



23<sup>rd</sup> December 2024  
QUARTERLY SECTOR ACCOUNTS (BASE 2021)  
Third Quarter 2024

## EXTERNAL BALANCE OF THE PORTUGUESE ECONOMY INCREASED TO 2.6% OF GDP

Portuguese economy<sup>1</sup> recorded a net lending of 2.6% Gross Domestic Product (GDP) in the third quarter of 2024, which represents an improvement of 0.2 percentage points compared with the previous quarter. Gross National Income (GNI) and Gross Disposable Income (GDI) increased both by 1.6% (growths of 1.4% and 1.5%, respectively, in the previous quarter). The increase in the economy's external balance mainly reflected the improvement in the Households balance by 0.6 percentage points of GDP.

The disposable income of Households<sup>2</sup> sector increased by 2.3% compared to the previous quarter, with growths of 2.2% and 1.6% in compensation of employees received and Gross Value Added (GVA), respectively. Final consumption expenditure grew by 1.6% (1.4% in the previous quarter), leading to an increase in the savings rate to 10.7% (10.1% in the previous quarter) and an improvement of the net lending to 4.1% of GDP (3.5% of GDP in the previous quarter). In real terms, the adjusted GDI per capita of Households grew by 1.3% in the third quarter of 2024 (1.2% in the previous quarter).

The balance of Non-Financial Corporations was less negative by 0.2 percentage points, standing at -4.5% of GDP. GVA and compensation of employees paid increased by 1.9% and 2.3%, respectively, while Gross Capital Formation decreased by 0.4%. The balance of Financial Corporations stood at 2.0% of GDP (0.3 percentage points less than in the previous quarter).

The balance of the General Government (GG) sector decreased by 0.2 percentage points, standing at a net lending of 1.0% of GDP in the year ending in the third quarter of 2024. Considering quarterly values and not the year ending in the quarter, the GG balance in the third quarter of 2024 reached 4,344 million euros, corresponding to 6.0% of GDP (7.3% in the same period of the previous year), with increases of 5.4% in revenue and 8.7% in expenditure. Considering figures for the three quarters of 2024, the GG balance was positive, representing 2.8% of GDP (3.3% of GDP in the same period of 2023).

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<sup>1</sup> 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.

<sup>2</sup> 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 external balance increased to 2.6% of GDP in the third quarter of 2024 (2.4% in the previous quarter). In nominal terms, GDP grew by 1.5% in the third quarter of 2024 compared with the previous quarter and 6.5% compared with the same quarter of 2023, mainly reflecting the growth of the respective implicit deflator. Gross National Income (GNI) and Gross Disposable Income (GDI) increased both by 1.6%, when compared with the previous quarter, and 6.5% and 6.4% when compared to the same quarter of 2023.

The increase in the economy's GDI in the third quarter of 2024 was similar to the growth rate of the final consumption expenditure (includes the final consumption expenditure by Households and GG), which determined an increase of 1.8% of the economy's gross savings. In the third quarter of 2024, gross savings represented 21.3% of GDP (0.1 percentage points more than in the previous quarter and 0.7 percentage points more than in the same quarter of the previous year).

The increase in savings was higher than the growth of 0.3% of Gross Capital Formation, which determined the improvement in the economy's net lending by 0.2 percentage points, to 2.6% of GDP in the third quarter of 2024.

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 (%)
<b>3Q 2021</b>	211 520	2.0	208 816	2.1	215 051	2.2
<b>4Q 2021</b>	216 494	2.4	214 342	2.6	220 495	2.5
<b>1Q 2022</b>	223 214	3.1	221 044	3.1	226 595	2.8
<b>2Q 2022</b>	230 652	3.3	228 111	3.2	233 039	2.8
<b>3Q 2022</b>	237 444	2.9	234 148	2.6	238 855	2.5
<b>4Q 2022</b>	243 957	2.7	239 550	2.3	244 278	2.3
<b>1Q 2023</b>	250 234	2.6	245 363	2.4	250 356	2.5
<b>2Q 2023</b>	256 406	2.5	250 954	2.3	256 063	2.3
<b>3Q 2023</b>	262 202	2.3	256 298	2.1	261 392	2.1
<b>4Q 2023</b>	267 384	2.0	260 790	1.8	265 471	1.6
<b>1Q 2024</b>	271 254	1.4	265 011	1.6	269 759	1.6
<b>2Q 2024</b>	274 918	1.4	268 676	1.4	273 677	1.5
<b>3Q 2024</b>	279 146	1.5	273 007	1.6	278 127	1.6

The improvement in the economy's balance mainly reflected the increase in the balance of Households, while the balance of Non-Financial Corporations was less negative, which more than offset the reduction in the balances of the remaining sectors of the economy. The GG surplus represented 1.0% of GDP, 0.2 percentage points less than in the previous quarter, driven by the increase in expenditure (2.1%) higher than the increase



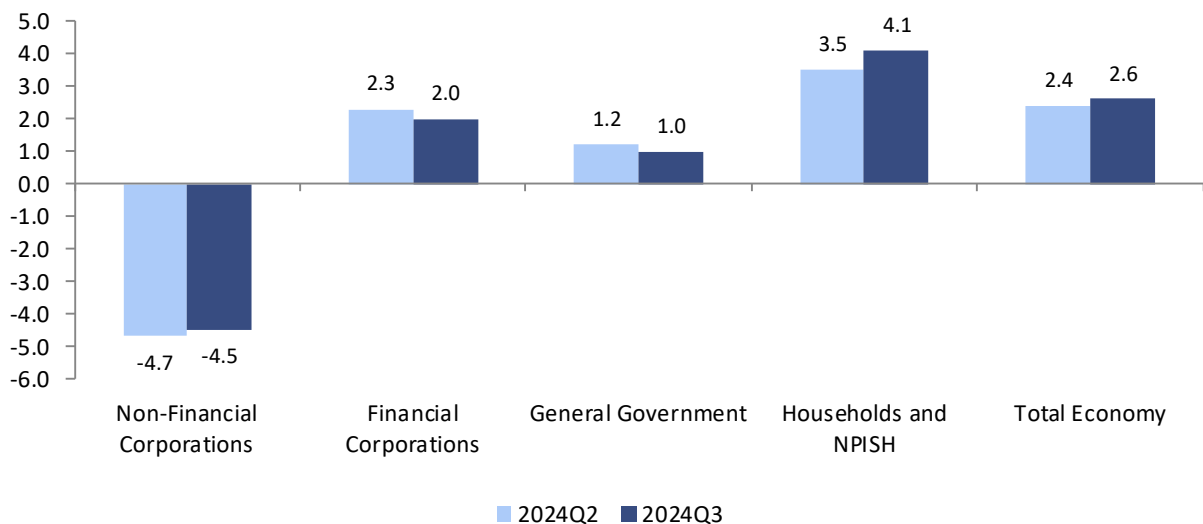
in revenue (1.5%). NFC net borrowing stood at 4.5% of GDP (0.2 percentage points less than in the previous quarter).

The Household balance has grown progressively since the second quarter of 2023, standing at 4.1% of GDP in the third quarter of 2024, 0.6 percentage points more than in the previous quarter, reflecting the increase in Household savings, which grew by 8.4% as a result of the 2.3% increase in disposable income, higher than the growth in private consumption (1.6%).

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
3Q 2021	-2.3	2.5	-3.9	4.6	1.0
4Q 2021	-2.8	2.5	-2.8	4.0	0.8
1Q 2022	-3.2	2.3	-1.7	2.3	-0.3
2Q 2022	-4.5	2.1	0.1	1.7	-0.6
3Q 2022	-5.3	2.0	1.0	1.3	-1.0
4Q 2022	-4.4	2.1	-0.3	1.3	-1.3
1Q 2023	-3.9	2.5	0.2	0.9	-0.4
2Q 2023	-3.4	2.7	0.0	1.3	0.6
3Q 2023	-3.7	2.7	0.4	1.9	1.4
4Q 2023	-4.0	2.5	1.2	2.0	1.6
1Q 2024	-3.9	2.4	0.9	2.9	2.3
2Q 2024	-4.7	2.3	1.2	3.5	2.4
3Q 2024	-4.5	2.0	1.0	4.1	2.6

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





## Households: net lending increased to 4.1% of GDP

Net lending of Households stood at 4.1% of GDP in the year ending in the third quarter of 2024, which represented an increase of 0.6 percentage points compared with the previous quarter. This behaviour resulted from the 8.4% increase in household savings.

The Households' savings rate in the third quarter of 2024 (Figure 2) stood at 10.7% of disposable income, more 0.6 percentage points compared with the previous quarter. This evolution resulted from the 2.3% increase in the GDI (2.4% in the previous quarter), higher than the 1.6% growth in private consumption. Note that, unless otherwise indicated, the variables presented here are in nominal terms, which, in the case of private consumption, means that the evolution is also marked by price growth. In real terms, private consumption increased by 1.0% in the year ending in the third quarter of 2024.

Figure 3 shows the breakdown of the growth of disposable income of households in the third quarter of 2024 compared with the previous quarter. In the year ending in the third quarter of 2024, compensation of employees and gross operating surplus contributed by 1.5 and 0.4 percentage points, respectively, to that growth rate.

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

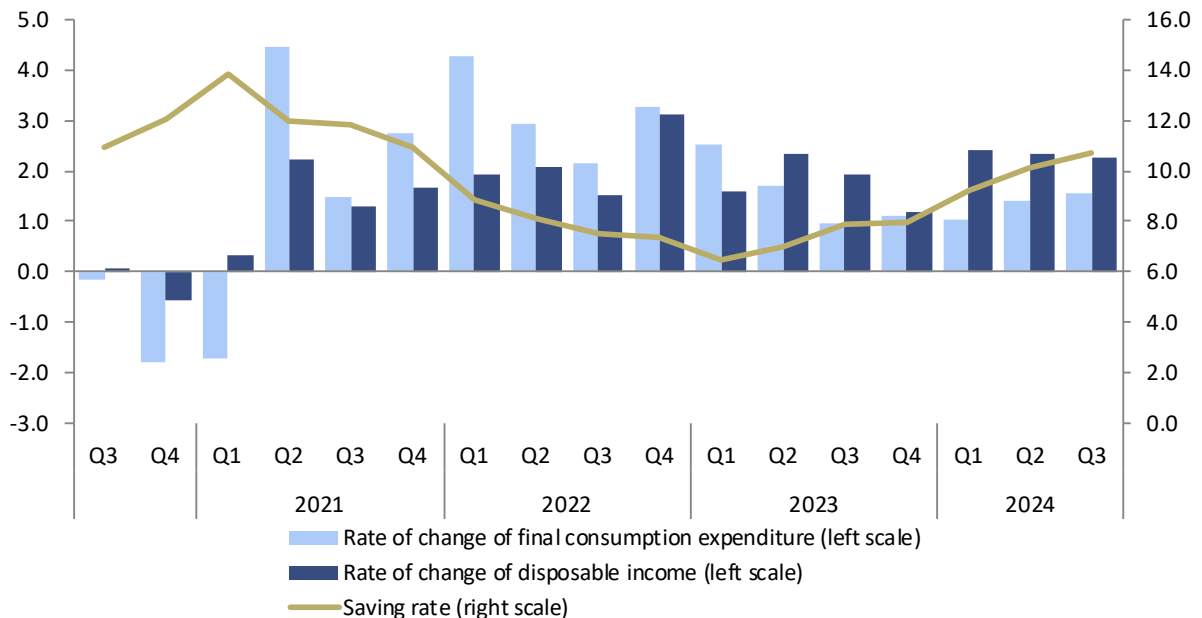
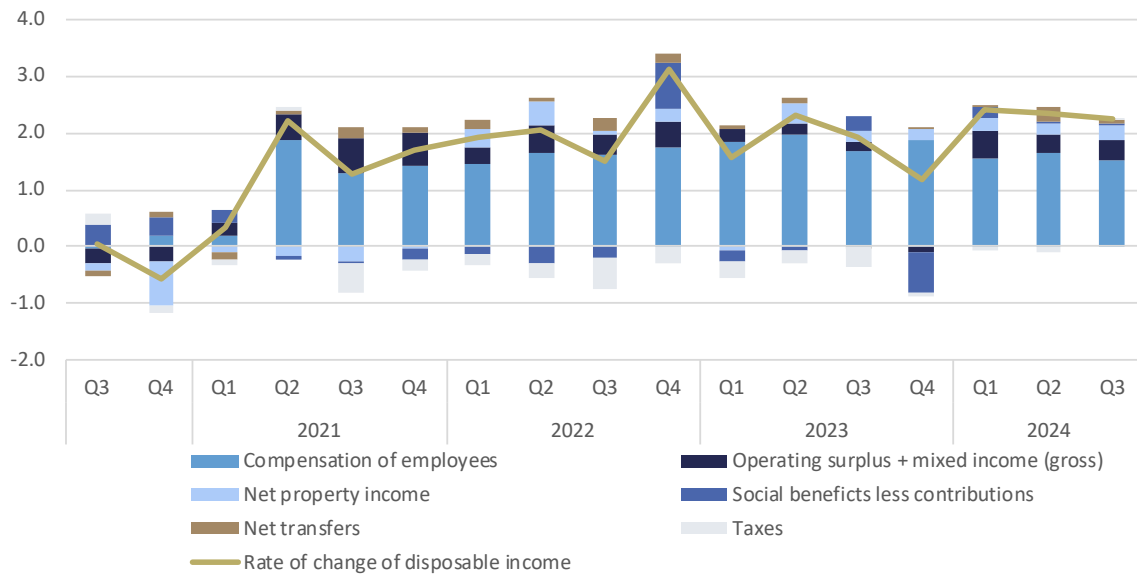




Figure 3. Contributions to the rate of change of disposable income of Households and NPISH (percentage points, year ending in the reference quarter)



The nominal GDI per capita of Households reached 18.0 thousand euros in the third quarter of 2024, which represented an increase of 2.0% compared with the previous quarter. Per capita compensation of employees reached 12.8 thousand euros, 1.9% more than the previous quarter.

It should be noted that GDIA 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 1.3% compared with the previous quarter, after growth of 1.2% in the previous quarter. Real final consumption per capita increased by 0.8% in the third quarter of 2024 (0.5% in the previous quarter).

Households' Gross Fixed Capital Formation (GFCF), which essentially corresponds to GFCF in dwellings, increased by 1.1% in the third quarter of 2024 (0.4% in the previous quarter). The investment rate of Households (measured by the ratio between GFCF and disposable income) stood at 5.5%, 0.1 percentage points less than in the previous quarter.

#### Non-Financial Corporations: the balance was less negative by 0.2 percentage points of GDP

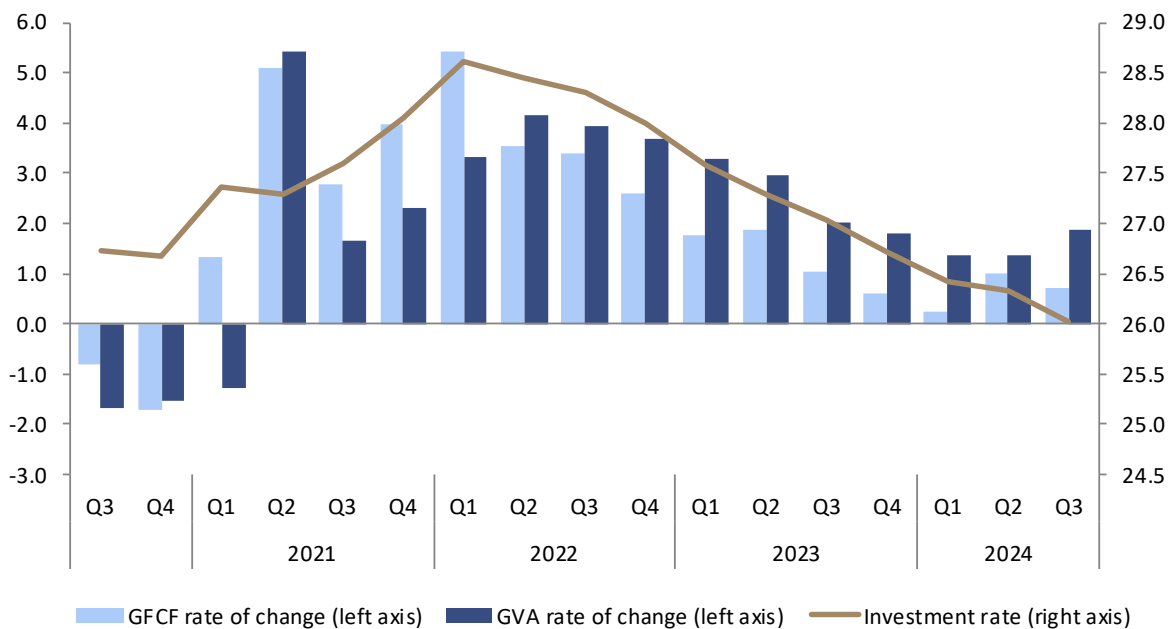
Non-financial corporations' net borrowing was 4.5% of GDP in the third quarter of 2024, which represents a reduction by 0.2 percentage points in the deficit compared to the previous quarter. The behaviour of GVA together with an increase of 2.3% in remunerations paid and a reduction in operating subsidies received by 3.9%, determined a 0.9% growth in the Gross Operating Surplus (rate of -1.4% in the previous quarter).



The sector's net operating margin rate stood at 17.8% (0.3 percentage points less than in the previous quarter). This rate is obtained from the ratio between Net Operating Surplus and Net Added Value and corresponds to the percentage of value created by corporations that is used to remunerate financial resources.

The decrease in net borrowing by 0.2 percentage points of GDP resulted from the combined effect of the aforementioned growth in the Operating Surplus and the improvement in the property income balance, which includes interest and dividends. Property income received and paid increased by 5.9% and 2.1%, respectively, compared to the previous quarter. In the opposite direction, there was an increase in income taxes, with a growth rate of 5.3% in the third quarter of 2024 (6.3% in the previous quarter).

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



GFCF increased by 0.7% in the third quarter of 2024, thus maintaining the series of positive quarter-on-quarter rates that began in the first quarter of 2021. The investment rate (measured by the ratio between GFCF and GVA) was set at 26.0%, which represents a decrease of 0.3 percentage points compared with the previous quarter, determined by the higher growth of GVA compared with GFCF.



## Financial Corporations: net lending decreased to 2.0% of GDP

The net lending of Financial Corporations decreased by 0.3 percentage points, reaching 2.0% of GDP. This result was mainly driven by the worsening of the negative balance of property income, with income paid recording a higher increase than income received (growth rates of 8.3% and 8.0%, respectively).

The sector's GVA (which includes the financial intermediation margin obtained by banking institutions when granting loans and obtaining deposits (Financial Intermediation Service Indirectly Measured – FISIM)<sup>3</sup>), decreased by 1.5% (increase of 0.2% in the previous quarter).

In terms of the distribution of GVA among production factors, compensation of employees paid increased by 1.5% while Gross Operating Surplus recorded a reduction of 2.7% in the third quarter of 2024 (increases of 2.0% and 0.5% in the previous quarter, respectively).

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<sup>3</sup> 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 – FISIM) 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, FISIM increased significantly in nominal terms particularly in 2023, determining the increase in GVA of the financial sector and negatively influencing the GVA of the other 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. Since the second quarter of 2024, this behaviour has been reversed with the reduction in interest rates, with decreases in FISIM being observed in nominal terms.



### General Government: net balance decreased 0.2 percentage points to 1.0% of GDP

The net balance of the GG sector decreased by 0.2 percentage points in the year ending in the third quarter of 2024 compared with the year ending in the previous quarter, attaining 1.0% of GDP. This decrease was due to a higher increase in expenditure (2.1%) than in revenue (1.5%).

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

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

Unit: 10<sup>6</sup> EUR

	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3
<b>Total revenue</b>	<b>113 689</b>	<b>116 609</b>	<b>118 380</b>	<b>121 338</b>	<b>123 133</b>
Current revenue	111 201	113 509	115 215	118 269	120 224
Current taxes on income and wealth	27 877	28 454	28 774	29 700	30 171
Taxes on production and imports	38 018	38 712	39 281	39 987	40 507
Social contributions	31 975	32 819	33 525	34 368	35 108
Sales	8 178	8 371	8 381	8 532	8 626
Other current revenue	5 154	5 152	5 255	5 682	5 812
Capital revenue	2 489	3 100	3 165	3 069	2 909
<b>Total expenditure</b>	<b>112 565</b>	<b>113 362</b>	<b>115 891</b>	<b>117 906</b>	<b>120 373</b>
Current expenditure	102 523	102 871	105 219	107 259	109 287
Social benefits	47 294	46 906	47 988	49 026	49 979
Compensation of employees	27 300	27 919	28 512	29 062	29 662
Interest	5 246	5 526	5 642	5 689	5 776
Intermediate consumption	13 610	13 908	14 053	14 207	14 326
Subsidies	2 714	2 156	2 539	2 417	2 476
Other current expenditure	6 359	6 456	6 486	6 857	7 068
Capital expenditure	10 042	10 491	10 672	10 647	11 086
Investment <sup>(1)</sup>	6 375	7 031	7 124	7 235	7 633
Other capital expenditure	3 666	3 459	3 548	3 411	3 453
<b>Current Balance</b>	<b>8 678</b>	<b>10 638</b>	<b>9 995</b>	<b>11 010</b>	<b>10 938</b>
<b>Balance</b>	<b>1 125</b>	<b>3 247</b>	<b>2 488</b>	<b>3 432</b>	<b>2 761</b>
<i>Memorandum items:</i>					
Primary current expenditure	97 277	97 345	99 577	101 570	103 511
Gross Domestic Product at current market prices	262 202	267 384	271 254	274 918	279 146
<b>Balance in % of GDP</b>	<b>0.4</b>	<b>1.2</b>	<b>0.9</b>	<b>1.2</b>	<b>1.0</b>

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

The expenditure behaviour reflected the increase of 1.9% in current expenditure and 4.1% in capital expenditure. All items of current expenditure increased, standing out other current expenditure (3.1%), subsidies (2.5%), compensation of employees (2.1%) and social benefits (1.9%). The primary current expenditure, that excludes interest paid, increased 1.9% in the year ending in the third quarter of 2024.



The increase in capital expenditure was a result of an increase in investment (5.5%) and in other capital expenditure (1.2%).

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

Unit: %

	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3
<b>Total revenue</b>	<b>2.9</b>	<b>2.6</b>	<b>1.5</b>	<b>2.5</b>	<b>1.5</b>
Current revenue	2.7	2.1	1.5	2.7	1.7
Current taxes on income and wealth	2.7	2.1	1.1	3.2	1.6
Taxes on production and imports	2.7	1.8	1.5	1.8	1.3
Social contributions	2.3	2.6	2.2	2.5	2.2
Sales	0.6	2.4	0.1	1.8	1.1
Other current revenue	8.1	-0.0	2.0	8.1	2.3
Capital revenue	15.5	24.5	2.1	-3.0	-5.2
<b>Total expenditure</b>	<b>2.0</b>	<b>0.7</b>	<b>2.2</b>	<b>1.7</b>	<b>2.1</b>
Current expenditure	1.9	0.3	2.3	1.9	1.9
Social benefits	2.6	-0.8	2.3	2.2	1.9
Compensation of employees	1.6	2.3	2.1	1.9	2.1
Interest	5.2	5.3	2.1	0.8	1.5
Intermediate consumption	1.4	2.2	1.0	1.1	0.8
Subsidies	-4.2	-20.5	17.7	-4.8	2.5
Other current expenditure	-0.4	1.5	0.5	5.7	3.1
Capital expenditure	2.6	4.5	1.7	-0.2	4.1
Investment <sup>(1)</sup>	3.1	10.3	1.3	1.6	5.5
Other capital expenditure	1.8	-5.7	2.6	-3.9	1.2
<i>Memorandum items:</i>					
Primary current expenditure	1.7	0.1	2.3	2.0	1.9

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

Total revenue increased by 1.5% due to the increase of current revenue by 1.7% and a decrease in capital revenue by 5.2%. All items of current revenue increased, with revenue from taxes on income and wealth standing out with an increase of 1.6%, taxes on production and imports 1.3%, social contributions 2.2%, sales 1.1% and other current revenue 2.3%.

To allow a comparison between quarters, table 5 presents the detail of revenue and expenditure of GG and its GDP percentage for the third quarters of 2023 and 2024.

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

	3 <sup>rd</sup> quarter 2023		3 <sup>rd</sup> quarter 2024		Nominal rate of change (%)
	10 <sup>6</sup> EUR	% GDP	10 <sup>6</sup> EUR	% GDP	
<b>Total revenue</b>	<b>33 219</b>	<b>48.5</b>	<b>35 014</b>	<b>48.2</b>	<b>5.4</b>
Current revenue	32 611	47.6	34 567	47.6	6.0
Current taxes on income and wealth	10 449	15.3	10 920	15.0	4.5
Taxes on production and imports	10 639	15.5	11 160	15.4	4.9
Social contributions	8 022	11.7	8 762	12.1	9.2
Sales	2 105	3.1	2 200	3.0	4.5
Other current revenue	1 395	2.0	1 524	2.1	9.3
Capital revenue	607	0.9	447	0.6	-26.4
<b>Total expenditure</b>	<b>28 203</b>	<b>41.2</b>	<b>30 670</b>	<b>42.2</b>	<b>8.7</b>
Current expenditure	26 219	38.3	28 247	38.9	7.7
Social benefits	12 932	18.9	13 884	19.1	7.4
Compensation of employees	6 474	9.5	7 074	9.7	9.3
Interest	1 480	2.2	1 567	2.2	5.9
Intermediate consumption	3 401	5.0	3 519	4.8	3.5
Subsidies	401	0.6	460	0.6	14.8
Other current expenditure	1 530	2.2	1 742	2.4	13.8
Capital expenditure	1 984	2.9	2 423	3.3	22.1
Investment <sup>(1)</sup>	1 646	2.4	2 044	2.8	24.1
Other capital expenditure	338	0.5	380	0.5	12.4
<b>Current Balance</b>	<b>6 392</b>	<b>9.3</b>	<b>6 320</b>	<b>8.7</b>	
<b>Balance</b>	<b>5 016</b>	<b>7.3</b>	<b>4 344</b>	<b>6.0</b>	
<i>Memorandum items:</i>					
Primary current expenditure	24 739	36.1	26 679	36.7	7.8

<sup>(1)</sup> 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 positive in the third quarter of 2024, attaining 4 344 million euros (6.0% of GDP), which compares with 7.3% of GDP for the same period of the previous year. This variation reflects the increases in both total expenditure and total revenue, by 8.7% and 5.4%, respectively.

Within total expenditure, the growth of current expenditure (7.7%), due to increases in social benefits (7.4%), compensation of employees (9.3%), interests paid (5.9%), intermediate consumption (3.5%), subsidies (14.8%) and other current expenditure (13.8%), as subsidies decreased by 22.8%. The primary current expenditure, that excludes interest paid, increased 7.8% in the third quarter of 2024. Capital expenditure increased 22.1%, given the 24.1% increase in investment and 12.4% in other capital expenditure.

The increase by 6.0% of current revenue was due to increases in all its components. Capital revenue decreased by 26.4%.



Table 6 shows the values for revenue and expenditure of GG and its percentage in GDP, for the sum of three quarters of 2023 and 2024.

**Table 6. Revenue and expenditure of general government**  
(sum of 3 quarters)

	1 <sup>st</sup> - 3 <sup>rd</sup> quarter 2023		1 <sup>st</sup> - 3 <sup>rd</sup> quarter 2024		Nominal rate of change (%)
	10 <sup>6</sup> EUR	% GDP	10 <sup>6</sup> EUR	% GDP	
<b>Total revenue</b>	<b>84 823</b>	<b>42.8</b>	<b>91 348</b>	<b>43.6</b>	<b>7.7</b>
Current revenue	83 097	42.0	89 813	42.8	8.1
Current taxes on income and wealth	21 020	10.6	22 737	10.8	8.2
Taxes on production and imports	28 665	14.5	30 460	14.5	6.3
Social contributions	23 535	11.9	25 824	12.3	9.7
Sales	6 078	3.1	6 333	3.0	4.2
Other current revenue	3 799	1.9	4 458	2.1	17.4
Capital revenue	1 726	0.9	1 535	0.7	-11.1
<b>Total expenditure</b>	<b>78 361</b>	<b>39.6</b>	<b>85 372</b>	<b>40.7</b>	<b>8.9</b>
Current expenditure	73 056	36.9	79 471	37.9	8.8
Social benefits	33 495	16.9	36 568	17.4	9.2
Compensation of employees	19 900	10.1	21 643	10.3	8.8
Interest	4 154	2.1	4 403	2.1	6.0
Intermediate consumption	9 781	4.9	10 198	4.9	4.3
Subsidies	1 333	0.7	1 654	0.8	24.0
Other current expenditure	4 393	2.2	5 005	2.4	13.9
Capital expenditure	5 305	2.7	5 900	2.8	11.2
Investment <sup>(1)</sup>	4 151	2.1	4 753	2.3	14.5
Other capital expenditure	1 154	0.6	1 148	0.5	-0.5
<b>Current Balance</b>	<b>10 042</b>	<b>5.1</b>	<b>10 342</b>	<b>4.9</b>	
<b>Balance</b>	<b>6 463</b>	<b>3.3</b>	<b>5 977</b>	<b>2.8</b>	

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

Considering figures for the sum of three quarters, the net balance of GG sector attained 4.9% of GDP, with a decrease compared to the same period of 2023.

Comparing with the same period of 2023, the total revenue rose 7.7%, whereas total expenditure increased 8.9%. In the revenue components, there were increases in tax revenue (7.1%), social contributions (9.7%) and other current revenue (17.4%). In the expenditure side it should be mentioned the increase in subsidies (24.0%), other current expenditure (13.9%) and capital expenditure (11.2%).

Table 7 presents the main adjustments carried out for moving from Public Accounts to National Accounts balances in the third quarters of 2023 and 2024.



Table 7. Public to National Accounting Adjustments

	Unit: 10 <sup>6</sup> EUR	
	2023Q3	2024Q3
<b>Balance in Public Accounting:</b>	<b>5 297</b>	<b>8 371</b>
Accrual adjustment and sector delimitation in National Accounts	-316	329
Difference between paid and due interest	-374	-326
Other receivables:	720	-3 045
Time adjustment of taxes and social contributions	96	-136
Others	624	-2 910
Other payables:	-57	-8
Expenditure already incurred but not yet paid	-4	110
Others	-53	-118
Other adjustments:	-254	-976
of which:		
Capital injections and debt assumptions	-275	-611
<b>Balance in National Accounting:</b>	<b>5 016</b>	<b>4 344</b>
GDP <sup>(1)</sup>	68 439	72 668
<b>Balance in National Accounting in % of GDP</b>	<b>7.3</b>	<b>6.0</b>

<sup>(1)</sup> Non seasonally and calendar effects adjusted data

Comparing the third quarter of 2024 with the same period of 2023, a decrease is noticeable in national accounts balance, despite of an increase in public accounts balance. In the third quarter of 2024, an adjustment was made regarding the extension of the deadline until 15<sup>th</sup> of July, for delivery and respective payment of the declaration of the Corporate Income Tax, with a negative impact of 3 199 million euro on the balance of the third quarter of 2024, which had the opposite effect in the previous quarter.

In national accounts, the GG net balance changed from 7.3% in the third quarter of 2023 to 6.0% of GDP in the same quarter of 2024. 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.

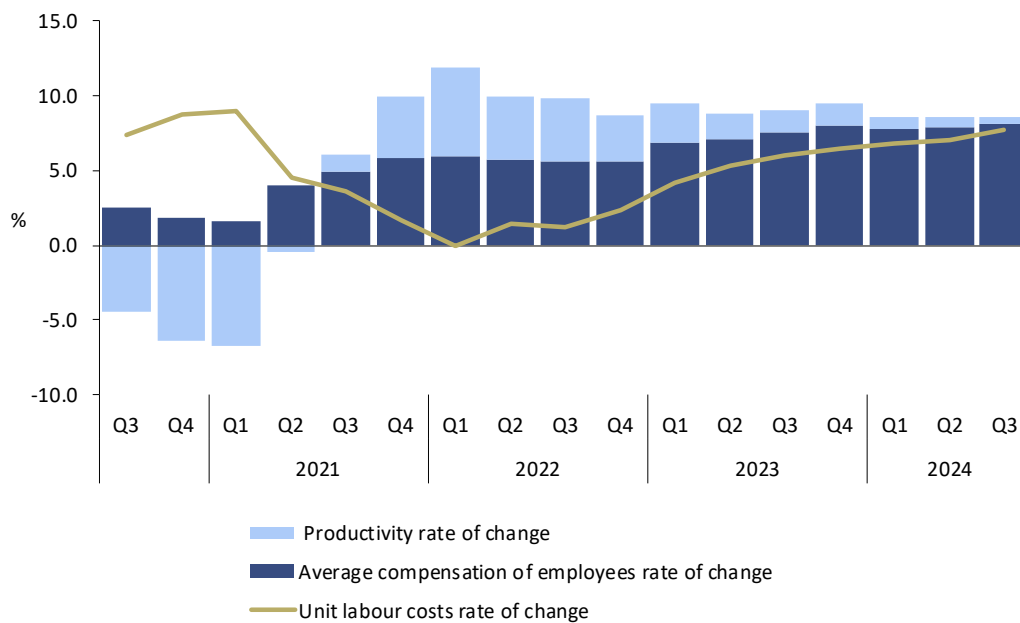
As mentioned in previous press releases, due to the policy measures for fractional future payment of taxes, a supplementary adjustment was made to include the future payments as revenue of the period when the activity took place.



## Unit labour costs (ULC) increased by 7.7%

In the year ending in the third quarter of 2024, UCL increased by 7.7% in year-on-year terms, which compares with a growth rate of 7.1% in the previous quarter. This result was due to the 8.1% increase in average compensation of employees, which surpassed the 0.4% increase in productivity.

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





## METHODOLOGICAL NOTE

The results presented correspond to the preliminary version of the Quarterly Sector Accounts (QSA) for the third quarter of 2024.

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.

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](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 November 30, 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 did not determined revisions in the rates of change of GDP.

### 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 percentage points with 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).

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Next release of Quarterly Sector Accounts – 26<sup>th</sup> March 2025

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