

Monthly Economic Survey December 2020

In the fourth quarter, November will have been the most negative month for economic activity

In December, the Euro Area (AE) economic sentiment indicator increased, almost offsetting the decrease registered in November. Consumer confidence indicator in AE recovered significantly in December, after decreasing in the previous two months. The prices of raw materials and oil presented rates of 8.8% and 13.9% compared with the previous month, respectively (5.8% and 5.7% in November).

In Portugal, not considering three-months moving average (see **next section**), the information available for November and December reveals an interruption in the partial recovery of economic activity observed since May. However, consumer confidence and economic climate indicators increased in December. The same happened with confidence indicators in the Manufacturing Industry, in Construction and Public Works and, slightly, in Trade. The exception occurred in Services where the indicator decreased.

The overall amount of national withdrawals, payment of services and purchases at automatic payment terminals carried out on the automatic teller machines of the *Multibanco* network registered, in year-on-year terms, reductions of 11.8% and 7.8% in November and December, respectively (decrease of 6.3% in October). The information regarding motor vehicles sales registered rates of change of -19.6% for passenger cars, -19.1% for light commercial vehicles and -15.7% for heavy-duty vehicles (-27.9%, -1.4% and + 16.7% in November, respectively).

According to the monthly estimates of the Labour Force Survey, the seasonally adjusted unemployment rate (15 to 74 years old) stood at 7.2% in November, 0.3 percentage points less than in October (8.1% in August 2020 and 6.7% in November 2019). The rate of underutilization of labour stood at 14.0%, 0.9 percentage points less than in the previous month (12.5% in the same period of 2019). The estimate of the employed population (15 to 74 years old), also seasonally adjusted, decreased by 0.9% in year-on-year terms (-1.7% in October), but increased by 0.6% compared to the previous month.

In 2020, the Consumer Price Index (CPI) annual average rate of change was nil (0.3% in 2019). The CPI monthly rate was -0.2% in November and December.

In December, the manufacturing price index for manufacturing industry presented a year-on-year rate of change of -4.9% (-5.2% in the previous month), and excluding the energy component, registered a year-on-year rate of change of -0.8% in November and December.

Despite the circumstances determined by the pandemic COVID-19, Statistics Portugal calls for the best collaboration by companies, families and public entities in responding to Statistics Portugal's data requests. The quality of official statistics, particularly its ability to identify the impacts of the pandemic COVID-19, crucially depends on this collaboration, which Statistics Portugal thanks in advance.

Based on information available up to January 19th, 2021.

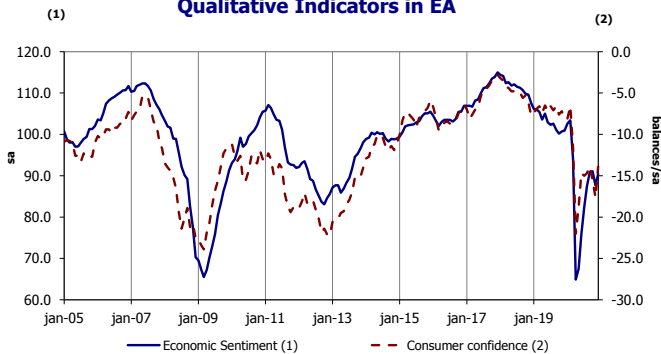
Box: Economic impacts of the COVID-19 pandemic

In this box, a summary of the evolution of the main indicators available until December is presented, considering monthly values without the use of three-months moving averages.

In the external environment of the Portuguese economy, the AE **economic sentiment indicator (ESI)** increased in December, partially offsetting the deterioration registered in the previous month. The ESI's evolution reflected higher confidence levels in industry and construction as well as the recovery of the **consumer confidence indicator**. In retail trade and services, confidence indicators decreased slightly in December.

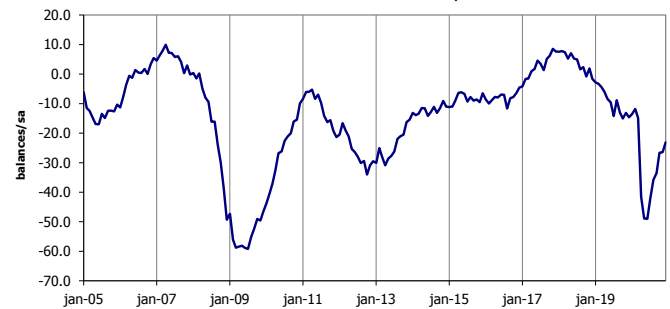
Graph 1

Qualitative Indicators in EA



Graph 2

**Portuguese Major Partners
Order books in industry**



The **balance of entrepreneur's opinions on order-book levels in the industry sector from Portuguese major partners** picked up in December, after the recovery profile started in July had significantly decelerated in November. The **industrial production index (IPI) of Portuguese major partners** decreased by 0.4% in November compared with previous month, after having registered consecutive increases between May and October (monthly rate of change of 1.8% in October). This index presented a year-on-year decrease of 3.7% in November (-3.0% in previous month). The **oil price (Brent)** was 41.1 euros in December, recording a marked increase comparing with the level of the previous month (13.9%), but remaining well below the price observed in the same month of 2019 (-32.0%).

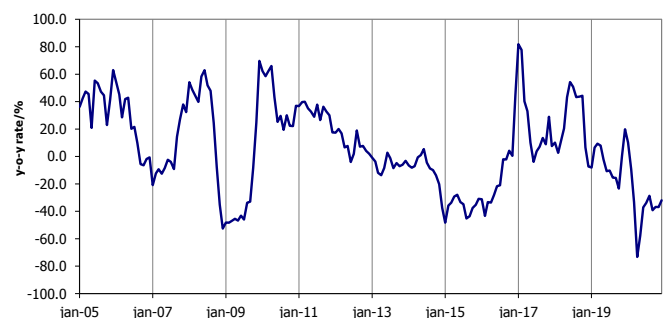
Graph 3

**Portuguese Major Partners
Industrial Production Index**



Graph 4

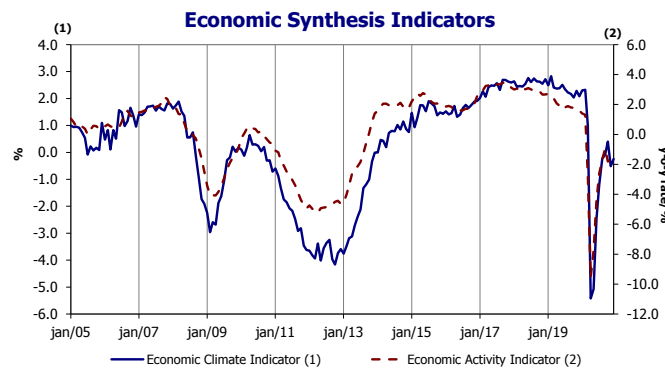
Oil price (Brent)



In Portugal, the short-term indicators for economic activity from the perspective of production, diminished in October and November, interrupting the partial recovery of economic activity observed between May and September.

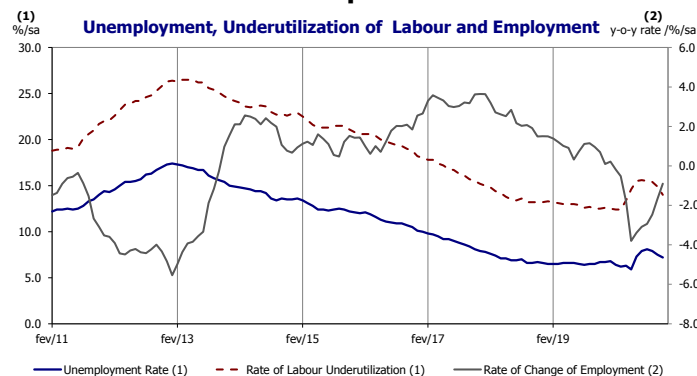
The **economic activity indicator**, which summarizes a set of quantitative indicators that reflect the evolution of the economy, recorded a level close to that observed in the previous month, suspending the recovery profile observed between April and September, after recording the series minimum in April. The **economic climate indicator**, which summarizes the balances of responses to questions relating to business surveys, already available for December, slightly increased in December, after interrupting in the previous month the recovery profile observed since May.

Graph 5



According to the provisional monthly estimates of the Labour Force Survey, the **employed population** recorded a year-on-year rate of change of -0.9% in November, with the **unemployment rate** (concept of the International Labour Organization, ILO) at 7.2%, 0.3 percentage points less than in the previous month, 0.9 percentage points less than three months ago and 0.5 percentage points more than a year ago. The **labour underutilization rate** stood at 14.0%, 0.9 percentage points less than in the previous month, 1.5 percentage points less than three months ago and 1.5 percentage points more than a year ago. The monthly decrease of the labour underutilization rate in November was due to the decrease of all of its indicators, especially the number of inactive available to work but not seeking a job (decreased by 8.9%).

Graph 6

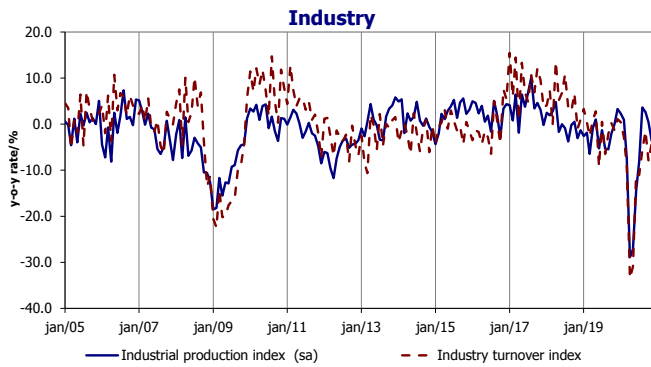


In November the **IPI**¹ presented a year-on-year rate of change of -3.6% (+ 0.4% in October), with a -2.1% rate of change in the Manufacturing Industries section (-1.5% in the previous month). In nominal terms, the **industry turnover index** decreased by 4.2% in November (-8.0% in the previous month). The indices for the domestic and foreign markets decreased by 6.4% and 1.1% (reductions of 6.4% and 1.1% in October), respectively.

The **turnover index for services** moved from a nominal year-on-year rate of change of -15.5% in October to -12.5%. The **index of turnover in trade retail**¹ (deflated) decreased, in year-on-year terms, by 5.1% in November, less 4.7 percentage points than the previous month, with the index for non-food products decreasing by 9.7% (-3.4% in October), while the index for food products increased by 1.1%, less 2.2 percentage points than the previous month. The **construction production index**¹ recorded a year-on-year decrease of 0.4% in November, less intense than in the previous month (rate of -2.1%).

¹Seasonally and calendar adjusted.

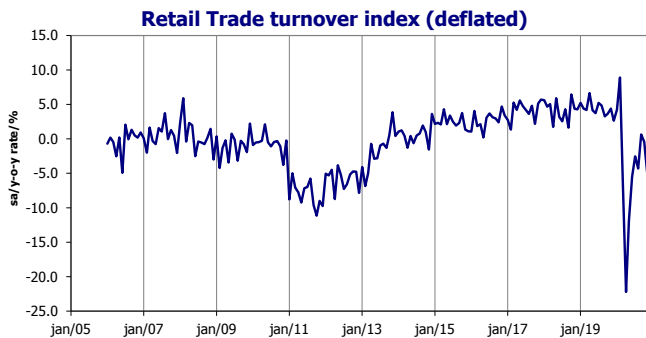
Graph 7



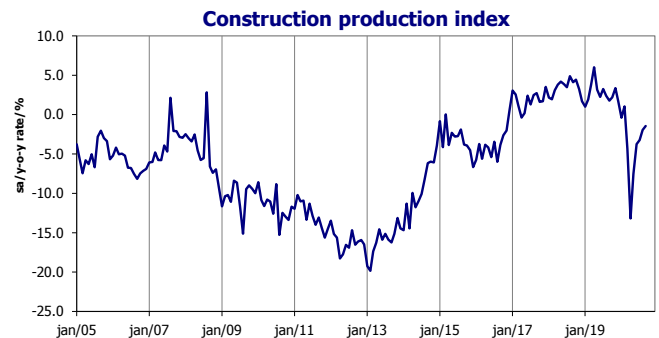
Graph 8



Graph 9



Graph 10



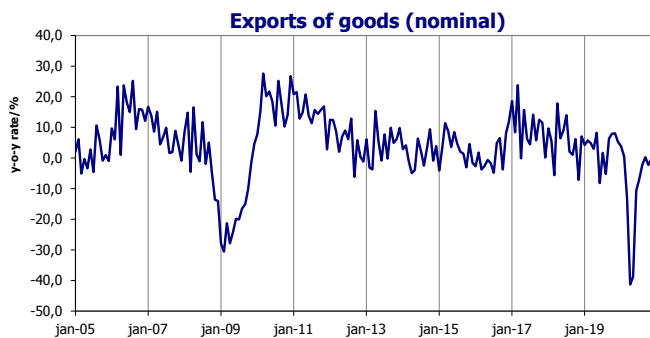
In November, tourist activity presented a deeper contraction, with the number of guests and overnight stays registering rates of change of -76.8% and -76.9% respectively (-60.1% and -63.6% in October 2020, in the same order). Overnight stays of residents declined by 58.8% (-22.2% in October) and those of non-residents decreased by 85.5% (-76.7% in the previous month). In November, 46.9% of the tourist accommodation establishments were closed or had no movement of guests (33.4% in October).

Graph 11

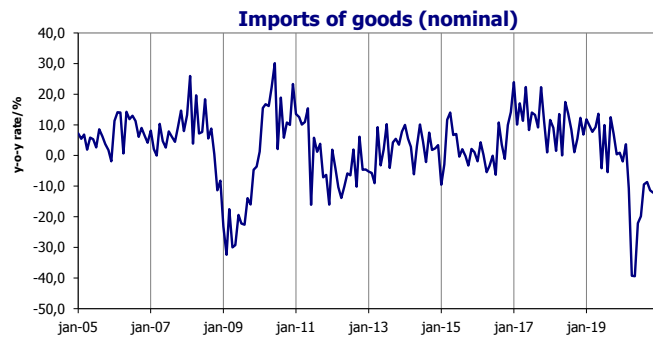


In **November 2020**, exports and imports of goods recorded nominal year-on-year rates of change of -0.4% and -12.1%, respectively (-2.3% and -11.4% in October 2020, in the same order). The main negative contributions came from the declines in exports and imports of Fuels and lubricants (-42.9% and -47.5%, respectively) and in imports of Transport equipment (-35.3%) mostly Other transport equipment (mainly aircraft).

Graph 12

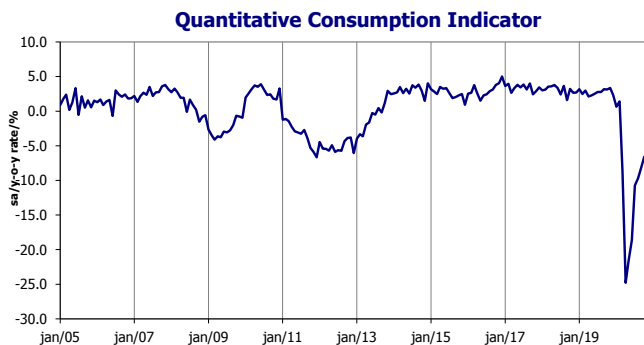


Graph 13

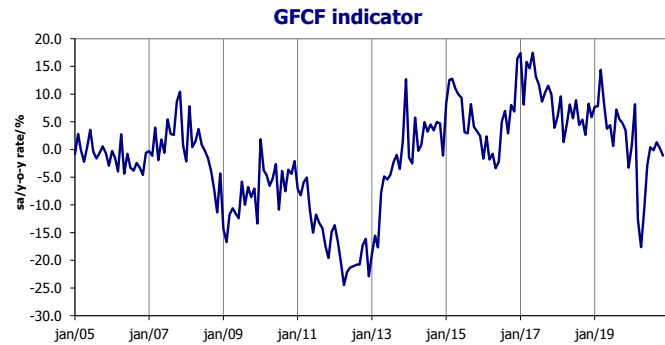


The quantitative indicator of private consumption interrupted in November the upward profile recorded in the previous six months, after recording the minimum year-on-year rate of change of the series in April. On the other hand, the investment indicator registered a year-on-year decrease in November, after recording a slight year-on-year growth in October.

Graph 14



Graph 15



Based on the **information already available for December**, the monthly values for the qualitative indicators² revealed the following:

- The **consumer confidence indicator** increased, after decreasing in the previous month, returning to the relatively stable level observed since June. This evolution was largely due to the positive contribution of the perspectives regarding the future evolution of the country's economic situation, with the remaining components also contributing positively, opinions and expectations about household's financial situation and expectations on realization of important purchases.
- The **manufacturing industry confidence indicator** increased in December, reversing the reduction registered in the previous month. The recovery of the indicator reflected the positive contribution of the balance of the firm's production perspectives over the next three months and the opinions on the global demand in the last three months, while the opinions on the current stocks of finished products registered a slight negative contribution. The indicator increased in the three groups, "Consumer Goods", "Investment Goods" and "Intermediate Goods".
- The **construction and public works confidence indicator** increased in December, after interrupting the recovery profile observed between May and October in the previous month. The increase in the indicator resulted from the positive contributions of both components, balance of opinions on order books and perspectives on employment, slightly in the latter case. The increase in the indicator was registered in the "Construction of Buildings" and "Specialized Construction Activities" divisions, while in the "Civil Engineering" division decreased for the third consecutive month.

² The collection period of the consumer survey occurred from 02 to 15 of December and from 01 to 23 of December in the case of the business surveys.

- The **trade confidence indicator** increased slightly, after the pronounced reduction observed in November, which interrupted the upward profile observed between May and October. This evolution reflected the strong positive contribution perspectives on business activity over the next three months, since the opinions on the volume of sales and on the volume of stocks contributed negatively. The confidence indicator increased in “Wholesale Trade” and decreased in “Retail Trade”.
- The **services' confidence indicator** decreased in November and December, after partially recovering between June and October. The evolution of the indicator resulted from the negative contribution of the perspectives on the evolution of the order books, while the opinions on the evolution of the order books and opinions on the evolution of the business situation registered positive contributions. In December, the reduction in the confidence indicator was strongly observed in the “Information and Communication Activities” section, followed by the sections “Other Service Activities”, “Transport and Storage” and “Accommodation and Food Service Activities”.

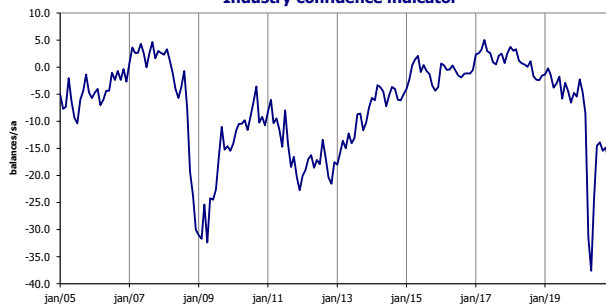
Graph 16

Consumer confidence indicator



Graph 17

Industry confidence indicator



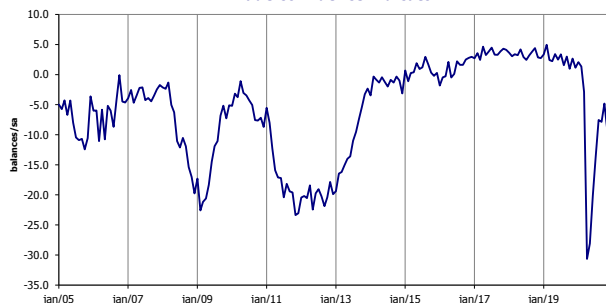
Graph 18

Construction and public works confidence indicator



Graph 19

Trade confidence indicator



Graph 20

Services confidence indicator

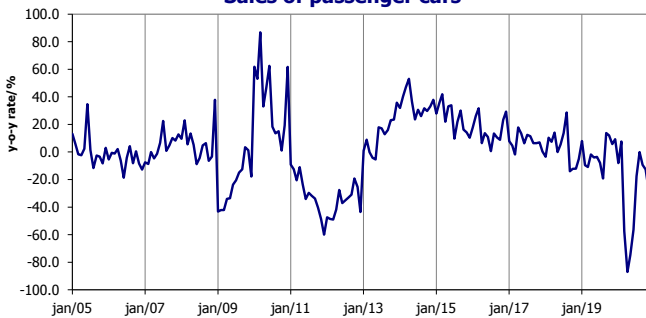


The **quantitative series** available for November regarding vehicle sales reveal the following:

- Year-on year rate of change of -19.6% in **sales of passenger cars**, after decreasing by 12.6% and 27.9% in October and November;
- Year-on-year reduction of 19.1% in **sales of light commercial vehicles** (rates of change of -15.1% and -1.4% in October and November);
- Year-on-year reduction of 15.7% in **heavy-duty vehicle sales** (rates of change of -15.0% and +16.7% in the previous two months).

Graph 21

Sales of passenger cars



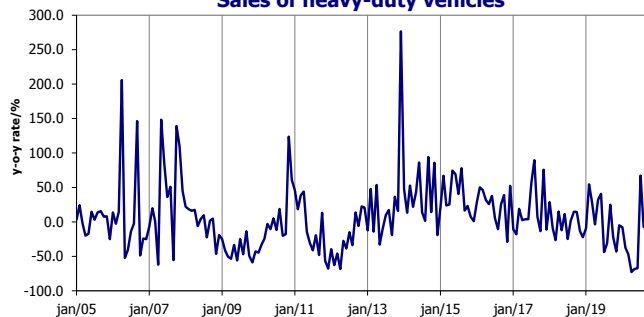
Graph 22

Sales of light commercial vehicles



Graph 23

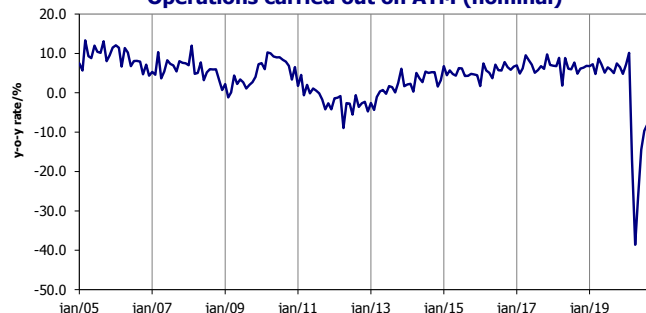
Sales of heavy-duty vehicles



According to information on **operations** carried out in the **ATM network**, available for November, the overall amount of national withdrawals, payment of services and purchases at automatic payment terminals carried out on the automatic teller machines of the *Multibanco* network registered a decrease of 7.8%, after presenting year-on-year reductions of 6.3% and 11.8% in October and November, respectively. In the fourth quarter of 2020, the global amount of these operations decreased 8.6%, after rates of -26.3% and -7.5% and in the second and third quarter, respectively.

Graph 24

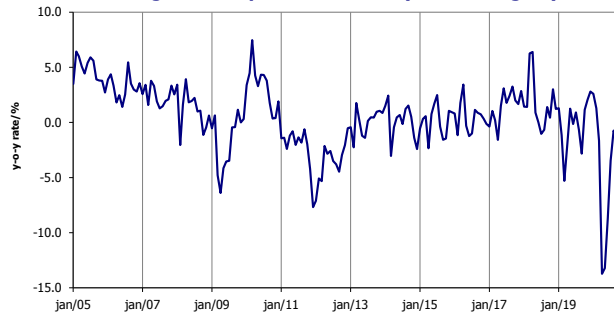
Operations carried out on ATM (nominal)



The average **consumption of electricity** on working days recorded a year-on-year change of -1.4% in December, which compares with rates of -1.7% and -3.6% in October and December, respectively.

Graph 25

Average consumption of electricity on working days



Next, it is presented the usual tables based on three-month moving averages, which make it possible to smooth the series, eliminating part of the irregular movements in order to ease the understanding of short-term trends. Maintaining this kind of series is particularly relevant to establish a reference for the monthly impact on moving quarters.

	Unit	First Period	Minimum		Maximum		Year			Quarter					Month												
			Value	Date	Value	Date	2018	2019	2020	2019	2020				2019	2020											
											IV	I	II	III		IV	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
External Demand																											
Nominal exports of goods - International trade	y.r./3-mma/%	Mar-96	-31.1	May-20	23.3	Oct-94	5.1	3.5	-	7.1	-3.0	-30.9	-3.1	-	7.1	5.7	3.1	-3.0	-18.0	-31.1	-30.9	-19.4	-6.9	-3.1	-1.4	-0.9	-
Nominal imports of goods - International trade	y.r./3-mma/%	Mar-96	-33.8	Jun-20	25.5	Feb-94	8.3	6.0	-	2.8	-3.2	-33.8	-13.1	-	2.8	-0.3	0.8	-3.2	-16.0	-30.0	-33.8	-27.2	-17.7	-13.1	-9.9	-10.8	-
Coverage rate	3-mma/%	Mar-95	56.6	Dec-99	85.9	May-13	76.7	74.9	-	76.1	76.1	77.7	81.5	-	76.1	76.5	76.7	76.1	74.2	74.6	77.7	82.7	81.8	81.5	81.0	83.8	-
External demand indicator	s.a./y.r./3-mma/%	Mar-91	-26.3	Jul-09	26.6	Oct-00	5.3	1.5	-	-1.4	-5.3	-25.3	-11.4	-	-1.4	-0.8	-1.0	-5.3	-15.3	-24.1	-25.3	-19.6	-14.1	-11.4	-9.6	-	-
Labour Market																											
Unemployment rate (15 to 74 years)	s.a./%	Feb-98	4.8	Nov-00	17.4	Jan-13	7.1	6.6	6.9	6.7	6.4	5.9	8.1	7.2	6.7	6.8	6.4	6.2	6.3	5.9	7.3	7.9	8.1	7.9	7.5	7.2	-
Number of unemployed (15 to 74 years)	s.a./y.r./%	Feb-99	-24.7	Apr-18	41.0	Dec-02	-20.9	-7.2	3.9	0.9	-1.4	-15.6	24.8	8.1	1.7	3.6	-1.4	-5.1	-6.5	-15.6	8.6	20.2	24.8	19.6	14.8	8.1	-
Employment (15 to 74 years)	y.r./%	Feb-99	-5.5	Jan-13	3.6	Dec-17	2.3	1.0	-2.0	0.7	-0.2	-3.8	-2.9	-0.9	0.1	0.2	-0.2	-0.5	-1.8	-3.8	-3.4	-3.1	-2.9	-2.5	-1.7	-0.9	-
Employment indicator - Short-term statistics	y.r./3-mma	Mar-01	-7.9	Dec-12	3.9	Dec-17	2.6	1.4	-	1.2	0.7	-5.2	-5.5	-	1.2	1.2	1.1	0.7	-1.2	-3.4	-5.2	-5.7	-5.6	-5.5	-5.4	-5.4	-
Reg. unemp. along the month - State emp. agencies	s.a./y.r./3-mma	Mar-90	-20.1	May-90	44.5	Jun-93	-6.3	-3.1	-	-2.0	6.8	40.3	9.8	-	-2.0	-3.1	-2.0	6.8	32.2	42.6	40.3	20.5	15.0	9.8	10.0	4.8	-
Vacancies along the month - State employment ag.	s.a./y.r./3-mma	Mar-90	-52.1	May-20	72.5	Feb-14	-9.2	-3.7	-	-3.3	-15.4	-41.7	-9.3	-	-3.3	2.1	1.7	-15.4	-37.7	-52.1	-41.7	-23.8	-10.2	-9.3	-0.1	-2.6	-
Employment expectations of entrepreneurs	bal./s.a./3-mma	Mar-03	-22.0	Dec-12	7.3	Jul-18	6.1	4.8	-5.3	3.6	4.1	-16.6	-3.8	-4.8	3.6	4.0	4.7	4.1	-7.0	-13.1	-16.6	-9.4	-5.6	-3.8	-2.2	-3.9	-4.8
Unemployment expectations of consumers	balance/3-mma	Nov-97	-18.6	Jul-17	79.7	Mar-09	-10.9	-0.9	52.7	1.2	6.8	73.2	66.1	64.8	1.2	0.9	2.9	6.8	33.1	55.9	73.2	69.2	65.4	66.1	64.4	67.2	64.8
Average monthly wage declared by worker	s.a./y.r./3-mma	Mar-02	-1.6	Feb-14	4.8	Dec-02	3.2	3.5	-	3.3	3.5	0.1	3.0	-	3.3	3.4	3.6	3.5	1.7	0.0	0.1	1.5	2.7	3.0	3.1	3.7	-
Prices																											
Consumer price index - Total	y.r./%	Jan-49	-3.7	Sep-54	36.7	May-77	1.0	0.3	0.0	0.3	0.4	-0.3	0.0	-0.2	0.4	0.8	0.4	0.0	-0.2	-0.7	0.1	0.1	0.0	-0.1	-0.1	-0.2	-0.2
- Goods	y.r./%	Jan-49	-3.7	Jul-09	38.2	May-77	0.5	-0.3	-0.5	-0.5	-0.1	-1.4	-0.2	-0.4	-0.3	0.4	-0.2	-0.5	-1.2	-2.1	-0.9	-0.2	-0.1	-0.3	-0.3	-0.4	-0.5
- Services	y.r./%	Jan-49	-4.4	Sep-54	30.5	Mar-74	1.7	1.2	0.7	1.4	1.2	1.4	0.2	0.1	1.5	1.4	1.2	0.9	1.2	1.2	1.6	0.6	0.1	0.0	0.2	0.1	0.2
Core inflation indicator	y.r./%	Jan-49	-4.3	Oct-54	31.1	May-84	0.7	0.5	0.0	0.4	0.2	-0.1	-0.1	-0.1	0.4	0.4	0.1	0.0	-0.2	-0.4	0.2	0.1	-0.1	-0.2	-0.1	-0.2	-0.1
Harmonised index of consumer prices	y.r./%	Jan-96	-1.8	Sep-09	5.1	Mar-01	1.2	0.3	-0.1	0.2	0.5	-0.2	-0.4	-0.4	0.4	0.8	0.5	0.1	-0.1	-0.6	0.2	-0.1	-0.2	-0.8	-0.6	-0.4	-0.3
Manufacturing industry production price index	y.r./3-mma/%	Mar-11	-5.5	Jul-20	6.4	Jun-11	2.7	0.7	-3.9	-0.6	-0.3	-5.3	-5.0	-4.9	-0.6	0.0	0.2	-0.3	-2.0	-3.9	-5.3	-5.5	-5.2	-5.0	-4.8	-4.9	-4.9
Consumers expectations of prices evolution	balance/3-mma	Nov-97	-5.9	Jul-09	57.7	Nov-11	14.9	11.4	20.8	9.0	14.2	33.2	22.7	13.1	9.0	10.7	11.2	14.2	24.9	32.0	33.2	27.1	23.9	22.7	19.5	16.4	13.1
Expectations of prices in manufacturing industry	bal./s.a./3-mma	Mar-87	-23.2	Jan-09	27.5	Nov-90	2.8	-2.6	-3.3	-3.8	-3.7	-14.5	5.2	-0.1	-3.8	-4.3	-3.4	-3.7	-11.6	-18.5	-14.5	-2.7	8.9	5.2	2.1	-1.3	-0.1
Effective exchange rate ind. for Portugal (nominal)	y.r.	Mar-01	-5.0	Apr-15	4.0	May-03	0.8	-0.6	-	-0.6	-0.3	0.2	0.9	-	-0.7	-0.7	-0.7	0.5	0.2	0.1	0.4	0.7	0.8	1.2	1.1	1.1	-

NOTES

The figures presented in tables 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.