

**Monthly Economic Survey
October 2011**

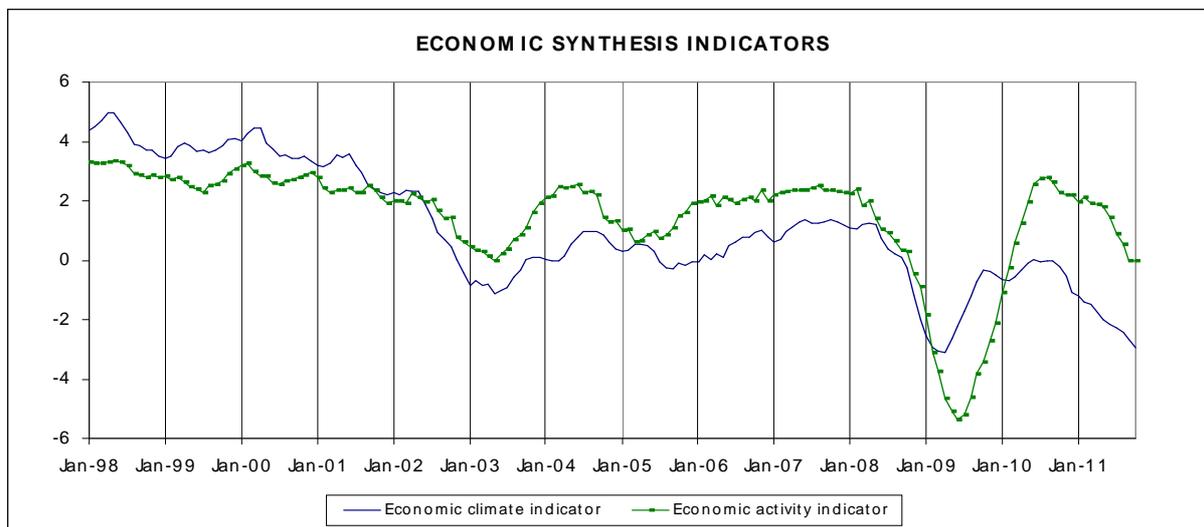
Domestic Demand maintains negative trend in September. Exports of goods decelerate, although continuing to present a strong nominal growth rate.

According to the flash estimate compiled by the Eurostat, in the 3rd quarter of 2011, the Euro Area (EA) and the European Union (EU27) GDP registered year-on-year change rates of 1.4% in real terms (1.6% and 1.7% in the previous quarter, respectively). In October, the economic sentiment and the consumer confidence indicators diminished significantly in the EA and in the EU27. The raw materials and oil prices presented change rates of -8.3% and -2.5% in October comparing with the previous month (-3.0% and 6.6% in September), respectively.

In Portugal, according to the flash estimate, the GDP recorded a year-on-year change rate of -1.7% in volume in the 3rd quarter of 2011 (-1.0% in the previous quarter). The stronger reduction of the GDP was mainly driven by the deceleration of the exports of goods and services and by a more intense decrease of investment, with the Gross Fixed Capital Formation (GFCF) in construction presenting a strong negative contribution. On a monthly basis, the economic climate indicator decreased in October, maintaining the downward movement started in July 2010. The economic activity indicator, available until September, extended the descending path observed during the last year. The private consumption indicator decreased again in September, although stabilizing when compared with the previous month, and the GFCF indicator diminished more intensely in the same month. Concerning the international trade of goods, in nominal terms, exports and imports registered year-on-year change rates of 13.1% and 3.6% in September (13.5% and -4.5% in the previous month), respectively.

In the 3rd quarter of 2011, the unemployment rate was 12.4%, more 0.3 p.p. than in the previous quarter. The total employees shifted from a change rate of -0.2% in the 2nd quarter to 0.1% in the 3rd quarter.

The year-on-year change rate of the Consumer Price Index (CPI) shifted from 3.6% in September to 4.2% in October, mainly reflecting the increase of the VAT in electricity and natural gas. In the same month, excluding energy and unprocessed food products, this rate was 2.4% (2.5% in the previous month). The prices of the goods and of the services components presented year-on-year growth rates of 5.4% and 2.4% in October (4.2% and 2.5% in September), respectively. The differential between the year-on-year change rate of the Portuguese Harmonized Index of Consumer Prices (HICP) and of the EA HICP was 1.0 p.p. in October, 0.5 p.p. more than in the previous month.



**Report based on information available up to November 17, 2011.
Next report will be released on December 21, 2011.**

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 2009	Year 2010	Quarter 3 2010	Quarter 4 2010	Quarter 1 2011	Quarter 2 2011	Quarter 3 2011	Abr-11	Mai-11	Jun-11	Jul-11	Ago-11	Set-11	Out-11
International background															
GDP of customer countries	s.a/y.r.	-3.7	1.2	1.6	1.6	2.0	1.4	1.3	n.a.						
GDP European Union	s.a/y.r.	-4.2	1.8	2.3	2.1	2.4	1.7	1.4	n.a.						
GDP Euro Area	s.a/y.r.	-4.1	1.7	2.0	1.9	2.4	1.6	1.4	n.a.						
Industrial production index of customer countries	s.a./y.r./3-mma	-14.2	5.3	5.0	5.3	5.3	2.6	-	4.4	3.3	2.6	2.8	3.0	-	-
Economic Sentiment Indicator in EU	ind/s.a.-3mma	79.6	101.7	103.0	105.3	106.9	105.0	97.9	106.6	106.0	105.0	104.1	101.4	97.9	95.0
Economic Sentiment Indicator in EA	ind/s.a.-3mma	80.7	100.9	102.3	105.7	107.4	105.7	98.8	107.1	106.3	105.7	104.6	102.3	98.8	96.1
Order books in industry of customer countries	balance/s.a.-3mma	-54.0	-26.4	-21.9	-14.2	-7.3	-7.1	-13.8	-6.3	-7.0	-7.1	-8.6	-10.4	-13.8	-15.8
Consumer confidence indicator in EU	balance/s.a.-3mma	-22.8	-12.8	-12.2	-11.5	-12.6	-11.8	-16.1	-13.0	-12.5	-11.8	-11.3	-13.4	-16.1	-18.7
Unemployment rate in EU	s.a./%	9.0	9.7	9.6	9.6	9.5	9.5	9.6	9.5	9.5	9.5	9.6	9.6	9.7	-
Harmonised index of consumer prices in EA	y.r.	0.3	1.6	1.7	2.0	2.5	2.8	2.7	2.8	2.7	2.7	2.5	2.5	3.0	3.0
Production price index of supplying countries	y.r./3-mma	-5.2	3.7	3.8	4.7	6.6	6.2	6.1	6.9	6.6	6.2	6.1	6.1	6.1	-
Crude oil price (Brent)	Euros	43.9	60.3	60.1	64.2	76.5	81.5	80.3	85.3	80.1	79.1	82.0	76.8	81.9	79.9
Crude oil price (Brent)	y.r.	-33.2	37.4	26.1	27.2	38.8	32.3	33.5	35.1	32.7	28.9	37.9	26.5	36.3	32.8
Economic activity															
GDP	y.r.	-2.5	1.4	1.3	1.1	-0.4	-1.0	-1.7	n.d.						
Economic climate indicator	balance/3-mma	-1.6	-0.4	0.0	-1.1	-1.5	-2.1	-2.7	-1.8	-2.0	-2.1	-2.3	-2.4	-2.7	-2.9
Economic activity indicator	3-mma	-3.8	2.0	2.6	2.2	1.9	1.5	0.0	1.9	1.8	1.5	0.9	0.5	0.0	-
Total turnover index	y.r./3-mma	-12.6	4.4	3.3	3.9	0.4	-2.1	-2.8	-0.1	-1.0	-2.1	-2.6	-3.0	-2.8	-
Manufacturing industry production index	s.a./y.r./3-mma	-9.9	2.0	-0.2	0.7	0.5	0.2	-0.8	0.6	0.0	0.2	-1.0	-0.9	-0.8	-
Production index in construction	s.a./y.r./3-mma	-6.6	-8.4	-8.2	-9.5	-6.9	-9.4	-10.7	-8.9	-10.3	-9.4	-10.0	-10.1	-10.7	-
Retail trade turnover index (real)	y.r./3-mma	-2.1	-0.2	-0.3	-1.7	-6.2	-6.0	-5.2	-5.5	-6.7	-6.0	-6.1	-5.0	-5.2	-
Sales of passenger vehicles	y.r./3-mma	-24.5	38.8	16.0	29.1	-15.3	-24.6	-31.5	-15.6	-18.9	-24.6	-29.6	-32.1	-31.5	-35.7
Consumption															
Consumer confidence indicator	balance/3-mma	-38.5	-40.8	-37.4	-50.2	-48.4	-50.7	-50.8	-49.5	-50.3	-50.7	-49.1	-49.1	-50.8	-53.0
Quantitative indicator of private consumption	y.r./3-mma	-0.1	3.2	2.5	2.4	-1.2	-1.6	-1.8	-1.2	-1.7	-1.6	-1.9	-1.8	-1.8	-
Indicator of non-durable consumer goods	y.r./3-mma	1.6	2.2	2.3	1.5	-0.1	0.2	-0.1	-0.1	-0.3	0.2	0.1	0.3	-0.1	-
Indicator of durable consumer goods	y.r./3-mma	-13.9	12.9	4.8	10.5	-10.2	-17.5	-16.2	-11.3	-14.1	-17.5	-19.6	-19.2	-16.2	-
Vol. ind. consumption of passenger vehicles	y.r./3-mma	-24.5	38.8	16.0	29.1	-15.3	-24.6	-31.5	-15.6	-18.9	-24.6	-29.6	-32.1	-31.5	-35.7
Investment															
GFCF indicator		-9.8	-2.5	-2.9	-2.6	-4.2	-10.6	-12.6	-6.4	-8.6	-10.6	-11.5	-12.2	-12.6	-
Cement sales	y.r./3-mma	-16.3	-6.9	-5.1	-7.5	-5.4	-16.1	-18.5	-10.2	-13.3	-16.1	-16.8	-17.8	-18.5	-
Sales of steel for concrete	y.r./3-mma	-16.3	-14.4	-19.8	-8.2	-23.9	-1.0	-27.8	-35.0	-17.4	-1.0	5.5	-20.7	-27.8	-
Credit for purchase of habitation	y.r./stocks	5.1	3.4	5.1	3.4	3.2	1.8	-	2.8	2.4	1.8	1.3	1.0	-	-
Licenses for construction of new habitations	y.r./3-mma	-28.4	-7.1	-9.8	-11.7	-10.9	-26.9	-23.1	-21.9	-23.8	-26.9	-22.7	-26.0	-23.1	-
Machinery and equipment indicator		-3.4	-3.1	-4.2	-3.3	-5.0	-8.5	-10.0	-5.5	-8.2	-8.5	-9.6	-9.5	-10.0	-9.9
Sales of light commercial vehicles	y.r./3-mma	-29.8	17.5	11.9	11.4	-12.5	-28.7	-32.6	-16.8	-23.2	-28.7	-29.8	-31.1	-32.6	-35.9
Sales of new heavy commercial vehicles	y.r./3-mma	-40.7	-6.5	-9.9	45.7	35.4	-2.7	-38.6	34.0	19.9	-2.7	-29.4	-31.9	-38.6	-23.5
External demand															
External demand indicator in value	s.a./y.r./3-mma	-21.5	17.2	19.5	18.4	19.0	10.4	-	17.0	13.9	10.4	6.6	6.1	-	-
External order books	balance/3-mma	-53.5	-28.7	-17.5	-23.5	-31.3	-20.9	-18.3	-27.4	-22.1	-20.9	-15.0	-19.6	-18.3	-21.5
Exports of merchandises in value	y.r./3-mma	-18.4	16.0	15.5	15.3	17.9	17.3	13.1	16.9	16.9	17.3	15.3	13.5	13.1	-
Imports of merchandises in value	y.r./3-mma	-20.0	11.0	5.1	11.5	9.7	2.4	3.6	10.0	12.2	2.4	0.5	-4.5	3.6	-
Labour market															
Unemployment rate (a)	%	9.5	10.8	10.9	11.1	12.4	12.1	12.4	n.a.						
Employment (a)	y.r.	-2.8	-1.5	-1.1	-1.5	-2.8	-2.0	-2.2	n.a.						
Unemployed registration along the month	s.a./y.r./3-mma	18.5	-5.9	-5.3	-4.6	-14.4	-1.2	9.4	-14.1	-10.7	-1.2	4.9	5.3	9.4	-
Unemployment expectations	balance/3-mma	64.1	56.4	52.5	62.3	60.6	63.5	64.6	60.9	61.9	63.5	63.2	63.7	64.6	67.1
Vacancies along the month	s.a./y.r./3-mma	-3.3	3.9	-0.9	-14.4	-2.9	-23.6	-27.0	-8.0	-23.0	-23.6	-26.7	-24.6	-27.0	-
Employment indicator (short-term statistics)	y.r./3-mma	-4.3	-2.3	-2.0	-1.7	-1.9	-2.3	-3.1	-1.9	-2.1	-2.3	-2.6	-2.8	-3.1	-
Average declared wages	s.a./y.r./3-mma	3.6	3.0	2.3	2.3	4.8	2.7	2.4	4.2	2.2	2.7	2.4	3.7	2.4	-
Wage negotiation	a.v./3-mma/w.	2.9	-	1.2	-	2.4	1.5	1.0	1.8	1.8	1.5	1.6	1.0	1.0	-
Prices and exchange rates															
Consumer price index	y.r.	-0.8	1.4	1.9	2.4	3.7	3.7	3.2	4.1	3.8	3.4	3.2	2.9	3.6	4.2
Core inflation indicator	y.r.	0.4	0.3	0.7	1.0	2.1	2.5	2.1	2.6	2.5	2.3	2.1	1.8	2.5	2.4
Consumer price index - goods	y.r.	-2.3	1.7	2.5	3.2	4.5	4.4	3.7	4.8	4.6	3.9	3.6	3.1	4.2	5.4
Consumer price index - services	y.r.	1.7	1.0	1.2	1.1	2.5	2.8	2.5	2.9	2.8	2.6	2.5	2.6	2.5	2.4
Manufacturing industry production price index	y.r./3-mma	-5.6	3.5	3.6	4.3	6.4	6.0	5.6	6.7	6.5	6.0	5.7	5.6	5.6	5.4
Effective exchange rate index for Portugal	y.r.	0.4	-1.7	-2.3	-2.1	-1.2	0.8	0.6	0.2	0.8	1.4	0.8	0.8	0.4	-
Exchange rate euro/USD	y.r.	-5.0	-4.7	-9.7	-8.1	-1.2	13.3	9.4	7.7	14.2	17.8	11.7	11.2	5.4	-1.4
Exchange rate USD/euro	USD	1.393	1.327	1.291	1.359	1.367	1.439	1.413	1.444	1.435	1.439	1.426	1.434	1.377	1.371
Exchange rate from the 1st quarter of 2011 onwards, the Employment Survey questionnaire and inquiry methods were changed.							0.4	-0.9	-3.9	0.6	4.3	1.4	0.4	-4.1	-7.6