

August, 17th 2007

Employment Statistics

2nd quarter 2007

Unemployment rate at 7.9% in the 2nd quarter 2007

The unemployment rate estimated for the 2nd quarter 2007 was 7.9%. This value is up 0.6 percentage points (p.p.) from the same quarter of 2006 and down 0.5 p.p. from the previous quarter. The number of unemployed was estimated to reach 440.5 thousands, having increased 8.6% from the same quarter of the previous year, and decreased 6.3% from the previous quarter. The number of employed declined by 0.5%, compared with the same quarter of 2006, and rose by 0.4%, compared with the previous quarter.

1. Labour force (active population)

The Labour Force Survey results for the 2nd quarter of 2007 indicate that the labour force in Portugal rose by 0.2% (corresponding to 8.8 thousand individuals), compared with the same quarter of 2006, and decreased by 0.2% (10.4 thousand), compared with the previous quarter.

The working age population participation rate (aged 15 years old and over) was 62.4% in the 2nd quarter of 2007. This rate remained close to the level of the same quarter of 2006 and went down by 0.2 p.p. from the previous quarter. The participation rate of working age women stood at 56.1%, while that of men attained 69.3%.

2. Employed population

In the 2nd quarter of 2007, the employed population, totalling 5,154.6 thousand individuals, decreased 0.5% (corresponding to 26.2 thousand individuals), compared with the same quarter of 2006, and recorded a quarterly increase of 0.4% (18.9 thousand).

The following components/population groups have contributed to the abovementioned year-on-year decline:

- The decline in men's employment, by 14.9 thousand individuals. The women's employment has also decreased, but its contribution for the total employment decline was lower.
- The decrease of 58.0 thousand employed individuals aged less than 35 years old. In turn, the number of the employed aged 35 years old and over increased by 31.8 thousands.
- Individuals who have completed the primary education (first and second stages of basic education), whose number decreased by 49.0 thousand individuals. On the other hand, individuals having completed an upper secondary or post-secondary non-tertiary level of education and also the tertiary education rose by 2.8 thousand and 20.0 thousand individuals, respectively.
- The services sector, which employed less 11.6 thousand individuals. This decrease was nonetheless fully accounted by four activities: public administration, defence, and compulsory social security (with 38.4 thousand individuals less); wholesale and retail trade (17.1 thousand); transport,

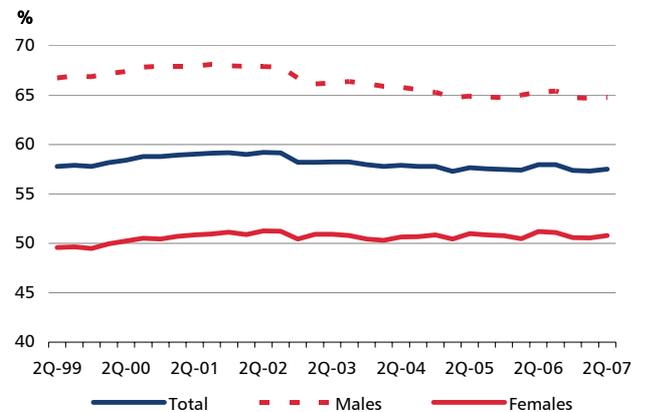
storage and communication (14.5 thousand); education (10.2 thousand). The other two sectors (mining and quarrying, manufacturing, electricity, gas and water supply, and construction; and agriculture, hunting, forestry, and fishing) recorded also a decrease in employment, in spite of their small contribution to overall employment decrease (14.6 thousand individuals).

- Unpaid family workers and self-employed workers without employees, whose number decreased. These two professional statuses accounted for a decrease in employment of 15.6 and 12.8 thousand individuals, respectively. The number of employees remained quite stable, in spite of the different patterns that have been observed, according to the workers' contractual situation: the number of employees with permanent job (work contract of unlimited duration) has decreased by 77.6 thousand; the number of employees with a temporary job (work contract of limited duration) increased by 56.0 thousand, as did the number of employees with other contract situations (21.8 thousand).
- Full-time workers, whose observed decrease has attained 67.1 thousand individuals. In turn, the number of part-time workers rose by 40.8 thousand individuals.

The employment rate (15 and over) stood at 57.5%, in the 2nd quarter of 2007. This value was 0.5 p.p. lower than that of the same quarter of 2006 and 0.2 p.p. higher than the previous quarter. The main reason underlying the year-on-year decline in the indicator was the fact that the employed population has declined, compared to the same quarter of 2006 (0.5%), and the working age population (15 and over) have risen (0.3%).

The male employment rate (64.8%), in the quarter under review exceeded that of women (50.8%) by 14.0 p.p..

Figure 1: Employment rate by sex



3. Unemployed population

The unemployed population in Portugal, estimated at 440.5 thousand individuals in the 2nd quarter of 2007, rose by 8.6% (34.9 thousand individuals), when compared with the 2nd quarter of 2006, and recorded a quarterly decrease of 6.3% (29.4 thousand).

The following results have contributed to the year-on-year increase in the unemployed population:

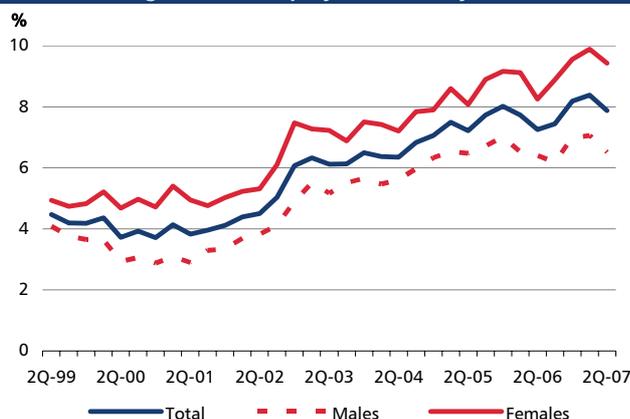
- The increase in the number of women unemployed (32.7 thousand). Unemployed men rose also (2.2 thousand), but its contribution to the rise in total unemployment was lower.
- The rise in unemployment of individuals aged 25 years old and over, mainly of individuals aged 25 to 34 (17.2 thousand). In turn, the youth unemployment (15 to 24) decreased (2.4 thousand).
- The rise in unemployed individuals having completed an education level corresponding to the primary education and to the tertiary education (corresponding to 25.0 thousand and 10.2 thousand individuals, respectively). The number of the unemployed having completed an upper secondary or post-secondary non-tertiary level of education remained relatively stable.

- Unemployed seeking a new job, whose number increased by 31.1 thousand individuals. This rise was mainly due to the individuals coming from the services sector (18.9 thousand). The number of unemployed seeking a first job rose also, but its contribution to the increase in overall unemployment was lower (3.8 thousand).
- Unemployed seeking for a job for less than a year, whose increase stood at 32.3 thousand individuals. Stress should be put on the increase in the number of unemployed belonging to the class of duration "1 to 6 months" (20.4 thousand individuals).

The unemployment rate was estimated to stand at 7.9% in the 2nd quarter of 2007. This value is up by 0.6 p.p. from the 2nd quarter of 2006, and down by 0.5 p.p. from the previous quarter.

In the 2nd quarter of 2007, the unemployment rate stood at 6.5% for men and at 9.4% for women.

Figure 2: Unemployment rate by sex



The quarterly decrease in the unemployment rate (by 0.5 p.p.) was the result of the combined effect of the decline in unemployed population (6.3%, corresponding to 29.4 thousand individuals) with a moderate increase in the employed population (0.4%; 18.9 thousand individuals).

The quarterly decrease in the unemployed population occurred mainly in the following population groups: men; young (15 to 24); individuals who have completed, at the utmost, a primary education level; individuals seeking for a new job (mainly coming from the services sector); and unemployed seeking for a job for less than 12 months.

4. Inactive population

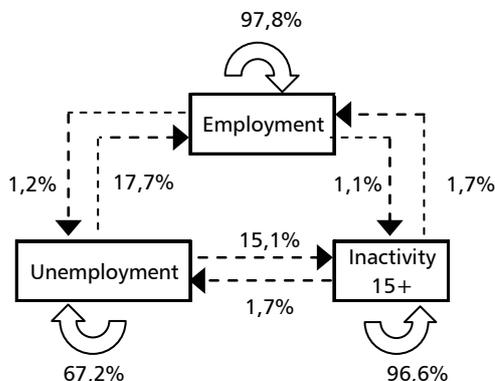
In the 2nd quarter of 2007, the inactive population aged 15 years old and over rose by 0.5%, either when compared to the same quarter of 2006, or to the previous quarter (corresponding to 17.1 thousand and 15.6 thousand individuals, respectively).

The inactivity rate (15 and over) reached 37.6%, in the 2nd quarter of 2007, standing at 30.7% for men and at 43.9% for women.

5. Quarterly flows between labour market states

From the 1st quarter of 2007 to the 2nd quarter of 2007, 1.2% of the individuals initially employed moved into unemployment and a slightly lower percentage (1.0%) moved into inactivity, with the proportion of employees moving out of this situation totalling 2.2% in the 2nd quarter of 2007 (97.8% remained employed). From the 4th quarter of 2006 to the 1st quarter of 2007, this percentage had been slightly higher (2.3%).

**Quarterly flows between labour force states
(as a % of initial state)**



The flows out of unemployment between the two quarters were, in relative terms, more marked than the flows out of employment. From total individuals who were unemployed in the 1st quarter of 2007, 32.8% moved out of this labour market state in the following quarter, 17.7% of which became employed and 15.1% moved into inactivity. The percentages of individuals moving from unemployment into employment and from unemployment into inactivity were higher than those observed in the flows from the 4th quarter of 2006 to the 1st quarter of 2007 (15.1% and 14.1% respectively).

From total individuals aged 15 years old and over considered to be inactive in the 1st quarter of 2007, 1.7% moved into employment, and 1.7% moved into unemployment, in the following quarter. The first percentage is higher than observed in the flows from the 4th quarter of 2006 to the 1st quarter of 2007 (1.3%), whereas the second is lower (2.0%).

6. Unemployment rates by NUTS II regions

In the 2nd quarter of 2007, the highest unemployment rates were recorded in the *Norte* (9.4%), *Lisboa* (9.0%), and *Alentejo* (8.8%) regions. The lowest values for this indicator were observed in the *Região Autónoma dos Açores* (3.9%) and *Centro* (4.9%).

Comparing to the same quarter of the previous year, and similarly to the overall picture in Portugal, the unemployment rate rose in all regions, except in *Centro* and *Alentejo*, where it fell. The more marked increases occurred in *Algarve* (1.9 p.p.) and in *Região Autónoma da Madeira* (1.3 p.p.).

Compared to the previous quarter, and similarly to what have been described for Portugal as a whole, the unemployment rate went down in all regions, except in *Lisboa*, where it raised by 0.2 p.p., and in *Algarve*, where it remained stable. The more marked decreases occurred in *Centro* (1.8 p.p.), and in the *Região Autónoma dos Açores* (0.8 p.p.).

Table 1: Unemployment rates by NUTS II region (NUTS-2002)

	2Q-2006	1Q-2007	2Q-2007
Portugal	7,3	8,4	7,9
Norte	8,4	9,5	9,4
Centro	5,1	6,7	4,9
Lisboa	8,1	8,8	9,0
Alentejo	8,9	9,5	8,8
Algarve	5,0	6,9	6,9
R. A. Açores	3,8	4,7	3,9
R. A. Madeira	5,0	6,9	6,3

Source: INE, Employment Statistics - 2nd quarter 2007.

Table 2: Main indicators - active and employed population - Portugal

	Levels			Rates of change	
	2Q-2006	1Q-2007	2Q-2007	On year	On quarter
	Thousand individuals			%	
Labour force (active population)	5 586,4	5 605,6	5 595,2	0,2	-0,2
Males	2 987,6	2 985,3	2 975,0	-0,4	-0,3
Females	2 598,9	2 620,3	2 620,2	0,8	o
15 to 24	541,5	527,2	508,2	-6,1	-3,6
25 to 34	1 481,6	1 482,3	1 471,6	-0,7	-0,7
35 to 44	1 409,6	1 414,6	1 421,9	0,9	0,5
45 to 64	1 819,4	1 849,3	1 858,1	2,1	0,5
65 and over	334,3	332,1	335,3	0,3	1,0
Participation rate (%)	52,8	52,9	52,8		
Males	58,3	58,2	58,0		
Females	47,6	47,9	47,9		
Participation rate (15 and over) (%)	62,5	62,6	62,4		
Males	69,8	69,6	69,3		
Females	55,8	56,1	56,1		
Employed population	5 180,8	5 135,7	5 154,6	-0,5	0,4
Males	2 796,4	2 774,7	2 781,5	-0,5	0,2
Females	2 384,5	2 361,0	2 373,1	-0,5	0,5
15 to 24	461,5	431,5	430,6	-6,7	-0,2
25 to 34	1 352,4	1 326,9	1 325,3	-2,0	-0,1
35 to 44	1 323,1	1 319,4	1 326,8	0,3	0,6
45 to 64	1 709,6	1 726,4	1 737,2	1,6	0,6
65 and over	334,2	331,4	334,7	0,1	1,0
First and second stages of basic education	3 688,8	3 625,1	3 639,8	-1,3	0,4
(Upper) secondary and post-secondary non-tertiary education	779,8	774,6	782,6	0,4	1,0
Tertiary education	712,2	735,9	732,2	2,8	-0,5
Agriculture, hunting, forestry and fishing	615,0	595,4	605,8	-1,5	1,7
Mining and quarrying, manufacturing, electricity, gas and water supply, and construction	1 573,7	1 567,9	1 568,3	-0,3	o
Services	2 992,1	2 972,3	2 980,5	-0,4	0,3
Employees	3 895,1	3 883,2	3 895,3	o	0,3
With a permanent job (work contract of unlimited duration)	3 109,1	3 047,7	3 031,5	-2,5	-0,5
With a temporary job (work contract of limited duration)	617,8	646,7	673,8	9,1	4,2
Others	168,1	188,7	189,9	13,0	0,6
Self-employed workers	1 193,3	1 170,0	1 182,6	-0,9	1,1
Unpaid family workers	92,4	82,5	76,8	-16,9	-6,9
Full-time workers	4 591,5	4 517,6	4 524,4	-1,5	0,2
Part-time workers	589,4	618,1	630,2	6,9	2,0
Employment rate (15 and over) (%)	58,0	57,3	57,5		
Males	65,3	64,7	64,8		
Females	51,2	50,5	50,8		

Source: INE, Employment Statistics - 2nd quarter 2007.

Notes:

o Figure that corresponds to less than half the absolute value of the unit used.

- Null.

Quadro 3: Main indicators - unemployed and inactive population - Portugal

	Levels			Rates of change	
	2Q-2006	1Q-2007	2Q-2007	On year	On quarter
	Thousand individuals			%	
Unemployed population	405,6	469,9	440,5	8,6	-6,3
Males	191,2	210,6	193,4	1,2	-8,2
Females	214,4	259,2	247,1	15,3	-4,7
15 to 24	80,0	95,6	77,6	-3,0	-18,8
25 to 34	129,2	155,4	146,4	13,3	-5,8
35 to 44	86,5	95,3	95,1	9,9	-0,2
45 and over	110,0	123,6	121,5	10,5	-1,7
First and second stages of basic education	296,1	340,5	321,1	8,4	-5,7
(Upper) secondary and post-secondary non-tertiary education	68,9	73,5	68,6	-0,4	-6,7
Tertiary education	40,6	55,9	50,8	25,1	-9,1
Looking for a first job	50,6	66,1	54,4	7,5	-17,7
Looking for a new job	355,0	403,8	386,1	8,8	-4,4
Agriculture, hunting, forestry and fishing	10,8	13,4	11,9	10,2	-11,2
Mining and quarrying, manufacturing, electricity, gas and water supply, and construction	160,5	173,3	171,6	6,9	-1,0
Services	183,7	217,1	202,6	10,3	-6,7
Unemployment rate (%)	7,3	8,4	7,9		
Males	6,4	7,1	6,5		
Females	8,3	9,9	9,4		
Youth (15 to 24)	14,8	18,1	15,3		
Unemployed by duration of search (a)					
Less than 12 months	188,7	236,6	221,0	17,1	-6,6
12 months or longer (long-term unemployment)	214,8	231,2	216,4	0,7	-6,4
Long-term unemployment rate (%)	3,8	4,1	3,9		
Inactive population	4 993,2	4 990,0	5 004,9	0,2	0,3
Inactive population (15 and over)	3 352,1	3 353,6	3 369,2	0,5	0,5
Males	1 292,5	1 302,9	1 316,3	1,8	1,0
Females	2 059,6	2 050,7	2 052,9	-0,3	0,1
15 to 24	736,8	726,2	733,7	-0,4	1,0
25 to 34	170,1	165,2	173,9	2,2	5,3
35 to 44	162,4	157,8	153,9	-5,2	-2,5
45 to 64	791,6	806,6	811,1	2,5	0,6
65 and over	1 491,3	1 497,9	1 496,6	0,4	-0,1
Students	767,1	745,0	753,6	-1,8	1,2
Looking after home / family	589,5	566,5	559,8	-5,0	-1,2
Retired	1 656,5	1 678,2	1 682,2	1,6	0,2
Other inactive	339,0	363,9	373,6	10,2	2,7
Inactivity rate (15 and over) (%)	37,5	37,4	37,6		
Males	30,2	30,4	30,7		
Females	44,2	43,9	43,9		

Source: INE, Employment Statistics - 2nd quarter 2007.

Notes:

(a) The variable "duration of search for employment" does not include the unemployed workers that have already found a job which will start within a period of at most 3 months. As a consequence, the sum of the number of unemployed individuals by duration of search can be less than the total unemployed population.

o Figure that corresponds to less than half the absolute value of the unit used.

- Null.

TECHNICAL NOTE

The main purpose of the Labour Force Survey is to characterise the population in terms of the labour market. It is a quarterly sample survey, addressed to families occupying the same dwelling in the national territory, which makes available quarterly and annual data. The information is obtained directly, though computer-assisted interview. Published data were calibrated, based on independent estimates of the population, calculated from the definitive results of the 2001 Census.

SOME CONCEPTS

For additional concepts see the publication Employment Statistics – 2nd quarter 2007 (“Estatísticas do Emprego – 2^o trimestre de 2007”).

Participation rate

Rate that is defined as the ratio of the labour force (active population) to total population.

$$\text{P.R. (\%)} = (\text{Labour force} / \text{Total population}) \times 100$$

Participation rate (15 and over)

Rate that is defined as the ratio of the labour force to working age population (aged 15 years old and over).

$$\text{P.R. (\%)} = (\text{Labour force} / \text{Population aged 15 years old and over}) \times 100$$

Unemployment rate

Rate that is defined as the ratio of the unemployed population to total labour force.

$$\text{U.R. (\%)} = (\text{Unemployed population} / \text{Labour force}) \times 100$$

Long term unemployment rate

Rate that is defined as the ratio of the population unemployed for 12 months or over to total labour force.

$$\text{U.R. (\%)} = (\text{Population unemployed for 12 months or over} / \text{Labour force}) \times 100$$

Employment rate (15 and over)

Rate that is defined as the ratio of the employed population to working age population (aged 15 years old and over).

$$\text{E.R. (\%)} = (\text{Employed population} / \text{Population aged 15 years old and over}) \times 100$$

Inactivity rate (aged 15 and over)

Rate that is defined as the ratio of inactive working age population (aged 15 years old and over) to total working age population.

$$\text{I.R. (\%)} = (\text{Inactive population aged 15 years old and over} / \text{Population aged 15 years old and over}) \times 100$$

Year-on-year rate of change

The year-on-year change compares the level of the variable in the current quarter with that of the corresponding quarter of the previous year. This rate of change, considering a seasonal stable pattern, is not affected by this type of fluctuation, but may, however, be influenced by specific effects in a given quarter.

Quarterly rate of change

The quarterly change compares the level of the variable over two consecutive periods. Although this indicator permits to monitor the recent pace of the variable, its calculation is particularly influenced by seasonal effects and other more specific effects in one (or both) quarters under comparison.

DATE SCHEDULED FOR THE NEXT PRESS RELEASE

November, 16th 2007.

The publication Employment Statistics – 2nd quarter 2007 (“Estatísticas do Emprego – 2^o trimestre de 2007”) associated with this press release is available, free of charge, at http://www.ine.pt/portal/page/portal/PORTAL_INE/Publicacoes.