



31 August 2022
QUARTERLY NATIONAL ACCOUNTS (Base 2016)
Second Quarter 2022

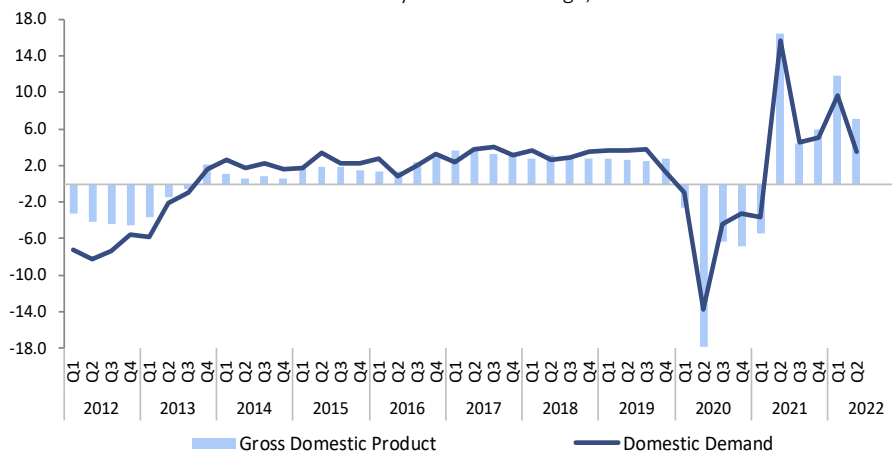
GROSS DOMESTIC PRODUCT IN VOLUME RECORDED A YEAR-ON-YEAR GROWTH RATE OF 7.1% AND REGISTERED A NIL RATE OF CHANGE COMPARED WITH THE PREVIOUS QUARTER

Gross Domestic Product (GDP), in real terms, registered a year-on-year rate of change of 7.1% in the second quarter of 2022 (11.8% in the previous quarter). It should be highlighted that the GDP evolution in year-on-year terms partly reflects a base effect, as several measures to mitigate the pandemic were in place in the first quarter of 2021, partially restricting economic activity. The contribution of domestic demand to the year-on-year rate of change of GDP decreased in the second quarter of 2022, moving from 10.0 percentage points to 3.7, with a less intense growth of private consumption and investment. The positive contribution of net external demand to the year-on-year rate of change of GDP increased to 3.5 percentage points (1.7 in the previous quarter), as a result of the more pronounced acceleration of Exports of Goods and Services compared to Imports of Goods and Services. In the second quarter, the implicit prices of the flows of external trade increased significantly, accelerating more in exports than in imports due to the components of services, determining a less intense loss of terms of trade compared to the previous quarter. The effect of the evolution of the terms of trade, together with the positive volume effect, resulted in an improvement in the External Balance of Goods and Services in nominal terms, standing at -2.2% of GDP (-3.6% of GDP in the first quarter). Compared to the first quarter of 2022, GDP registered a nil rate of change in volume, after a quarter-on-quarter growth rate of 2.5% in the previous quarter, with a contribution of -1.1 percentage points from domestic demand (+2.1 percentage points in the first quarter), while the positive contribution of net external demand increased from 0.4 percentage points to 1.1, reflecting the more pronounced growth of Exports of Goods and Services than that of Imports of Goods and Services.

In the second quarter, employment (measured in number of individuals and seasonally adjusted) for all sectors of economic activity grew by 1.8% in year-on-year terms (4.4% in the previous quarter), while the number of employees increased by 2.8% in the second quarter (4.6% in the previous quarter).

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 2022, GDP in volume increased by 7.1% in year-on-year terms, and registered a nil rate of change compared with the previous quarter

The GDP preliminary estimates for the second quarter of 2022 indicate a year-on-year rate of change of 7.1% in real terms, implying an upwards revision by 0.2 percentage points compared to the flash estimate (more explanations are available in the section Methodological Note in the end of this press release), below the rate of change of 11.8% observed in the previous quarter (16.5% in the second quarter of 2021). It should be noted that the GDP deceleration in year-on-year terms partly reflects a base effect, as several measures to mitigate the pandemic were in place in the first quarter of 2021, partially restricting economic activity.

In nominal terms, GDP increased by 11.1% comparing with the second quarter of 2021 (12.5% in the previous quarter and 15.5% in the second quarter of 2021). The implicit GDP deflator accelerated significantly in the second quarter to a year-on-year rate of change of 3.7% (0.7% in the previous quarter).

Reflecting the already mentioned base effect, the contribution of domestic demand to the GDP year-on-year rate of change in volume decreased significantly in the second quarter of 2022, shifting from 10.0 percentage points in the first quarter to 3.7 percentage points.

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

	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22	2Q 22
	Year-on-Year rate of change (%)					
Domestic Demand	-3.7	15.7	4.6	5.1	9.7	3.5
Exports (FOB)	-7.5	43.0	11.9	16.1	18.6	26.8
Imports (FOB)	-3.6	37.4	12.2	13.6	13.4	16.4
GDP	-5.4	16.5	4.4	5.9	11.8	7.1
	Contributions to GDP year-on-year rate of change (percentage points)					
Domestic Demand	-3.8	16.4	4.7	5.2	10.0	3.7
External Demand Balance ¹	-1.6	0.1	-0.3	0.7	1.7	3.5

¹ - External Demand Balance (Exports less Imports)

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

Looking into the components of domestic demand, in volume, private consumption (includes Non-Profit Institutions Serving Households) deceleration stood out, with a year-on-year rate of change of 4.2% in the second quarter (12.2% in the previous quarter). Public consumption increased by 1.4% in year-on-year terms, 3.4 percentage points more than in the precedent quarter and Investment slowed down from a rate of growth of 6.4% in the first quarter to 3.3%.



Figure 3. Components of domestic demand

	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22	2Q 22
	Year-on-Year rate of change (%)					
Domestic Demand	-3.7	15.7	4.6	5.1	9.7	3.5
Private Consumption ¹	-7.5	18.5	4.0	5.4	12.2	4.2
Public Consumption ²	2.0	9.4	3.4	2.0	4.8	1.4
Investment	4.3	12.5	8.1	7.2	6.4	3.3

¹ - Final Consumption Expenditure of Resident Households and NPISHs

² - Final Consumption Expenditure of General Government

In the second quarter of 2022, the contribution of net external demand to the GDP year-on-year growth rate increased to 3.5 percentage points (1.7 percentage points in the previous quarter). Exports of Goods and Services presented a more pronounced acceleration compared to Imports of Goods and Services, moving from a year-on-year rate of change of 18.6% in the first quarter to 26.8%, while Imports of Goods and Services in volume increased by 16.4% compared with the same period of 2021, after a growth rate 13.4% in the previous quarter.

Compared to the previous quarter, GDP registered a nil rate of change in real terms in the second quarter of 2022, implying an upwards revision by 0.2 percentage points compared to the flash estimate (growth rate of 2.5% in the previous quarter). The contribution from domestic demand was -1.1 percentage points (+2.1 percentage points in the first quarter), while the positive contribution of net external demand increased from 0.4 percentage points to 1.1, reflecting the more pronounced growth of Exports of Goods and Services than that of Imports of Goods and Services.

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

	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22	2Q 22
	Quarter-on-quarter rate of change (%)					
Domestic Demand	-2.3	4.9	1.2	1.3	2.0	-1.1
Exports (FOB)	-0.2	-2.0	8.8	9.2	2.0	4.7
Imports (FOB)	1.1	-0.4	4.7	7.7	1.0	2.2
GDP	-2.9	4.4	2.7	1.7	2.5	0.0
Contributions to GDP quarter-on-quarter rate of change (percentage points)						
Domestic Demand	-2.3	5.0	1.3	1.3	2.1	-1.1
External Demand Balance ¹	-0.6	-0.7	1.4	0.4	0.4	1.1

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

Resident Households' final consumption expenditure registered a year-on-year rate of change of 4.2% in volume in the second quarter, after a growth rate of 12.5% in the previous quarter (19.1% in the second quarter of 2021).



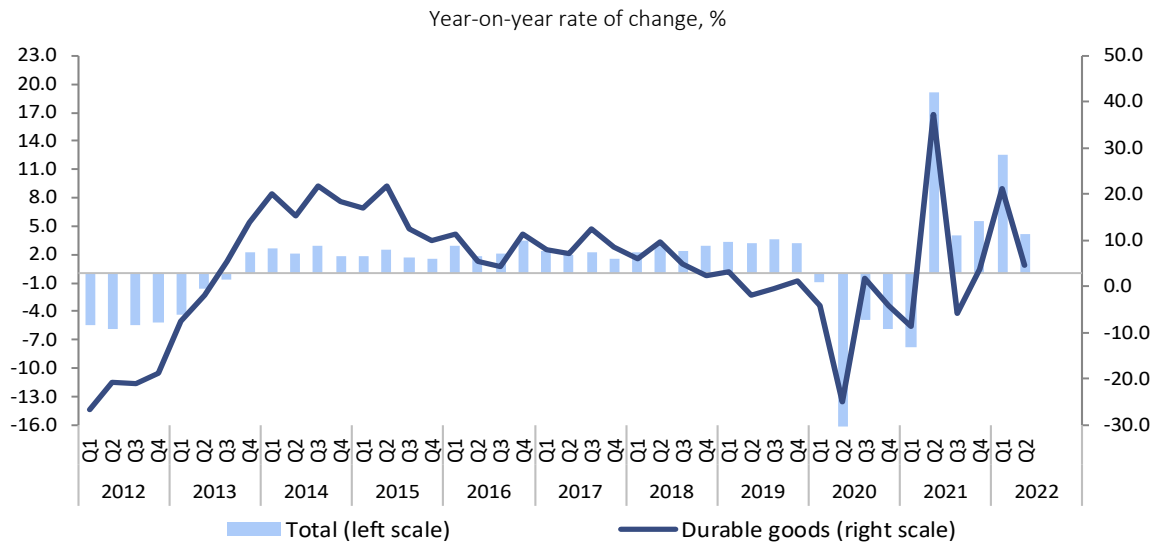
In the second quarter, households' consumption in services and non-durable goods decelerated to 4.2%, in year-on-year terms, partially reflecting the mentioned base effect, as this component increased by 17.4% in the same period of 2021 (year-on-year rate of change of 11.6% in the first quarter).

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

	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22	2Q 22
	Year-on-year rate of change (%)					
Total	-7.8	19.1	4.1	5.5	12.5	4.2
Durable Component	-8.5	37.4	-5.8	3.7	21.2	4.5
Non-Durable Component	-7.7	17.4	5.2	5.7	11.6	4.2
Of which:						
Food and beverage products	2.9	1.8	1.1	0.4	-1.8	-2.0

The component of durable goods also recorded a less pronounced growth, 4.5% (21.2% in the previous quarter and 37.4% in the second quarter of 2021), with the deceleration observed both in the acquisition component of motor vehicles, as well as in the expenditures on other durable goods.

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



Compared with the first quarter, households' consumption expenditures decreased by 0.3% (quarter-on-quarter rate of change of +1.7% in the previous quarter), with a reduction of 1.3% in expenditures in durable goods and of 0.2% in expenditures in non-durable goods and services.



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

	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22	2Q 22
	Quarter-on-Quarter rate of change (%)					
Total	-4.6	7.6	1.7	1.1	1.7	-0.3
Durable Component	-8.5	14.5	-6.1	5.5	6.9	-1.3
Non-Durable Component	-4.2	6.9	2.5	0.6	1.2	-0.2
Of which:						
Food and beverage products	0.6	0.4	-0.3	-0.4	-1.5	0.2

Investment

Investment in volume slowed down in the second quarter, registering a year-on-year growth of 3.3% (6.4% in the previous quarter). Total GFCF decelerated to a growth rate of 1.5%, in year-on-year terms (6.0% in the first quarter), while Changes in Inventories shifted from a contribution to the GDP year-on-year rate of change of 0.1 percentage points in the first quarter to a contribution of 0.3 percentage points in the second quarter.

Figure 8. Gross Fixed Capital Formation (volume)

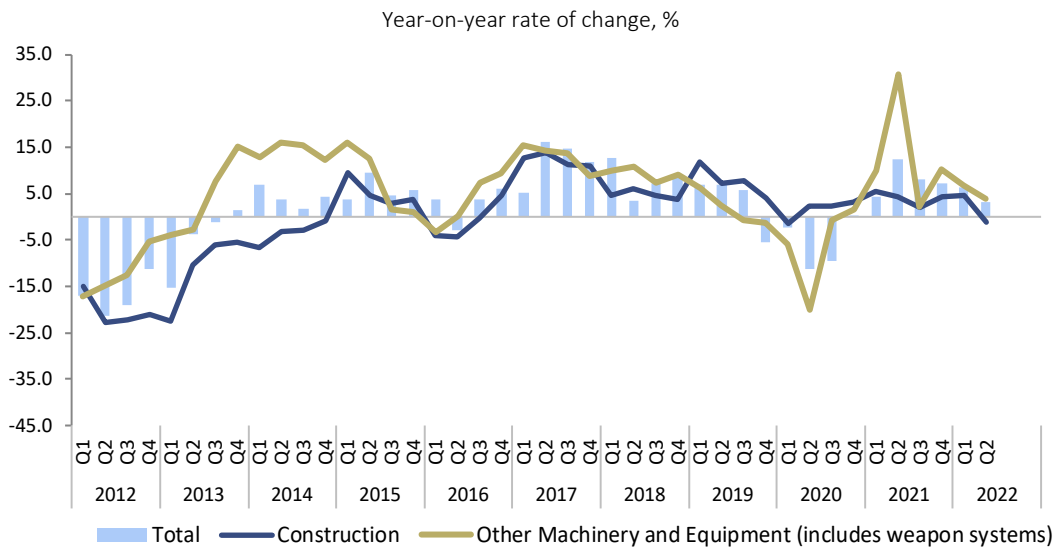
	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22	2Q 22
	Year-on-year rate of change (%)					
Total	3.6	14.9	2.6	5.9	6.0	1.5
Of which:						
Transport Equipment	-27.2	116.1	-4.0	1.1	17.7	10.4
Other Machinery and Equipment ¹	9.9	30.8	2.1	10.1	6.7	3.9
Construction	5.4	4.4	2.0	4.2	4.6	-1.2
Intellectual Property Products ²	7.6	10.8	8.1	6.7	5.1	2.5

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

In the second quarter of 2022, GFCF in volume decreased in Construction, shifting from a year-on-year rate of change of +4.6% in the first quarter to -1.2%. GFCF in Transport Equipment increased by 10.4% after a 17.7% growth in the first quarter (year-on-year rate of change of 116.1% in the second quarter of 2021). In the same direction, GFCF in Other Machinery and Equipment and GFCF in Products of Intellectual Property also slowed down in the second quarter, recording year-on-year rates of change of 3.9% and 2.5%, respectively (6.7% and 5.1% in the first quarter, in the same order).



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



Compared with the first quarter of 2022, total Investment decreased by 4.3% (quarter-on-quarter rate of change of 3.9% in the previous quarter), with a reduction of 4.4% in GFCF (rate of 3.4% in the first quarter), with emphasis on reductions in transport equipment and construction components.

Figure 10. Gross Fixed Capital Formation (volume)

	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22	2Q 22
	Quarter-on-Quarter rate of change (%)					
Total	3.2	-0.1	-1.8	4.5	3.4	-4.4
Of which:						
Transport Equipment	7.2	-8.8	8.9	-5.1	24.9	-14.5
Other Machinery and Equipment ¹	3.9	0.6	-7.0	13.3	0.7	-2.1
Construction	2.8	0.1	-1.7	3.0	3.2	-5.3
Intellectual Property Products ²	2.2	1.6	1.4	1.3	0.6	-0.9

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

Exports and Imports

Exports of Goods and Services in volume accelerated significantly in the second quarter, reaching a year-on-year rate of change of 26.8% (18.6% in the previous quarter). This acceleration was due to the behaviour of exports of goods, which moved from a year-on-year growth rate of 3.8% in the first quarter to 14.1%. Exports of services continued to grow markedly, with rates of 68.4% and 65.1% in the first and second quarter, respectively, largely reflecting the strong dynamics of the tourism component.

In the second quarter, Imports of Goods and Services in volume increased by 16.4% in year-on-year terms, 3.0 percentage points higher than in the previous quarter, with more intense growths in both components. Imports of goods registered a growth rate of 14.9% (12.1% in the first quarter) and imports of services increased by 24.8% (21.3% in the previous quarter).



Figure 11. Exports and Imports (volume)

	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22	2Q 22
	Year-on-year rate of change (%)					
Exports	-7.5	43.0	11.9	16.1	18.6	26.8
Goods (FOB)	3.3	43.0	3.5	4.6	3.8	14.1
Services	-31.6	42.9	40.1	52.0	68.4	65.1
Imports	-3.6	37.4	12.2	13.6	13.4	16.4
Goods (FOB)	-1.4	38.2	9.2	10.8	12.1	14.9
Services	-15.3	33.2	30.5	29.1	21.3	24.8

Compared with the previous quarter, total exports increased by 4.7% in real terms (2.0% in the previous quarter), with imports of goods growing by 5.0% and imports of services, by 4.2% (0.6% and 4.9% in the first quarter respectively). Total imports registered a quarter-on-quarter rate of change of 2.2% in the second quarter (1.0% in the first quarter), with the goods component increasing by 0.6%, and the services component growing by 11.3% (rates of 4.2% and -14.0% in the first quarter, respectively).

Figure 12. Exports and Imports (volume)

	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22	2Q 22
	Quarter-on-Quarter rate of change (%)					
Exports	-0.2	-2.0	8.8	9.2	2.0	4.7
Goods (FOB)	1.4	-4.5	3.1	4.8	0.6	5.0
Services	-5.3	6.4	25.8	20.0	4.9	4.2
Imports	1.1	-0.4	4.7	7.7	1.0	2.2
Goods (FOB)	2.9	-1.8	3.2	6.2	4.2	0.6
Services	-8.4	8.1	12.9	15.5	-14.0	11.3

The implicit prices in international trade flows increased significantly in the second quarter, with a stronger acceleration in the export deflator due to the service components, determining a less intense loss of terms of trade than in the previous quarter. The deflator for Exports of Goods and Services went from a year-on-year rate of change of 12.1% in the first quarter to 17.2%, and the deflator for Imports of Goods and Services increased by 22.5% in the second quarter, after a growth of 18.1% in the previous quarter.

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

	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22	2Q 22
	Year-on-year rate of change (%)					
Exports	0.1	4.0	8.9	10.4	12.1	17.2
Imports	-1.4	6.0	11.1	14.8	18.1	22.5
Terms of Trade	1.6	-1.9	-1.9	-3.9	-5.0	-4.3

The effect of the evolution of the terms of trade, together with the positive behaviour in volume resulted in an improvement in the External Balance of Goods and Services in nominal terms, standing at -2.2% of GDP (-3.6% of GDP in the first quarter and -3.4% of GDP in the second quarter of 2021).



Gross Value Added (GVA) at basic prices

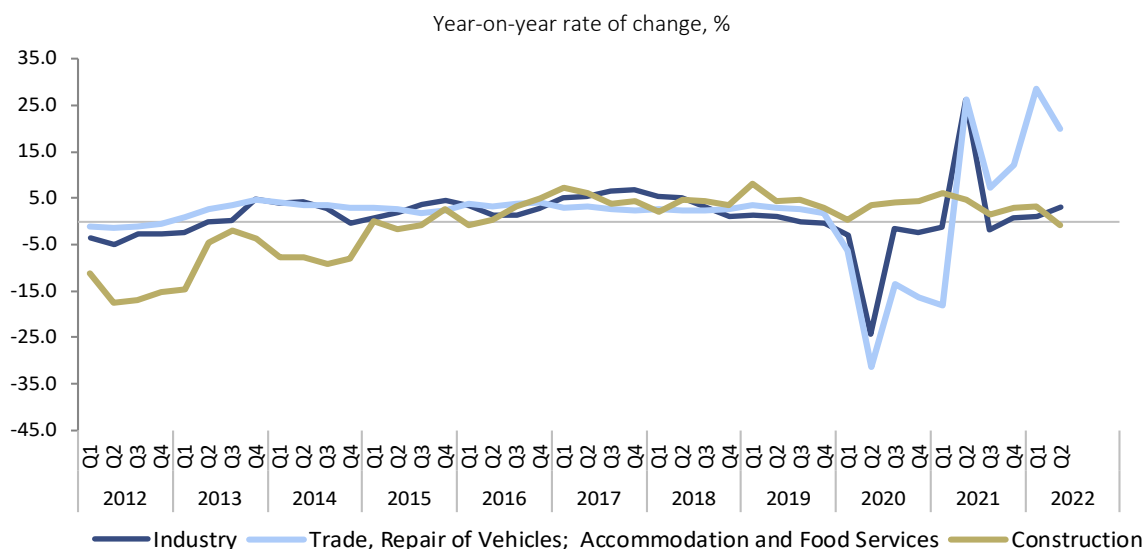
In the second quarter of 2022, in real terms, GVA at base prices recorded a year-on-year rate of change of 7.5% (9.6% in the previous quarter and 14.8% in the second quarter of 2021).

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

	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22	2Q 22
	Year-on-Year rate of change (%)					
GVA at basic prices	-4.1	14.8	3.6	4.8	9.6	7.5
Agriculture, Forestry and Fishing	4.3	8.6	9.0	5.6	-1.8	-6.1
Industry	-1.2	26.0	-1.8	0.8	1.0	3.1
Energy, Water Supply and Sewerage	-0.4	4.8	0.2	-0.1	-1.7	-0.8
Construction	6.1	4.5	1.6	2.9	3.2	-0.7
Trade, Repair of Vehicles; Accommodation and Food	-18.1	26.3	7.3	12.1	28.6	19.9
Transportation and Storage; Information and	-5.1	22.4	8.0	11.0	17.6	15.4
Financial, Insurance and Real Estate Activities	0.1	1.2	2.3	1.6	1.4	0.8
Other Services Activities	-1.4	14.2	3.8	3.4	9.6	7.2
Taxes less subsidies on products	-13.5	26.1	11.4	14.4	25.2	5.0

GVA in Trade and Repair of Vehicles, and Accommodation and Food Services recorded the highest contribution (3.1 percentage points) to the year-on-year rate of change of total GVA (including Taxes less Subsidies on Products), reflecting the year-on-year growth of 19.9% (rate of 28.6% in the first quarter). GVA in Other Services Activities also stands out, with a year-on-year growth of 7.2% and a contribution to the year-on-year rate of change of total GVA of 1.9 percentage points.

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



Taxes less Subsidies on Products, in real terms, presented a year-on-year growth of 5.0% in the second quarter of 2022 (25.2% in the previous quarter and 26.1% in the second quarter of 2021).



Employment

In the second quarter, employment (measured in number of individuals and seasonally adjusted) for all sectors of economic activity grew by 1.8% in year-on-year terms, after an increase of 4.4% in the previous quarter and of 4.2% in the second quarter of 2021.

The number of employees (also seasonally adjusted) recorded a year-on-year rate of change of 2.8% in the second quarter, 1.8 percentage points less the growth rate of the previous quarter (3.5% in the second quarter of 2021).

Considering employment measured by hours worked, there was a decrease of 0.8% in the second quarter, which partially reflects the significant increase of 28.7% registered in the same period of 2021 (year-on-year rate of change of 11.6% in the first quarter).

Figure 16. Employment – Quarterly National Accounts

	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22	2Q 22
	Year-on-Year rate of change (%)					
Employment						
Persons	-1.4	4.2	3.7	1.8	4.4	1.8
Hours worked	-6.4	28.7	2.5	-1.9	11.6	-0.8
Employees						
Persons	-2.1	3.5	2.9	2.7	4.6	2.8
Hours worked	-5.6	27.3	2.2	-0.6	9.7	-0.2

Compared to the first quarter, total employment (measured in number of individuals) decreased 0.7% in the second quarter, after growth rate of 1.7% in the previous quarter, while hours worked decreased by 4.2% (+7.1% in the previous quarter).

Figure 17. Employment – Quarterly National Accounts

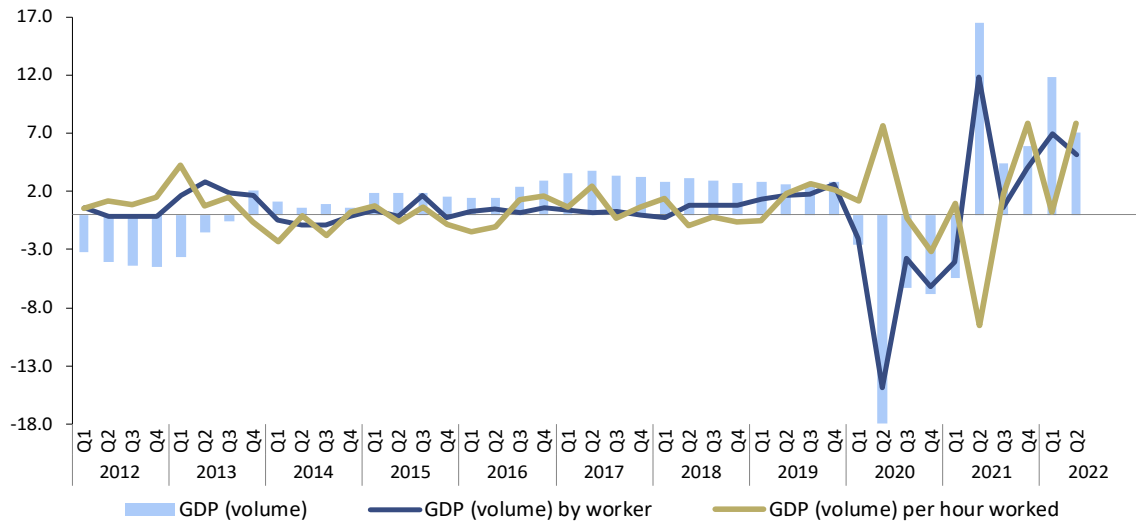
	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22	2Q 22
	Quarter-on-Quarter rate of change (%)					
Employment						
Persons	-0.8	1.9	0.7	0.0	1.7	-0.7
Hours worked	-5.8	7.7	-2.6	-0.7	7.1	-4.2
Employees						
Persons	-1.3	2.7	0.3	0.9	0.6	0.9
Hours worked	-3.9	6.4	-0.7	-2.1	6.1	-3.2

In the second quarter, productivity measured by the ratio between GDP in volume and the number of people employed increased by 5.2% in year-on-year terms, 2.2 percentage points more than in the previous quarter (11.8% in the second quarter of 2021). In turn, productivity measured based on the number of hours worked recorded a year-on-year rate of change of 7.9%, after an increase of 0.2% in the first quarter (-9.5% in the second quarter of 2021).



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 latest information of the Monetary and Financial Statistics and Balance of Payments compiled by the Bank of Portugal, with changes in imports and exports of services
- The June 2022 preliminary version of the international goods trade statistics. In what concerns, the deflators for external trade of goods for the second quarter of 2022, the Unit Value Quarterly Indices were used, calculated based on the statistics of the International Trade of goods related to June 2022. 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 July 29, the incorporation of the new data mentioned above implied an upwards revision of 0.2 percentage points in the GDP year-on-year and quarter-on-quarter rates of change. This revision reflects the use of a wider set of information, notably for the supply side, complementing the data from the demand side, where changes were observed in private consumption in consequence of the most recent data on retail trade turnover index.

Figure 19. Revisions – GDP (volume)

	2Q 21	3Q 21	4Q 21	1Q 22	2Q 22
	Year-on-year rate of change (%)				
QNA 2Q 2022 (60 days)	16.5	4.4	5.9	11.8	7.1
Flash 2Q 2022 (30 days)	16.5	4.4	5.9	11.8	6.9
	Quarter-on-quarter rate of change (%)				
QNA 2Q 2022 (60 days)	4.4	2.7	1.7	2.5	0.0
Flash 2Q 2022 (30 days)	4.4	2.7	1.7	2.5	-0.2

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 Labour Force Survey, the concept of employment covers resident individuals employed by resident production units and non-residents.

Following the usual production calendar of National Accounts, the release of final Annual Accounts for 2020 and provisional for 2021 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, together with the publication of the National Accounts by Institutional Sector for the second quarter of 2022.

Reference date of the primary data used:

These estimates were calculated using information available until August 29, 2022.

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 2022 are scheduled for September 23, 2022.
