

19th August, 2010

Monthly Economic Survey July 2010

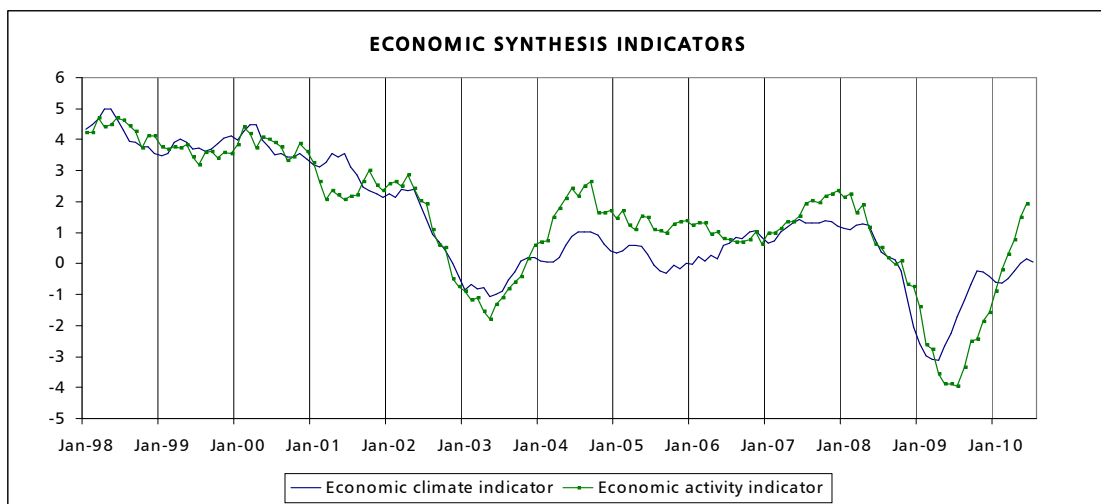
The economic activity indicator increases in June and the economic climate stabilizes in July.

Accordingly with the flash estimate compiled by EUROSTAT, in the 2nd quarter of 2010, the Euro Area (EA) and the European Union (EU27) GDP registered a year-on-year change rate of 1.7% (0.6% and 0.5% in the previous quarter, respectively). In July, the consumer confidence indicator increased tenuously in the Euro Area (EA) and slightly decreased for the third consecutive month in the European Union (EU27). In the same month, the raw materials and the oil prices continued to register strong year-on-year growth rates, although less significant than the observed in the previous months.

In Portugal, the GDP flash estimate points to a year-on-year change rate of 1.4% in the 2nd quarter of 2010, 0.4 p.p. below the observed in the previous quarter, reflecting the less positive contributions of both the domestic demand and the net external demand. In the 2nd quarter, the economic activity indicator maintained the upward movement observed in the three previous quarters. The private consumption indicator slightly increased in the 2nd quarter of 2010, led by the positive contribution of both components, durable and non-durable consumption. In the same quarter, the GFCF indicator diminished less intensely, driven by the evolution of the transport material and construction components. Concerning the international trade of goods, in the 2nd quarter of 2010 imports and exports recorded positive year-on-year nominal change rates, shifting from 8.0% and 14.8% in the 1st quarter of 2010 to 13.2% and 15.4%, respectively. The economic climate indicator recovered in the last quarter, and stabilized in July. However, the behaviour of the majority of the analysed indicators may still be influenced by the strong reduction of the economic activity recorded in 2009.

In the 2nd quarter of 2010, the unemployment rate stabilized in 10.6%, 1.5 p.p. more than in the same quarter of 2009 and the highest rate for the series started in 1998. Employment shifted from a -1.8% year-on-year change rate in the 1st quarter of 2010 to -1.7%.

In July, the year-on-year change rate of the Consumer Price Index (CPI) was 1.8%, 0.6 p.p. higher than the observed in the previous month. Excluding energy and unprocessed food products, the year-on-year change rate was 0.6% (-0.2% in June). In July the prices of the goods and services components registered growth rates of 2.4% and 1.2% (1.5% and 0.7% in June, respectively). The Harmonized Index of Consumer Prices (HICP) was superior in Portugal comparing with the EA for the first time since August 2007, fixing a differential of 0.2 p.p..



**Report based on information available up to August 18, 2010.
Next report will be released on September 17, 2010.**

NOTES

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

Balances: differences between the percentage of respondents giving positive and negative replies.



		Year 2008	Year 2009	Quarter 2 2009	Quarter 3 2009	Quarter 4 2009	Quarter 1 2010	Quarter 2 2010	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10
International background															
GDP of customer countries	s.a.y.r.	0.7	-3.7	-4.5	-3.7	-2.0	0.1	1.2	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
GDP European Union	s.a.y.r.	0.8	-4.2	-5.1	-4.3	-2.3	0.5	1.7	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
GDP Euro Area	s.a.y.r.	0.6	-4.1	-4.9	-4.1	-2.1	0.6	1.7	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
Industrial production index of customer countries	s.a.y.r./3-mma	-3.7	-14.2	-17.5	-13.7	-6.2	3.3	-	-2.7	0.1	3.3	5.1	6.4	-	-
Economic Sentiment Indicator in EU	ind/s.a.-3mma	93.5	79.9	74.2	84.3	92.2	98.2	-	92.2	94.6	96.6	98.2	99.8	-	-
Economic Sentiment Indicator in EA	ind/s.a.-3mma	93.5	80.8	75.6	84.1	91.9	96.6	-	91.9	94.0	95.3	96.6	98.1	-	-
Order books in industry of customer countries	balance/s.a.-3mma	-17.2	-52.2	-56.3	-52.9	-46.1	-38.4	-	-44.1	-41.3	-38.4	-35.1	-	-	-
Consumer confidence indicator in EU	balance/s.a.-3mma	-17.5	-22.8	-25.6	-19.3	-14.9	-13.5	-14.1	-14.2	-13.6	-13.5	-13.2	-13.7	-14.1	-14.6
Unemployment rate in EU	s.a./%	7.0	8.9	8.9	9.2	9.4	9.6	9.6	9.5	9.6	9.6	9.6	9.6	9.6	9.6
Harmonised index of consumer prices in EA	y.r.	3.3	0.3	0.2	-0.4	0.4	1.1	1.5	1.0	0.9	1.4	1.5	1.6	1.4	1.7
Production price index of supplying countries	y.r./3-mma	5.6	-5.1	-6.7	-7.2	-2.5	2.2	4.1	-0.3	1.1	2.2	3.1	3.9	4.1	-
Crude oil price (Brent)	Euros	64.9	43.8	43.0	47.7	50.5	55.1	61.7	51.0	53.4	53.9	58.1	63.3	60.4	61.2
Crude oil price (Brent)	y.r.	23.4	-32.5	-44.7	-37.1	21.5	61.5	43.4	71.5	62.7	59.0	62.9	66.3	44.0	25.1
Economic activity															
GDP	y.r.	0.0	-2.6	-3.2	-2.3	-1.0	1.8	1.4	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
Economic climate indicator	balance/3-mma	0.0	-1.6	-2.3	-0.7	-0.4	-0.5	0.1	-0.6	-0.6	-0.5	-0.2	0.0	0.1	0.1
Economic activity indicator	3-mma	0.4	-2.7	-3.9	-2.5	-1.6	0.3	1.9	-0.9	-0.2	0.3	0.8	1.5	1.9	-
Total turnover index	y.r./3-mma	1.0	-12.6	-16.2	-12.4	-6.1	4.1	6.1	-2.2	0.8	4.1	4.9	6.4	6.1	-
Manufacturing industry production index	s.a.y.r./3-mma	-4.0	-9.9	-11.9	-7.2	-3.9	5.9	2.9	-1.0	3.2	5.9	4.9	3.7	2.9	-
Production index in construction	s.a.y.r./3-mma	-1.3	-6.6	-5.7	-6.3	-9.2	-8.2	-7.5	-7.9	-8.8	-8.2	-8.1	-7.2	-7.5	-
Retail trade turnover index (real)	y.r./3-mma	0.2	-1.9	-1.6	-2.1	0.2	0.7	-0.3	0.7	1.4	0.7	0.6	0.8	-0.3	-
Sales of passenger vehicles	y.r./3-mma	5.6	-24.5	-30.1	-16.6	-6.1	69.5	48.6	-6.1	4.3	17.8	69.5	58.8	55.8	48.6
Consumption															
Consumer confidence indicator	balance/3-mma	-38.4	-38.5	-43.5	-29.5	-30.0	-35.4	-40.1	-32.3	-34.4	-35.4	-36.7	-38.3	-40.1	-42.0
Quantitative indicator of private consumption	y.r./3-mma	1.5	0.1	-0.2	0.2	1.6	3.9	4.2	2.1	2.6	3.9	4.3	4.4	4.2	-
Indicator of non-durable consumer goods	y.r./3-mma	1.7	1.8	2.0	1.7	2.4	2.4	2.7	2.4	2.5	2.4	2.8	2.9	2.7	-
Indicator of durable consumer goods	y.r./3-mma	0.2	-14.1	-18.0	-11.6	-4.9	18.6	18.8	-0.7	3.2	18.6	18.8	19.1	18.8	-
Vol. ind. consumption of passenger vehicles	y.r./3-mma	-0.8	-25.5	-30.6	-22.3	-12.8	39.1	41.4	-5.2	3.1	39.1	39.4	40.3	41.4	-
Investment															
GFCF indicator		-3.3	-10.2	-11.5	-7.7	-8.7	-2.7	-0.9	-6.3	-6.1	-2.7	-3.1	-2.0	-0.9	-
Cement sales	y.r./3-mma	-9.5	-16.4	-16.9	-14.0	-16.4	-8.6	-	-11.5	-12.6	-8.6	-10.6	-8.4	-	-
Sales of steel for concrete	y.r./3-mma	-16.5	-16.4	-30.3	17.3	-6.5	1.9	-	-1.4	7.8	1.9	-8.3	-22.3	-	-
Credit for purchase of habitation	y.r./stocks	3.9	5.1	1.5	3.1	5.1	5.5	-	5.4	5.4	5.5	5.5	5.5	-	-
Licenses for construction of new habitations	y.r./3-mma	-21.3	-28.4	-31.2	-23.7	-13.7	-7.7	-5.5	-8.4	-7.4	-7.7	-3.9	-5.3	-5.5	-
Machinery and equipment indicator		2.9	-3.3	-4.9	-1.3	-1.5	-2.3	-2.3	-1.9	-1.8	-2.3	-2.2	-2.9	-2.3	-3.8
Sales of light commercial vehicles	y.r./3-mma	-19.1	-29.8	-36.6	-25.2	-16.9	19.4	29.3	-8.4	-1.7	19.4	18.2	23.4	29.3	28.0
Sales of new heavy commercial vehicles	y.r./3-mma	-1.7	-40.7	-48.3	-26.2	-50.4	-36.0	-3.2	-48.5	-40.9	-36.0	-21.6	-13.2	-3.2	-6.7
External demand															
External demand indicator in value	s.a.y.r./3-mma	2.5	-22.6	-28.1	-23.3	-11.6	9.4	-	-3.0	1.9	9.4	12.8	19.2	-	-
External order books	balance/3-mma	-26.1	-53.4	-62.4	-45.8	-40.3	-33.7	-33.1	-38.0	-35.2	-33.7	-32.8	-33.1	-33.1	-32.8
Exports of merchandises in value	y.r./3-mma	1.7	-18.7	-24.4	-17.7	-4.3	14.8	15.4	1.7	7.1	14.8	18.2	19.5	15.4	-
Imports of merchandises in value	y.r./3-mma	7.2	-20.2	-26.5	-20.0	-9.9	8.0	13.2	-4.7	0.7	8.0	11.9	13.4	13.2	-
Labour market															
Unemployment rate	%	7.6	9.5	9.1	9.8	10.1	10.6	10.6	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Employment	y.r.	0.5	-2.8	-2.9	-3.4	-3.0	-1.8	-1.7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Unemployed registration along the month	s.a.y.r./3-mma	11.1	18.5	26.2	16.2	0.4	-3.2	-10.2	-0.3	-3.9	-3.2	-5.9	-5.7	-10.2	-
Unemployment expectations	balance/3-mma	50.6	64.1	70.0	52.5	54.3	56.0	54.9	56.1	56.7	56.0	55.4	54.6	54.9	56.6
Vacancies along the month	s.a.y.r./3-mma	5.8	-3.3	7.7	3.9	-8.7	17.2	17.9	-3.2	5.4	17.2	23.7	24.8	17.9	-
Employment indicator (short-term statistics)	y.r./3-mma	0.0	-4.3	-4.6	-4.6	-4.5	-3.1	-1.8	-4.1	-3.6	-3.1	-2.6	-2.1	-1.8	-
Average declared wages	s.a.y.r./3-mma	4.0	3.5	4.0	3.3	3.3	3.0	3.8	3.1	3.0	3.0	3.0	4.6	3.8	-
Wage negotiation	av/3-mma/w.	3.1	2.9	3.9	2.5	2.5	1.9	2.9	2.3	2.1	1.9	2.3	2.4	2.9	2.7
Prices and exchange rates															
Consumer price index	y.r.	2.6	-0.8	-1.1	-1.5	-0.7	0.3	1.0	0.1	0.2	0.5	0.7	1.1	1.2	1.8
Core inflation indicator	y.r.	2.4	0.4	0.6	0.2	-0.3	-0.5	-0.1	-0.6	-0.4	-0.4	-0.5	-0.1	0.2	0.6
Consumer price index - goods	y.r.	2.3	-2.3	-2.8	-3.5	-1.9	-0.1	1.2	-0.4	-0.3	0.5	0.8	1.2	1.5	2.4
Consumer price index - services	y.r.	3.0	1.7	1.9	1.8	1.2	0.9	0.7	1.0	1.0	0.7	0.6	0.8	0.7	1.2
Manufacturing industry production price index	y.r./3-mma	4.7	-5.6	-7.0	-7.9	-2.9	2.0	4.1	-0.5	1.1	2.0	3.0	3.9	4.1	4.0
Effective exchange rate index for Portugal	y.r.	1.2	0.4	-0.3	0.3	1.6	-0.3	-1.9	0.1	-0.2	-0.9	-1.0	-1.9	-2.7	-
Exchange rate eur/USD	y.r.	6.9	-5.0	-12.9	-4.7	12.3	6.2	-6.6	7.8	7.0	4.0	1.6	-7.9	-12.9	-9.4
Exchange rate USD/Euro	USD	1.471	1.393	1.362	1.431	1.478	1.384	1.273	1.427	1.369	1.357	1.341	1.257	1.221	1.277
Exchange rate eur/JPY	y.r.	-6.6	-13.6	-18.9	-17.1	5.1	3.1	-11.6	8.9	4.4	-3.6	-3.8	-12.2	-18.0	-16.0