



30 November 2021
QUARTERLY NATIONAL ACCOUNTS (Base 2016)
Third Quarter 2021

GROSS DOMESTIC PRODUCT IN VOLUME REGISTERED A YEAR-ON-YEAR RATE OF CHANGE OF 4.2% AND A QUARTER-ON-QUARTER RATE OF CHANGE OF 2.9%

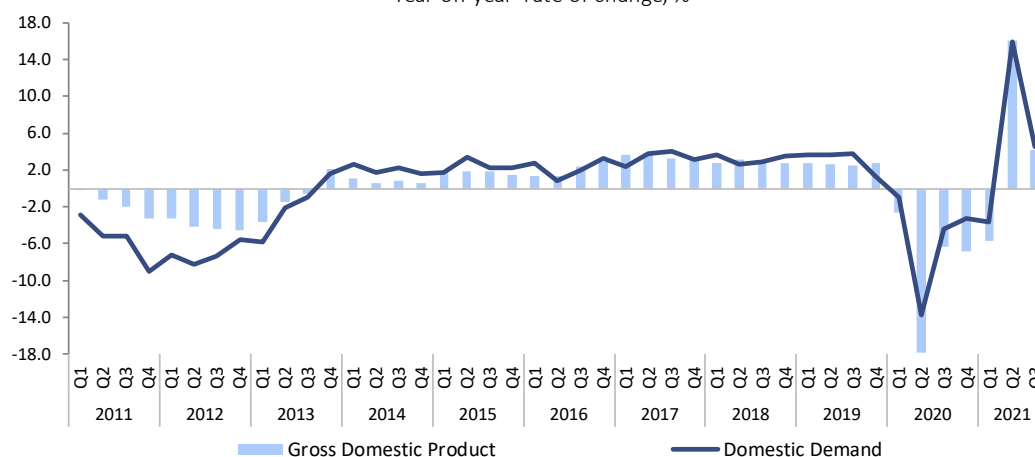
Gross Domestic Product (GDP) in real terms registered a year-on-year rate of change of 4.2% in the third quarter of 2021. In the previous quarter, the year-on-year rate of change of GDP was 16.1%, due to the strong impact of the pandemic in the second quarter 2020.

The contribution of domestic demand to the year-on-year rate of change of GDP was positive, but less intense than in the previous quarter, following the partial dissipation of the base effect. The contribution of net external demand remained negative in the third quarter, with an increase of Imports of Goods and Services slightly more pronounced than that of Exports of Goods and Services. It should be noted that in the third quarter of 2021, both import and export deflators registered significant increases, largely influenced by the evolution of the prices of energy products and raw materials, extending the loss of terms of trade already observed in the previous quarter.

Compared to the second quarter of 2021, GDP increased 2.9% in volume, with a positive contribution of net external demand to the quarter-on-quarter rate of change of GDP (negative contribution in the second quarter) and a less intense positive contribution of domestic demand in the third quarter. In the third quarter, GDP growth reflected the gradual decrease of the pandemic restrictions, after two quarters with opposite results: a strong GDP reduction in the first quarter (-3.3%), determined by the general confinement, and an increase of 4.4% in the second quarter following the lifting of restrictions on mobility.

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 third quarter of 2021, GDP in volume increased by 4.2% in year-on-year terms, and by 2.9% compared with the previous quarter

The GDP preliminary estimates¹ for the third quarter of 2021 point to a year-on-year rate of change of 4.2% in real terms (16.1% in the second quarter and -6.3% in the third quarter of 2020), and an increase of 4.9% in nominal terms (15.2% in the previous quarter and -5.1% in the third quarter of 2020).

Figure 2. Decomposition of GDP rate of change (volume)

	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21	3Q 21
	Year-on-Year rate of change (%)					
Domestic Demand	-13.8	-4.4	-3.2	-3.6	15.9	4.6
Exports (FOB)	-39.3	-15.6	-14.4	-9.4	39.8	10.2
Imports (FOB)	-29.9	-11.1	-6.2	-4.3	36.3	11.0
GDP	-17.9	-6.3	-6.8	-5.7	16.1	4.2
	Contributions to GDP year-on-year rate of change (percentage points)					
Domestic Demand	-13.7	-4.4	-3.2	-3.6	16.6	4.7
External Demand Balance ¹	-4.2	-1.9	-3.7	-2.1	-0.5	-0.5

¹ - External Demand Balance (Exports less Imports)

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

The positive contribution of domestic demand to the GDP year-on-year rate of change in volume was 4.7 percentage points in the third quarter, lower than the observed in the second quarter (+16.6 percentage points) where the result was strongly influenced by the comparison with a period of severe restrictions to economic activity due to the COVID-19 pandemic. By components of domestic demand, private consumption (Final Consumption Expenditure of Resident Households and NPISHs), recorded a growth rate of 4.6% (18.8% in the second quarter of 2021 and -4.7% in the third quarter of 2020), public consumption increased by 3.7% in real terms in the third quarter (year-on-year rate of change of 9.8% in the second quarter) and Investment went from a growth rate of 12.3% in the second quarter to 5.8% (-9.6% in the third quarter of 2020).

Figure 3. Components of domestic demand

	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21	3Q 21
	Year-on-Year rate of change (%)					
Domestic Demand	-13.8	-4.4	-3.2	-3.6	15.9	4.6
Private Consumption ¹	-17.1	-4.7	-5.6	-7.1	18.8	4.6
Public Consumption ²	-3.8	2.4	2.2	2.2	9.8	3.7
Investment	-11.2	-9.6	0.4	3.8	12.3	5.8

¹ - Final Consumption Expenditure of Resident Households and NPISHs

² - Final Consumption Expenditure of General Government

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.



In the third quarter, net external demand contribution to the GDP year-on-year remained the same (-0.5 percentage points) as in the previous quarter (-1.9 percentage points in the third quarter of 2020). Exports of Goods and Services shifted from a year-on-year rate of change of 39.8% in real terms, in the second quarter, to 10.2% (-15.6% in the third quarter of 2020), and Imports of Goods and Services went from a rate of 36.3% in the second quarter to 11.0% (-11.1% in the third quarter of 2020).

Compared to the previous quarter, GDP increased by 2.9% in real terms, reflecting the gradual decrease of the restrictions to mobility imposed by the pandemic, after two quarters with opposite results: a strong reduction of GDP in the first quarter (-3.3%), due to the general lockdown, and an increase by 4.4% in the second quarter, following the gradual lifting of the restrictions on mobility.

The contribution of net external demand to the quarter-on-quarter rate of change of GDP shifted to positive (1.8 percentage points, after -0.7 percentage points in the second quarter). The contribution from domestic demand was also positive (1.1 percentage points), but less than in the previous quarter (5.1 percentage points).

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

	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21	3Q 21
Quarter-on-quarter rate of change (%)						
Domestic Demand	-12.7	11.9	0.8	-2.1	4.9	1.0
Exports (FOB)	-36.6	39.0	5.2	-2.3	-2.2	9.6
Imports (FOB)	-30.1	28.2	6.4	0.4	-0.4	4.4
GDP	-15.2	14.7	0.3	-3.3	4.4	2.9
Contributions to GDP quarter-on-quarter rate of change (percentage points)						
Domestic Demand	-12.9	12.5	0.8	-2.2	5.1	1.1
External Demand Balance ¹	-2.3	2.2	-0.6	-1.1	-0.7	1.8

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 third quarter, Final Consumption Expenditure of Resident Households registered a year-on-year rate of change of 4.6% in volume, which compares to a rate of change of 19.4% in the previous quarter and of -4.9% in the third quarter of 2020.

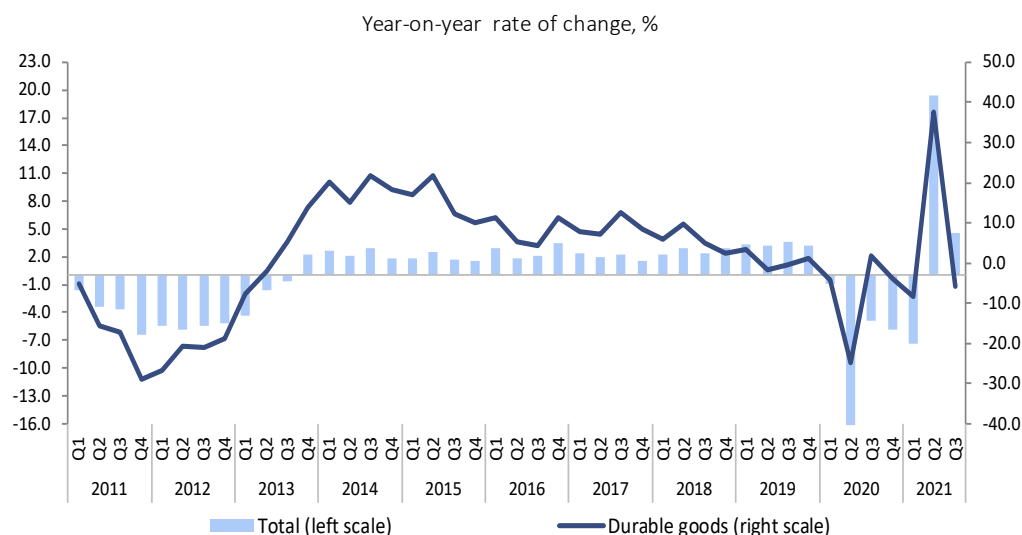
Figure 5. Final consumption expenditure of resident households (volume)

	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21	3Q 21
Year-on-year rate of change (%)						
Total	-17.6	-4.9	-5.8	-7.4	19.4	4.6
Durable Component	-24.9	1.9	-4.0	-8.4	37.6	-5.7
Non-Durable Component	-16.9	-5.6	-6.1	-7.3	17.7	5.8
Of which:						
Food and beverage products	5.2	4.6	5.0	3.1	2.1	1.6



Final Consumption Expenditure of Resident Households in non-durable goods and services increased by 5.8%, in year-on-year terms, in the third quarter (17.7% in the previous quarter and -5.6% in the third quarter of 2020). The durable goods component decreased by 5.7% in year-on-year terms, after the increase of 37.6% in the previous quarter (1.9% in the third quarter of 2020).

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



Comparing with the second quarter, Final Consumption Expenditure of Resident Households increased by 1.9% (quarter-on-quarter rate of change of 7.5% in the previous quarter), with an increase of 2.8% in expenditure on non-durable goods and services and a reduction of 6.2% in durable goods component (rates of 6.8% and 14.5% in the second quarter, respectively).

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

	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21	3Q 21
	Quarter-on-Quarter rate of change (%)					
Total	-16.7	16.4	-0.3	-4.3	7.5	1.9
Durable Component	-23.8	37.0	-4.2	-8.4	14.5	-6.2
Non-Durable Component	-15.9	14.4	0.2	-3.8	6.8	2.8
Of which:						
Food and beverage products	1.5	0.4	0.4	0.8	0.4	-0.1



Investment

In the third quarter, Investment in volume registered a year-on-year growth of 5.8% (12.3% in the previous quarter and -9.6% in the third quarter of 2020). Total GFCF presented a year-on-year rate of change of 1.5% (13.6% in the previous quarter and -0.5% in the third quarter of 2020). Changes in Inventories contributed 0.7 percentage points to the GDP year-on-year rate of change in the third quarter (-0.2 percentage points in the second quarter), partly reflecting a base effect associated with the pronounced rundown of stocks in the third quarter of 2020 (contribution of 1.7 percentage points). Indeed, compared to the previous quarter, the contribution of Changes in Inventories to the quarter-on-quarter rate of change of GDP was -0.1 percentage points, as in the previous quarter.

Figure 8. Gross Fixed Capital Formation (volume)

	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21	3Q 21
	Year-on-year rate of change (%)					
Total	-9.9	-0.5	0.4	2.9	13.6	1.5
Of which:						
Transport Equipment	-67.7	-21.1	-26.8	-26.7	116.2	-3.2
Other Machinery and Equipment ¹	-20.0	-0.7	1.6	9.6	29.7	1.0
Construction	2.2	2.3	3.3	3.9	2.5	0.1
Intellectual Property Products ²	0.7	3.0	4.9	7.4	10.5	8.2

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

GFCF in Other Machinery and Equipment increased 1.0% in volume (year-on-year rate of change of 29.7% in the second quarter and -0.7% in the third quarter of 2020).

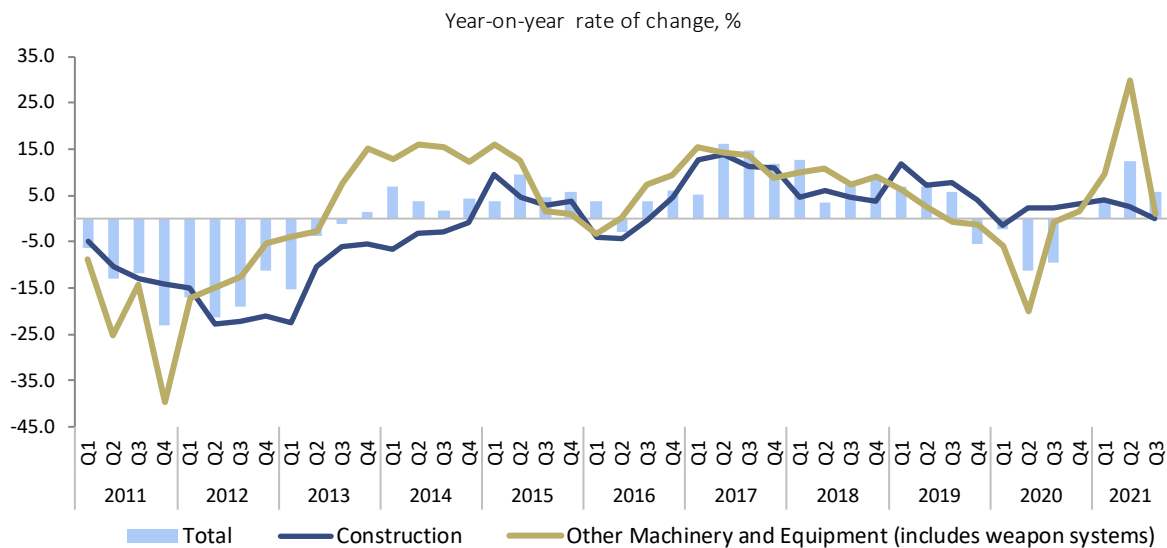
GFCF in Transport Equipment recorded a year-on-year rate of change of -3.2%, after a significant increase in the previous quarter, with a rate of 116.2% in the second quarter of 2021 and -21.1% in the third quarter of 2020.

GFCF in Construction increased slightly in volume in the third quarter (year-on-year change rate of 0.1%), decelerating in the last two quarters (rates of 3.9% and 2.5% in the first and second quarters).

GFCF in Products of Intellectual Property increased by 8.2% in year-on-year terms, registering an increase of 10.5% in the previous quarter (rate of 3.0% in the third quarter of 2020).



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



Comparing with the second quarter, total Investment decreased by 2.2% (quarter-on-quarter rate of change of -1.1% in the previous quarter), with GFCF decreasing 1.8%.

Figure 10. Gross Fixed Capital Formation (volume)

	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21	3Q 21
	Quarter-on-Quarter rate of change (%)					
Total	-9.9	9.9	1.3	2.5	-0.5	-1.8
Of which:						
Transport Equipment	-69.3	145.2	-9.9	7.9	-9.3	9.7
Other Machinery and Equipment ¹	-15.5	19.2	5.0	3.6	0.0	-7.2
Construction	1.1	0.5	0.8	1.4	-0.3	-1.8
Intellectual Property Products ²	-1.3	3.9	2.7	2.0	1.5	1.8

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 10.2% in the third quarter (39.8% in the previous quarter and -15.6% in the third quarter of 2020). Exports of goods shifted from a year-on-year change of 41.9% in the second quarter to 3.4% and exports of services increased by 33.0% in the third quarter (33.6% in the precedent quarter).

In the third quarter, Imports of Goods and Services in volume increased by 11.0% in year-on-year terms, after increasing 36.3% in the previous quarter. Imports of goods recorded a year-on-year rate of change of 7.8%



(38.0% reduction in the second quarter), with imports of services increasing by 30.1% (decrease of 27.2% in the second quarter).

Figure 11. Exports and Imports (volume)

	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21	3Q 21
	Year-on-year rate of change (%)					
Exports	-39.3	-15.6	-14.4	-9.4	39.8	10.2
Goods (FOB)	-33.3	-3.1	-4.7	2.9	41.9	3.4
Services	-52.3	-41.0	-35.1	-36.8	33.6	33.0
Imports	-29.9	-11.1	-6.2	-4.3	36.3	11.0
Goods (FOB)	-29.0	-7.8	-3.5	-1.7	38.0	7.8
Services	-34.3	-27.1	-18.8	-18.0	27.2	30.1

Comparing with the previous quarter, total exports increased by 9.6% in real terms (-2.2% in the second quarter), with a 3.9% quarter-on-quarter rate of change in the goods component and 27.7% in services. Total imports registered a quarter-on-quarter rate of change of 4.4% in the third quarter (-0.4% in the second quarter), with the goods component increasing by 2.1% and the services component by 17.8%.

Figure 12. Exports and Imports (volume)

	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21	3Q 21
	Quarter-on-Quarter rate of change (%)					
Exports	-36.6	39.0	5.2	-2.3	-2.2	9.6
Goods (FOB)	-31.0	42.5	3.6	1.0	-4.9	3.9
Services	-49.1	28.3	10.7	-12.5	7.6	27.7
Imports	-30.1	28.2	6.4	0.4	-0.4	4.4
Goods (FOB)	-29.9	30.6	4.7	2.5	-1.6	2.1
Services	-31.2	15.1	16.8	-11.3	6.7	17.8

In the third quarter there was a loss in terms of trade in year-on-year terms, extending the result already observed in the previous quarter. The deflator of Imports of Goods and Services increased by 11.2% (year-on-year rate of change of 6.2% in the previous quarter), in consequence, to a large extent, of the pronounced increase in the prices of energy products and raw materials. The deflator of Exports of Goods and Services recorded a year-on-year growth of 8.8%, after a 3.7% rate in the second quarter.

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

	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21	3Q 21
	Year-on-year rate of change (%)					
Exports	-2.3	-4.2	-2.9	0.1	3.7	8.8
Imports	-5.7	-4.7	-3.8	-1.4	6.2	11.2
Terms of Trade	3.6	0.5	1.0	1.5	-2.3	-2.1



In nominal terms, External Balance of Goods and Services stood at -3.0% of GDP in the third quarter, 1.0 percentage points higher than in the previous quarter (-1.5% of GDP in the third quarter of 2020).

Gross Value Added (GVA) at basic prices

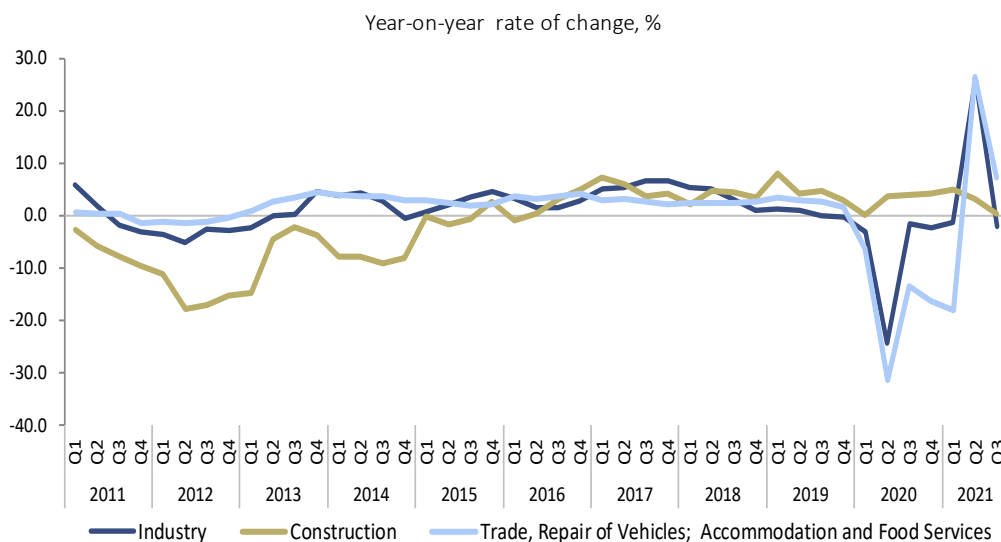
In the third quarter of 2021, in real terms, GVA at base prices recorded a year-on-year rate of change of 3.5% (14.8% in the previous quarter and -5.3% in the third quarter of 2020).

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

	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21	3Q 21
	Year-on-Year rate of change (%)					
GVA at basic prices	-16.6	-5.3	-4.9	-4.7	14.8	3.5
Agriculture, Forestry and Fishing	-7.7	-7.2	-3.6	2.9	7.6	9.5
Industry	-24.4	-1.5	-2.3	-1.2	26.0	-2.0
Energy, Water Supply and Sewerage	-10.6	-4.4	-3.6	-0.6	4.9	0.6
Construction	3.6	4.0	4.3	5.1	3.2	0.3
Trade, Repair of Vehicles; Accommodation and Food	-31.3	-13.5	-16.4	-18.1	26.4	7.2
Transportation and Storage; Information and	-23.2	-8.0	-5.9	-5.1	22.4	8.2
Financial, Insurance and Real Estate Activities	-1.8	-2.0	-1.0	0.3	1.6	2.7
Other Services Activities	-13.9	-4.1	-1.9	-3.1	14.2	3.4
Taxes less subsidies on products	-27.1	-14.1	-17.1	-13.6	26.1	11.3

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) (1.1 percentage points), reflecting the year-on-year growth of 7.2%, after increasing by 26.4% in the previous quarter and diminishing by 13.5% in the third quarter of 2020.

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





Taxes less Subsidies on Products, in real terms, presented a year-on-year growth of 11.3% in the third quarter (26.1% in the previous quarter and –14.1% in the third quarter of 2020).

Employment

In the third quarter, employment (measured in number of individuals and seasonally adjusted) for all sectors of economic activity increased by 3.8% (4.3% in the previous quarter).

The number of employees (also seasonally adjusted) recorded a year-on-year rate of change of 2.9% in the third quarter (3.5% in the second quarter).

Considering employment measured by hours worked, there was a growth of 3.1% (+29.4% in the second quarter and –23.8% in the second quarter of 2020).

Figure 16. Employment – Quarterly National Accounts

	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21	3Q 21
	Year-on-Year rate of change (%)					
Employment						
Persons	-3.5	-2.7	-0.7	-1.3	4.3	3.8
Hours worked	-23.8	-6.1	-3.8	-5.8	29.4	3.1
Employees						
Persons	-2.8	-2.3	-1.0	-2.1	3.5	2.9
Hours worked	-22.4	-5.1	-4.8	-5.6	27.2	2.1

Compared to the second quarter, total employment (measured in number of individuals) increased by 0.7% in the third quarter, after a quarter-on-quarter rate of change of 1.9% in the second quarter, while hours worked decreased by 2.5 % (+7.7% in the previous quarter).

Figure 17. Employment – Quarterly National Accounts

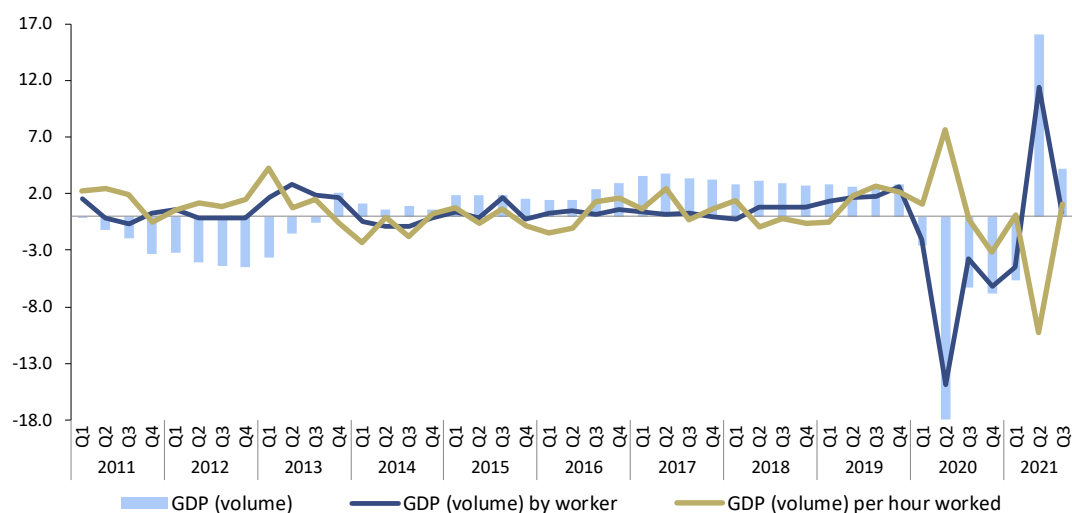
	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21	3Q 21
	Quarter-on-Quarter rate of change (%)					
Employment						
Persons	-3.5	1.2	1.9	-0.8	1.9	0.7
Hours worked	-21.6	22.4	3.7	-5.3	7.7	-2.5
Employees						
Persons	-2.8	0.9	1.1	-1.3	2.7	0.3
Hours worked	-21.1	23.7	0.6	-3.9	6.3	-0.7



In the third quarter, productivity measured by the ratio between GDP in volume and the number of people employed increased by 0.4% in year-on-year terms (11.4% in the second quarter of 2021 and 13.4% in the second quarter of 2020). Productivity measured based on the number of hours worked increased by 1.1% in year-on-year terms in the third quarter (-10.3% in the second quarter and +9.7% in the second quarter of 2020).

Figure 18. GDP (volume) and productivity

Year-on-year rate of change, %



METHODOLOGICAL NOTE

Revisions:

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 September 2021 preliminary version of the international goods trade statistics. In what concerns, the deflators for external trade of goods for the third quarter of 2021, the Unit Value Quarterly Indices were used, calculated based on the statistics of the International Trade of goods related to September 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 October 29, the incorporation of the new data mentioned above not implied revisions in the GDP year on year and quarter-on-quarter rates of change.

Figure 19. Revisions – GDP (volume)

	3Q 20	4Q 20	1Q 21	2Q 21	3Q 21
	Year-on-year rate of change (%)				
QNA 3Q 2021 (60 days)	-6.3	-6.8	-5.7	16.1	4.2
Flash 3Q 2021 (30 days)	-6.3	-6.8	-5.7	16.1	4.2
QNA 2Q 2021 (85 days)	-6.3	-6.8	-5.7	16.2	
	Quarter-on-quarter rate of change (%)				
QNA 3Q 2021 (60 days)	14.7	0.3	-3.3	4.4	2.9
Flash 3Q 2021 (30 days)	14.7	0.3	-3.3	4.4	2.9
QNA 2Q 2021 (85 days)	14.7	0.3	-3.3	4.5	

Flash - Flash Estimate; QNA - Quarterly National Accounts

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



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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 third quarter 2021.

Reference date of the primary data used:

These estimates were calculated using information available until November 25, 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 third quarter of 2021 are scheduled for December 23, 2021.
