

13 November 2020

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

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**GDP in volume registered a year-on-year rate of change of -5.7% and a quarter-on-quarter rate of change of +13.3%**

In the third quarter of 2020, Gross Domestic Product (GDP) in real terms registered a year-on-year reduction of 5.7%, after the strong contraction of 16.4% in the previous quarter. The less intense reduction of GDP was mainly due to the behaviour of domestic demand, which contributed -4.1 percentage points to the year-on-year rate of change of GDP, significantly less negative than in the previous quarter (-11.8 percentage points). Similarly, the negative contribution (-1.5 percentage points) of net external demand was less pronounced in the third quarter than in the previous quarter (-4.6 percentage points), with a stronger recovery of Exports of Goods and Services than of Imports of Goods and Services, mostly due to the evolution of the exports of goods, since the services component continued to decline markedly.

When compared with the second quarter of 2020, GDP increased by 13.3% in real terms, following the strong contraction observed in the previous quarter (quarter-on-quarter rate of change of -13.9%). This result is also explained, to a large extent, by the considerable positive contribution of domestic demand (10.6 percentage points) to the quarter-on-quarter rate of change of GDP, after the strongly negative contribution registered in the second quarter (-10.9 percentage points). The contribution of net external demand was also positive (2.7 percentage points), while in the second quarter was very negative (-3.0 percentage points), with Exports of Goods and Services increasing markedly.

These results revise upwards (0.1 percentage points) the rates of change released in the first flash estimate, due to the integration of additional primary information, namely related to the international trade of services.

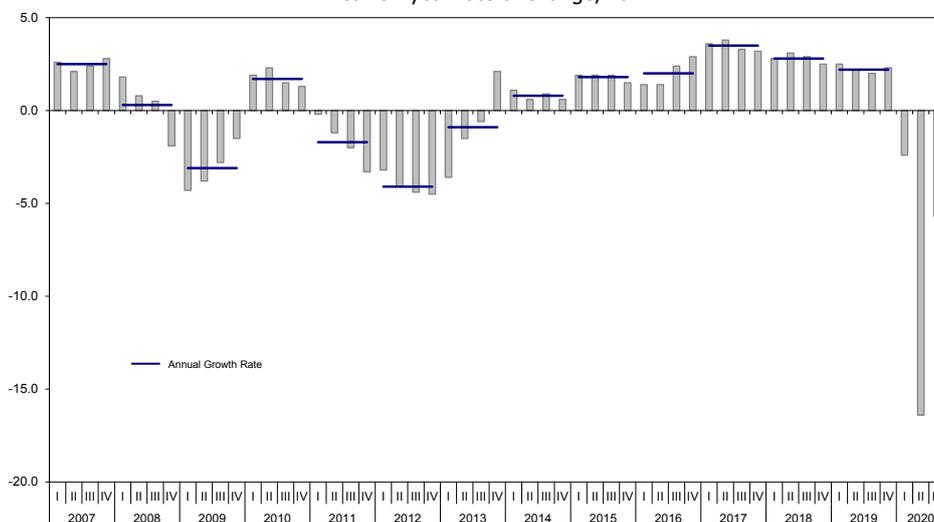
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The results presented correspond to the second GDP estimate for the third quarter of 2020 and reflect the effects of the progressive reopening of economic activity, which followed the application of measures to contain the spread of COVID-19 with a strong economic impact on first two months of the second quarter.

In this context, the Portuguese GDP moved from a year-on-year rate of change of -16.4% in the second quarter, in real terms, the most significant contraction in the series, to -5.7% in the third quarter. The contribution of domestic demand to the year-on-year rate of change of GDP recovered significantly, from -11.8 percentage points to -4.1 percentage points in the third quarter, mainly due to behaviour of private consumption, which registered a considerably less negative year-on-year rate of change compared to the observed in the previous quarter. Investment also presented a less intense year-on-year reduction than in the second quarter, while public consumption recorded a growth, after the reduction observed in the precedent quarter.

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

Calendar and seasonally adjusted data  
Year-on-year rate of change, %



Net external demand, in the third quarter, contributed by -1.5 percentage points to the year-on-year rate of change of GDP (-4.6 percentage points in the second quarter), with a stronger recovery of Exports of Goods and Services (from a rate of -39.4% to -15.2%) than of Imports of Goods and Services (from -29.2 to -11.6%), mainly driven by the evolution of the exports of goods, since the services component continued to decline markedly.

#### Decomposition of GDP rate of change (volume)

	Year-on-Year rate of change (%)				
	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20
<b>Domestic Demand</b>	3.4	1.2	-1.1	-11.9	-4.1
<b>Exports (FOB)</b>	2.4	5.9	-4.9	-39.4	-15.2
<b>Imports (FOB)</b>	5.6	3.2	-1.9	-29.2	-11.6
<b>GDP</b>	2.0	2.3	-2.4	-16.4	-5.7

	Contributions to GDP y-o-y rate of change (percentage points)				
	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20
<b>Domestic Demand</b>	3.3	1.2	-1.1	-11.8	-4.1
<b>Ext. Dem. Balance<sup>1</sup></b>	-1.3	1.1	-1.3	-4.6	-1.5
<b>GDP</b>	2.0	2.3	-2.4	-16.4	-5.7

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

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

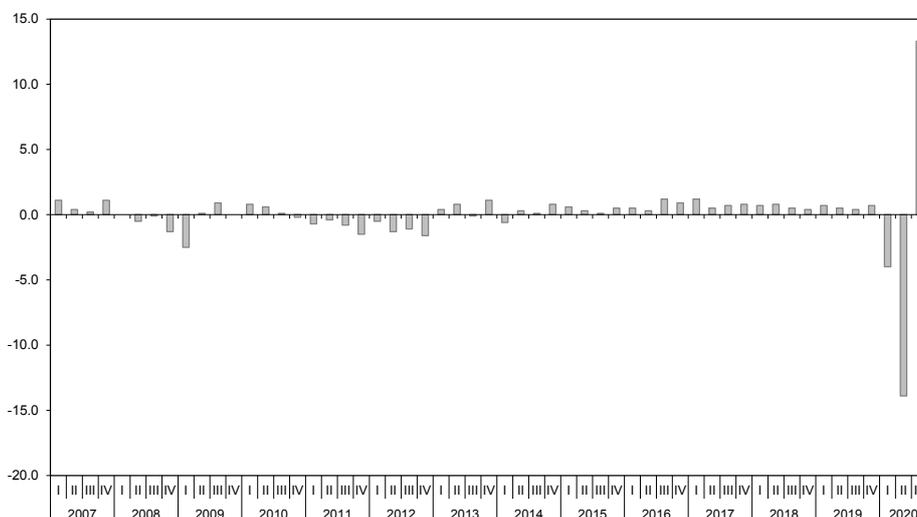
	Quarter-on-Quarter rate of change (%)				
	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20
<b>Domestic Demand</b>	1.2	-0.6	-1.8	-10.8	10.1
<b>Exports (FOB)</b>	-0.7	3.8	-6.7	-37.0	38.8
<b>Imports (FOB)</b>	1.1	0.8	-1.8	-29.2	26.1
<b>GDP</b>	0.4	0.7	-4.0	-13.9	13.3

	Contributions to GDP q-o-q rate of change (percentage points)				
	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20
<b>Domestic Demand</b>	1.2	-0.6	-1.8	-10.9	10.6
<b>Ext. Dem. Balance<sup>1</sup></b>	-0.8	1.2	-2.1	-3.0	2.7
<b>GDP</b>	0.4	0.7	-4.0	-13.9	13.3

Compared with the previous quarter, GDP increased by 13.3% in real terms, after decreasing by 13.9% in the second quarter. Domestic demand registered a considerable positive contribution (10.6 percentage points) to the quarter-on-quarter rate of change of GDP, after the negative contribution of similar magnitude (-10.9 percentage points) recorded in the previous quarter. Net external demand contribution was 2.7 percentage points (-3.0 percentage points in the precedent quarter), with total exports in volume increasing by 38.8% (-37.0% in the second quarter) and total imports registering a quarter-on-quarter rate of change of 26.1% (-29.2% in the previous quarter).

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

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



This flash estimate includes new primary information, particularly due to updated information on external trade of goods and services and, to a lesser extent, on short-term indicators for September, which implied an upward revision by 0.1 percentage points of the GDP rates of change for the third quarter 2020, previously published on October, 30 in the first Flash Estimate.

#### Gross Domestic Product

Chain linked volume data (reference year=2016)

	Year-on-Year Quarterly Growth Rate (%)				
	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20
<b>Flash 45 days 3Q 2020</b>	2.0	2.3	-2.4	-16.4	-5.7
<b>Flash 30 days 3Q 2020</b>	2.0	2.3	-2.4	-16.4	-5.8
<b>QNA 2Q 2020 (85 days)</b>	2.0	2.3	-2.3	-16.3	

	Quarter-on-Quarter Growth Rate (%)				
	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20
<b>Flash 45 days 3Q 2020</b>	0.4	0.7	-4.0	-13.9	13.3
<b>Flash 30 days 3Q 2020</b>	0.4	0.7	-4.0	-13.9	13.2
<b>QNA 2Q 2020 (85 days)</b>	0.3	0.7	-3.8	-13.9	

Flash - Flash Estimate; QNA - Quarterly National Accounts

Note that this present press release is the last 45 days estimate of GDP to be published by Statistics Portugal. The anticipation of the first estimate of each quarter from 45 to 30 days, which was being prepared in recent years, occurred in the context of the exceptional situation caused by the pandemic.

Thus, the release calendar for GDP quarterly data will now occur in three moments, as recommended in the context of the European Statistical System: 30 days (flash estimate), 60 days (detailed data) and 85 days (detailed data with breakdown by institutional sector) after the reference quarter.

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

In the context of the pandemic, in which there is a greater urgency to obtain relevant information on economic activity, this flash estimate includes explicit figures for the volume 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 September;
- The September 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 September 2020.

In order to reduce the impacts caused by the COVID-19 pandemic on the quality of primary information regarding the third quarter, 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 third 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**

The detailed results of the Quarterly National Accounts for the third quarter of 2020 will be released on November 30, 2020.