

15 May 2020

Quarterly National Accounts (Base 2016) – Flash Estimate  
First Quarter 2020

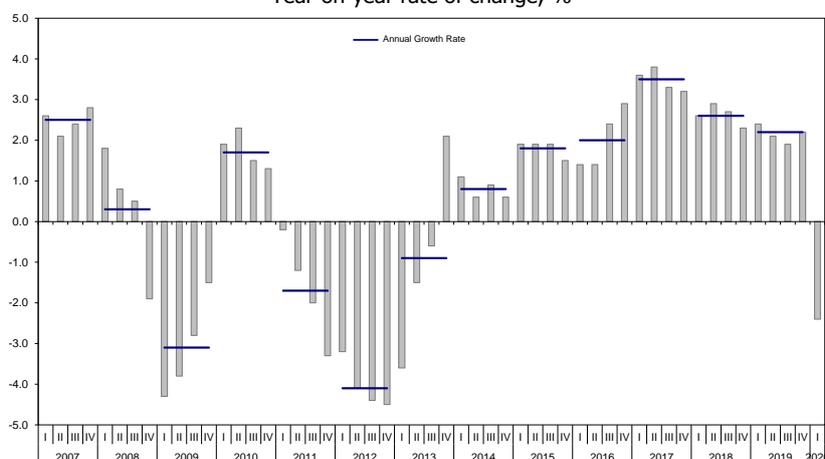
**GDP in volume registered a year-on-year rate of change of -2.4% and a quarter-on-quarter rate of change of -3.9%**

The Portuguese Gross Domestic Product (GDP) decreased, in year-on-year terms, by 2.4% in volume in the first quarter of 2020, after the increase of 2.2% in the previous quarter. The contraction in economic activity reflects the impact of the COVID-19 pandemic, which has already been felt significantly in the last month of the quarter. The contribution of net external demand to the year-on-year GDP rate of change was negative in the first quarter (-1.4 percentage points), after being positive in the previous quarter, as a result of the more intense reduction in Exports of Goods and Services than in Imports of Goods and Services. Domestic demand registered a negative contribution (-1.0 percentage points), for the first time since the third quarter of 2013, with a decrease in private consumption and in Investment.

When compared with the fourth quarter of 2019, GDP fell by 3.9% in real terms (quarter-on-quarter rate of change of 0.7% in the previous quarter). This result is explained by negative contributions of net external demand to the quarter-on-quarter GDP rate of change (-2.0 percentage points, after being positive in the previous quarter), and of domestic demand (-1.9 percentage points), which was more negative than in the previous quarter (-0.7 percentage points).

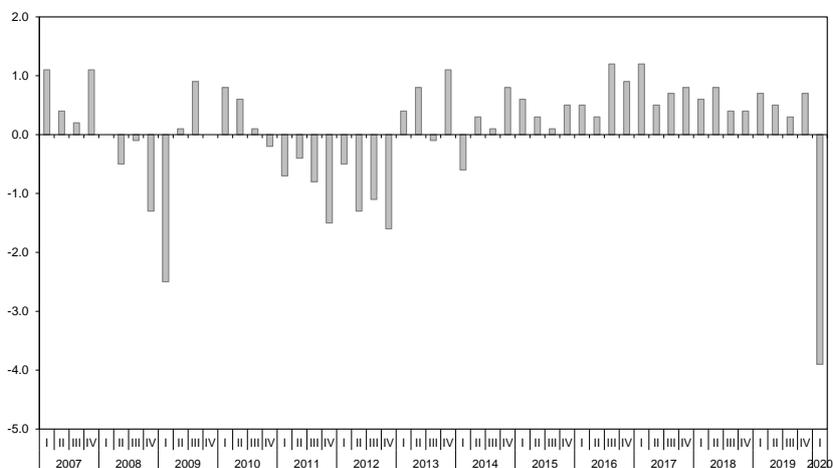
Despite the circumstances determined by the pandemic COVID 19, Statistics Portugal will try to maintain the statistical production and release calendar, although some adjustments might occur associated with the impact of the pandemic in obtaining primary information. For this reason, Statistics Portugal asks for the best collaboration by firms, households and public entities in answering to Statistics Portugal's requests to obtain information, using Internet and telephone as alternative channels to face-to-face contacts. In fact, the quality of official statistics, particularly its ability to identify the impacts of the COVID-19 pandemic, depends crucially on this collaboration that Statistics Portugal is grateful for in advance.

**Gross Domestic Product (chain-linked volume data, reference year=2016)**  
Calendar and seasonally adjusted data  
Year-on-year rate of change, %



**Gross Domestic Product (chain-linked volume data, reference year=2016)**

Calendar and seasonally adjusted data  
Quarter-on-quarter rate of change, %



The present results correspond to the GDP flash estimate for the first quarter of 2020, reflecting the effects of the COVID-19 pandemic on the behaviour of economic activity. It should be noted that with the transition to a pandemic phase, several measures were taken in Portugal to contain the spread of COVID-19, including the closure of schools and universities announced on March 11 (with effect from March 16 onwards) and the declaration of the state of emergency on March 18, which led to the temporary closure of several economic activities and to the restriction on the free movement of persons. Even before this measure, there were already disruptions in the normal function of some activities and in the demand directed to their products, namely accommodation and food service activities, affecting economic activity since practically the beginning of the month.

Reflecting the economic impact of the pandemic from March 2020, the Portuguese GDP presented a year-on-year rate of change of -2.4% in real terms, in the first quarter, after the growth rate of 2.2% in the previous quarter. The contribution of domestic demand to the year-on-year rate of change of GDP went from 1.1 percentage points in the fourth quarter, to -1.0 percentage points, registering a negative contribution for the first time since the third quarter of 2013. Private consumption and investment decreased in the first quarter, while public consumption decelerated in real terms.

In the first quarter, net external demand recorded a contribution of -1.4 percentage points to the year-on-year rate of change of GDP, after being positive in the previous quarter (1.1 percentage points), with a more intense decrease in volume of Exports of Goods and Services (-5.1%) than in Imports of Goods and Services (-1.8%). This difference is mainly a consequence of the contraction of tourism activity in the evolution of service exports.

	Year-on-Year change rate (%)				
	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20
<b>Domestic Demand</b>	3.7	3.1	3.4	1.1	-1.0
<b>Exports (FOB)</b>	3.9	2.6	2.2	6.2	-5.1
<b>Imports (FOB)</b>	7.1	4.9	5.7	3.5	-1.8
<b>GDP</b>	2.4	2.1	1.9	2.2	-2.4

	Contribution to GDP y-o-y change rate (percentage points)				
	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20
<b>Domestic Demand</b>	3.7	3.0	3.3	1.1	-1.0
<b>Ext. Dem. Balance<sup>1</sup></b>	-1.3	-0.9	-1.4	1.1	-1.4
<b>GDP</b>	2.4	2.1	1.9	2.2	-2.4

<sup>1</sup> - External Demand Balance (Exports less Imports)

- Differences may occur due to non-additivity of chain-linked volume data and rounding procedures.

	Quarter-on-Quarter change rate (%)				
	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20
<b>Domestic Demand</b>	0.2	0.3	1.4	-0.7	-1.9
<b>Exports (FOB)</b>	3.7	0.3	-2.0	4.1	-7.3
<b>Imports (FOB)</b>	2.4	-0.1	0.6	0.7	-2.9
<b>GDP</b>	0.7	0.5	0.3	0.7	-3.9

	Contribution to GDP q-o-q change rate (percentage points)				
	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20
<b>Domestic Demand</b>	0.2	0.3	1.4	-0.7	-1.9
<b>Ext. Dem. Balance<sup>1</sup></b>	0.6	0.2	-1.1	1.5	-2.0
<b>GDP</b>	0.7	0.5	0.3	0.7	-3.9

<sup>1</sup> - External Demand Balance (Exports less Imports)

- Differences may occur due to non-additivity of chain-linked volume data and rounding procedures.

Compared to the previous quarter, GDP decreased by 3.9% in real terms (quarter-on-quarter rate of change of 0.7% in the fourth quarter). The contribution of net external demand to the quarter-on-quarter rate of change of GDP was negative (-2.0 percentage points), after a positive contribution in the fourth quarter. Compared to the previous quarter, total exports decreased by 7.3% in real terms (+4.1% in the previous quarter), while the quarter-on-quarter rate of change rate of total imports was -2.9% in volume in the first quarter (+0.7% in the fourth quarter). Domestic demand registered a more pronounced negative contribution, shifting from -0.7 percentage points in the fourth quarter to -1.9 percentage points.

This flash estimate includes revisions in the basic data, particularly due to updated information on external trade of goods and on short-term indicators, which did not imply revisions on the GDP rates of change.

### **Methodological information about the flash estimates**

The information in this press release for the first quarter of 2020, already partially reflects the effects of the pandemic COVID-19, both in the behaviour of economic activity, and in terms of the primary information available for the compilation of Quarterly National Accounts estimates. Although all the usual sources of information have been used in the compilation of these flash estimates, it is possible that revisions of a magnitude higher than usual will occur in future releases, due to the disturbances in the process of obtaining data from these sources.

Despite these constraints, in this exceptional context in which, paradoxically, there is also a greater urgency to obtain relevant information on economic activity, this flash estimate includes for the first time explicit figures for the real rates of change of domestic demand and external demand (exports and imports of goods and services)

The flash estimates are calculated using the same methodology, and preferably the same basic information, compared to the Quarterly National Accounts current estimate. In particular, the following stand out:

- The latest version for the short-term statistics (consumer prices, retail trade turnover, industry turnover, industrial production, prices in industrial production and services turnover);
- The balance of payments provisional information for the month of March;
- The March 2020 preliminary version of the international goods trade statistics. In what concerns, the deflators for external trade of goods, the unit value monthly indices were used, calculated based on the international goods trade statistics for January to March 2020.

In order to reduce the impacts caused by the COVID-19 pandemic on the quality of primary information available for March, which severely disturbed face-to-face surveys, especially to households, and reduced the response rates of business surveys, new sources of complementary information were used, in particular:

- Information within the scope of the electronic system for issuing invoices and automatic communication to the Tax Authority (e-invoice system);
- Operations on the automatic teller machines of the Multibanco network.

The estimates currently published may be revised in some aggregates as a result of new information, notably due to the incorporation of the unit value quarterly indices of international trade of goods for the first quarter, as well as additional information within the scope of general government data.

The results are calculated from chain-linked volume data (2016=100) and data are calendar and seasonally adjusted.

### **Next Press Release of Quarterly National Accounts**

Current estimates of Quarterly National Accounts (detailed results) for the first quarter of 2020 will be published in 29<sup>th</sup> May 2020.