



25th March 2024
QUARTERLY SECTOR ACCOUNTS (BASE 2016)
Fourth Quarter 2023

EXTERNAL BALANCE OF THE PORTUGUESE ECONOMY STOOD AT 2.6% OF GDP

The Portuguese economy¹ recorded a net lending of 2.6% Gross Domestic Product (GDP) in the third and fourth quarters of 2023, which represented an improvement compared to 2022, when it presented a negative balance (-0.4% of GDP). Gross National Income (GNI) and Gross Disposable Income (GDI) increased by 1.5% and 1.3%, respectively, compared to the previous quarter (growths of 9.0% and 8.9%, by the same order, compared to 2022). The economy's net lending in 2023 mainly reflected the increase in the balances of General Government (GG) and Financial Corporations, which shifted, respectively, from -0.3% and 1.6% of GDP in 2022, to +1.2% and 2.5% in 2023.

The disposable income of Households² sector increased by 1.3% compared to the previous quarter and 6.7% compared to 2022. Compensation of employees mainly contributed to this result, with a growth of 2.5% compared to the previous quarter and 10.7% in annual terms. The savings rate stood at 6.3% in 2023 and 2022, as well as in the third quarter of 2023. In real terms, the adjusted GDI per capita of Households increased by 0.3% and 1.1%, compared to the quarter previous and to 2022, respectively.

The balance of Non-Financial Corporations stood at -2.0% of GDP, improving by 0.6 percentage points compared to the third quarter of 2023, driven by the 2.7% increase in compensation of employees paid which more than compensated the increase of Gross Value Added (GVA) by 1.9%. Compared to 2022, the balance improved by 0.3 percentage points of GDP.

Net lending of Financial Corporations reached 2.5% of GDP in the fourth quarter of 2023, 0.2 percentage points less than in the previous quarter. In annual terms, net lending increased by 0.9 percentage points of GDP compared to 2022, mainly due to the 38.2% growth in GVA, reflecting the growth in the financial intermediation margin obtained by banking institutions when granting loans and obtaining deposits, due to the increase in interest rates, particularly on loans.

The balance of the General Government sector increased by 0.8 percentage points in the fourth quarter of 2023, standing at 1.2% of GDP (-0.3% in 2022). Considering quarterly values and not the year ending in the quarter, the balance of GG in the fourth quarter of 2023 reached -3 211.7 million euros, corresponding to -4.7% of GDP, which compares with -8.5% in the fourth quarter of 2022. Compared to the same period of the previous year, there was an increase of 8.1% in revenue and 0.4% in expenditure.

¹ Unless otherwise indicated, the descriptive analysis and graphs below refer to the **year ending in the reference quarter** (for additional information. When comparing consecutive quarters are used, in general, **quarter-on-quarter rates of change** between the year ending in the reference quarter and the year ending in the preceding quarter (see Methodological Note at the end of press release). The rates of change are based in nominal terms. It should also be noted that Excel files with additional information are available as an annex to this press release.

² Households and Non-Profit Institutions Serving Households (NPISH)(S.1M).



External balance of the economy presented a positive balance of 2.6% of GDP

The Portuguese economy presented a net lending of 2.6% of GDP in the fourth quarter of 2023, which represented an improvement compared to 2022, when it presented a negative balance (-0.4% of GDP). In nominal terms, GDP grew 1.9% in the fourth quarter of 2023 compared to the previous quarter and 9.6% compared to 2022. Gross National Income (GNI) and Gross Disposable Income (GDI) increased by 1.5% and 1.3% compared to the previous quarter, respectively (9.0% and 8.9%, compared to 2022).

Final consumption expenditure (which includes the final consumption expenditure by Households and GG) presented a rate of change of 1.4% (0.1 percentage points more than the RDI) in the fourth quarter of 2023, leading to the 1.3% growth of the economy's gross savings (7.0% in the previous quarter). In the fourth quarter of 2023, gross savings represented 20.9% of GDP (21.0% in the previous quarter and 1.6 percentage points more than in 2022).

The aforementioned increase in savings, combined with the increase in capital transfers received, offset the growth in Gross Fixed Capital Formation (GFCF), which led to the maintenance of the economy's external balance at 2.6% of GDP in the fourth and third quarter of 2023 (-0.4% in 2022). GFCF increased by 1.2% compared to the previous quarter and 5.8% compared to 2022.

Table 1. GDP, GNI and GDI (year ending in the reference quarter)

Year ending in the reference quarter	GDP		GNI		GDI	
	million euros	quarter-on-quarter rate of change (%)	million euros	quarter-on-quarter rate of change (%)	million euros	quarter-on-quarter rate of change (%)
4Q 2020	200 519	-1.2	197 398	-1.1	202 446	-1.1
1Q 2021	199 253	-0.6	196 450	-0.5	201 822	-0.3
2Q 2021	207 354	4.1	204 560	4.1	210 495	4.3
3Q 2021	211 407	2.0	208 566	2.0	214 762	2.0
4Q 2021	216 053	2.2	213 892	2.6	220 012	2.4
1Q 2022	223 151	3.3	220 542	3.1	226 474	2.9
2Q 2022	230 187	3.2	227 455	3.1	232 928	2.8
3Q 2022	236 213	2.6	232 517	2.2	238 118	2.2
4Q 2022	242 341	2.6	239 012	2.8	244 968	2.9
1Q 2023	248 568	2.6	244 939	2.5	251 071	2.5
2Q 2023	254 619	2.4	250 669	2.3	257 094	2.4
3Q 2023	260 517	2.3	256 814	2.5	263 209	2.4
4Q 2023	265 503	1.9	260 554	1.5	266 747	1.3

The economy's balance in the fourth quarter of 2023 stood at 2.6% of GDP, the same as in the previous quarter. This behaviour was due to the improvement in the GG balance, which increased by 0.8 percentage points of GDP, reaching 1.2% of GDP (-0.3% in 2022), offsetting the 0.6 percentage points worsening in the net borrowing of Non-Financial Corporations to -2.0% of GDP (-2.3% in 2022) and the reduction of the balance of Financial Corporations from 2.7% in the previous quarter to 2.5%.

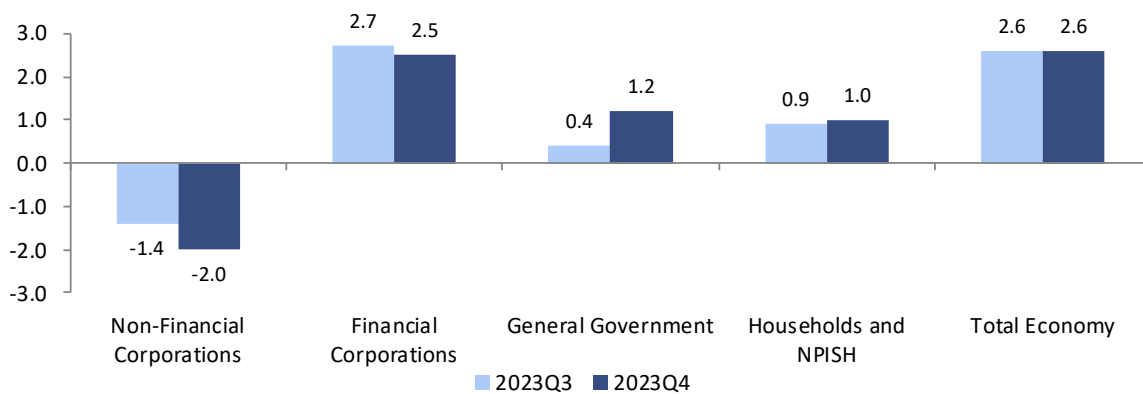


The Households' net lending increased by 0.1 percentage points to 1.0% of GDP compared to the previous quarter (0.6% in 2022).

Table 2. Net lending (+) / borrowing (-) by institutional sector (in % of GDP, year ending in the reference quarter)

Year ending in the reference quarter	Non-Financial Corporations	Financial Corporations	General Government	Households and NPISH	Total Economy
4Q 2020	-2.2	2.6	-5.8	5.2	-0.2
1Q 2021	-2.2	2.7	-7.0	6.7	0.2
2Q 2021	-1.0	2.2	-5.9	4.9	0.2
3Q 2021	-2.4	2.4	-3.9	4.6	0.7
4Q 2021	-2.8	2.4	-2.9	3.9	0.6
1Q 2022	-2.8	1.9	-1.7	2.2	-0.4
2Q 2022	-3.5	1.5	0.1	1.4	-0.5
3Q 2022	-3.8	1.2	1.0	0.8	-0.8
4Q 2022	-2.3	1.6	-0.3	0.6	-0.4
1Q 2023	-1.6	2.0	0.1	0.1	0.5
2Q 2023	-1.2	2.4	0.0	0.5	1.7
3Q 2023	-1.4	2.7	0.4	0.9	2.6
4Q 2023	-2.0	2.5	1.2	1.0	2.6

Figure 1. Net lending (+) / borrowing (-) by institutional sector (in % of GDP, year ending in the reference quarter)





Households: net lending stood at 1.0% of GDP

Net lending of Households stood at 1.0% of GDP in the year ending in the fourth quarter of 2023, which represented an increase of 0.1 percentage points compared to the previous quarter. In annual terms, there was an improvement of 0.4 percentage points compared to 2022.

The Households' savings rate in the fourth quarter of 2023 (Figure 2) remained at 6.3% of the disposable income, reflecting the identical growth of 1.3% recorded by disposable income and final consumption expenditure. In annual terms, the growth of these two aggregates was very close (6.7% and 6.8%, respectively), which determined a savings rate of 6.3% for 2022 and 2023.

Figure 3 shows the contributions to the 1.3% growth rate of disposable income of households in the fourth quarter of 2023 compared to the previous quarter (annual growth of 6.7% in 2023). Compensation of employees and the balance of property income contributed by 1.8 percentage points and 0.4 percentage points, respectively, to that growth rate (contributions in annual terms of 7.3 and 0.9 percentage points in 2023, in the same order), also worth highlighting social benefits net of contributions, which represented -0.7 percentage points.

Figure 2. Saving rate of Households and NPISH (% , year ending in the reference quarter)

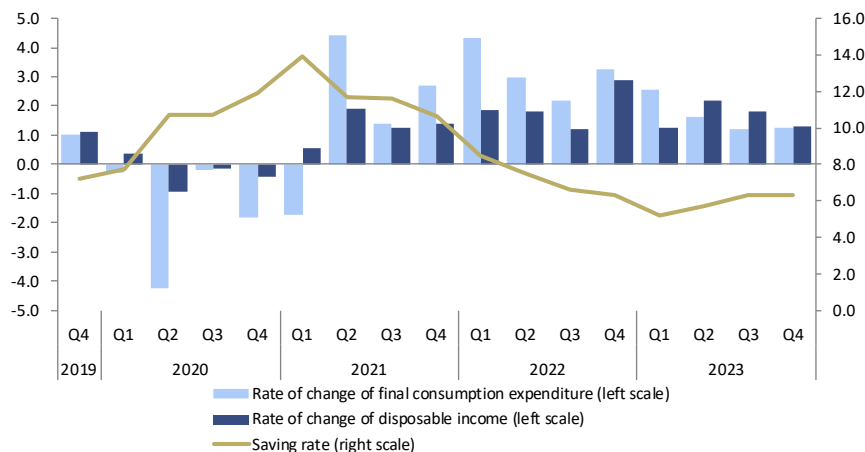
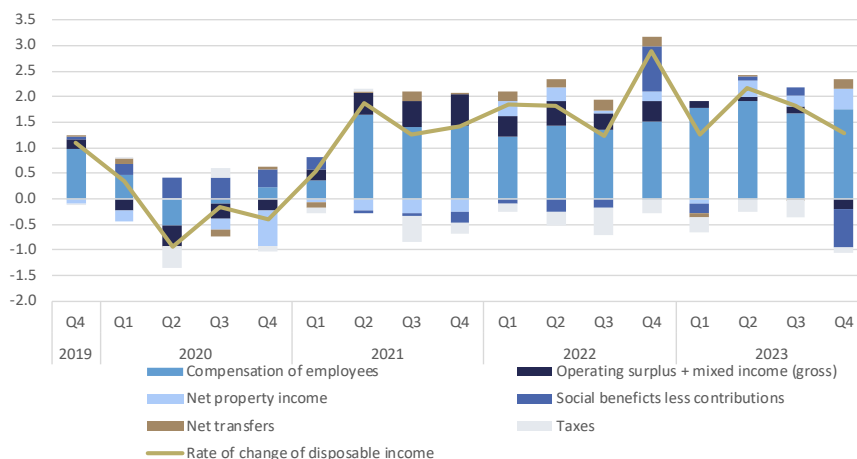


Figure 3. Contributions to the rate of change of disposable income of Households and NPISH (percentage points, year ending in the reference quarter)





Households' Gross Fixed Capital Formation (GFCF), which essentially corresponds to GFCF in dwellings, recorded a rate of change of 0.2% in the fourth quarter of 2023. Compared to the same period of the previous year, Households' GFCF decreased by 0.3%. The investment rate of Households (measured by the ratio between GFCF and disposable income) stood at 5.7% (5.8% and 6.1% in the previous quarter and in the same period of the previous year, respectively).

Nominal adjusted GDI of Households per capita (GDla) stood at 19.6 thousand euros in the year ending in the fourth quarter of 2023, which represented an increase of 1.2% compared to the previous quarter. It should be noted that GDla differs from GDI by including the value of goods and services that are purchased or produced by GG or NPISH and intended for household consumption, such as, for example, co-payments in the purchase of medicines by households.

Households' adjusted GDI per capita in real terms, which is a more appropriate indicator in a context of high inflation, and which considers the implicit price index of final consumption expenditure as a deflator, increased by 0.3% compared to the previous quarter and 1.1% in annual terms. Individual consumption, which consists of the sum of private consumption and GG expenditure on goods and services intended for family consumption, also deflated and expressed in per capita values, increased by 0.4% compared to the previous quarter and 1.5% in annual terms.

Non-Financial Corporations: net borrowing stood at 2.0% of GDP

Non-financial corporations' net borrowing stood at 2.0% of GDP in the fourth quarter of 2023, comparing with balances of -1.4% and -2.3% in the previous quarter and in 2022, respectively.

The sector's GVA recorded an increase of 1.9% compared to the previous quarter and 11.4% compared to the same period of the previous year. The quarterly increase in GVA was more than offset by the growth of compensation of employees and taxes on production by 2.7% and 3.4%, respectively, and by the 26.3% reduction in operating subsidies, determining a reduction in Gross Operating Surplus by 0.9%.

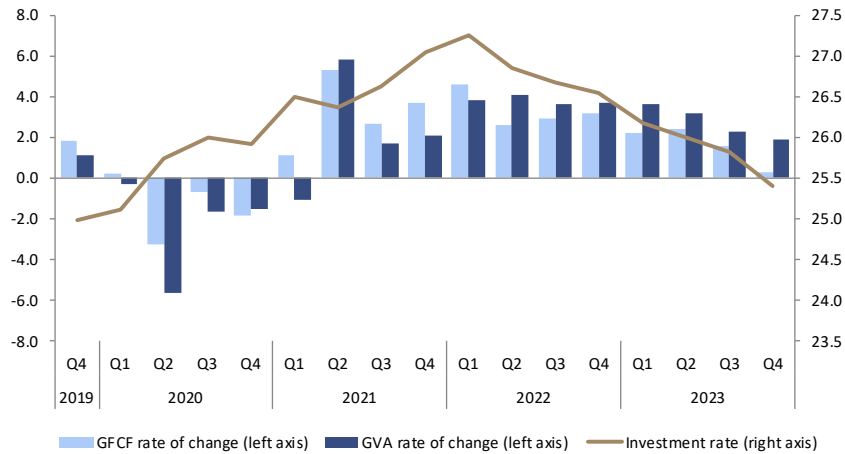
The sector's net operating margin rate stood at 23.2%, 1.0 percentage points less than in the previous quarter. This rate is obtained by the ratio between Net Operating Surplus and Net Value Added³ and corresponds to the percentage of value created that is intended for compensation of the financial resources invested in corporations.

GFCF recorded a growth of 0.3% in the fourth quarter of 2023, 1.6 percentage points lower than the sector's GVA growth, determining a 0.4 percentage points decrease in the investment rate (measured by the ratio between GFCF and the GVA), which stood at 25.4%. Compared to 2022, the GFCF increased by 6.6% and the investment rate decreased by 1.1 percentage points.

³ The Net Operating Surplus and Net Value Added correspond, respectively, to GOS and GVA deducting the consumption of fixed capital.



Figure 4. GFCF/GVA of Non-Financial Corporations (% , year ending in the reference quarter)



Financial Corporations: net lending stood at 2.5% of GDP

The net lending of Financial Corporations stood at 2.5% of GDP (2.7% in the previous quarter). This behaviour resulted from the worsening of the negative balance of property income and the increase in income taxes (growth rate of 25.6%), which more than offset the 7.3% increase in the sector's GVA. In annual terms, net lending increased by 0.9 percentage points of GDP compared to 2022, mainly due to the 38.2% growth in GVA, which includes the financial intermediation margin obtained by banking institutions when granting loans and obtaining deposits (Indirectly Measured Financial Intermediation Service – FISIM)⁴.

General Government: net balance increased 0.8 percentage points to 1.2% of GDP

The net balance of the GG sector increased by 0.8 percentage points in the year ending in the fourth quarter of 2023 compared with the year ending in the previous quarter, attaining 1.2% of GDP. This increase was due to a higher increase in revenue (2.1%) than in expenditure (0.1%). In 2022 GG sector presented a net borrowing of -0.3% of GDP.

Tables 3 and 4 show the revenue and expenditure in the year ending the reference quarter, in value and rate of change, respectively.

⁴ It should be highlighted that, in National Accounts, the financial intermediation margin obtained by banking institutions when granting loans and obtaining deposits (named Financial Intermediation Services Indirectly Measured – SIFIM) is recorded as production, influencing GVA, and not as interest paid and received. Analogously, the cost incurred by other institutional sector in those operations is recorded as intermediate or final consumption. Thus, reflecting the significant rise in interest rates, particularly on credits, FISIM is increasing significantly in nominal terms, determining the increase in GVA of the financial sector and negatively influencing the GVA of the remaining sectors, notably the households' sector in their capacity as owners of dwellings acquired using banking loans. The increase in FISIM bore by the households' sector influences positively the final consumption expenditure.



Table 3. Revenue and Expenditure of General Government
(year ending in the reference quarter)

Unit: 10⁶ EUR

	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4
Total revenue	106 094.4	108 144.6	110 085.4	113 298.0	115 621.5
Current revenue	104 614.8	106 509.2	108 199.5	111 138.1	113 122.9
Current taxes on income and wealth	25 689.5	26 209.3	27 102.3	27 825.7	28 435.3
Taxes on production and imports	36 329.8	36 680.9	36 858.1	37 838.5	38 453.0
Social contributions	29 641.5	30 407.8	31 184.0	31 910.8	32 720.4
Sales	7 746.5	7 859.3	8 047.2	8 057.2	8 067.8
Other current revenue	5 207.5	5 351.8	5 007.9	5 505.7	5 446.4
Capital revenue	1 479.6	1 635.4	1 886.0	2 160.0	2 498.6
Total expenditure	106 873.6	107 869.5	110 195.4	112 290.7	112 428.0
Current expenditure	97 656.3	98 468.8	100 398.2	102 190.8	102 192.2
Social benefits	44 841.3	45 066.0	45 935.8	46 919.1	46 346.9
Compensation of employees	25 825.1	26 190.6	26 721.9	27 204.9	27 787.0
Interest	4 664.2	4 872.1	5 126.6	5 455.5	5 751.6
Intermediate consumption	13 370.0	13 486.1	13 767.0	13 871.5	14 043.8
Subsidies	2 685.1	2 669.0	2 760.7	2 622.0	2 001.0
Other current expenditure	6 270.6	6 185.0	6 086.3	6 117.9	6 261.9
Capital expenditure	9 217.2	9 400.8	9 797.2	10 099.8	10 235.8
Investment ⁽¹⁾	5 804.1	5 883.3	5 968.6	6 222.7	6 792.2
Other capital expenditure	3 413.1	3 517.4	3 828.6	3 877.1	3 443.6
Current Balance	6 958.5	8 040.4	7 801.2	8 947.3	10 930.7
Balance	-779.1	275.1	-110.0	1 007.4	3 193.5
<i>Memorandum items:</i>					
Primary current expenditure	92 992.1	93 596.7	95 271.7	96 735.4	96 440.5
Gross Domestic Product at current market prices	242 340.8	248 568.1	254 619.1	260 516.6	265 503.0
Balance in % of GDP	-0.3	0.1	0.0	0.4	1.2

⁽¹⁾ Includes Gross capital formation and Acquisitions less disposals of non-produced non-financial assets

The expenditure behaviour reflected the increase of 1.3% in capital expenditure and a nil rate of change in current expenditure. The change of current expenditure was determined by the increases in compensation of employees (2.1%), interest (5.4%), intermediate consumption (1.2%) and other current expenditure (2.4%). On the other hand, subsidies paid decreased by 23.7% and social benefits by 1.2%. The primary current expenditure, that excludes interest paid, decreased 0.3% in the year ending in the fourth quarter of 2023.

The 1.3% increase in capital expenditure was a result of an increase in investment (9.2%) and a decrease in other capital expenditure (-11.2%).



Table 4. Revenue and Expenditure of General Government
(%; year ending in the reference quarter)

	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4
	Unit: %				
Total revenue	1.7	1.9	1.8	2.9	2.1
Current revenue	1.5	1.8	1.6	2.7	1.8
Current taxes on income and wealth	3.0	2.0	3.4	2.7	2.2
Taxes on production and imports	0.5	1.0	0.5	2.7	1.6
Social contributions	2.3	2.6	2.6	2.3	2.5
Sales	3.2	1.5	2.4	0.1	0.1
Other current revenue	-5.3	2.8	-6.4	9.9	-1.1
Capital revenue	13.1	10.5	15.3	14.5	15.7
Total expenditure	4.9	0.9	2.2	1.9	0.1
Current expenditure	3.3	0.8	2.0	1.8	0.0
Social benefits	4.9	0.5	1.9	2.1	-1.2
Compensation of employees	0.9	1.4	2.0	1.8	2.1
Interest	-1.8	4.5	5.2	6.4	5.4
Intermediate consumption	2.0	0.9	2.1	0.8	1.2
Subsidies	33.8	-0.6	3.4	-5.0	-23.7
Other current expenditure	-0.6	-1.4	-1.6	0.5	2.4
Capital expenditure	24.6	2.0	4.2	3.1	1.3
Investment ⁽¹⁾	2.2	1.4	1.4	4.3	9.2
Other capital expenditure	98.0	3.1	8.8	1.3	-11.2
<i>Memorandum items:</i>					
Primary current expenditure	3.6	0.7	1.8	1.5	-0.3

⁽¹⁾ Includes Gross capital formation and Acquisitions less disposals of non-produced non-financial assets

Total revenue increased by 2.1% due to the increase of current revenue by 1.8% and capital revenue by 15.7%. Except for other current revenue (that decreased 1.1%), all items of current revenue increased, with revenue from social contributions standing out with an increase of 2.5% and taxes on income and wealth 2.2%, in line with the year ending in the previous quarter. The increase in capital revenue is related to the higher use of European Funds for capital expenditure, namely in the context of the Recovery and Resilience Facility (RRF).

To allow a comparison between quarters, table 5 presents the detail of revenue and expenditure of GG and its GDP percentage for the fourth quarters of 2022 and 2023.



Table 5. Revenue and Expenditure of General Government
(quarterly figures)

	4 th quarter 2022		4 th quarter 2023		Nominal rate of change (%)
	10 ⁶ EUR	% GDP	10 ⁶ EUR	% GDP	
Total revenue	28 725.9	45.3	31 049.3	45.4	8.1
Current revenue	28 003.2	44.2	29 988.0	43.9	7.1
Current taxes on income and wealth	6 826.9	10.8	7 436.5	10.9	8.9
Taxes on production and imports	9 249.7	14.6	9 864.2	14.4	6.6
Social contributions	8 426.9	13.3	9 236.4	13.5	9.6
Sales	2 100.6	3.3	2 111.2	3.1	0.5
Other current revenue	1 399.1	2.2	1 339.7	2.0	-4.2
Capital revenue	722.7	1.1	1 061.3	1.6	46.9
Total expenditure	34 123.7	53.8	34 261.0	50.1	0.4
Current expenditure	29 311.0	46.2	29 312.3	42.9	0.0
Social benefits	13 757.2	21.7	13 184.9	19.3	-4.2
Compensation of employees	7 354.0	11.6	7 936.2	11.6	7.9
Interest	1 106.2	1.7	1 402.3	2.1	26.8
Intermediate consumption	3 904.3	6.2	4 076.6	6.0	4.4
Subsidies	1 364.1	2.2	743.2	1.1	-45.5
Other current expenditure	1 825.2	2.9	1 969.1	2.9	7.9
Capital expenditure	4 812.7	7.6	4 948.7	7.2	2.8
Investment ⁽¹⁾	2 161.9	3.4	2 731.4	4.0	26.3
Other capital expenditure	2 650.9	4.2	2 217.3	3.2	-16.4
Current Balance	-1 307.8	-2.1	675.7	1.0	
Balance	-5 397.8	-8.5	-3 211.7	-4.7	
<i>Memorandum items:</i>					
Primary current expenditure	28 204.8	44.5	27 910.0	40.8	-1.0

⁽¹⁾ Includes Gross capital formation and Acquisitions less disposals of non-produced non-financial assets

Considering quarterly figures rather than the sum of four quarters, the net balance of the GG was negative in the fourth quarter of 2023, attaining -3 211.7 million euros (-4.7% of GDP), which compares with -8.5% of GDP for the same period of the previous year. This variation reflects the increases in both total expenditure and total revenue, by 0.4% and 8.1%, respectively.

Within total expenditure, the zero rate of change of current expenditure, due to increases in compensation of employees (7.9%), interests paid (26.8%), intermediate consumption (4.4%) and other current expenditure (7.9%). In the other hand, subsidies decreased by 45.5%, reflecting the reduction in the additional allocation of funds to the National Electric System for electricity tariff reduction. The social benefits decreased by 4.2%, mainly explained by a base effect due to the recording, in the fourth quarter of 2022, of the support measures granted to households to mitigate the impact of high energy prices, notably the exceptional supplement to pensioners and the extraordinary support to holders of income and social benefits. The primary current expenditure, that excludes interest paid, decreased 1.0% in the fourth quarter of 2023. Capital expenditure increased 2.8%, given the 26.3% increase in investment and 16.4% decrease in other capital expenditure.



The increase by 7.1% of current revenue was due to increases in all its components, apart from other current revenue (variation of -4.2%). Capital revenue increased by 46.9%, as a consequence of the higher use of European Funds for capital expenditure.

Table 6 presents the main adjustments carried out for moving from Public Accounts to National Accounts balances in the fourth quarters of 2022 and 2023.

Table 6. Public to National Accounting Adjustments

	Unit: 10 ⁶ EUR	
	2022Q4	2023Q4
Balance in Public Accounting:	-8 977.6	-3 832.8
Accrual adjustment and sector delimitation in National Accounts	3 063.1	2 471.4
Difference between paid and due interest	854.1	647.7
Other receivables:	251.7	-342.4
Time adjustment of taxes and social contributions	412.6	-324.6
Others	-160.9	-17.8
Other payables:	188.7	85.3
Expenditure already incurred but not yet paid	100.5	82.3
Others	88.3	2.9
Other adjustments:	-777.8	-2 240.8
of which:		
Capital injections and debt assumptions	-2 632.9	-1 915.8
Balance in National Accounting:	-5 397.8	-3 211.7
GDP ⁽¹⁾	63 398.2	68 384.6
Balance in National Accounting in % of GDP	-8.5	-4.7

⁽¹⁾ Non seasonally and calendar effects adjusted data

Comparing the fourth quarter of 2023 with the same period of 2022, an increase is noticeable in both national accounts and public accounts balances. In national accounts, the GG net balance changed to -4.7% of GDP in the fourth quarter of 2023 from -8.5% in 2022. The entirety of the expenditure in capital injections and debt assumptions was granted to public corporations classified inside GG, with a neutral impact in the balance.

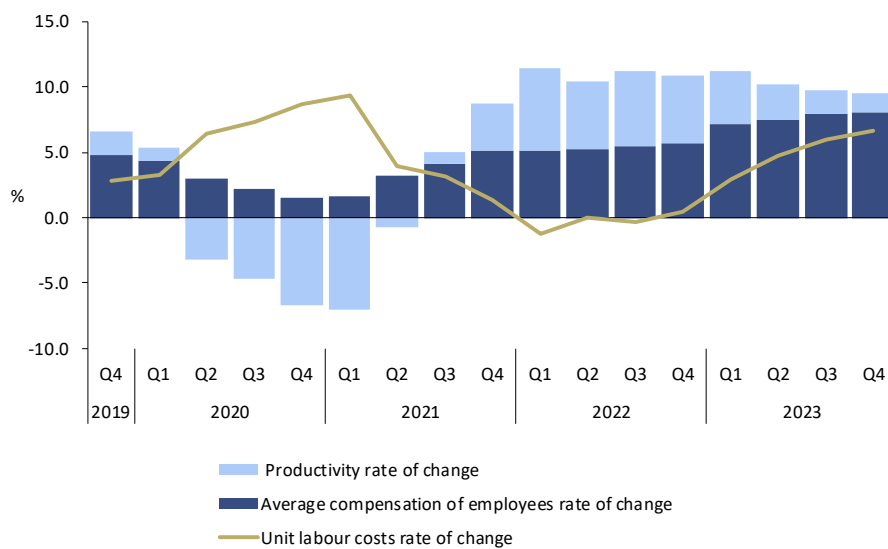
Additionally, due to the policy measures for fractional future payment of taxes and social contributions implemented in the context of the COVID 19 pandemic, that have been prolonged in the current context of the geopolitical conflict, a supplementary adjustment was made to include the future payments as revenue of the period when the activity took place.



Unit labour costs (ULC) increased by 6.6%

In the year ending in the fourth quarter of 2023, UCL increased by 6.6% in year-on-year terms, which compares with a growth rate of 6.0% in the previous quarter. This result was due to the 8.1% increase in average compensation of employees, which surpassed the 1.4% increase in productivity.

Figure 5. Unit labour costs rates of change (% , year ending in the reference quarter)





Preliminary Annual Sector Accounts for 2023

The first version of the Annual Sector Accounts for 2023 is obtained by summing of the quarterly data estimated for the four quarters now released. Table 8 presents the annual evolution of the main economic aggregates resulting from the National Accounts by Institutional Sector.

Table 7. Indicators for the Portuguese economy

	2018	2019	2020	2021	2022 ^{Po}	2023 ^{Pe}
GDP nominal (rate of change)	4.7	4.5	-6.5	7.7	12.2	12.2
GNI (rate of change)	4.6	4.3	-5.5	8.4	11.7	9.0
GDI (rate of change)	4.5	4.4	-5.3	8.7	11.3	8.9
Gross Saving (rate of change)	6.5	4.9	-9.9	18.0	10.4	18.4
Saving Rate of Households and NPISH (% do GDI)	6.8	7.2	11.9	10.6	6.3	6.3
Final Consumption of Households and NPISH (rate of change)	4.2	4.1	-6.5	6.8	13.4	6.8
Disposable Income of Households and NPISH (rate of change)	4.3	4.6	-1.1	5.2	8.0	6.7
Gross Capital Formation (rate of change)	11.2	5.6	-3.3	16.3	12.3	3.9
Net lending (+)/Net borrowing (-)						
Non-financial Corporations (% of GDP)	-2.4	-3.3	-2.2	-2.8	-2.3	-2.0
Financial Corporations (% of GDP)	2.2	2.4	2.6	2.4	1.6	2.5
General Government (% of GDP)	-0.3	0.1	-5.8	-2.9	-0.3	1.2
Households and NPISH (% of GDP)	1.8	1.8	5.2	3.9	0.6	1.0
Total Economy (% of GDP)	1.2	1.0	-0.2	0.6	-0.4	2.6
External Balance of Goods and Services (% of GDP)	0.5	0.5	-2.1	-2.8	-2.4	0.8
Unit Labour Costs (rate of change)	3.4	2.8	8.7	1.3	0.5	6.6

Po - Provisional value

Pe- Preliminary value

The 2022 provisional data has been revised to incorporate the new available information. Compared to previous estimates, the new results led to a revision of the balances of Non-Financial Corporations (from -2.5% of GDP to -2.3%), Financial Corporations (from 1.7% to 1.6%) and Households and NPISH (from 0.7% to 0.6%).



METHODOLOGICAL NOTE

The results presented correspond to the preliminary version of the Quarterly Sector Accounts (QSA) for the fourth quarter of 2023.

For a better understanding of the results, it should be noted that, unless otherwise indicated, the descriptive analysis and graphs presented in this press release refer to data in the year ending in the reference quarter (which eliminates seasonal fluctuations and reduces the effect of irregular oscillations. When comparing consecutive quarters are used, in general, quarter-on-quarter change rates between the year ending in the reference quarter and the year ending in the preceding quarter. Due to rounding, the sum of the parts of the economic indicators presented may not coincide with the result for the total economy.

The Quarterly Sector Accounts are expressed exclusively in nominal terms and from Quarterly National Accounts (QNA) since they are based on non-seasonally adjusted data. The results are presented for the total economy and in detail by institutional sector.

Compared to previous estimates, the new results did not determined revisions in the rate of change of GDP in volume terms.

In addition to the tables attached to this press release, further information is available on the Statistics Portugal's website:

https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_cnacionais&xlang=en

Revision of estimates

The Quarterly Sector Accounts now presented includes new information with consequent revisions of the previous estimates of some aggregates.

It is worth mentioning the use of the most recent data from the Balance of Payments and the Monetary and Financial Statistics from Banco de Portugal, as well as the recent information on international trade in goods statistics and the updated data on the GG sector. As a result of the incorporation of additional information after the publication on February 29, the quarterly accounts for the economy as a whole were also revised, thus ensuring the total consistency of the national accounts aggregates available on Statistics Portugal website. Compared to previous estimates, the new results determined a downward revision of 0.1 percentage points in the rates of change of GDP in the fourth quarter of 2023, while the average annual rate of change remained unchanged.



Figure 6. Revisions – Quarterly GDP (volume)

	Year-on-Year Rate of Change (%)									
	4Q 21	1Q 22	2Q 22	3Q 22	4Q 22	1Q 23	2Q 23	3Q 23	4Q 23	
QNA 4Q 2023 (85 days)	6.9	12.1	7.4	4.8	3.4	2.5	2.6	1.9	2.1	
QNA 4Q 2023 (60 days)	6.9	12.1	7.4	4.8	3.4	2.5	2.6	1.9	2.2	

	Quarter-on-Quarter Rate of Change (%)									
	4Q 21	1Q 22	2Q 22	3Q 22	4Q 22	1Q 23	2Q 23	3Q 23	4Q 23	
QNA 4Q 2023 (85 days)	1.9	2.3	0.1	0.5	0.5	1.5	0.1	-0.2	0.7	
QNA 4Q 2023 (60 days)	1.9	2.3	0.1	0.5	0.5	1.5	0.1	-0.2	0.8	

QNA - Quarterly National Accounts

Concerning the balance of General Government in National Accounting and in Public Accounting, it should be clarified that:

In the compilation of the budget deficit in National Accounts it is necessary to perform several adjustments to the Public Accounting data. Indeed, Public Accounting data is on a cash basis, meaning that expenditures and revenues are recorded in the accounting period in which they are paid and received. On the contrary, in National Accounts, expenditure and revenue are recorded on an accrual basis, that is, in the accounting period to which they refer to, regardless of whether their payment is made or their revenue is received in a different period. Another important adjustment is related to sector delimitation of General Government. In National Accounts, the general government sector includes entities which are not considered in Public Accounting. Similarly, entities which are not part of General Government sector from a National Accounts perspective but are included in Public Accounting should be excluded.

Finally, there are transactions that, according to the framework of National Accounts, have a specific classification. Notably, there are cases of entities belonging to the General Government sector that acquire shares from other entities, which should be recorded as capital transfers rather than financial transactions, thus leading to the introduction of the corresponding adjustments.

MAIN CONCEPTS AND DEFINITIONS

The estimated aggregates are compiled based on the European System of National and Regional Accounts (ESA 2010), with emphasis on the following concepts:

Net lending (+) / borrowing (-): The net lending (+) or borrowing (-) (B.9) represents the net resources that one institutional sector makes available to the other sectors (if it is positive) or receives from the other sectors (if it is negative). The net lending or borrowing of the total economy is equal but of opposite sign to the net borrowing or lending of the rest of the world.

Final consumption: Final consumption expenditure is expenditure on goods and services used by institutional units to satisfy individual and collective needs.

Unit Labour Costs (ULC): Measure the average cost of labour per unit of output and are calculated as the ratio of average worker compensation to real GDP by employee.



Gross Fixed Capital Formation (GFCF): Gross Fixed Capital Formation (P.51g) consists of resident producers' acquisitions, less disposals, of fixed assets during a given period plus certain additions to the value of non-produced assets realised by the productive activity of producer or institutional units. Fixed assets are produced assets used in production for more than one year.

Gross Capital Formation (Investment): The Gross Capital Formation (or Investment) (P.5) includes (GFCF) changes in inventories (P.52) and acquisitions less disposals of valuables (P.53).

Disposable income: Disposable income refers to the value that each institutional sector has available to affect to final consumption expenditure or saving.

Adjusted Gross Disposable Income of Households: Corresponds to the sum of gross disposable income of Households and social transfers in kind, that is, it includes value of goods and services that are purchased or produced by GG or NPISH and intended for household consumption, such as, for example, co-payments in the purchase of medicines by households.

Gross National Income (GNI): Gross National Income (at market prices) represents total primary income receivable by resident institutional units: compensation of employees, taxes on production and imports less subsidies, property income (receivable less payable), operating surplus and mixed income.

Property income: Property income accrues when the owners of financial assets and natural resources put them at the disposal of other institutional units. It corresponds to the income receivable by the owner of a financial asset or an asset not produced tangible to remunerate the fact of making funds or assets not produced tangible at the disposal of another institutional unit.

Saving: These aggregate measures the portion of disposable income that is not used for final consumption expenditure. If saving is positive, the remaining income is used in the acquisition of assets or in the reduction of liabilities. If saving is negative, some assets are reduced or some liabilities are increased.

Gross Domestic Product (GDP): Gross Domestic Product (at market prices) is the final result of the production activity of resident producer units. It can be defined in three ways: 1) production approach: GDP is the sum of gross value added of the various institutional sectors or the various industries plus taxes and less subsidies on products (which are not allocated to sectors and industries); 2) expenditure approach: GDP is the sum of final uses of goods and services by resident institutional units (final consumption and gross capital formation), plus exports and minus imports of goods and services; 3) income approach: GDP is the sum of uses in the total economy generation of income account (compensation of employees, taxes on production and imports less subsidies, gross operating surplus and mixed income of the total economy).

Institutional sector: The institutional sector aggregates institutional units with similar economic behaviour. The institutional units are grouped into sectors on the basis of the type of producer they are and depending on their principal activity and function, which are considered to be indicative of their economic behaviour. The institutional sectors are as follows: Non-Financial Corporations (S.11); Financial Corporations (S.12); General Government (S.13); Households and Non-Profit Institutions Serving Households (NPISH)(S.1M); Rest of the World (S.2).



Households Investment rate: Represents the ratio between GFCF and disposable income (includes the adjustment for the change in pension entitlements).

Non-Financial Corporations Investment rate: Represents the ratio between GFCF and Gross Value Added (GVA).

Non-Financial Corporations operating margin rate: This rate is obtained by the ratio between Net Operating Surplus and Net Value Added and corresponds to the percentage of value created that is intended for compensation of the financial resources invested in corporations.

Households saving rate: The households saving rate measures the part of de disposable income which is not spent as final consumption expenditure, and it is calculated as the ratio between gross saving and disposable income (includes the adjustment for the change in pension entitlements).

Next release of Quarterly Sector Accounts – 23rd June 2024
