

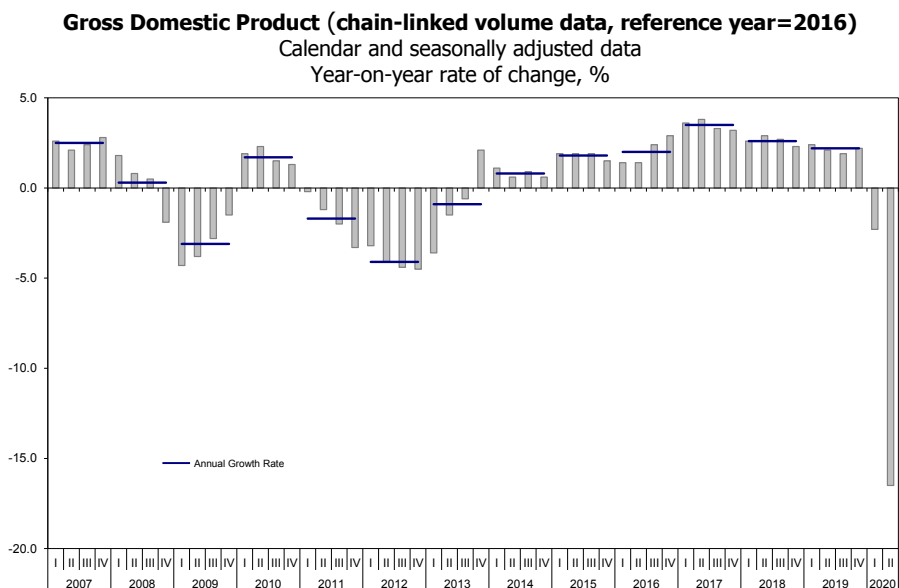
31<sup>th</sup> July 2020

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

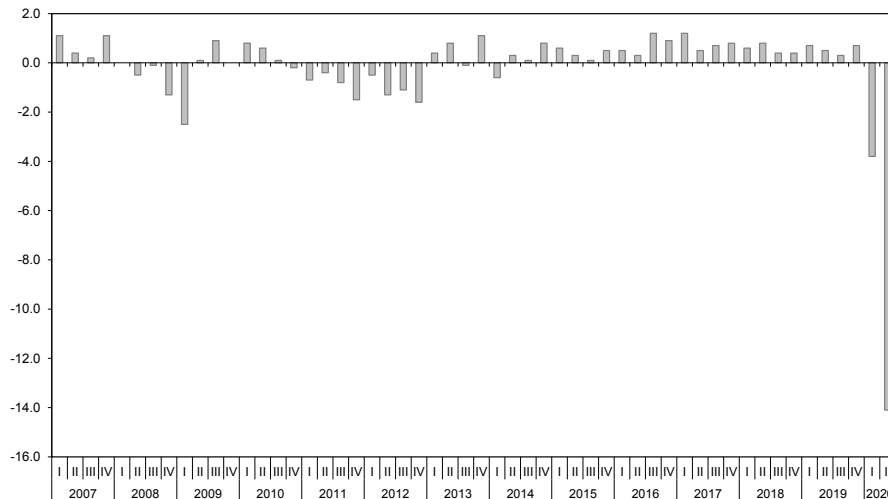
**GDP in volume registered a year-on-year rate of change of -16.5% and a quarter-on-quarter rate of change of -14.1%**

Reflecting the economic impact of the pandemic, the Portuguese Gross Domestic Product (GDP) registered a strong contraction in the second quarter of 2020, decreasing by 16.5% in volume, in year-on-year terms, after the reduction of 2.3% in the previous quarter. This result is largely explained by the negative contribution of domestic demand to the year-on-year GDP rate of change, which was considerably more negative compared to the previous quarter, reflecting the significant contraction in private consumption and Investment. The negative contribution of net external demand was more pronounced in the second quarter, as a result of the more intense reduction in Exports of Goods and Services than in Imports of Goods and Services, due largely to the non-residents tourism almost being interrupted.

When compared with the first quarter of 2020, GDP diminished 14.1% in real terms (quarter-on-quarter rate of change of -3.8% in the previous quarter). This result is likewise explained, to a large extent, by the negative contribution of domestic demand to the quarter-on-quarter GDP rate of change, and also by a more negative contribution of net external demand.



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



**Presentation note**

Considering the current context, in which the knowledge of economic information, although inevitably incomplete, is particularly urgent, Statistics Portugal decided to anticipate the release of results for the second quarter of 2020, in line with what is expected to happen with other EU member states.

With this release, Statistics Portugal initiates the publication of the flash estimates at around 30 days for the year-on-year and quarter-on-quarter rates of change for the quarterly GDP in volume. The usual estimates at t+45 days for the second quarter of 2020 (in this case the second estimate) will be released on 14<sup>th</sup> of August.

Understandably, the earlier publication of results carries a greater probability of more significant revisions, when compared to the estimates at 45 days, reflecting both the uncertainties associated with the pandemic and the lower volume of primary information available. However, this anticipation in the availability of macroeconomic information, allows also the alignment of Portugal with other countries, namely from European Union.

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

For several years now, Statistics Portugal has been testing flash estimates at t+30 days and developing improvements in data sources. In the three years period between the first quarter of 2017 and the fourth quarter of 2019, the mean absolute revision vis-à-vis the GDP year-on-year rate of change in volume released at t+60 days, when detailed data are published for the first time, was 0.1 percentage points and, in these 12 quarters, the revision never exceeded 0.3 percentage points. The magnitude of these revisions is therefore similar to other countries.

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

- The preliminary version for the short-term statistics for the month of June (retail trade turnover, services turnover and industry turnover);
- The balance of payments forecasted information for the month of June;
- The latest version for international goods trade statistics (preliminary version of May 2020 and advanced data for June). 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 April and May 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.

As mentioned above, the earlier publication of GDP estimates, at 30 days, implies a greater probability of more significant revisions, when compared to the estimates at 45 days, reflecting both the uncertainties associated with the pandemic and the lower amount of available primary information that is currently available.

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

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

The flash estimates at q+45 days of Quarterly National Accounts for the second quarter of 2020 will be released on 14<sup>th</sup> August 2020 and the detailed results will be published on 31<sup>th</sup> of August.