

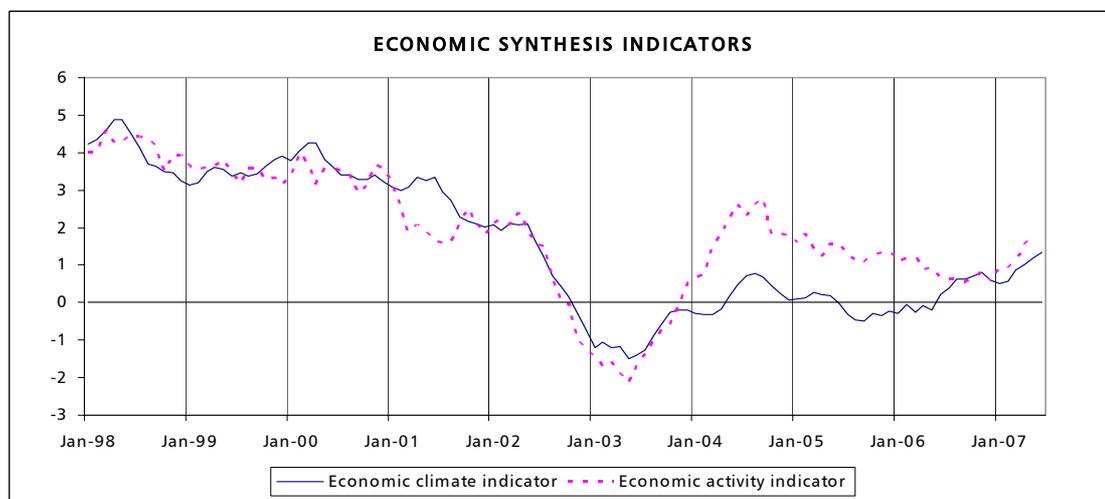
20<sup>th</sup> July, 2007

## Quarterly Economic Survey Second quarter 2007

### Economic Climate improves compared to the first quarter

In the second quarter economic activity may have slowed down, according to the available data. However, economic climate was not affected, with the indicator reaching the highest value of the last five years. The activity indicator, with information until May, has also maintained an ascendant path, still reflecting the acceleration of activity occurred during the first months of the year.

This slowdown of activity may have resulted of the behaviour of external demand, which implied a less pronounced increase of the exports, while the imports accelerated, according to the preliminary data on external trade with information available until May. Domestic demand may have revealed a better behaviour due to the investment recovery, namely in transport equipment and construction. In the labour market, signs are moderately favourable, taking into account the economic agents' expectations available until June, as well as the information coming from the Short Term Statistics and the employment centres. Inflation, measured by the consumer price index (CPI), increased in the second quarter, against the tendency of the three previous quarters. This behaviour was the result of the evolution of the services component, which accelerated strongly in April, staying subsequently at a high level, while the goods component, having accelerated in the same month, took a low level afterwards.



Report based on information available up to July 19, 2007.

*Next report will be released on August 20, 2007.*

#### NOTES

With exception of situations duly identified, the values presented in tables and graphs and others that also serve for the analysis are, in the case of quantitative series, year-on-year rates of change (y.r.) under three-month moving average (3-mma) or, in the case of qualitative series, 3-mma of seasonally adjusted values (s.a.) or of effective values (e.v). Annual information correspond to 12-mma, 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. Annualised variation (a.v.). Weight (w.).



		Year 2005	Year 2006	Quarter 2 2006	Quarter 3 2006	Quarter 4 2006	Quarter 1 2007	Quarter 2 2007	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07
<b>International background</b>															
Industrial production index of customer countries	s.a./r/3-mma	0.8	3.2	3.3	3.4	3.6	3.1	-	3.6	3.2	3.2	3.1	3.1	-	-
Order books in industry of EU	balance/s.a.-3mma	-18.0	-3.5	-4.2	0.0	2.7	4.3	6.2	2.7	3.1	3.4	4.3	5.7	6.4	6.2
Consumer confidence indicator in EU	balance/s.a.-3mma	-10.7	-7.5	-7.9	-7.4	-6.1	-5.0	-2.3	-6.1	-6.1	-5.5	-5.0	-4.2	-3.1	-2.3
Unemployment rate in EU	s.a./%	8.7	7.9	8.0	7.8	7.6	7.2	-	7.5	7.3	7.2	7.1	7.1	7.0	-
Harmonised index of consumer price in EU	y.r.	2.2	2.2	2.5	2.1	1.8	1.9	1.9	1.9	1.8	1.8	1.9	1.9	1.9	1.9
Production price index of supplying countries	y.r/3-mma	3.8	4.2	4.8	4.5	3.2	2.7	-	3.2	3.1	2.8	2.7	2.7	2.7	-
<b>Economic activity</b>															
Economic climate indicator	balance/3-mma	-0.1	0.3	0.2	0.6	0.6	0.9	1.4	0.6	0.5	0.6	0.9	1.0	1.2	1.4
Economic activity indicator	3-mma	1.4	0.8	0.7	0.6	0.6	1.1	-	0.6	0.9	0.9	1.1	1.5	1.7	-
Total turnover index	y.r/3-mma	0.6	2.6	1.5	4.5	2.7	4.8	-	2.7	3.0	3.6	4.8	5.2	4.5	-
Manufacturing industry production index	y.r/3-mma	-1.5	2.3	1.5	3.5	2.5	4.7	-	2.5	3.0	3.5	4.7	5.1	4.4	-
Production index in construction	y.r/3-mma	-4.9	-6.6	-7.4	-7.9	-7.2	-6.8	-	-7.2	-7.9	-7.9	-6.8	-5.9	-5.4	-
Retail trade turnover index (real)	y.r/3-mma	1.7	1.2	0.0	3.4	1.1	1.7	-	1.1	1.2	1.1	1.7	1.0	0.3	-
<b>Consumption</b>															
Consumer confidence indicator	balance/3-mma	-37.7	-34.2	-36.2	-31.9	-31.0	-33.2	-32.9	-31.0	-31.3	-31.4	-33.2	-33.4	-33.0	-32.9
Quantitative indicator of consumption	y.r/3-mma	2.6	1.3	1.0	1.8	1.1	1.6	-	1.1	1.0	1.2	1.6	1.5	1.5	-
Indicator of non-durable consumer goods	y.r/3-mma	2.4	1.5	1.8	1.8	1.3	1.9	-	1.3	1.3	1.6	1.9	1.8	1.7	-
Indicator of durable consumer goods	y.r/3-mma	3.8	-0.3	-4.8	2.4	-0.3	-0.3	-	-0.3	-1.6	-1.7	-0.3	-0.2	0.6	-
Sales of passenger vehicles	y.r/3-mma	3.3	-5.8	-9.3	-3.3	-7.3	-4.8	0.4	-7.3	-9.7	-9.9	-4.8	-4.2	-2.0	0.4
Credit for consumption	y.r/stocks	3.8	21.0	17.2	23.2	21.0	16.2	-	21.0	24.0	23.3	16.2	16.0	-	-
<b>Investment</b>															
GFCF indicator		-2.7	-4.2	-5.7	-3.5	-5.3	-2.6	-	-5.3	-5.8	-3.8	-2.6	-0.5	1.5	-
Cement sales	y.r/3-mma	-6.8	-9.5	-11.7	-10.6	-11.5	-4.4	-	-11.5	-11.5	-10.5	-4.4	-0.4	-	-
Sales of steel for concrete	y.r/3-mma	-10.1	16.0	28.1	29.3	-5.6	-7.9	-	-5.6	-11.2	-7.9	-7.9	-1.2	-	-
Credit for purchase of habitation	y.r/stocks	11.9	15.6	16.2	15.2	15.6	9.6	-	15.6	15.0	14.7	9.6	9.6	-	-
Licenses for construction of new habitations	y.r/3-mma	-2.0	-6.8	-5.0	-8.3	-13.3	-10.3	-	-13.3	-14.5	-15.1	-10.3	-11.0	-12.0	-
Machinery and equipment indicator		-1.9	0.0	-3.5	0.2	3.3	3.1	2.8	3.3	3.1	3.3	3.1	2.8	2.7	2.8
Sales of light commercial vehicles	y.r/3-mma	-1.8	-7.3	-15.7	-6.4	-1.0	1.5	48.0	-1.0	-1.1	-3.3	1.5	5.2	14.5	48.0
Sales of new heavy commercial vehicles	y.r/3-mma	0.1	12.9	26.0	52.0	-31.9	2.7	-9.0	-31.9	-17.6	-5.2	2.7	-31.1	-21.8	-9.0
<b>External demand</b>															
External demand indicator in value	s.a./y.r/3-mma	10.4	10.5	12.2	9.0	7.0	5.5	-	7.0	5.5	6.1	5.5	4.9	-	-
External order books	balance/3-mma	-23.7	-14.4	-14.0	-13.7	-10.7	-7.0	-2.0	-10.7	-9.7	-10.3	-7.0	-6.7	-4.0	-2.0
Forecasted evolution of exports	balance	-4.8	-0.2	-1.7	0.0	1.7	5.3	-	n.d.						
Exports of merchandises in value	y.r/3-mma	2.8	12.4	12.3	13.1	12.6	11.2	-	12.6	12.8	12.3	11.2	10.4	6.8	-
Imports of merchandises in value	y.r/3-mma	5.5	8.0	7.0	8.6	5.7	1.5	-	5.7	5.4	3.6	1.5	1.9	3.1	-
<b>Labour market</b>															
Unemployment rate	%	7.6	7.7	7.3	7.4	8.2	8.4	-	n.d.						
Unemployed registration along the month	s.a./y.r/3-mma	4.1	1.2	-0.8	-1.1	2.6	-5.3	-3.8	2.6	-1.1	-2.5	-5.3	-4.8	-5.8	-3.8
Unemployment expectations	balance/3-mma	49.0	43.8	45.2	40.0	39.3	40.5	40.4	39.3	38.4	38.0	40.5	41.4	40.9	40.4
Vacancies along the month	s.a./y.r/3-mma	5.4	3.6	3.8	6.9	-0.1	15.1	3.0	-0.1	3.2	7.5	15.1	11.3	5.1	3.0
Employment indicator (short-term statistics)	y.r/3-mma	-2.2	-1.9	-1.8	-1.8	-1.9	-1.1	-	-1.9	-1.7	-1.5	-1.1	-0.9	-0.8	-
Wage negotiation	a.v/3-mma/w.	2.7	2.8	3.1	2.6	2.6	2.5	-	2.6	2.6	2.7	2.5	2.7	2.8	-
<b>Prices and exchange rates</b>															
Consumer price index	y.r.	2.3	3.1	3.7	3.0	2.5	2.4	2.5	2.5	2.6	2.4	2.3	2.7	2.4	2.4
Core inflation indicator	y.r.	1.5	2.0	1.9	2.1	1.9	1.7	2.0	1.9	1.7	1.6	1.7	1.9	2.0	2.2
Consumer price index - goods	y.r.	1.9	3.2	4.0	3.2	2.5	2.3	2.3	2.5	2.6	2.2	2.3	2.6	2.1	2.1
Consumer price index - services	y.r.	3.0	2.9	3.1	2.7	2.6	2.6	3.1	2.6	2.6	2.6	2.4	3.0	3.0	3.1
Manufacturing industry production price index	y.r/3-mma	3.5	4.6	5.6	4.9	2.8	1.5	1.6	2.8	2.8	2.3	1.5	1.5	1.4	1.6
Expectations of prices in manufacturing industry	bal/s.a/3-mma	1.3	6.2	8.0	3.7	5.7	5.0	2.7	5.7	6.7	6.0	5.0	4.0	3.0	2.7
Exchange rate euro/USD	y.r.	0.1	0.9	-0.2	0.0	8.5	9.0	7.3	11.4	7.4	9.5	10.2	10.1	5.8	6.1
Exchange rate euro/JPY	y.r.	1.8	6.6	6.2	0.0	8.9	11.3	13.2	10.1	12.0	12.0	10.1	11.9	14.4	13.4