



20<sup>th</sup> October, 2021

MONTHLY ECONOMIC SURVEY

September 2021

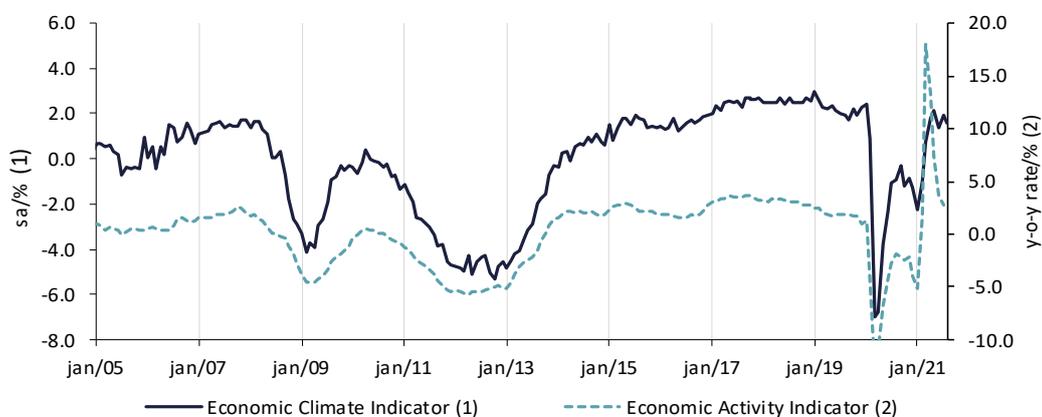
## STRONG INCREASE IN INDUSTRIAL PRICES

The latest quantitative information<sup>1</sup> available<sup>2</sup>, reveals different dynamics in the evolution of nominal and in real indicators, particularly in industry, notably reflecting significant increases in prices. The manufacturing industry prices index accelerated in September to a year-on-year rate of change of 10.0% (9.2% in the previous month), recording the highest rate of change of the series, reflecting the strong increase in prices of energy and intermediate goods. The prices of manufacturing of consumption goods increased considerably below the other components, with a rate of change of 2.4%. In August, the short-term indicators point to an acceleration in nominal terms, while in real terms there was a decrease in industry and an acceleration in construction, surpassing the levels of the same period of 2019 in the last case. Also in the case of exports and imports of goods in nominal terms, the levels recorded in August were higher than those of the same period of 2019. The synthesis quantitative indicators (economic activity, private consumption and investment) presented less intense growths in August 2021 than in July. In September, the economic climate indicator decreased, presenting an irregular behaviour since July, when the recovery observed since March was interrupted.

According to the provisional monthly Labour Force Survey, the unemployment rate (16 to 74 years old), seasonally adjusted, was 6.4% in August, 0.2 percentage points less than in July (7.0% in May and 8.2% in August 2020). The labour underutilization rate (16 to 74 years old) stood at 12.6%, the same value as in July (15.5% in the same period of 2020).

On the contrary to manufacturing prices index, the year-on-year rate of change of the Consumer Price Index (CPI) was stable at 1.5% between July and September.

Figure 1. Economic Synthesis Indicators



<sup>1</sup> This analysis is based on series of effective data (raw or seasonally adjusted) and not on moving averages.

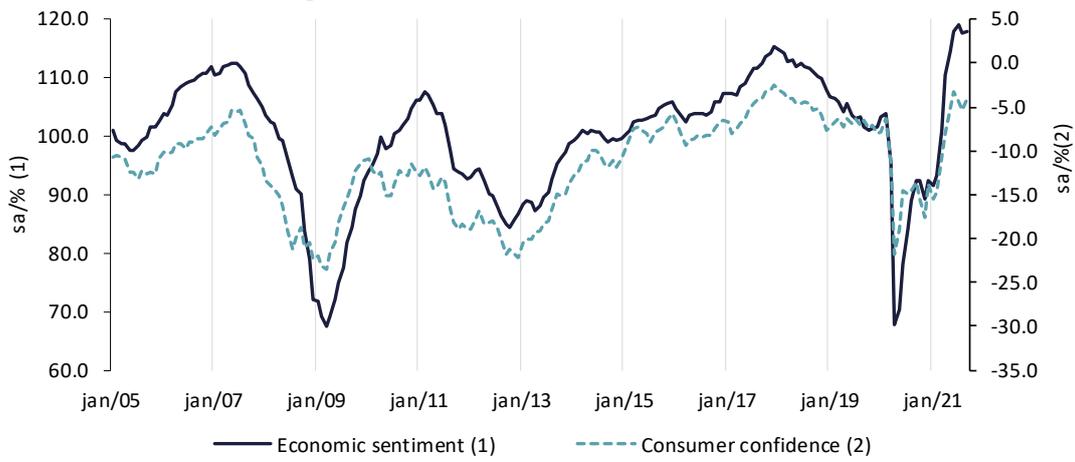
<sup>2</sup> Based on information available up to October 18<sup>th</sup>, 2021.



## External Environment of the Portuguese Economy

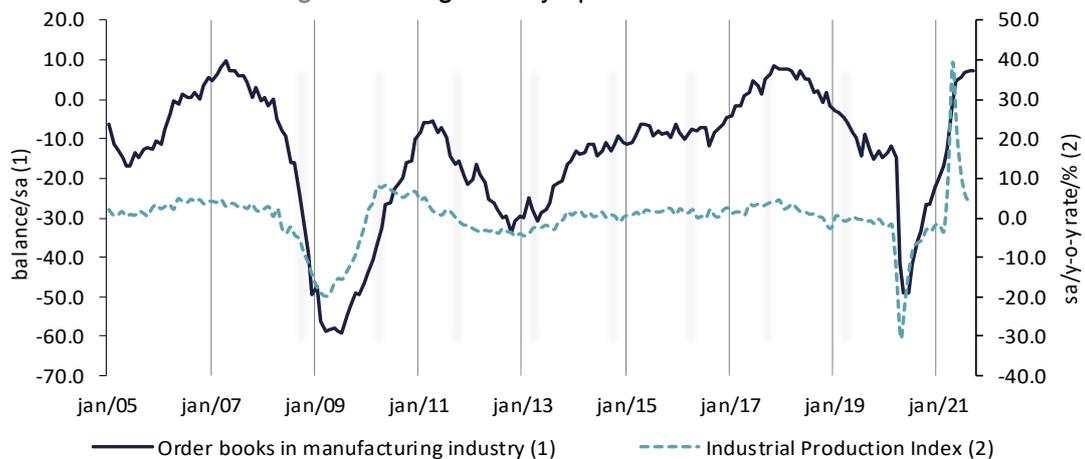
The Euro Area (EA) economic sentiment indicator recorded a marginal increase in September, following a decrease in the previous month. In September, the consumer confidence indicator recovered, as confidence improved in construction and, to a lesser extent, in industry. In the opposite direction, the confidence in retail trade and services decreased.

Figure 2. Qualitative indicators in the Euro Area



The balance of entrepreneur's opinions on order-book levels in the industry sector from Portuguese major partners remained relatively stable at a high level between July and September, slowing down considerably the upward path registered since July 2020. In August, the industrial production index (IPI) of Portuguese major partners decreased by 0.6% compared with the previous month, registering a rate of change of 3.8% relatively to August of 2020 and -2.8% vis-à-vis the same month of 2019.

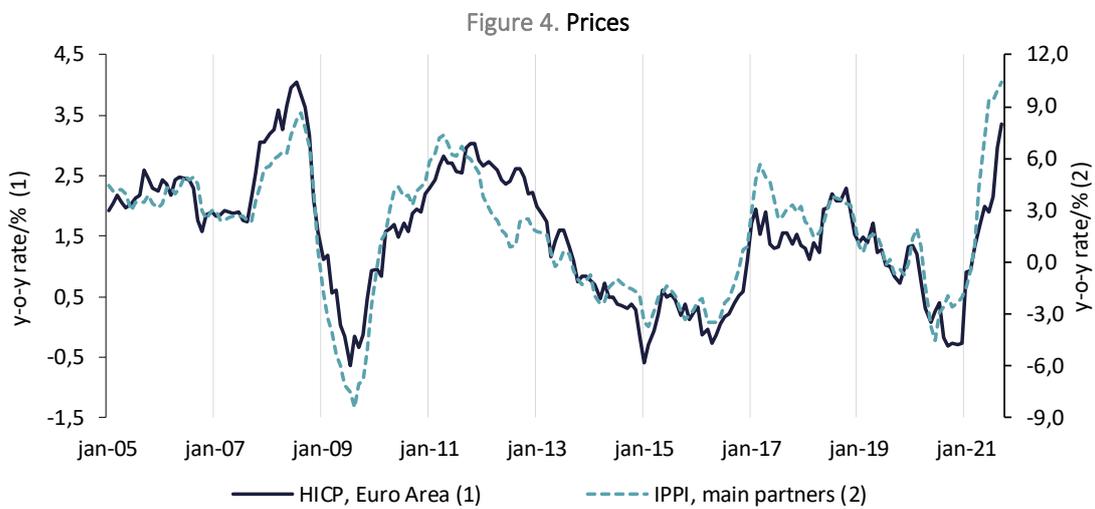
Figure 3. Portuguese major partners – Indicators





Euro Area HIPC is expected to register a year-on-year rate of change of 3.4% in September, the highest rate since September 2008 (year-on-year growth of 3.0% in August). Excluding energy and unprocessed food, HIPC is expected to rise by 1.9% compared with the same period of 2020 (1.6% in the previous month).

The industrial production prices index of Portuguese major partners presented, since June 2020, a marked upward trajectory, standing, in August, 10.4% above the index level of August 2020 (the highest year-on-year rate of change of the series) and 8.3% above the level registered two years ago. The oil price (Brent) was 63.3 euros in September, standing 5.3% above the price of the previous month and 82.4% above the price registered in the same month of 2020 (rate of change of 10.8% comparing with September of 2019).





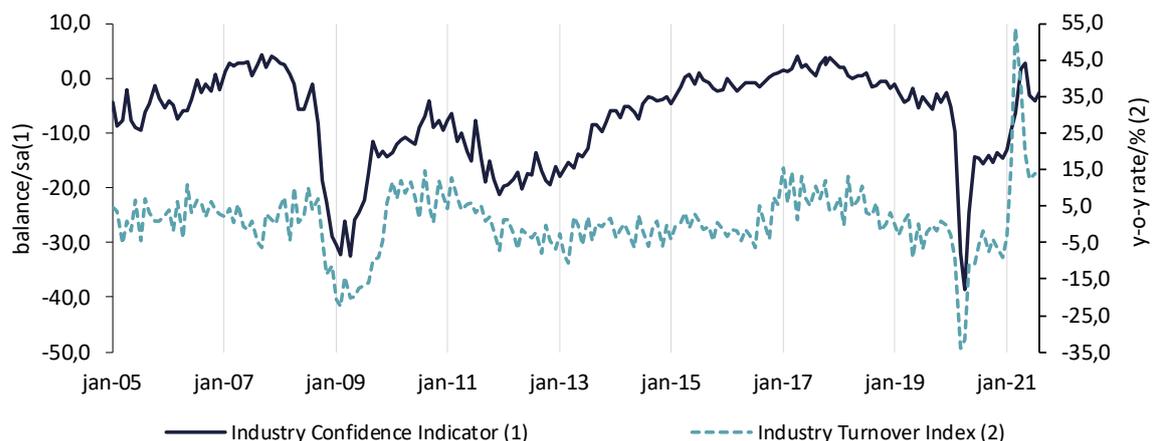
## Economic Activity

The short-term indicators for economic activity from the perspective of production, available for August, point to a nominal acceleration while in real terms there was a decrease in industry and an acceleration in construction. Relatively to August 2019, the production indexes in industry and the turnover index in services presented decreases, while the turnover index in industry and the production index in construction presented increases.

The economic activity indicator, which summarizes a set of quantitative indicators that reflect the evolution of the economy, slowed down between May and August, following the highest increase ever recorded in April. This evolution reflects mostly a base effect, since April 2020 was the month when economic restrictions were most severe, with a progressive reopening happening in the following months. The economic climate indicator, which summarizes the balances of responses to questions relating to business surveys, decreased in September, after having increased in the previous month.

In August, the IPI presented a year-on-year rate of change of -9.0%, after increasing 0.8% in the previous month. Comparing with August 2019, IPI registered a reduction of 6.0%. In nominal terms, the industry turnover index presented a year-on-year increase of 13.8% (12.2% in the previous month), reflecting significant increases in prices as well as reduction in the stocks of supplies and finished goods, particularly in manufacturing of motor vehicles which presented a significant decrease in production. Comparing with August 2019, the index was 7.3% higher. The indices for the domestic and foreign markets increased by 11.8% and 17.4% respectively, in comparison with August 2020 (rates of change of 8.1% and 18.4% in the previous month, in the same order).

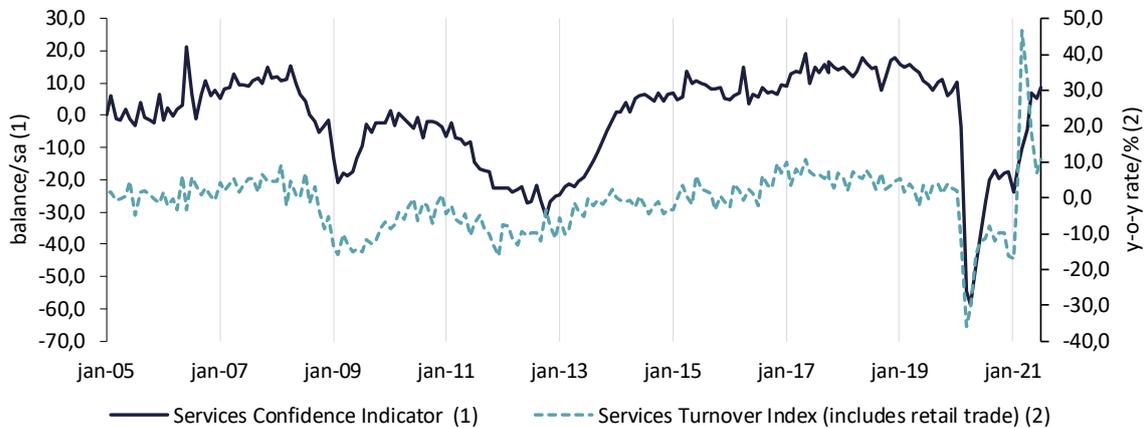
Figure 5. Turnover index e and confidence indicator in Industry



The turnover index for services (includes retail trade) presented a rate of change of 10.8%, after increasing by 6.7% in the previous month. Comparing with August 2019, this index decreased by 1.8%. The index of turnover in trade retail (deflated) went from a year-on-year change of 1.8% in July to 3.1% in August (comparing with August 2019, there was slight decrease of -0.1%). The food products index increased by 3.8% (rate of change of 2.5% in July), while the non-food products index presented a rate of change of 2.6%, after increasing by 1.1% in the previous month.

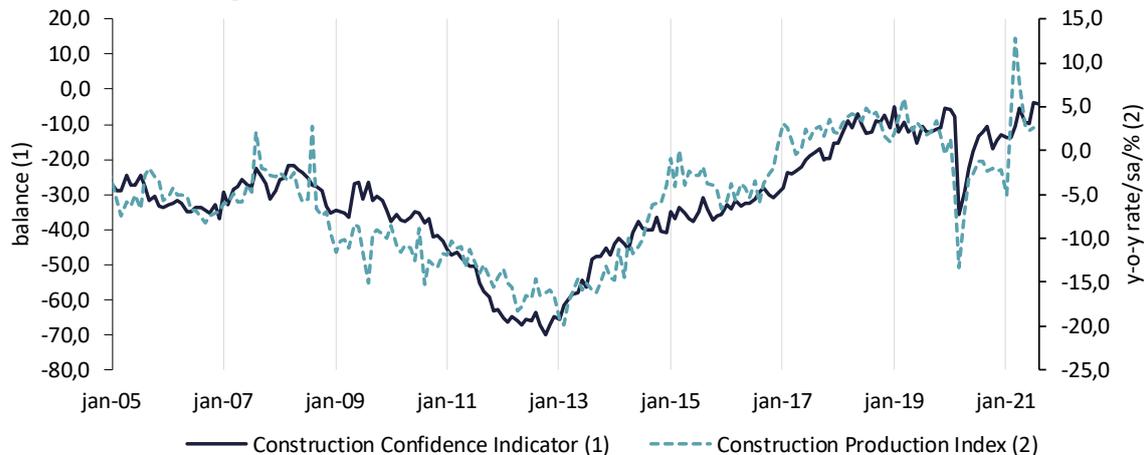


Figure 6. Turnover index and confidence indicator in Services  
(includes Retail Trade)



The construction production index recorded a year-on-year growth of 2.7% in August, after increasing by 2.2% in the previous month. Comparing with August 2019, this index increased 1.4%.

Figure 7. Production index and confidence indicator in Construction



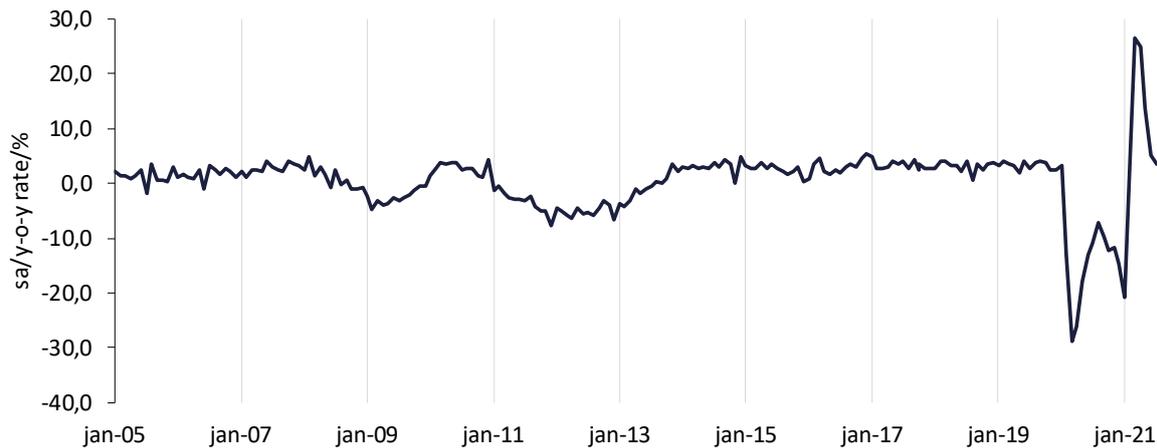
Regarding tourism activity, in August, the number of overnight stays increased in year-on-year terms by 47.6% in August (a rate of 73.0% in July), with the level reached being 22.1% lower than that observed in August 2019. Overnight stays by residents increased by 24.2%, reaching the highest level of the series and non-residents grew by 94.5%. Comparing with August 2019 there was a 22.6% increase in overnight stays by residents and a 46.9% decrease in overnight stays by non-residents. Bedroom occupancy rate was 61.6% in August, 15.0 percentage points above August 2020, although 11.0 percentage points below the ratio registered in August 2019 (72.6%). The average consumption of electricity on working days recorded a year-on-year change of 0.6% in September, which compares with rates of 0.6% and 0.4% in July and August, respectively.



## Private Consumption

The quantitative indicator of private consumption registered in August a less intense year-on-year increase than in the previous month, reflecting a base effect less pronounced.

Figure 8. Quantitative indicator of private consumption



In August, there was a positive contribution the non-durable consumption component, less intense than in the previous month, and a negative contribution from the durable consumption component, more intense than what was verified in the previous month. In September, the sales of passenger cars presented a year-on-year decrease of 18.4%, after decreasing by 35.8% in August.

According to information on operations carried out in the ATM network, available for September, the overall amount of national withdrawals, payment of services and purchases at automatic payment terminals carried out on the automatic teller machines of the Multibanco network presented a year-on-year growth of 10.7% (11.9% in the previous month).

Figure 9. Operations carried out on ATM (nominal)



The consumer confidence indicator recovered in August and September, from the decline registered in July. According to the information of the Quarterly National Sector Accounts (QNSA), Net lending of Households stood at 5.2% of GDP in the year ending in the second quarter of 2021, 2.3 percentage points less than in the previous quarter, mainly reflecting the 18.1% decrease in gross savings. In fact, Households' saving rate savings



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press release

# DIÍSTAQUE

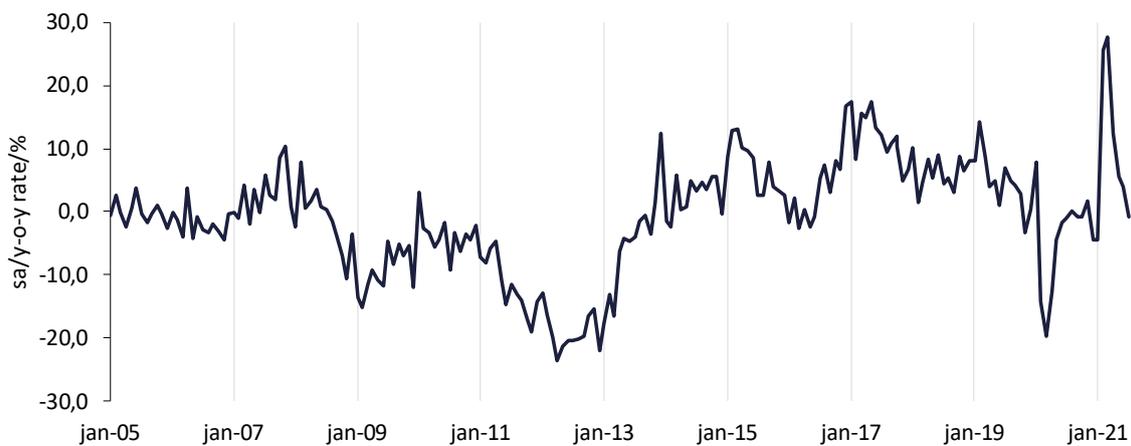
rate reached 11.5% of disposable income, which corresponded to a reduction of 2.7 percentage points compared to the previous quarter. This result was a consequence of the 4.4% increase in in consumption expenditure (rate of change of -1.8% in the previous quarter), which more than offset the 1.3% increase in disposable income.



## Investment

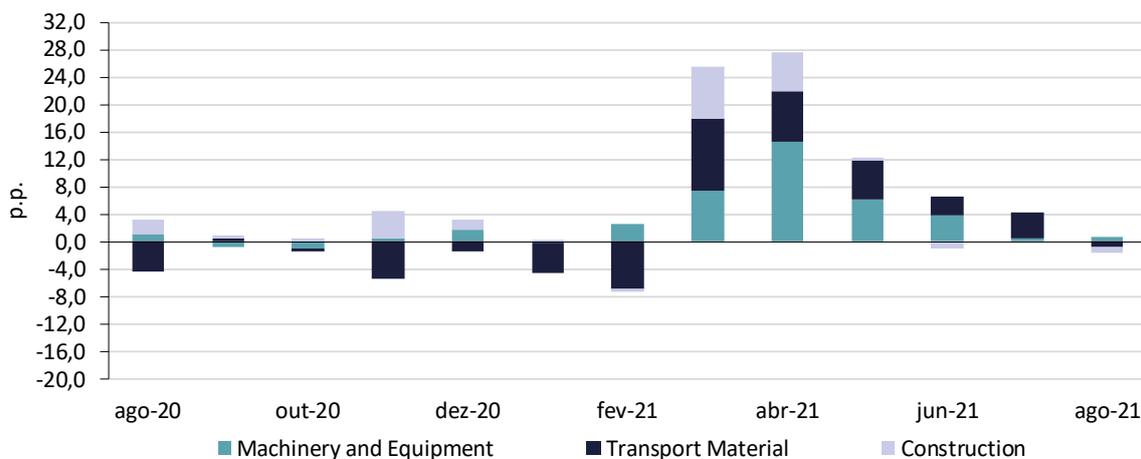
The Gross Fixed Capital Formation (GFCF) indicator declined in year-on-year terms in August, after slowing down in the previous three months and after registering in March and April the highest year-on-year growth rates in the series started in 1996. These historical growth rates are influenced by a base effect, since in March and particularly in April of 2020 the indicator fell abruptly, in the transport material and in the machinery and equipment components.

Figure 10. GFCF indicator



The evolution observed in the last month was the result of the negative contribution of the transport material component, which was significantly positive in the previous month. The construction component registered a more negative contribution, while the positive contribution of the machinery and equipment component slightly increased.

Figure 11. Contributions to the GFCF indicator



Sales of cement produced in national territory (not adjusted for seasonal and working days effects), already available for September, registered positive year-on-year rates of change in the last two months after two months of year-on-year decreases (rates of -1.3%, -0.8%, 6.1% and 4.1% between June and September). Sales of light commercial vehicles and of heavy-duty vehicles, available for September, registered significant



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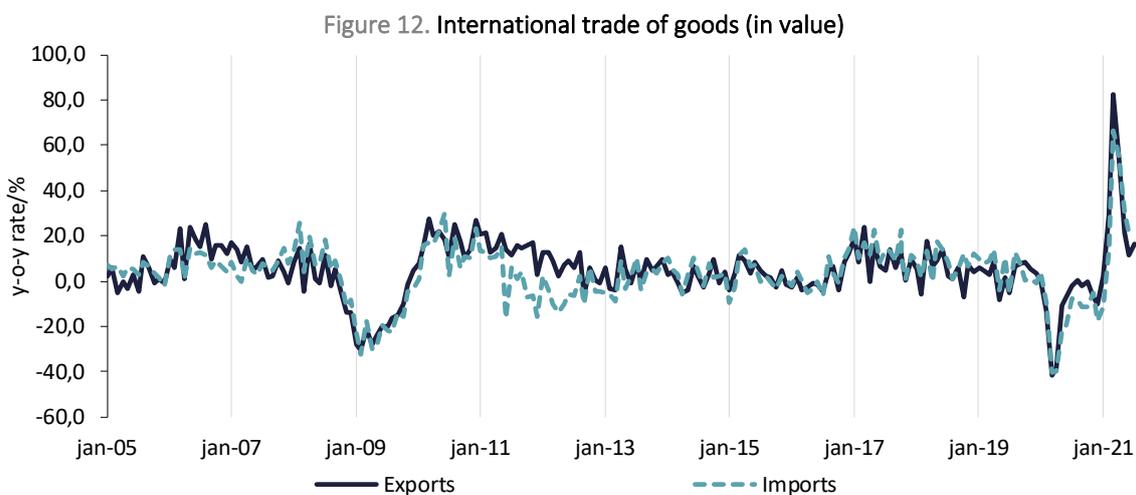
year-on-year declines in the last three months (rates of -35.9%, -7.3% and -29.6% for light commercial vehicles and -24.5%, -24.6% and -31.2% for heavy-duty vehicles between July and September).



## External Demand

In August 2021, exports and imports of goods recorded nominal year-on-year growth rates of 16.6% and 21.9%, respectively (11.4% and 21.2%, in the same order, in July 2021). Compared to August 2019, the rates of change were 14.1% and 12.3%, in the same order.

Excluding Fuels and lubricants, exports and imports grew by 12.8% and 16.0% respectively (8.3% and 15.0%, in the same order, in July 2021). Vis-à-vis August 2019, exports and imports increased by 11.5% and 7.6%, respectively.



Nominal exports of goods destined for EA increased by 10.3% year-on-year in August (10.1% in July). In turn, nominal exports of non-EU goods increased from a year-on-year rate of change of 15.3% in July to 35.3% in August.

Nominal imports of goods originating in the EA recorded a year-on-year change of 16.7% in August (14.7% in July). Extra-EU imports increased, in year-on-year terms, by 49.1% in July and August.

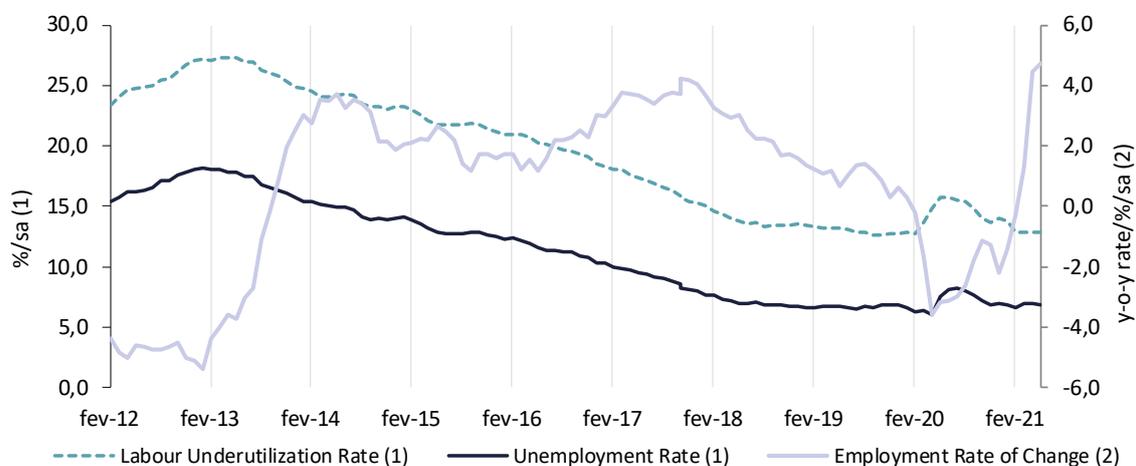


## Labour Market

According to the provisional monthly Labour Force Survey, the unemployment rate (16 to 74 years old), seasonally adjusted, was 6.4% in August, 0.2 percentage points less than in the previous month (7.0% in May and 8.2% in August 2020). The labour underutilization rate (16 to 74 years old) stood at 12.6%, same value as in July (15.5% in August 2020).

In August, the employed population (16 to 74 years old), seasonally adjusted, decreased by 0.6% compared with July and increased by 3.8% in year-on-year terms (year-on-year rate of change of 4.8% in July).

Figure 13. Unemployment, underutilization of labour and employment



The employment indexes of the turnover surveys presented, in August, year-on-year rates of change of 0.9% in industry, 1.7% in retail trade, 1.1% in services and 1.6% in construction (0.8%, 0.9%, 1.0% e 2.0% in July, in the same order). The hours worked indexes, adjusted for calendar effects, registered rates of change of -1.3% in industry, 3.4% in retail trade, 2.4% in services and 2.1% in construction (3.8%, 3.4%, 5.6% and 2.0% in the previous month, in the same order).

According with the Ministry of Labour, Solidarity and Social Security, the average monthly compensation of employees declared per worker to Social Security in August grew by 2.4% in year-on-year terms (3.5% in July and 2.9% in August 2020).

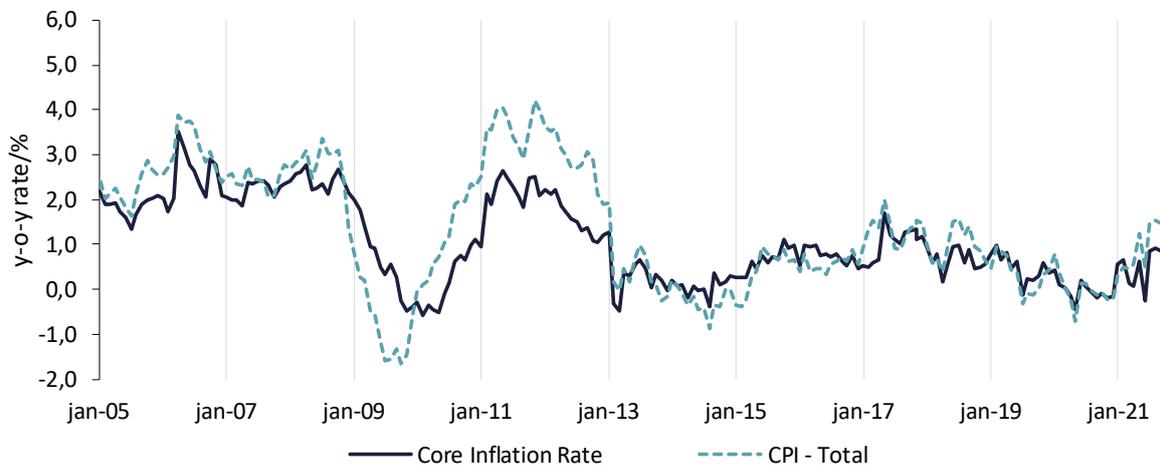
In the year ending in the second quarter of 2021, Unit Labour Costs (ULC) registered an increase of 4.5% in year-on-year terms (10.0% in the previous quarter). The deceleration of ULC in the second quarter was due to the combined effect of the increase in average compensation of employees and the less intense reduction in productivity. It should be noted that this evolution does not reflect the exact measure of the behaviour of these costs from the perspective of firms, since part of the wages paid were financed by the General Government sector within the scope of public policies aimed to supporting employment and income in the pandemic context (namely the simplified layoff).



## Prices

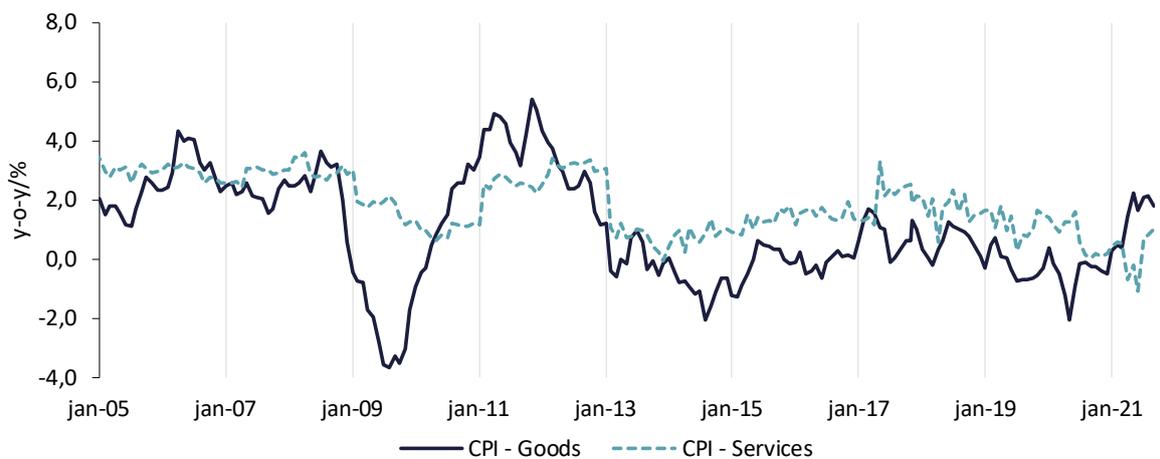
The CPI year-on-year rate of change was 1.5% in September 2021 (the same value as in July and August). In the divisions with positive contributions to the year-on-year rate of change of CPI, “Transports” stood out, with a rate of 6.4% (5.8% in August). In the divisions with negative contributions, “Clothing and footwear” and “Restaurants and hotels” stood out, with year-on-year rates of change of -2.0% and -0.4%, respectively (-1.9% and -1.4% in the previous month, in the same order). The year-on-year rate of change of the core inflation rate, which excludes energy and unprocessed food products, maintained a year-on-year rate of change of 0.9% (0.8 in July).

Figure 14. Consumer Price Index



The goods component of the CPI recorded a year-on-year rate of change of 1.8% in September (2.1% in August), while the services component increased by 1.0% in September, after increasing by 0.8% in August.

Figure 15. Consumer Price Index of Goods and Services



The manufacturing price index recorded in September a year-on-year rate of change of 10.0% (9.2% in the previous month), the highest growth of the current series. Excluding the energy component, this index increased 7.5% in year-on-year terms, after presenting a 6.8% growth in August.





Figure 17. Summary information (continuation)

	Unit	First Period	Minimum		Maximum		Year			Quarter					Month												
			Value	Date	Value	Date	2018	2019	2020	2020		2021			2020				2021								
										Q3	Q4	Q1	Q2	Q3	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>External Demand</b>																											
Nominal exports of goods - International trade	y.r./%	Jan-96	-41.5	Apr-20	82.3	Apr-21	5.1	3.5	-10.3	-3.0	-3.1	6.3	48.9	-	0.4	-2.2	-0.5	-7.2	-10.3	2.4	29.4	82.3	54.5	21.4	11.4	16.6	-
Nominal imports of goods - International trade	y.r./%	Jan-96	-40.3	Apr-20	32.0	Apr-21	8.3	6.0	-14.8	-12.3	-9.5	-5.7	49.2	-	-8.2	-11.1	-11.5	-5.2	-17.6	-11.3	13.0	66.6	55.3	30.4	21.2	21.9	-
Coverage rate	%	Jan-95	49.9	Aug-01	87.8	Jun-12	76.7	74.9	78.9	80.8	81.4	84.8	78.1	-	81.2	84.3	84.7	74.6	83.7	87.0	83.8	79.1	78.7	76.6	78.9	71.3	-
External demand indicator	s.a./y.r./%	Jan-91	-30.6	May-20	27.6	Apr-21	5.3	1.5	-4.1	-11.3	-5.8	0.9	36.5	-	-14.5	-12.5	-6.0	-1.2	-2.5	-4.3	15.3	47.0	38.8	25.6	19.3	-	-
<b>Labour Market</b>																											
Unemployment rate (16 to 74 years)	s.a./%	Feb-11	6.0	May-20	18.2	Jan-13	7.2	6.7	7.0	8.2	7.2	6.9	7.0	6.4	8.0	7.6	7.2	6.9	7.0	6.9	6.6	7.0	7.0	6.8	6.6	6.4	-
Number of unemployed (16 to 74 years)	s.a./y.r./%	Feb-12	-24.6	Apr-18	26.6	Oct-09	-20.9	-7.2	3.5	24.2	5.8	3.5	24.3	-20.9	18.9	13.9	5.8	-0.7	-0.7	3.5	5.1	10.8	24.3	-5.3	-16.0	-20.9	-
Employment (16 to 74 years)	y.r./%	Feb-12	-5.4	Jan-13	4.8	Jul-21	2.6	1.2	-1.9	-3.0	-1.1	-1.4	4.5	3.8	-2.6	-1.8	-1.1	-1.3	-2.2	-1.4	-0.3	1.3	4.5	4.7	4.8	3.8	-
Labour underutilisation rate (16 to 74 years)	s.a./%	Feb-11	12.6	Jan-20	27.3	May-13	14.0	13.0	14.3	15.5	14.0	13.8	12.8	12.6	15.4	14.8	14.0	13.7	14.0	13.8	12.9	12.9	12.8	12.8	12.6	12.6	-
Employment indicator - Short-term statistics	y.r.	Jan-01	-8.1	Nov-12	4.0	Nov-17	2.6	1.4	-3.9	-5.5	-5.5	-5.9	-0.1	-	-5.3	-5.4	-5.5	-5.6	-5.7	-6.3	-5.7	-1.4	0.3	0.7	1.0	1.2	-
Reg. unemp. along the month - State emp. agencies	y.r.	Jan-00	-27.6	Apr-90	74.1	Apr-20	-6.1	-3.0	14.4	10.4	4.9	-6.9	-33.9	-	7.4	5.1	2.0	8.4	-4.8	6.1	-18.7	-43.2	-27.6	-26.7	-19.6	-15.3	-
Vacancies along the month - State employment ag.	y.r.	Jan-90	-70.0	Apr-20	310.8	Apr-21	-8.7	-4.3	-17.1	-7.9	1.7	-0.1	128.2	-	-3.9	4.0	-6.7	9.0	-18.6	-22.3	58.1	310.8	151.9	56.7	24.8	20.5	-
Employment expectations of entrepreneurs	balance/s.a.	Jan-00	-28.6	Apr-20	7.5	Jul-18	6.2	5.0	-5.3	-4.3	-4.5	-4.4	1.4	-0.1	-3.7	-2.4	-5.8	-5.4	-5.7	-6.2	-1.3	-0.2	2.1	2.3	1.6	0.6	-2.7
Unemployment expectations of consumers	balance	Apr-01	-20.0	Jun-17	85.5	Feb-09	-10.9	-0.9	52.7	66.1	64.8	57.7	27.4	21.0	67.3	62.4	71.7	60.3	57.3	65.0	51.0	41.1	21.1	19.9	35.3	19.4	8.4
Average monthly wage declared by worker	s.a./y.r.	Mar-86	-4.0	Jun-12	8.0	Apr-21	3.3	3.5	2.6	3.1	3.7	3.4	7.1	-	3.5	3.8	5.1	2.2	1.9	3.6	4.8	8.0	7.3	6.0	3.5	2.4	-
<b>Prices</b>																											
Consumer price index - Total	y.r./%	Jan-49	-3.7	Sep-54	36.7	May-77	1.0	0.3	0.0	0.0	-0.2	0.4	0.8	1.5	-0.1	-0.1	-0.2	-0.2	0.3	0.5	0.5	0.6	1.2	0.5	1.5	1.5	1.5
- Goods	y.r./%	Jan-49	-3.7	Jul-09	38.2	May-77	0.5	-0.3	-0.5	-0.2	-0.4	0.4	1.8	2.0	-0.3	-0.3	-0.4	-0.5	0.3	0.5	0.4	1.4	2.2	1.6	2.1	2.1	1.8
- Services	y.r./%	Jan-49	-4.4	Sep-54	30.5	Mar-74	1.7	1.2	0.7	0.2	0.1	0.5	-0.7	0.8	0.0	0.2	0.1	0.2	0.4	0.6	0.5	-0.7	-0.2	-1.1	0.7	0.8	1.0
Core inflation indicator	y.r./%	Jan-49	-4.3	Oct-54	31.1	May-84	0.7	0.5	0.0	-0.1	-0.1	0.5	0.2	0.9	-0.2	-0.1	-0.2	-0.1	0.6	0.7	0.1	0.1	0.6	-0.3	0.8	0.9	0.9
Harmonised index of consumer prices	y.r./%	Jan-96	-1.8	Sep-09	5.1	Mar-01	1.2	0.3	-0.1	-0.4	-0.4	0.2	-0.1	1.2	-0.8	-0.6	-0.4	-0.3	0.2	0.3	0.1	-0.1	0.5	-0.6	1.1	1.3	1.3
Manufacturing industry production price index	y.r./%	Jan-11	-6.0	May-20	10.0	Sep-21	2.7	0.7	-3.9	-5.0	-4.9	-2.1	5.6	9.3	-4.8	-4.6	-5.2	-4.9	-3.9	-2.0	-0.5	3.3	6.3	7.3	8.6	9.2	10.0
Consumers expectations of prices evolution	balance	Sep-97	-6.7	Jul-09	62.8	Sep-11	14.9	11.4	20.4	21.8	12.7	2.4	13.3	24.3	19.4	16.9	12.7	8.4	-2.2	2.6	6.8	10.8	11.8	17.2	27.1	22.1	23.6
Expectations of prices in manufacturing industry	bal./s.a.	Jan-87	-28.6	Apr-20	32.1	Oct-90	2.8	-2.6	-3.3	5.3	0.9	8.1	16.2	16.5	-2.1	-0.1	2.0	0.8	4.6	8.1	11.5	13.0	17.2	18.4	18.1	15.0	16.5
Effective exchange rate ind. for Portugal (nominal)	y.r./%	Jan-94	-9.0	Jan-94	6.0	Mar-95	0.8	-0.6	0.5	0.9	1.3	1.1	0.5	-0.7	1.1	1.1	1.1	1.6	1.5	1.5	0.3	0.8	0.7	0.0	-0.4	-0.9	-0.9



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## METHODOLOGICAL NOTE

Annual information corresponds to 12-month moving average, with the exception of variables presented as y.r. on stocks, where the annual value corresponds to the variation of the balance at the end of the year.

Balances: differences between the percentage of respondents giving positive and negative replies.

## ABBREVIATIONS

e.v.	Effective values
p.p.	Percentage points
s.a.	Seasonally adjusted values
y.r.	Year-on-year rate of change

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**Next monthly press release** – November 18<sup>th</sup>, 2021

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