



17<sup>th</sup> April 2024

MONTHLY ECONOMIC SURVEY<sup>1</sup>

March 2024

## **THE ECONOMIC ACTIVITY INDICATOR ACCELERATED IN FEBRUARY. PRODUCER PRICES CONTINUED TO DECREASE AND CONSUMER PRICES ACCELERATED**

The economic sentiment indicator (ESI) slightly increased in March in the Euro Area (EA), after having decreased in the last two months. The prices of raw-materials and oil presented monthly rates of change of 0.4% and 1.6%, respectively (0.3% and 5.2% in February).

The Portuguese industrial production price index registered a year on-year rate of change of -1,4% in March (after -2.5% in February), presenting a negative rate of change for the eleventh consecutive month. The grouping of Energy registered a rate of 0,7%, positive for the first time since December 2022. Excluding the energy component, this index decreased by 1,9% in February (-2.4% in the previous month), and the index for consumer goods recorded a year-on-year growth rate of 2.7% in March (2.8% in February), extending the deceleration profile observed since the beginning of 2023.

The year-on-year rate of change in the Consumer Price Index (CPI) was 2.3% in March, 0.2 percentage points more than in the previous month.

On the external side, the implicit prices of exports and imports of goods continued to record negative rates of change, -3.9% in exports and -6.0% in imports (-3.5% and -6.5%, respectively, in January). Excluding petroleum products, there were decreases of 2.9% in exports and 5.6% in imports (-2.8% and -4.7%, respectively, in January).

The short-term indicators, available for February, reveal an acceleration in volume in construction and in nominal terms in services, and to an increase in volume and nominal decrease in industry. The economic climate indicator, which summarizes the balances of responses to questions relating to business surveys, increased in March, after having decreased in February. From the expenditure side, the economic activity indicator increased in year-on-year terms between September and February, more intensely in the last month, after decreasing in August. The investment indicator decreased, in year-on-year terms, in February, and the private consumption indicator accelerated.

According to the provisional monthly Labour Force Survey, in February, the unemployment rate (16 to 74 years old), seasonally adjusted, was 6.7%, 0.1 percentage points more than in January (6.6% in November). The labour underutilization rate (16 to 74 years old) stood at 11.5%, 0.1 percentage points below the value recorded in January (11.7% in November and 12.1% in the same period of the previous year). The employed population (16 to 74 years old), seasonally adjusted, increased by 1.9% in year-on-year terms and decreased 0.1% compared with the previous month (year-on-year rate of change of 2.3% in January).

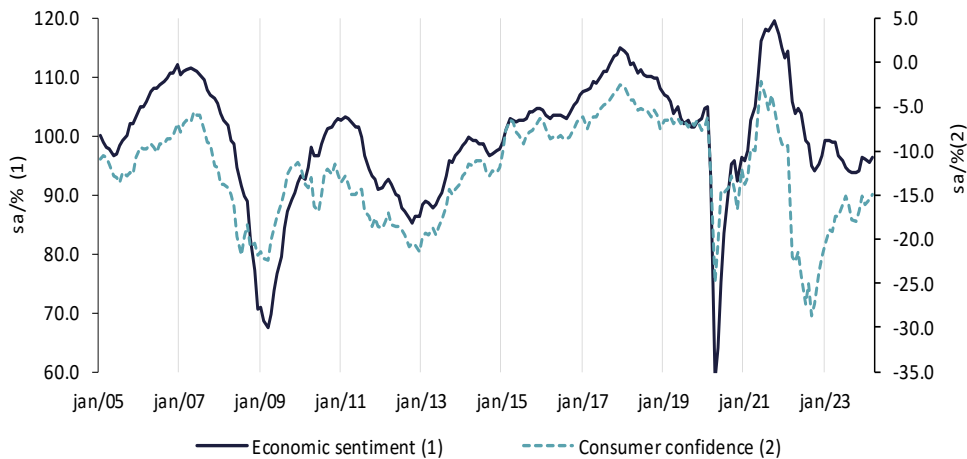
<sup>1</sup> Based on information available up to April 16<sup>th</sup>, 2024.



## External Environment of the Portuguese Economy

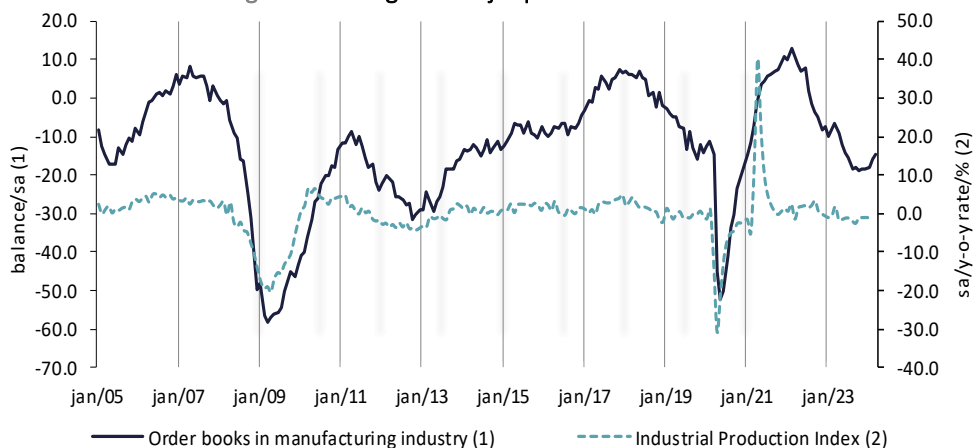
The EA economic sentiment indicator (ESI) increased in March, after having decreased in the two previous months, as confidence indicator increased among consumers, in retail trade, industry and services, while decreasing marginally in construction.

Figure 1. Qualitative indicators in the Euro Area



The balance of entrepreneur's opinions on order-book levels in the industry sector from Portuguese major partners increased in the first three months of the year. The industrial production index (IPI) of Portuguese major partners has presented, since April of 2023, negative year-on-year rates of change, which stood at -0.8% in February (-1.0% in January). Comparing with the previous month, this index increased by 0.7%, following a decrease of 0.2% in January.

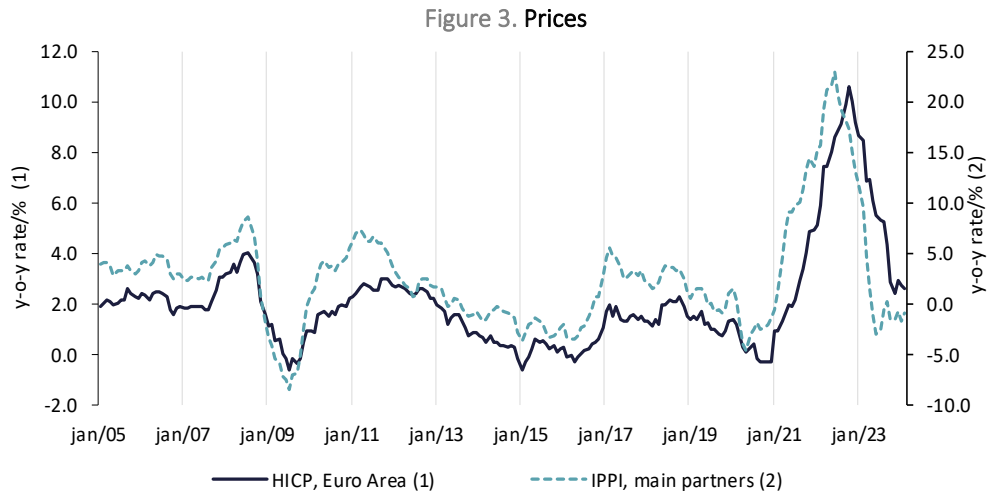
Figure 2. Portuguese major partners – Indicators



According to the Eurostat's flash estimate, the Euro Area Harmonised Index of Consumer Prices (HICP) is expected to record a year-on-year rate of growth of 2.4% in March (2.6% in February). Excluding energy and unprocessed food, HIPC is expected to shift from a year-on-year rate of change of 3.3% in February to a rate of 3.1%.



In February, the industrial production prices index (IPPI) of Portuguese major partners decreased, in year-on-year terms (-0.8%), as observed since October of 2023. Comparing with the previous month, that index increased by 0.7% (change rate of 0.4% in January).



The oil price (Brent) reached 78.6 euros per barrel in March, increasing by 1.6% comparing with the previous month and by 7.2% vis-à-vis the same period of the previous year.

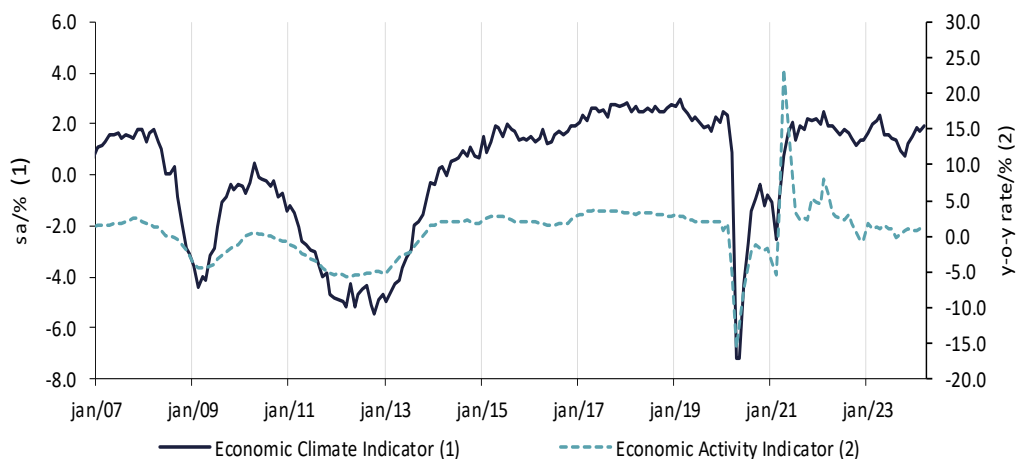


## Economic Activity

The short-term indicators for economic activity from the perspective of production, available for February, point to a nominal acceleration in services and in real terms in construction, to a real increase in industry and a less intense nominal decrease.

The economic activity indicator, which summarizes a set of quantitative indicators that reflects the evolution of the economy, increased in year-on-year terms between September and February, more intensely in the last month, after decreasing in August. The economic climate indicator, which summarizes the balances of responses to questions relating to business surveys, increased in March, after having decreased in February.

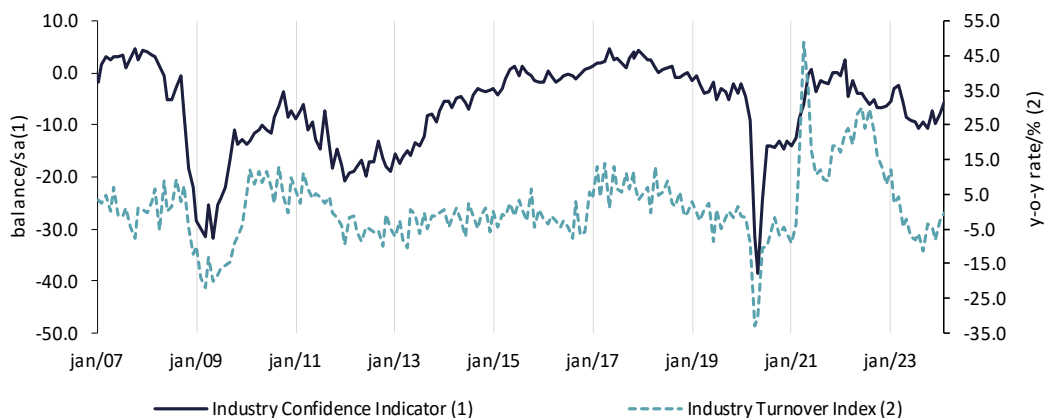
Figure 4. Economic Synthesis Indicators



In February, the IPI presented a year-on-year rate of change of 1.0%, after decreasing by 1.3% in the previous month. Excluding Energy, the rate of change was -0.7% (-1.3% in the previous month).

In nominal terms, the industry turnover index decreased by 0.3% in February (-2.9% in the previous month). Excluding the Energy sector, sales in industry increased 0.5% (rate of change of -2.2% in January). The indices for the domestic and foreign markets presented rates of change of -1.2% and 1.1%, respectively (-2.9% in both cases in the previous month).

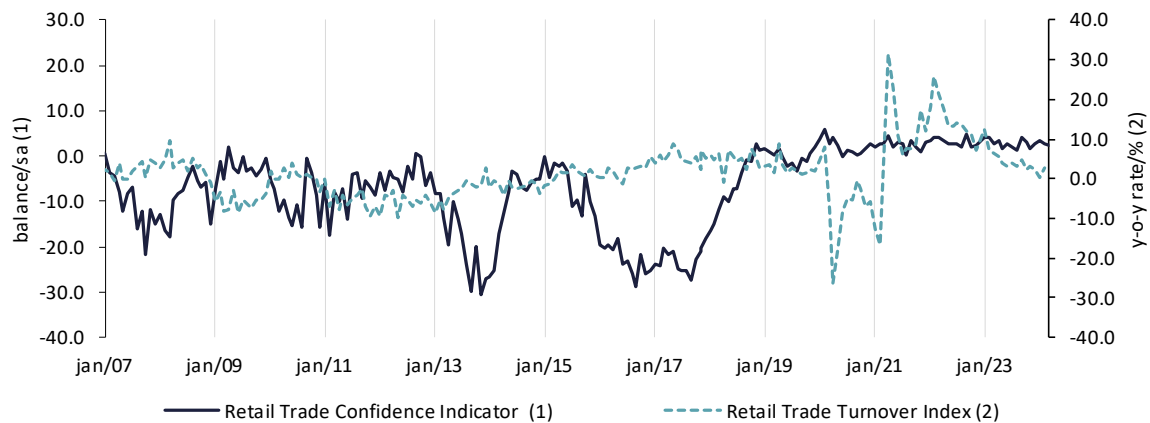
Figure 5. Turnover index and confidence indicator in Industry





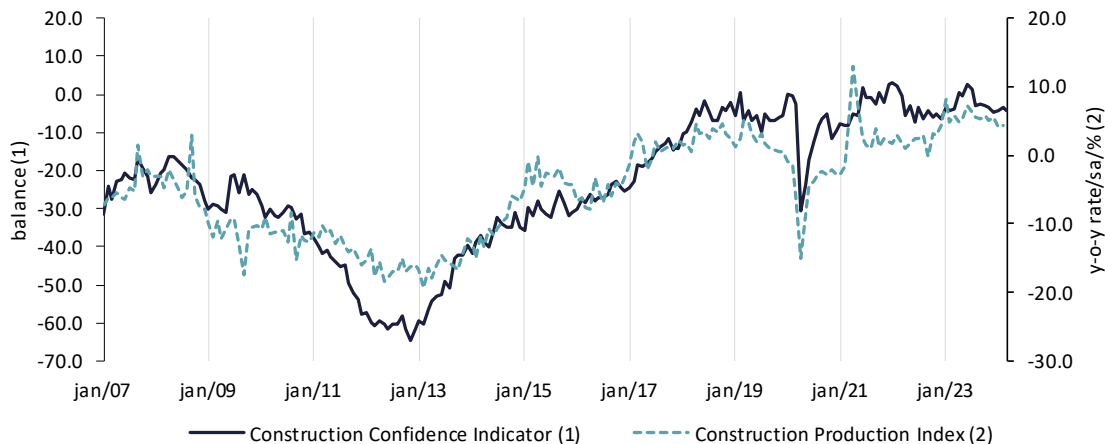
The turnover index for services presented a rate of change of 3.5% in February (rate of change of 1.8% in the previous month). The index of turnover in trade retail (deflated and seasonally adjusted) increased 0.7% in February (0.2% in the previous month). The behaviour of the aggregate index resulted of similar behaviour of the groups, with an acceleration in the index for food products (from 1.3% in January to an increase of 2.2%) and a less intense decrease in non-food products (rates of change of -0.5% and -0.3% in the last two months).

Figure 6. Turnover index and confidence indicator in Retail Trade



The construction production index accelerated in February to a rate of change of 4.4%, after increasing by 4.1% in year-on-year terms in the previous month.

Figure 7. Production index and confidence indicator in Construction



Regarding tourism activity, in February, the number of overnight stays increased in year-on-year terms by 6.4% (rate of change of -0.3% in January). Overnight stays by residents decreased by 3.1% in year-on-year terms, while by non-residents grew by 8.1% (rates of change of -3.0% and 1.1% in the previous month).

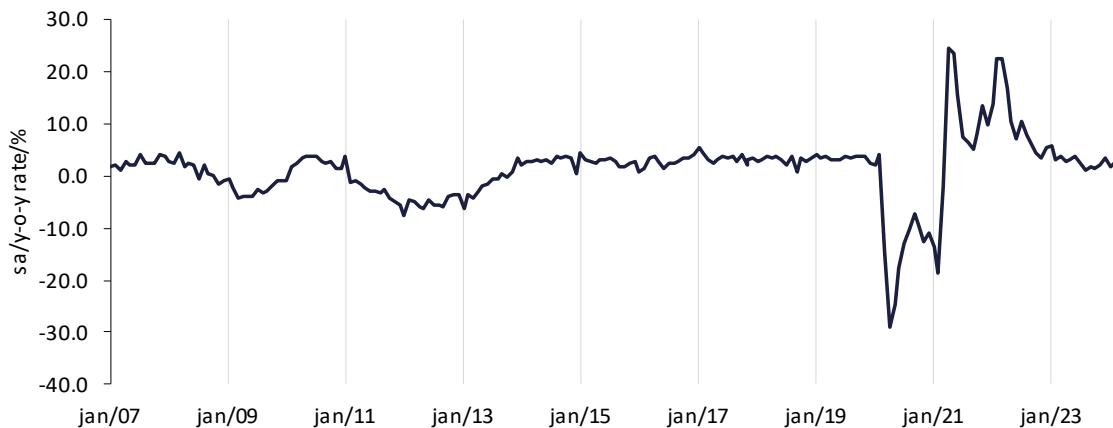
The average consumption of electricity on working days recorded a year-on-year growth rate of 2.9% in March, which compares with rates of 2.9% and 1.8% in January and February, respectively.



## Private Consumption

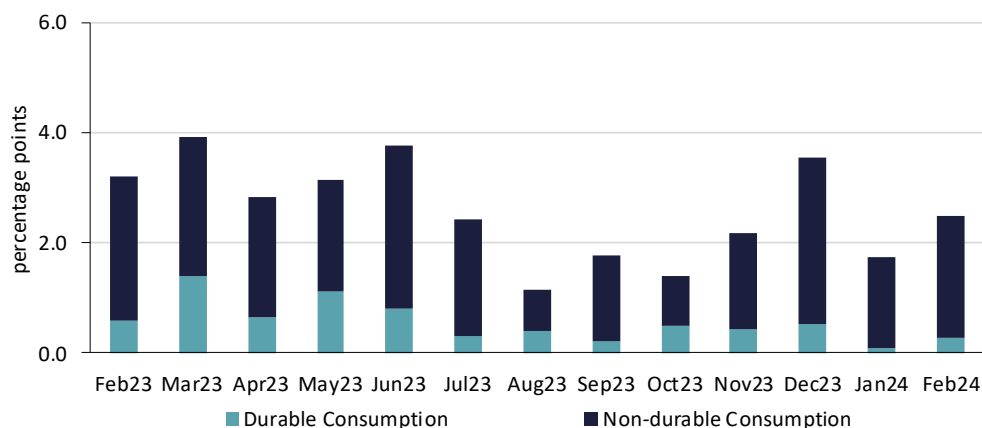
According with the latest information from the Quarterly Sector Accounts, net lending of Households stood at 1.0% of Gross Domestic Product (GDP) in the year ending in the fourth quarter of 2023, which represented an improvement of 0.1 percentage points compared to the previous quarter. The savings rate remained at 6.3% of disposable income, reflecting identical increases in disposable income and in private consumption (1.3%). The quantitative indicator of private consumption accelerated in February, after having decelerated in January.

Figure 8. Quantitative indicator of private consumption



In February, there was an increase in the positive contribution of both components: non-durable consumption and durable consumption. In March, the sales of passenger cars presented a year-on-year increase of 6.2%, decelerating from a growth of 27.6% in the previous month.

Figure 9. Contributions to the private consumption indicator



According to information on operations carried out in the *Multibanco* network, available for March, the overall amount of national withdrawals decreased by 2.6% (rate of change of 1.4% in the previous month). Purchases at automatic payment terminals carried presented a year-on-year decrease of 13.0% (rate of change of 10.3% in the previous month).

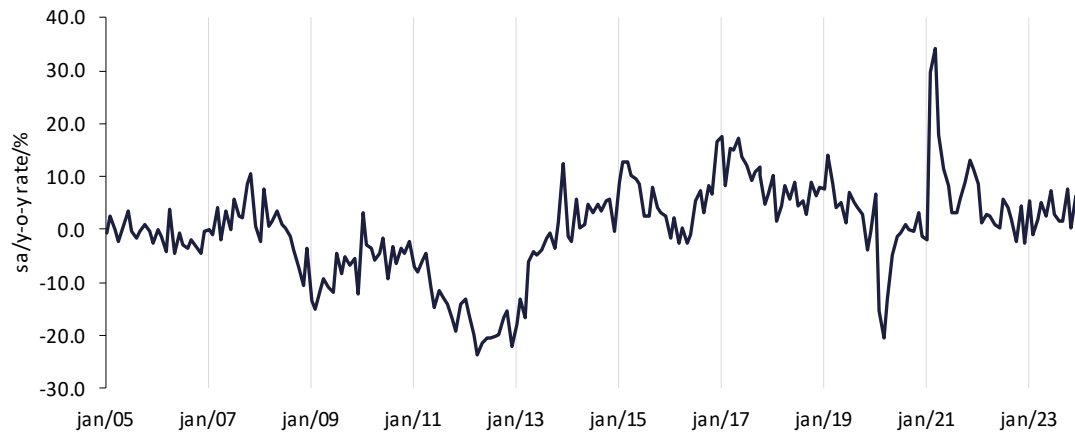
The Consumer confidence indicator increased between December and March, after having decreased in the four previous months.



## Investment

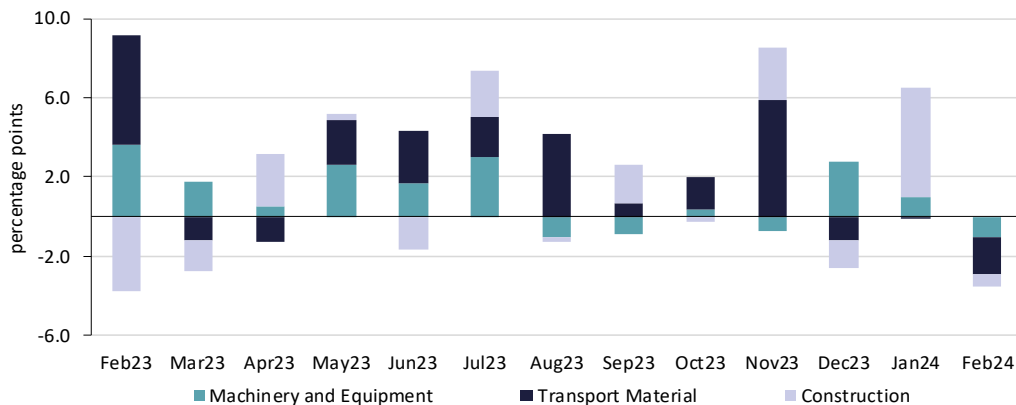
The Gross Fixed Capital Formation (GFCF) indicator decreased, in year-on-year terms, in February, interrupting the sequence of positive rates of change observed since April of 2023.

Figure 10. GFCF indicator



In February, all components contributed negatively for the indicator's evolution, with the construction and the machinery and equipment components coming from positive contributions in the previous month, significant in the first case, while the transport material component registered a null contribution.

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 March, decreased significantly in year-on-year terms, following the increases of the previous two months (rates of +23.6%, +4.0% and -15.1% between January and March). Also available for March, sales of light commercial vehicles increased in year-on-year terms at a similar growth rate as last month (8.1%, 17.1% and 17.0% in the last three months), while sales of heavy-duty vehicles decreased year-on-year, following eight months of significant growth rates (15.2%, 38.8% and -12.8% in the last three months).



## External Demand

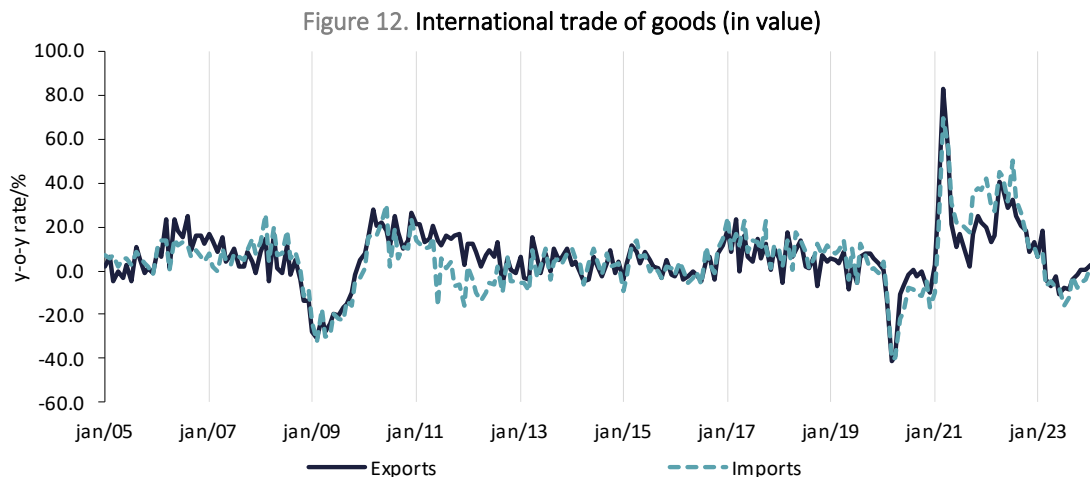
In February, exports and imports of goods recorded nominal year-on-year rates of change of 2.3% and 1.5%, respectively (0.5% and -4.1%, in the same order, in January).

In February, there were increases in exports of Food and beverages (14.8%) and imports of Transport equipment (5.0%), Consumer goods (6.0%) and Capital goods and parts thereof (4.5%). Also noteworthy was the decrease in imports of Fuels and lubricants (-6.5%), which reflects the fall in prices (-16.8%), given that there was an increase of 12.3% in volume. Excluding Fuels and lubricants, there were increases of 1.4% in exports and 2.6% in imports in February 2024 (0.8% and -0.3%, respectively, in January 2024).

In February 2024, the unit value indices (prices) continued to record negative rates of change, -3.9% in exports and -6.0% in imports (-3.5% and -6.5%, respectively, in January 2024; +6.7% and +4.2% in February 2023). Excluding petroleum products, there were decreases of 2.9% in exports and 5.6% in imports (-2.8% and -4.7%, respectively, in January 2024; +7.0% and +4.7% in February 2023).

Nominal exports of goods to the EA increased by 2.3% year-on-year in February (2.9% in January). In turn, nominal exports of non-EU goods went from a year-on-year rate of change of -4.9% in January to 1.9% in February.

Nominal imports of goods from the EA recorded a year-on-year change of 1.9% in February (1.0% in January). Extra-EU imports increased by 0.5% in February in year-on-year terms (-15.6% in the previous month).





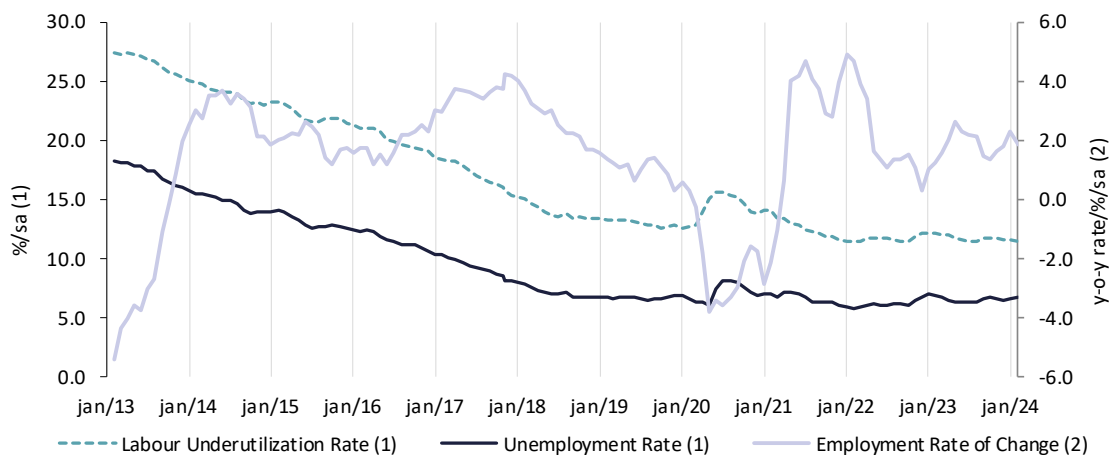


## Labour Market

In February, according to the provisional monthly Labour Force Survey, the unemployment rate (16 to 74 years old), seasonally adjusted, was 6.7%, 0.1 percentage points more than in January (6.6% in November and 6.9% in February 2023). The labour underutilization rate (16 to 74 years old) stood at 11.5%, 0.1 percentage points below the value recorded in January (11.7% in November and 12.1% in the same period of the previous year).

The employed population (16 to 74 years old), seasonally adjusted, increased by 1.9% in year-on-year terms and decreased 0.1% compared with the previous month (year-on-year rate of change of 2.3% in January).

Figure 13. Unemployment, underutilization of labour and employment



The employment indexes of the turnover surveys presented, in February, year-on-year rates of change of 0.3% in industry, 2.1% in trade, 2.4% in services and 3.0% in construction (0.4%, 2.1%, 2.1% and 3.4% in January, in the same order). The hours worked indexes, adjusted for calendar effects, registered rates of change of 2.4% in industry, 2.0% in trade, 3.5% in services and 5.7% in construction (-0.5%, 2.1%, 0.0% and 3.1% 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 February grew by 4.9% in year-on-year terms (variation of 5.1% in January and 8.4% in February 2023).

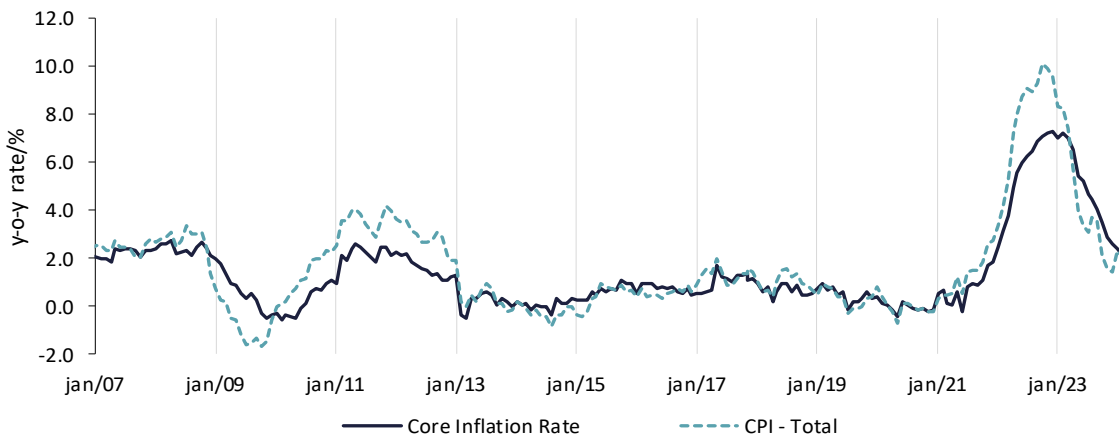
The Unit Labour Costs (ULC) increased by 6.6%, in year-on-year terms, in the year ended in the fourth quarter of 2023, which compares with a growth rate of 6.0% in the previous quarter. This result was due to the 8.1% increase in average compensation of employees, which surpassed the 1.4% increase in productivity.



## Prices

The CPI year-on-year rate of change was 2.3% in March, 0.2 percentage points higher than in the previous month. In the divisions with positive contributions to the year-on-year rate of change of CPI, “Transport”, “Restaurants and hotels”, and “Housing, water, electricity, gas and other fuels” stood out, with rates of 4.0%, 6.1% and 5.8%, respectively (3.2%, 6.1% and 5.7% in February). On the other hand, the only divisions with negative variations were “Furnishings, household equipment and routine maintenance of the house” and “Clothing and footwear”, with rates of change of -1.2% and -1.0% (-1.0% and -3.7% in February).

Figure 14. Consumer Price Index



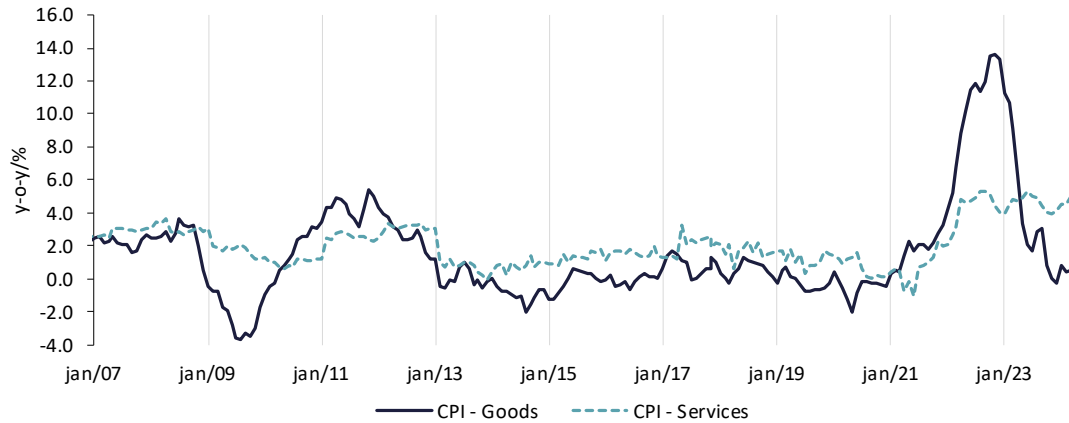
The year-on-year rate of change of the core inflation rate, which excludes energy and unprocessed food products, was 2.5% (2.1% in February). The year-on-year rate of change of the index for energy products was 4.8% (4.3% in the previous month), and the rate for unprocessed food shifted from 0.8%, in February, to -0.5% in March, partially due to the base effect related to the monthly increase recorded in March 2023.

The Portuguese Harmonised Index of Consumer Prices (HICP) continued to present a year-on-year rate of change above that of the CPI, accelerating to 2.6% (2.3% in February), 0.2 percentage points higher than the figure estimated by Eurostat for the Euro Area (in the previous month, the Portuguese rate was 0.3 p.p. below the figure for the Euro area). Excluding energy and unprocessed food products, the Portuguese HICP increased by 2.8% in March (2.4% in February), below to the corresponding rate estimated for the Euro Area (3.1%).

In the last month, the goods component of the CPI recorded a year-on-year change rate of 0.5% (0.4% in February), while the services component increased by 5.0% (4.6% in the previous month).



Figure 15. Consumer Price Index of Goods and Services



The industrial production price index registered a year-on-year rate of change of -1,4% in March (after -2,5% in February), presenting a negative rate of change for the eleventh consecutive month. The grouping of Energy registered a rate of 0,7%, positive for the first time since December 2022. Excluding the energy component, this index decreased by 1,9% in February (-2,4% in the previous month), and the index for consumer goods recorded a year-on-year growth rate of 2,7% in March (2,8% in February), extending the deceleration profile observed since the beginning of 2023.





Table 2. Summary information (continuation)

	Unit	First Period	Minimum		Maximum		Year			Quarter				Month															
			Value	Date	Value	Date	2021	2022	2023	2023				2024				2023								2024			
										Q1	Q2	Q3	Q4	Q1	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
<b>External Demand</b>																													
Nominal exports of goods - International trade	y.r./%	Jan-96	-41.5	Apr-20	82.9	Apr-21	18.3	23.2	-1.0	12.8	-4.7	-9.1	-1.8	-	18.3	-4.0	-7.1	-2.9	-10.6	-7.6	-8.8	-3.7	-1.8	0.3	0.5	2.3	-		
Nominal imports of goods - International trade	y.r./%	Jan-96	-40.3	Apr-20	69.8	Apr-21	22.0	31.7	-4.2	8.6	-6.4	-11.8	-5.4	-	8.7	-7.0	-4.8	-7.6	-7.7	-15.7	-12.2	-2.7	-8.2	-5.5	-4.1	1.5	-		
Coverage rate	%	Jan-95	49.9	Aug-01	87.8	Jun-12	76.5	71.6	73.9	75.9	74.6	72.1	73.0	-	78.9	73.2	73.9	76.7	73.9	68.9	73.2	69.2	78.7	71.0	79.2	73.4	-		
External demand indicator	s.a./y.r./%	Jan-91	-32.3	Apr-20	51.5	Apr-21	22.1	30.7	-7.8	2.1	-7.8	-13.8	-10.6	-	-2.4	-5.8	-7.3	-10.1	-11.0	-15.7	-14.8	-10.9	-10.6	-10.2	-9.8	-	-		
<b>Labour Market</b>																													
Unemployment rate (16 to 74 years)	s.a./%	Feb-11	5.8	Feb-22	18.3	Jan-13	6.8	6.2	6.6	6.9	6.4	6.3	6.6	6.7	6.8	6.5	6.4	6.3	6.3	6.3	6.6	6.7	6.6	6.5	6.6	6.7	-		
Number of unemployed (16 to 74 years)	s.a./y.r./%	Feb-12	-24.6	Jun-18	26.6	Oct-09	-2.3	-6.8	8.4	21.7	5.8	4.3	3.1	-1.2	18.3	11.7	5.8	5.5	5.5	4.3	8.1	10.9	3.1	-1.7	-4.7	-1.2	-		
Employment (16 to 74 years)	y.r./%	Feb-12	-5.4	Jan-13	4.9	Jan-22	2.2	2.2	2.0	1.3	2.6	2.2	1.7	1.9	1.6	2.0	2.6	2.3	2.2	2.2	1.5	1.4	1.7	1.8	2.3	1.9	-		
Labour underutilisation rate (16 to 74 years)	s.a./%	Feb-11	11.4	Jan-20	27.4	May-13	12.8	11.7	11.8	12.1	11.7	11.5	11.7	11.5	12.0	12.0	11.7	11.6	11.5	11.5	11.7	11.8	11.7	11.6	11.6	11.5	-		
Reg. unemp. along the month - State employment agencies	y.r.	Jan-90	-43.2	Apr-21	74.1	Apr-20	-17.8	3.8	10.4	20.2	10.0	6.7	5.9	-	14.9	-1.4	14.6	17.9	14.7	11.8	-1.7	8.1	8.4	0.1	6.0	15.4	-		
Vacancies along the month - State employment agencies	y.r.	Jan-90	-70.0	Apr-20	310.8	Apr-21	36.0	-7.7	-6.2	-6.9	-18.3	-5.5	12.8	-	0.4	-25.9	-16.2	-13.5	-13.1	-8.1	3.3	12.7	8.2	18.8	-8.1	-9.1	-		
Employment expectations of entrepreneurs	balance/s.a.	Jun-03	-25.0	Apr-20	11.2	Jul-18	4.5	6.7	3.9	5.1	4.2	3.2	3.0	6.0	5.2	5.9	4.2	2.4	2.1	5.1	2.3	3.3	3.6	1.9	3.1	8.3	6.5		
Unemployment expectations of consumers	balance	Sep-97	-20.0	Jun-17	85.5	Feb-09	30.3	26.2	28.6	33.6	22.6	23.6	34.5	29.7	31.5	26.2	24.6	16.9	17.1	23.0	30.8	30.1	36.5	36.7	31.0	31.4	26.6		
Average monthly wage declared by worker	s.a./y.r.	Jan-02	-4.0	Jun-12	10.8	Jan-23	4.5	4.8	7.4	8.8	7.7	6.5	6.4	-	7.2	7.5	7.6	8.0	6.4	6.6	6.7	6.3	7.4	5.5	5.1	4.9	-		
<b>Prices</b>																													
Consumer price index - Total	y.r./%	Jan-49	-3.7	Sep-54	36.7	May-77	1.3	7.8	4.3	8.0	4.4	3.5	1.7	2.2	7.4	5.7	4.0	3.4	3.1	3.7	3.6	2.1	1.5	1.4	2.3	2.1	2.3		
- Goods	y.r./%	Jan-49	-3.7	Jul-09	38.2	May-77	1.7	10.2	4.1	10.4	3.9	2.5	0.2	0.6	9.1	6.3	3.3	2.1	1.7	2.8	3.0	0.8	0.0	-0.3	0.8	0.4	0.5		
- Services	y.r./%	Jan-49	-4.4	Sep-54	30.5	Mar-74	0.6	4.3	4.6	4.4	5.0	4.8	4.0	4.7	4.8	4.8	4.9	5.3	5.0	4.9	4.4	4.1	3.9	4.1	4.5	4.6	5.0		
Core inflation indicator	y.r./%	Jan-49	-4.3	Oct-54	31.1	May-84	0.8	5.6	5.0	7.1	5.7	4.4	3.0	2.3	7.0	6.6	5.4	5.3	4.7	4.5	4.1	3.5	2.9	2.6	2.4	2.1	2.5		
Harmonised index of consumer prices	y.r./%	Jan-96	-1.8	Sep-09	10.6	Oct-22	0.9	8.1	5.3	8.4	5.7	4.8	2.4	2.5	8.0	6.9	5.4	4.7	4.3	5.3	4.8	3.2	2.2	1.9	2.5	2.3	2.6		
Industrial production price index	y.r./%	Jan-06	-10.6	Oct-09	22.4	Jun-22	7.8	18.9	0.0	8.9	-1.1	-3.4	-3.6	-2.1	4.6	2.2	-1.4	-3.9	-3.3	-3.2	-3.6	-3.2	-4.3	-3.3	-2.3	-2.5	-1.4		
Consumers expectations of prices evolution	balance	Sep-97	-7.6	Dec-15	81.3	Mar-22	21.2	51.4	17.5	25.9	11.1	12.7	20.2	25.1	22.6	12.5	13.4	7.3	7.0	14.7	16.4	20.2	23.6	16.9	29.1	28.4	17.8		
Expectations of prices in manufacturing industry	bal./s.a.	Jan-87	-24.7	Apr-20	44.5	Apr-22	19.7	29.5	3.3	10.2	-0.4	1.3	2.3	5.1	6.5	4.1	-2.3	-3.0	-3.3	1.5	5.7	2.7	0.9	3.2	6.5	6.0	2.7		
Effective exchange rate index for Portugal (nominal)	y.r./%	Jan-94	-9.3	Jan-94	5.5	Mar-95	-0.1	-1.4	1.0	0.4	1.0	1.7	0.8	0.4	0.7	1.3	0.9	0.9	1.8	1.9	1.5	1.1	1.0	0.4	0.4	0.3	0.4		



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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** – May 20<sup>th</sup>, 2024

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