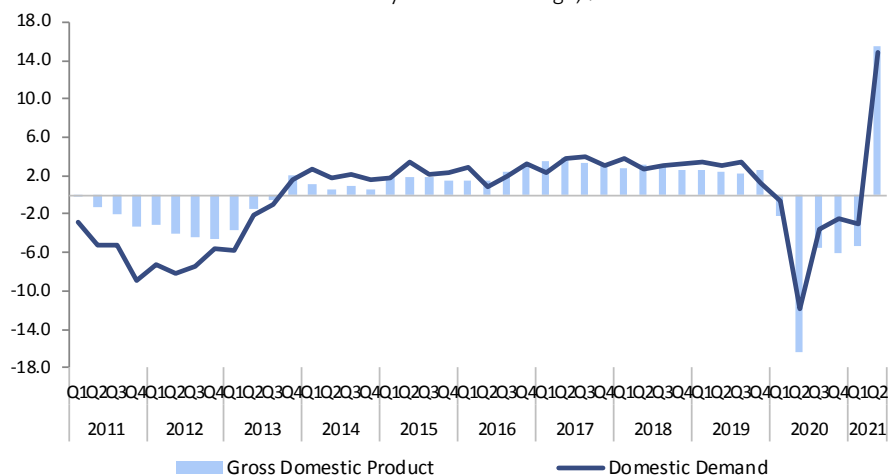
The contribution of domestic demand to the year-on-year rate of change of GDP was positive, while net external demand had a nil contribution. It should be noted that in the second quarter of 2021, in year-on-year terms, there was a loss in terms of trade, with the behaviour of the import deflator being largely influenced by the pronounced increase in the prices of energy products.

Compared to the first quarter of 2021, GDP increased by 4.9% in volume, more than offsetting the negative rate of change (-3.2%) observed in the previous quarter. This evolution reflects the economic impacts of the pandemic, as there was a general confinement at the beginning of this year, followed by a plan to gradually reopen the economy as of mid-March.

This result is explained, to a large extent, by a highly positive contribution of domestic demand to the quarter-on-quarter rate of change of GDP, after the negative contribution in the first quarter. To a less extent, it is also explained by the less negative contribution of net external demand in the second quarter of 2021.

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 second quarter of 2021, GDP in volume increased by 15.5% in year-on-year terms, and by 4.9% compared with the previous quarter

These results¹ correspond to the GDP preliminary estimates for the second quarter of 2021, a period in which there was a gradual economic reopening plan, after a new general confinement at the beginning of the year, due to the worsening of the pandemic. It should be noted that year-on-year evolution is influenced by a base effect, as the restrictions on economic activity as a result of the pandemic were felt more intensely in the first two months of the second quarter of 2020, thus leading to an unprecedented contraction of economic activity.

In the second quarter, GDP recorded a year-on-year rate of change of 15.5% in real terms (-5.3% in the first quarter and -16.4% in the second quarter of 2020), having increased by 14.5% in nominal terms (-3.6% in the previous quarter and -12.7% in the second quarter of 2020).

Figure 2. Composição da variação em volume do PIB

	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21
	Year-on-Year rate of change (%)				
Domestic Demand	-11.9	-3.5	-2.4	-3.1	14.8
Exports (FOB)	-39.2	-16.0	-14.4	-9.6	39.4
Imports (FOB)	-29.1	-11.1	-6.0	-4.3	34.3
GDP	-16.4	-5.6	-6.1	-5.3	15.5
	Contributions to GDP year-on-year rate of change (percentage points)				
Domestic Demand	-11.8	-3.5	-2.4	-3.1	15.4
External Demand Balance ¹	-4.6	-2.1	-3.7	-2.2	0.0

¹ - 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 the GDP year-on-year rate of change in volume turned positive and was pronounced in the second quarter (+15.4 percentage points).

Private consumption (Final Consumption Expenditure of Resident Households and NPISHs), recorded a growth rate of 17.5% (-6.6% in the first quarter of 2021 and -14.4% in the second quarter of 2020).

Public consumption increased by 9.8% in real terms in the second quarter (year-on-year rate of change of 2.8% in the first quarter). It should be noted that public consumption registered a negative year-on-year rate of change in the second quarter of 2020 (-3.9%), reflecting the negative impact on non-market production in volume of the lockdown measures, which implied the closure of several public services.

Investment went from a growth rate of 3.9% in the first quarter to 10.5% (-10.0% in the second quarter of 2020).

¹ 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.



Figure 3. Components of domestic demand

	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21
	Year-on-Year rate of change (%)				
Domestic Demand	-11.9	-3.5	-2.4	-3.1	14.8
Private Consumption ¹	-14.4	-4.0	-4.5	-6.6	17.5
Public Consumption ²	-3.9	2.7	2.6	2.8	9.8
Investment	-10.0	-7.2	0.8	3.9	10.5

¹ - Final Consumption Expenditure of Resident Households and NPISHs

² - Final Consumption Expenditure of General Government

In the second quarter, net external demand presented a nil contribution to the GDP year-on-year rate of change (-2.2 percentage points in the previous quarter and -4.6 percentage points in the second quarter of 2020). Exports of Goods and Services shifted from a year-on-year rate of change of -9.6% in real terms, in the first quarter, to +39.4% (-39.2% in the second quarter of 2020), and Imports of Goods and Services went from a rate of -4.3% in the first quarter to +34.3% (-29.1% in the second quarter of 2020).

Compared to the previous quarter, GDP increased by 4.9% in real terms, more than offsetting the negative quarter-on-quarter rate of change (-3.2%) observed in that quarter. This result largely reflected the significant positive contribution of domestic demand (5.4 percentage points) to the quarter-on-quarter change in GDP, after being negative in the first quarter. To a lesser extent, it also reflected a less negative net external demand contribution in the second quarter of 2021.

Figure 4. Decomposition of GDP rate of change (volume)

	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21
	Quarter-on-quarter rate of change (%)				
Domestic Demand	-11.2	10.8	0.5	-2.0	5.2
Exports (FOB)	-36.4	37.6	6.1	-2.6	-2.0
Imports (FOB)	-29.3	27.0	6.6	0.1	-0.8
GDP	-14.0	13.4	0.2	-3.2	4.9
Contributions to GDP quarter-on-quarter rate of change (percentage points)					
Domestic Demand	-11.3	11.3	0.5	-2.1	5.4
External Demand Balance ¹	-2.6	2.1	-0.3	-1.1	-0.4

¹ - 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

In the second quarter, Final Consumption Expenditure of Resident Households registered a year-on-year rate of change of 18.1% in volume, after the reduction of 6.8% in the previous quarter and of 14.8% in the second quarter of 2020.



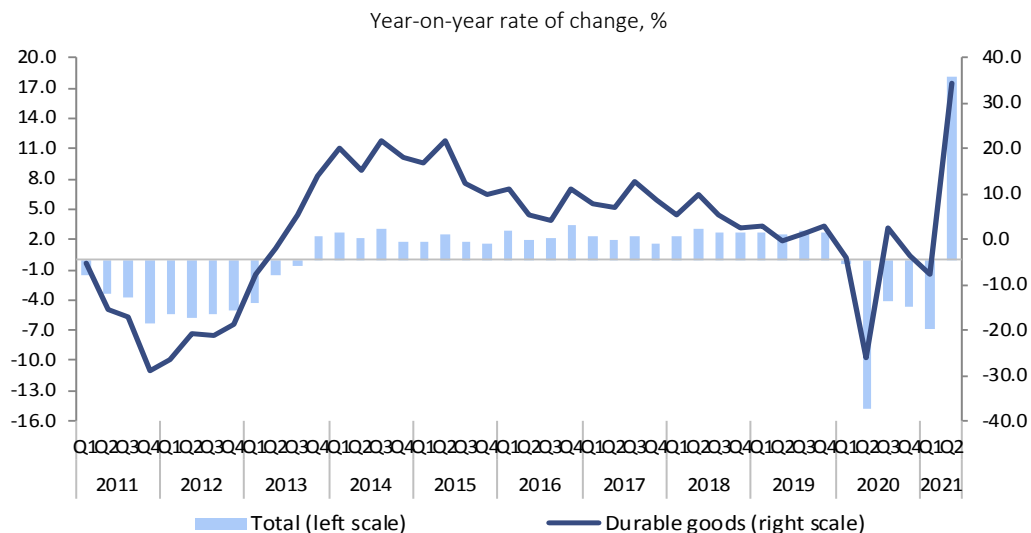
Figure 5. Final consumption expenditure of resident households (volume)

	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21
	Year-on-year rate of change (%)				
Total	-14.8	-4.1	-4.6	-6.8	18.1
Durable Component	-25.9	2.5	-3.5	-7.8	34.3
Non-Durable Component	-13.6	-4.8	-4.8	-6.7	16.6
Of which:					
Food and beverage products	5.0	4.4	4.9	3.2	2.0

Final Consumption Expenditure of Resident Households in non-durable goods and services increased by 16.6%, in year-on-year terms, in the second quarter (-6.7% in the previous quarter and -13.6% in the second quarter of 2020), with a marked growth in the non-food goods and services component, while the food and beverage component decelerated in the last two quarters.

The durable goods component increased by 34.3% in year-on-year terms, after negative rates in the two previous quarters (-7.8% in the previous quarter and -25.9% in the second quarter of 2020).

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



Comparing with the first quarter, Final Consumption Expenditure of Resident Households increased by 8.8% (quarter-on-quarter rate of change of -4.2% in the previous quarter), with increases of 12.5% in the durable goods component and 8.4% in expenditure on non-durable goods and services (rates of -10.6% and -3.5% in the first quarter, respectively).



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

	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21
	Quarter-on-Quarter rate of change (%)				
Total	-14.1	13.7	-0.4	-4.2	8.8
Durable Component	-22.8	40.2	-4.7	-10.6	12.5
Non-Durable Component	-13.2	11.2	0.2	-3.5	8.4
Of which:					
Food and beverage products	1.4	0.2	0.6	0.9	0.3

Investment

In the second quarter, Investment in volume registered a year-on-year growth of 10.5% (+3.9% in the previous quarter and -10.0% in the second quarter of 2020). Total GFCF presented a year-on-year rate of change of 12.5% (+4.2% in the previous quarter and -8.6% in the second quarter of 2020).

Figure 8. Gross Fixed Capital Formation (volume)

	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21
	Year-on-year rate of change (%)				
Total	-8.6	0.7	1.0	4.2	12.5
Of which:					
Transport Equipment	-68.5	-18.6	-24.1	-25.8	123.8
Other Machinery and Equipmer	-19.0	-1.1	0.9	13.8	26.3
Construction	5.6	5.8	6.4	6.4	3.9
Intellectual Property Products ²	-3.1	-1.5	-1.5	-0.1	3.8

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

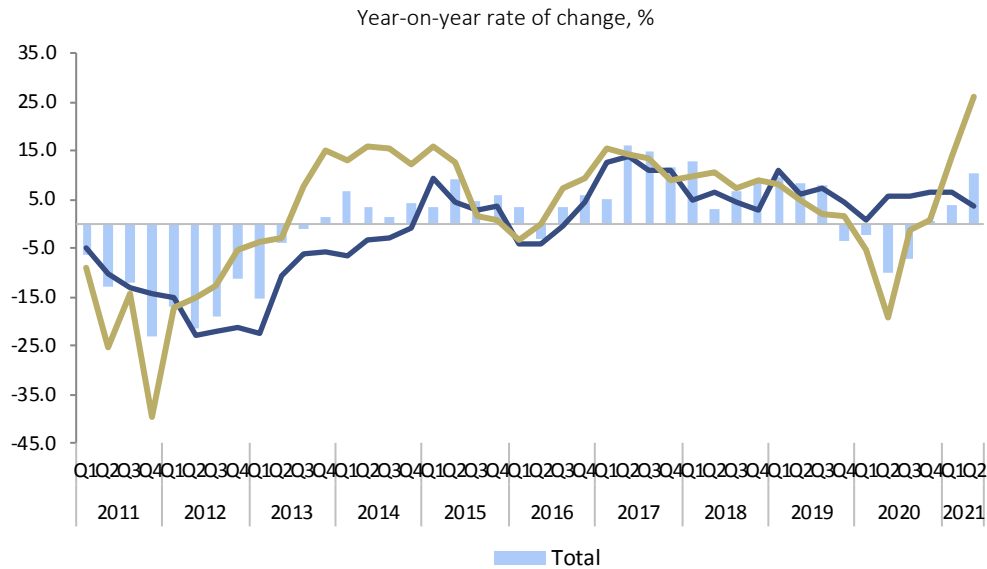
GFCF in Other Machinery and Equipment shifted from a year-on-year change of 13.8% in the first quarter to 26.3% (rate of -19.0% in the second quarter of 2020).

GFCF in Transport Equipment recorded a year-on-year rate of change of 123.8%, after significant reductions in previous quarters, with rates of -25.8% in the first quarter of 2021 and -68.5% in the second quarter of 2020. GFCF in Products of Intellectual Property increased by 3.8% in year-on-year terms, having registered a decrease of 0.1% in the previous quarter (rate of -3.1% in the second quarter of 2020).

GFCF in Construction decelerated in the second quarter, after maintaining a significant dynamics in the previous quarters, with a 3.9% growth in volume in the second quarter (rate of 6.4% in the two previous quarters).



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



Comparing with the first quarter, total investment decreased by 3.2% (quarter-on-quarter rate of change of 4.0% in the previous quarter).

Figure 10. Gross Fixed Capital Formation (volume)

	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21
	Quarter-on-Quarter rate of change (%)				
Total	-9.4	9.9	1.1	3.5	-2.1
Of which:					
Transport Equipment	-69.4	160.6	-10.0	3.3	-7.6
Other Machinery and Equipme	-15.0	17.6	5.2	8.2	-5.7
Construction	1.7	1.2	1.0	2.4	-0.7
Intellectual Property Products ²	-2.7	2.6	0.0	0.1	1.1

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

Exports and Imports

Exports of Goods and Services in volume registered a year-on-year rate of change of 39.4% in the second quarter (-9.6% in the previous quarter and -39.2% in the second quarter of 2020). Exports of goods shifted from a year-on-year change of 3.1% in the first quarter to 41.3% and exports of services increased by 33.6% in the second quarter, following the sharp drops recorded since the beginning of the pandemic (-52.2% in the second quarter of 2020), mainly as a result of the strong contraction in tourist activity.



In the second quarter, Imports of Goods and Services in volume increased by 34.3% in year-on-year terms, after contracting 4.3% in the previous quarter. Imports of goods recorded a year-on-year rate of change of 35.5% (1.5% reduction in the first quarter), with imports of services increasing by 27.9% (decrease of 18.9% in the first quarter).

Figure 11. Exports and Imports (volume)

	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21
	Year-on-year rate of change (%)				
Exports	-39.2	-16.0	-14.4	-9.6	39.4
Goods (FOB)	-33.2	-3.3	-4.8	3.1	41.3
Services	-52.2	-41.7	-34.5	-37.6	33.6
Imports	-29.1	-11.1	-6.0	-4.3	34.3
Goods (FOB)	-28.1	-7.8	-3.6	-1.5	35.5
Services	-33.7	-26.5	-17.1	-18.9	27.9

Comparing with the previous quarter, total exports decreased by 2.0% in real terms (-2.6% in the first quarter), with quarter-on-quarter rates of change of opposite directions in the two components, -5.2% in the goods component and 9.6% in services. Total imports registered a quarter-on-quarter rate of change of -0.8% in the second quarter (+0.1% in the first quarter), with the two components also showing opposite signs, with the goods component decreasing by 2.3% and the services component increasing by 8.6%.

Figure 12. Exports and Imports (volume)

	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21
	Quarter-on-Quarter rate of change (%)				
Exports	-36.4	37.6	6.1	-2.6	-2.0
Goods (FOB)	-30.8	41.5	3.9	1.4	-5.2
Services	-48.8	26.0	13.7	-14.9	9.6
Imports	-29.3	27.0	6.6	0.1	-0.8
Goods (FOB)	-29.0	29.1	4.7	2.7	-2.3
Services	-31.1	15.9	18.0	-13.9	8.6

In the second quarter there was a loss in terms of trade in year-on-year terms, after gains registered in previous quarters. The deflator of Imports of Goods and Services increased by 6.1% (year-on-year rate of change of -1.5% in the previous quarter), in consequence, to a large extent, of the pronounced increase in the prices of energy products. The deflator of Exports of Goods and Services recorded a year-on-year growth of 3.7%, after a 0.1% rate in the first quarter.



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

	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21
	Year-on-year rate of change (%)				
Exports	-2.3	-3.7	-2.3	0.1	3.7
Imports	-6.0	-5.0	-4.0	-1.5	6.1
Terms of Trade	4.0	1.3	1.7	1.5	-2.2

In nominal terms, External Balance of Goods and Services stood at -3.7% of GDP in the second quarter, 0.7 percentage points lower than in the previous quarter (-3.4% of GDP in the second quarter of 2020).

Gross Value Added (GVA) at basic prices

In the second quarter of 2021, in real terms, GVA at base prices recorded a year-on-year rate of change of 13.8% (-4.0% in the previous quarter and -14.9% in the second quarter of 2020).

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

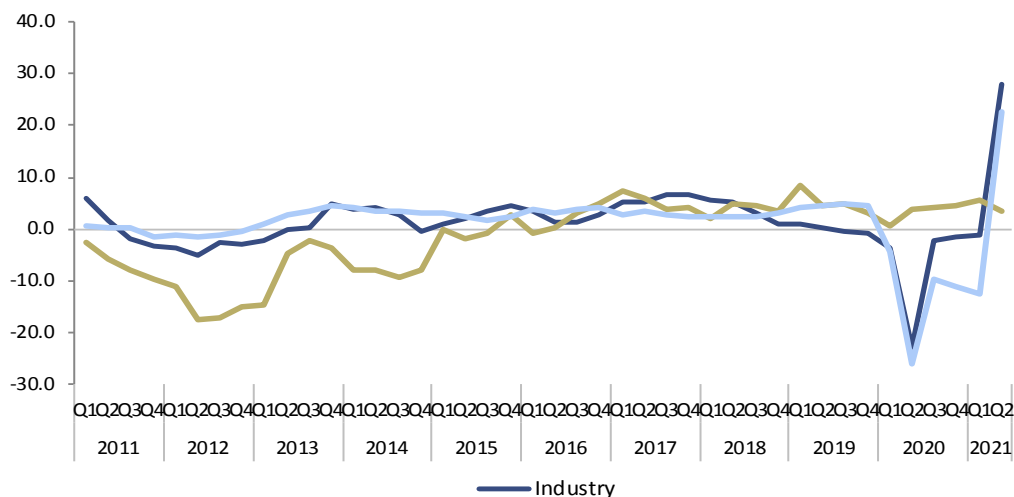
	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21
	Year-on-Year rate of change (%)				
GVA at basic prices	-14.9	-4.6	-4.1	-4.0	13.8
Agriculture, Forestry and Fishing	-10.0	-10.8	-9.0	-0.7	4.2
Industry	-23.0	-2.4	-1.7	-1.2	27.9
Energy, Water Supply and Sewerage	-12.4	-5.5	-4.6	-2.0	3.1
Construction	3.9	4.1	4.5	5.5	3.4
Trade, Repair of Vehicles; Accommodation and Food	-26.0	-9.6	-11.0	-12.5	22.6
Transportation and Storage; Information and	-17.5	-2.7	-1.2	-2.1	19.4
Financial, Insurance and Real Estate Activities	-0.2	-0.4	-0.3	0.3	1.2
Other Services Activities	-14.3	-5.8	-4.1	-4.7	13.1
Taxes less subsidies on products	-26.4	-12.2	-16.9	-13.7	28.0

GVA in Trade and Repair of Vehicles, and Accommodation and Food Services recorded the highest contribution to the year-on-year rate of change of total GVA (including Taxes less Subsidies on Products) (3.5 percentage points), reflecting the year-on-year growth of 22.6%, after the reductions of 12.5% in the previous quarter and of 26.0% in the second quarter of 2020.



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

Year-on-year rate of change, %



Taxes less Subsidies on Products, in real terms, presented a year-on-year growth of 28,0% in the second quarter (-13.7% in the previous quarter and -26.4% in the second quarter of 2020).

Employment

In the second quarter, employment (measured in number of individuals and seasonally adjusted) for all sectors of economic activity increased by 4.3%, in year-on-year terms, after a reduction of 1.2% in the previous quarter.

The number of employees (also seasonally adjusted) recorded a year-on-year rate of change of 3.5% in the second quarter (-2.2% in the first quarter).



METHODOLOGICAL NOTE

Revisions:

The information in this press release for the second quarter of 2021 reflects the effects of the pandemic COVID-19, both in the behaviour of economic activity, and in terms of the primary information available for the compilation of Quarterly National Accounts estimates.

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 June 2021 preliminary version of the international goods trade statistics. In what concerns, the deflators for external trade of goods for the second quarter of 2021, the Unit Value Quarterly Indices were used, calculated based on the statistics of the International Trade of goods related to June 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 second quarter released by Statistics Portugal on July 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.



With the release of the final Annual Accounts for 2019 and provisional for 2020 and the National Accounts by Institutional Sector for the second quarter of 2021, scheduled for September 23, 2021, the incorporation of these results will imply revisions on Quarterly National Accounts series. The revised estimates will be published in the National Accounts section of the Statistics Portugal website on September 23.

Reference date of the primary data used:

These estimates were calculated using information available until August 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

Next releases of National Accounts - National Accounts by Institutional Sector for the second quarter of 2021 are scheduled for September 23, 2021.
