24 June 2022
QUARTERLY SECTOR ACCOUNTS (BASE 2016)
First Quarter 2022

EXTERNAL BALANCE OF THE PORTUGUESE ECONOMY STOOD AT -0.4% OF GDP

The net borrowing of Portuguese economy[1] stood at 0.4% of Gross Domestic Product (GDP) in the year ending in the first quarter of 2022, which compares with a net lending of 0.7% of GDP in the previous quarter. Gross National Income (GNI) and Gross Disposable Income (GDI) increased by 3.0% and 2.8%, respectively, in the year ending in the first quarter, after quarter-on-quarter growth rates of 2.0% in the previous quarter. The change in the sign of the economy's external balance reflected the reduction of the net lending of Households[2] and the increase in the net borrowing of Non-Financial Corporations, since the net borrowing of General Government was reduced, and the balance of Financial Corporations remained unchanged.

The disposable income of Households sector increased by 1.4% compared to the previous quarter, with rates of change of 1.7% in compensation of employees and 2.4% in Gross Value Added (GVA). The final consumption expenditure of Households increased by 4.1% (2.3% in the previous quarter), leading to a reduction in the savings rate to 8.3% (10.7% in the previous quarter), which, together with the increase in investment, determined the reduction in the net lending of Households by 1.9 percentage points, to 2.4% of GDP.

The balance of Non-Financial Corporations stood at -2.8% of GDP, 0.5 percentage points less than in the previous quarter. The sector's GVA increased by 3.0%, which was partially offset by the increase in compensation of employees paid and investment (growth rates of 2.1% and 4.9%, respectively), and by the decrease in operating subsidies (-27.7%).

The net lending of Financial Corporations remained at 1.5% of GDP in the year ending in the first quarter of 2022.

The balance of the General Government (GG) sector decreased by 1.3 percentage points in the year ended in the first quarter of 2022, representing a net borrowing of 1.5% of GDP. Considering quarterly figures and not the year ending in the quarter as a reference, the balance of GG in the first quarter of 2022 reached -233.6 million euros, corresponding to -0.4% of GDP, which compares with -6.0% in the same period of the last year.

---

[1] Unless otherwise indicated, the descriptive analysis and graphs below refer to the year ending in the reference quarter (for additional information. When comparing consecutive quarters are used, in general, quarter-on-quarter rates of change between the year ending in the reference quarter and the year ending in the preceding quarter (see Methodological Note at the end of press release). The rates of change are based in nominal terms.

[2] Includes Non-Profit Institutions Serving Households (NPISH).

External balance of the economy stood at -0.4% of GDP

These results correspond to the preliminary estimates for the first quarter of 2022. The economic indicators for the Portuguese economy in the first quarter of 2022 reflected the lifting of most restrictions on economic activity imposed in the context of the pandemic[3].

In the first quarter of 2022, the Portuguese economy's net borrowing stood at 0.4% of GDP, after a net lending of 0.7% of GDP in the previous quarter. Nominal GDP increased by 2.9% in the first quarter of 2022 compared to the previous quarter and by 9.7% compared to the same quarter of the previous year. Gross National Income (GNI) and Gross Disposable Income (DGI) increased by 3.0% and 2.8%, respectively (10.2% and 10.5%, respectively, compared to the first quarter of 2021).

The increase of GDI combined with a 3.5% increase in final consumption expenditure (which includes the final consumption expenditure by Households and GG), determined a decrease by 0.5% in the economy's gross savings to 18,0% of GDP (0.6 percentage points less than in the previous quarter and 0.2 percentage points more than in the first quarter of 2021).

The aforementioned reduction in savings, combined with the growth in Gross Fixed Capital Formation (GFCF), determined the decrease in the economy's external balance. GFCF increased 3.1% compared to the previous quarter and 12.0% compared to the same quarter of the previous year.

Figure 1. GDP, GNI and GDI (year ending in the reference quarter)

Year ending in the reference quarter	GDP		GNI		GDI	
	million euros	quarter-on-quarter rate of change (%)	million euros	quarter-on-quarter rate of change (%)	million euros	quarter-on-quarter rate of change (%)
2Q 2019	210 016	1.1	204 985	1.5	209 614	1.5
3Q 2019	212 118	1.0	206 870	0.9	211 524	0.9
4Q 2019	214 375	1.1	208 806	0.9	213 689	1.0
1Q 2020	213 981	-0.2	208 634	-0.1	213 843	0.1
2Q 2020	205 857	-3.8	201 733	-3.3	206 750	-3.3
3Q 2020	202 890	-1.4	199 389	-1.2	204 408	-1.1
4Q 2020	200 088	-1.4	196 944	-1.2	201 829	-1.3
1Q 2021	198 155	-1.0	195 080	-0.9	200 280	-0.8
2Q 2021	205 141	3.5	202 019	3.6	208 057	3.9
3Q 2021	208 004	1.4	204 758	1.4	211 082	1.5
4Q 2021	211 280	1.6	208 841	2.0	215 347	2.0
1Q 2022	217 372	2.9	215 018	3.0	221 290	2.8

[3] The comparison of the first quarter 2022 with the same quarter of the previous year must be made with cautious due to a base effect, since, in January and February 2021, several measures to mitigate the pandemic were in place that strongly conditioned economic activity.

In terms of domestic sectors, the worsening of the balance of the economy reflected the reduction of the net lending of Households and a higher net borrowing of Non-Financial Corporations (NFCs), given that the deficit of the GG decreased considerably and the balance of Financial Corporations remained unchanged. These developments reflect the expansion of domestic demand and the acceleration of prices observed in this period, as already highlighted in the press release of the Quarterly National Accounts disseminated on May 31.

The net borrowing of NFC reached 2.8% of GDP in the first quarter of 2022, 0.5 percentage points more than in the previous quarter. Net lending of the Financial Corporations remained at 1.5% of GDP.

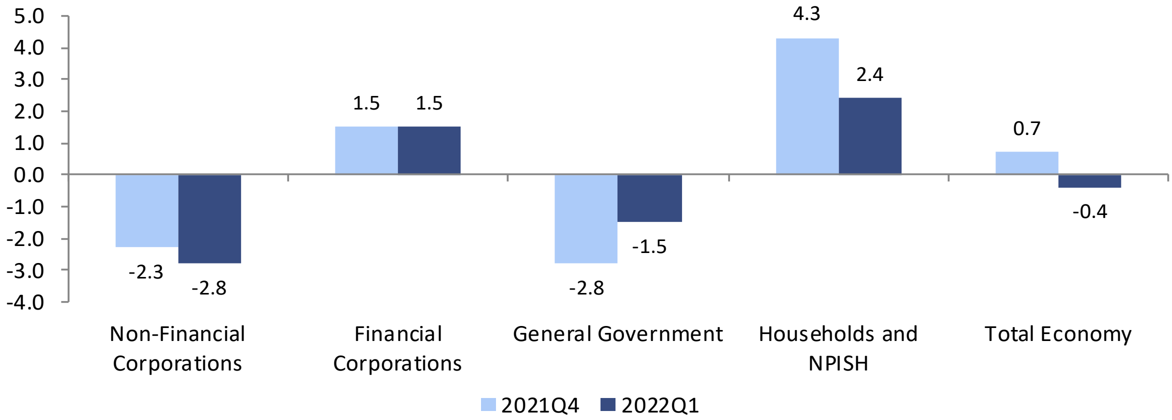
The net borrowing of the GG sector decreased by 1.3 percentage points in the year ending in the first quarter of 2022, to 1.5% of GDP. This reduction in the deficit was the combined result of an increase in revenue (2.5%) and a decrease in expenditure (-0.3%).

Net lending of Households' sector extended the downward path initiated in the second quarter of 2021, decreasing by 1.9 percentage points, to 2.4% of GDP in the year ending in the first quarter of 2022, and reflected the decrease in gross savings.

Figure 2. Net lending (+) / borrowing (-) by institutional sector (in % of GDP, year ending in the reference quarter)

Year ending in the reference quarter	Non-Financial Corporations	Financial Corporations	General Government	Households and NPISH	Total Economy
2Q 2019	-3.4	2.5	0.1	1.8	0.9
3Q 2019	-3.3	2.4	-0.2	1.8	0.7
4Q 2019	-3.3	2.4	0.1	1.8	1.0
1Q 2020	-3.4	2.3	-0.1	2.3	1.1
2Q 2020	-4.2	2.3	-1.9	4.9	1.1
3Q 2020	-3.2	2.3	-4.2	5.2	0.2
4Q 2020	-3.0	2.5	-5.8	6.2	-0.2
1Q 2021	-2.6	2.4	-7.1	7.5	0.2
2Q 2021	-0.9	1.8	-5.9	5.3	0.3
3Q 2021	-1.9	1.6	-4.0	5.0	0.7
4Q 2021	-2.3	1.5	-2.8	4.3	0.7
1Q 2022	-2.8	1.5	-1.5	2.4	-0.4

Figure 3. Net lending (+) / borrowing (-) by institutional sector (in % of GDP, year ending in the reference quarter)



Households: saving rate savings rate decreased 2.4 percentage points to 8.3%

Net lending of Households stood at 2.4% of GDP in the year ending in the first quarter of 2022, 1.9 percentage points less than in the previous quarter.

The Households' saving rate savings rate (Figure 4) was 8.3% of disposable income, which corresponded to a reduction of 2.4 percentage points compared to the previous quarter. This result was a consequence of the 4.1% increase in private consumption (rate of change of 2.3% in the previous quarter), which more than offset the 1.4% increase in disposable income.

Figure 5 shows the breakdown of the rate of change (1.4%) of disposable income of households in the year ending in the first quarter of 2022. Compensation of employees and gross operating surplus contributed with 1.1 and 0.5 percentage points, respectively, to this rate of change (1.0 and 0.4 percentage points in the previous quarter, in the same order), with a negative contribution of 0.2 percentage points of taxes paid by households.

Households' Gross Fixed Capital Formation (GFCF), which essentially corresponds to GFCF in dwellings, recorded a rate of change of 3.2% in the first quarter of 2022. Compared to the same quarter of the previous year, the increase of GFCF by Households was 13.8%. The investment rate of Households (measured by the ratio between GFCF and disposable income) increased to 6.2%.

Figure 4. Saving rate of Households and NPISH (%, year ending in the reference quarter)

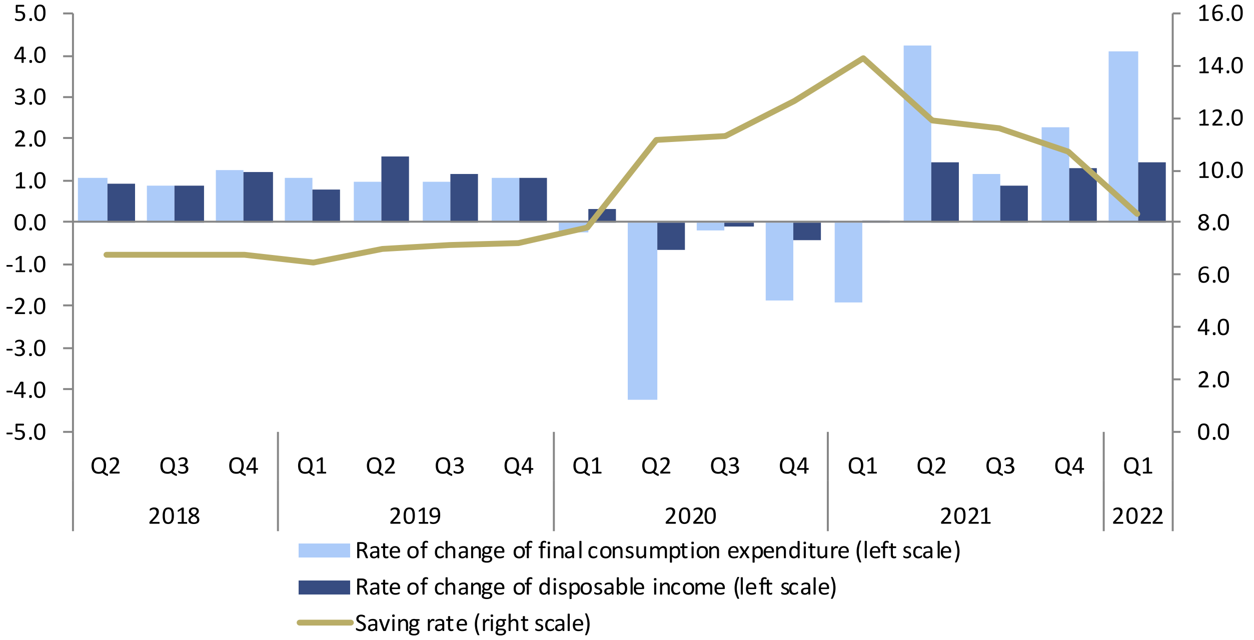
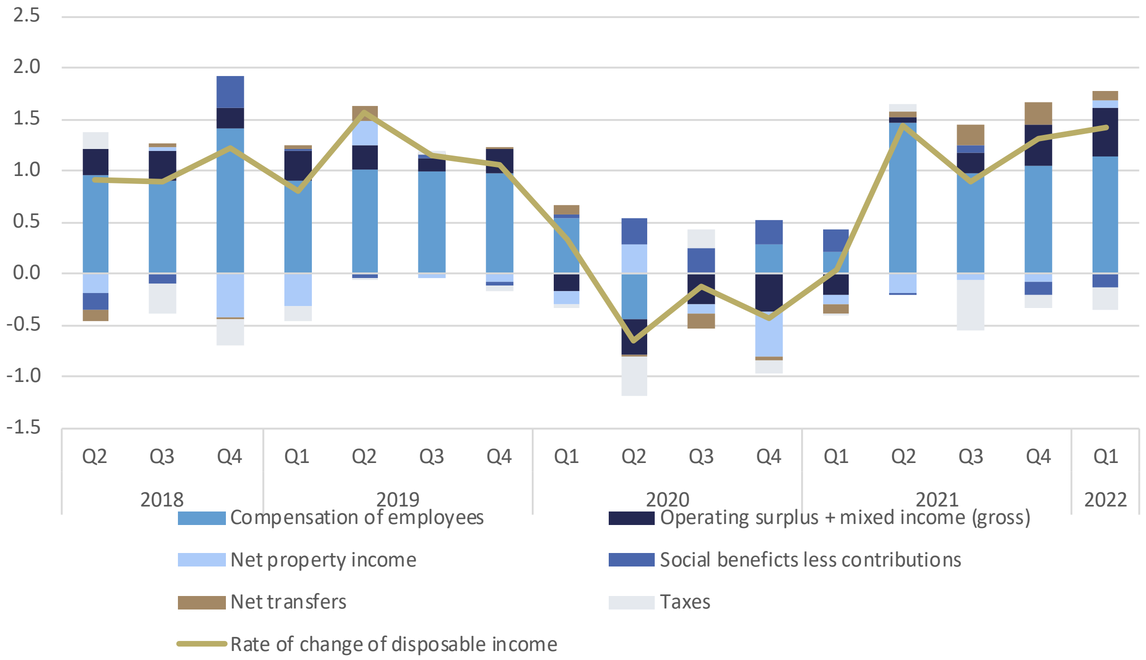


Figure 5. Contributions to the rate of change of disposable income of Households and NPISH (percentage points, year ending in the reference quarter)



The Households adjusted GDI (GDIa) per capita stood at 17,200 euros in the year ending in the first quarter of 2022, which represented an increase of 1.5% over the previous quarter. The rate of change in GDP per capita was 2.9%, 1.4 percentage points above the growth rate of adjusted GDI (0.5 percentage points in the previous quarter).

It should be noted that GDIa differs from GDI by including the value of goods and services that are purchased or produced by GG or NPISH and intended for household consumption, such as, for example, co-payments in the purchase of medicines by households.

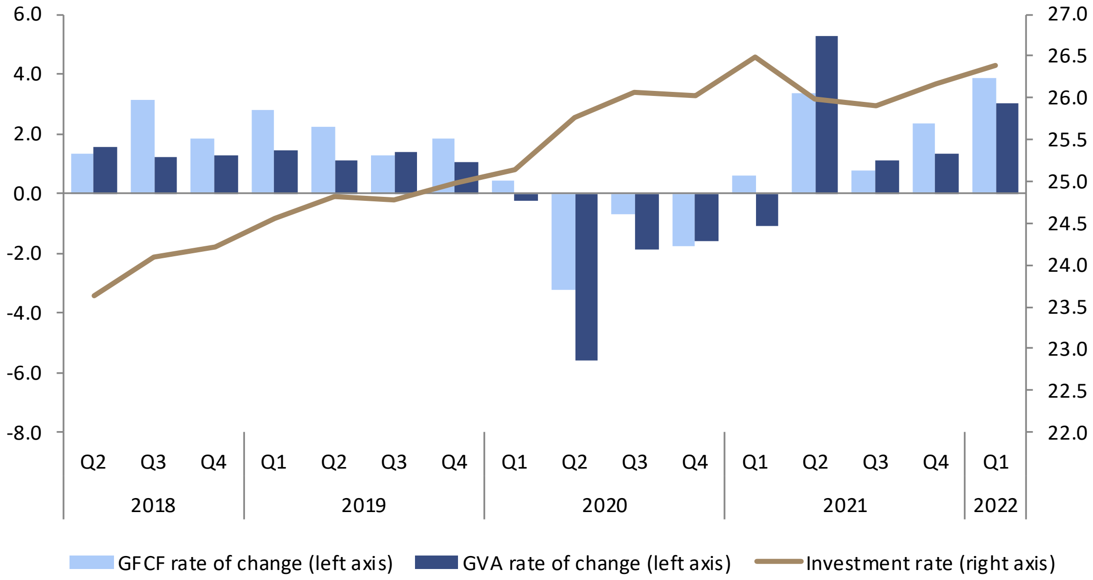
Non-Financial Corporations: net borrowing stood at 2.8% of GDP

Non-financial corporations' net borrowing increased by 0.5 percentage points, standing at 2.8% of GDP in the year ending in the first quarter of 2022 (balances of -2.3% and -2.6% in the previous quarter and in the same quarter of the previous year, respectively).

The sector's GVA increased by 3.0% in the first quarter of 2022 (1.3% in the previous quarter). This increase was partially offset by the 2.1% growth in compensation of employees paid and by the 27.7% decrease in operating subsidies, resulting in a 1.5% increase in the Gross Operating Surplus. The operating subsidies received presented a downward trend starting in the second quarter of 2021, remaining, however, at a high level, reflecting the impact of measures to support companies in the context of the COVID-19 pandemic.

The net operating margin rate for the sector stood at 20.1% (0.4 percentage points less than in the previous quarter). This rate is obtained by the ratio between Net Operating Surplus and Net Value Added[4] and corresponds to the percentage of value created that is intended for compensation of the financial resources invested in corporations.

Figure 6. **GFCF/GVA of Non-Financial Corporations (%, year ending in the reference quarter)**



[4] The Net Operating Surplus and Net Value Added correspond to the GOS and GVA deducting the consumption of fixed capital.

The 3.9% increase in GFCF, higher than the growth of the sector's GVA by 0.9 percentage points, led to a slight increase in the investment rate (measured by the ratio between GFCF and GVA) by 0.2 percentage points compared to the previous quarter, standing at 26.4%. GFCF at current prices by Non-Financial Corporations presented positive rates of change since the first quarter of 2021, exceeding the levels recorded in the quarters of 2019.

Financial Corporations: net lending remained at 1.5% of GDP

The net lending of Financial Corporations reached 1.5% of GDP in the last two quarters. The balance of property income recorded a slight improvement, with income paid and received recording rates of change of 2.0% and 2.9%, respectively, compared to the previous quarter.

General Government: net borrowing of GG decreased 1.3 percentage points to 1.5% of GDP

The net borrowing of the GG sector improved by 1.3 percentage points in the year ending in the first quarter 2022 compared with the year ending in the previous quarter, attaining 1.5% of GDP. The reduction in the deficit was due to the combined effects of increase in revenue (2.5%) and decrease in expenditure (-0.3%).

Figures 7 and 8 show the revenue and expenditure in the year ending the reference quarter, in value and rate of change, respectively.

Figure 7. **Revenue and expenditure of general government (year ending in the reference quarter)**

Unit: 10^6 EUR

	2021Q1	2021Q2	2021Q3	2021Q4	2022Q1
Total revenue	**86 915.7**	**90 015.0**	**93 591.1**	**95 750.2**	**98 101.9**
Current revenue	86 153.5	88 895.2	91 301.5	93 329.9	95 701.1
Current taxes on income and wealth	20 064.3	19 812.6	20 686.2	20 550.8	21 008.1
Taxes on production and imports	28 557.9	30 034.8	31 094.2	32 283.1	33 978.0
Social contributions	25 809.9	26 371.8	26 725.6	27 148.8	27 643.6
Sales	6 358.7	6 669.9	6 598.3	6 734.2	6 917.3
Other current revenue	5 362.7	6 006.0	6 197.2	6 613.0	6 154.1
Capital revenue	762.2	1 119.8	2 289.6	2 420.4	2 400.8
Total expenditure	**100 964.7**	**102 215.2**	**101 938.0**	**101 727.4**	**101 403.3**
Current expenditure	92 262.1	93 105.9	93 856.3	93 715.7	93 187.6
Social benefits	40 711.5	41 109.3	41 471.7	41 434.9	41 793.9
Compensation of employees	24 179.3	24 528.6	24 765.1	24 881.8	25 090.2
Interest	5 684.1	5 561.6	5 393.8	5 168.8	5 003.5
Intermediate consumption	11 533.6	11 735.7	12 177.2	12 230.0	12 504.4
Subsidies	5 043.4	4 992.4	4 606.6	4 219.5	2 992.4
Other current expenditure	5 110.3	5 178.4	5 441.9	5 780.6	5 803.2
Capital expenditure	8 702.6	9 109.3	8 081.8	8 011.7	8 215.7
Investment (1)	4 674.0	5 129.0	5 263.6	5 354.6	5 523.9
Other capital expenditure	4 028.6	3 980.3	2 818.2	2 657.0	2 691.8
Current Balance	**-6 108.6**	**-4 210.7**	**-2 554.8**	**-385.8**	**2 513.6**
Balance	**-14 049.0**	**-12 200.1**	**-8 346.9**	**-5 977.1**	**-3 301.4**
Memorandum items:					
Primary current expenditure	86 578.0	87 544.4	88 462.5	88 546.9	88 184.0
Gross Domestic Product at current market prices	198 154.6	205 141.0	208 004.1	211 279.7	217 372.3
Balance in % of GDP	**-7.1**	**-5.9**	**-4.0**	**-2.8**	**-1.5**

(1) Includes Gross capital formation and Acquisitions less disposals of non-produced non-financial assets

The behaviour of expenditure reflected the decreases of 0.6% in current expenditure and the increases of 2.5% in capital expenditure. The reduction of current expenditure was determined by interest and subsidies paid, that decreased by 3.2% and 29.1%, reflecting, in the latter case, the strong reduction in subsidies paid to corporations in the context of the COVID-19 pandemic. All the remaining items of current expenditure increased, with the highest rate of change being recorded by intermediate consumption (2.2%). Capital expenditure increased as a result of an increase of 3.2% in other capital expenditure and 1.3% in investment.

Figure 8. **Revenue and expenditure of general government**
(%; year ending in the reference quarter)

Unit: %

	2021Q1	2021Q2	2021Q3	2021Q4	2022Q1
Total revenue	**-0.1**	**3.6**	**4.0**	**2.3**	**2.5**
Current revenue	-0.2	3.2	2.7	2.2	2.5
Current taxes on income and wealth	-0.2	-1.3	4.4	-0.7	2.2
Taxes on production and imports	-2.1	5.2	3.5	3.8	5.3
Social contributions	0.8	2.2	1.3	1.6	1.8
Sales	-4.1	4.9	-1.1	2.1	2.7
Other current revenue	11.1	12.0	3.2	6.7	-6.9
Capital revenue	11.3	46.9	104.5	5.7	-0.8
Total expenditure	**2.3**	**1.2**	**-0.3**	**-0.2**	**-0.3**
Current expenditure	2.5	0.9	0.8	-0.1	-0.6
Social benefits	1.0	1.0	0.9	-0.1	0.9
Compensation of employees	1.1	1.4	1.0	0.5	0.8
Interest	-1.9	-2.2	-3.0	-4.2	-3.2
Intermediate consumption	1.9	1.8	3.8	0.4	2.2
Subsidies	37.7	-1.0	-7.7	-8.4	-29.1
Other current expenditure	2.8	1.3	5.1	6.2	0.4
Capital expenditure	-0.5	4.7	-11.3	-0.9	2.5
Investment (1)	2.1	9.7	2.6	1.7	3.2
Other capital expenditure	-3.2	-1.2	-29.2	-5.7	1.3

(1) Includes Gross capital formation and Acquisitions less disposals of non-produced non-financial assets

Total revenue increased by 2.5% due to the increases of current revenue by 2.5% and the decreases of capital revenue by 0.8%. All items of current revenue increased, except for other current revenue, with revenue from taxes on production and imports standing out with an increase by 5.3% (in particular due to Value Added Tax). The other current revenue decreased by 6.9%, associated to a large extend with the lower use of European Funds in the financing of the COVID-19 measures and therefore ensuring the neutrality in the GG balance. The decrease of capital revenue is due to the reduction in European Funds revenue.

To allow a comparison between quarters, figure 9 presents the detail of revenue and expenditure of GG and its GDP percentage for the first quarters of 2021 and 2022.

Figure 9. Revenue and expenditure of general government
(quarterly figures)

	1st quarter 2021		1st quarter 2022		Nominal rate of change (%)
	10^6 EUR	% GDP	10^6 EUR	% GDP	
Total revenue	**19 802.3**	**40.7**	**22 154.0**	**40.4**	**11.9**
Current revenue	19 598.8	40.2	21 970.1	40.1	12.1
Current taxes on income and wealth	3 925.8	8.1	4 383.1	8.0	11.6
Taxes on production and imports	6 756.3	13.9	8 451.2	15.4	25.1
Social contributions	6 015.4	12.3	6 510.2	11.9	8.2
Sales	1 409.4	2.9	1 592.5	2.9	13.0
Other current revenue	1 491.9	3.1	1 033.0	1.9	-30.8
Capital revenue	203.5	0.4	183.9	0.3	-9.6
Total expenditure	**22 711.6**	**46.6**	**22 387.6**	**40.8**	**-1.4**
Current expenditure	21 756.8	44.7	21 228.7	38.7	-2.4
Social benefits	9 293.9	19.1	9 652.8	17.6	3.9
Compensation of employees	5 530.1	11.4	5 738.4	10.5	3.8
Interest	1 315.7	2.7	1 150.3	2.1	-12.6
Intermediate consumption	2 682.0	5.5	2 956.4	5.4	10.2
Subsidies	1 576.9	3.2	349.7	0.6	-77.8
Other current expenditure	1 358.4	2.8	1 380.9	2.5	1.7
Capital expenditure	954.8	2.0	1 158.9	2.1	21.4
Investment (1)	794.8	1.6	964.1	1.8	21.3
Other capital expenditure	160.0	0.3	194.8	0.4	21.7
Current Balance	**-2 158.0**	**-4.4**	**741.4**	**1.4**	
Balance	**-2 909.4**	**-6.0**	**-233.6**	**-0.4**	

(1) Includes Gross capital formation and Acquisitions less disposals of non-produced non-financial assets

Thus, considering quarterly figures rather than the sum of four quarters, the net balance of the GG was negative in the first quarter 2022, attaining -233.6 million euro (-0.4% of GDP), that compares with -6.0% of GDP for the same period of the previous year. The increase of the net balance was a result of an increase in total revenue of 11.9%, and a decrease of 1.4% in total expenditure.

Within total expenditure, current expenditure decreased by 2.4%, due to decreases in interest paid (-12.6%) and in subsidies paid (-77.8%), the latter due to a lower amount of COVID-19 related measures, as previously mentioned. The social benefits increased by 3.9%, the compensation of employees by 3.8%, the intermediate consumption by 10.2%, and other current expenditure by 1.7%. Capital expenditure increased 21.4%, as a result of a 21.3% increase in investment and 21.7% in other capital expenditure.

The increase by 12.1% of current revenue was due to increases in all its components, except for other current revenue. The positive evolution of tax revenue (20.1%) and contributory revenue (8.2%) shows the recovery of economic activity and the labour market compared to the same period of 2021 marked by containment measures in the context of the COVID-19 pandemic. Capital revenue recorded a decrease of 9.6%, for the reason stated in the analysis of the year ending in the first quarter.

Figure 10 presents the main adjustments carried out for moving from Public Accounts to National Accounts balances in the first quarters of 2021 and 2022.

Figure 1. **Public to National Accounting Adjustments**

Unit: 10^6 EUR

	2021Q1	2022Q1
Balance in Public Accounting:	**-2 368.0**	**508.3**
Accrual adjustment and sector delimitation in National Accounts	-27.9	-233.7
Difference between paid and due interest	264.2	362.8
Other receivables:	-594.1	-403.4
Time adjustment of taxes and social contributions	-432.1	-363.1
Others	-162.1	-40.3
Other payables:	-22.9	153.8
Expenditure already incurred but not yet paid	-120.9	-156.9
Others	98.0	310.7
Other adjustments:	-160.7	-621.4
of which:		
Capital injections and debt assumptions	-457.4	-594.8
Balance in National Accounting:	**-2 909.4**	**-233.6**
GDP (1)	48 749.9	54 842.5
Balance in National Accounting in % of GDP	**-6.0**	**-0.4**

(1) Non seasonally and calendar effects adjusted data

The differences between National and Public Accounting are related to different sector delimitation of GG, to the recording of revenue and expenditure in an accrual rather than a cash-basis, to the classification of some financial transactions as capital transfers and to the time adjustment of taxes and social contributions. Taxes and social contributions are time-adjusted so that the time of recording and the moment when the activity took place are closer.

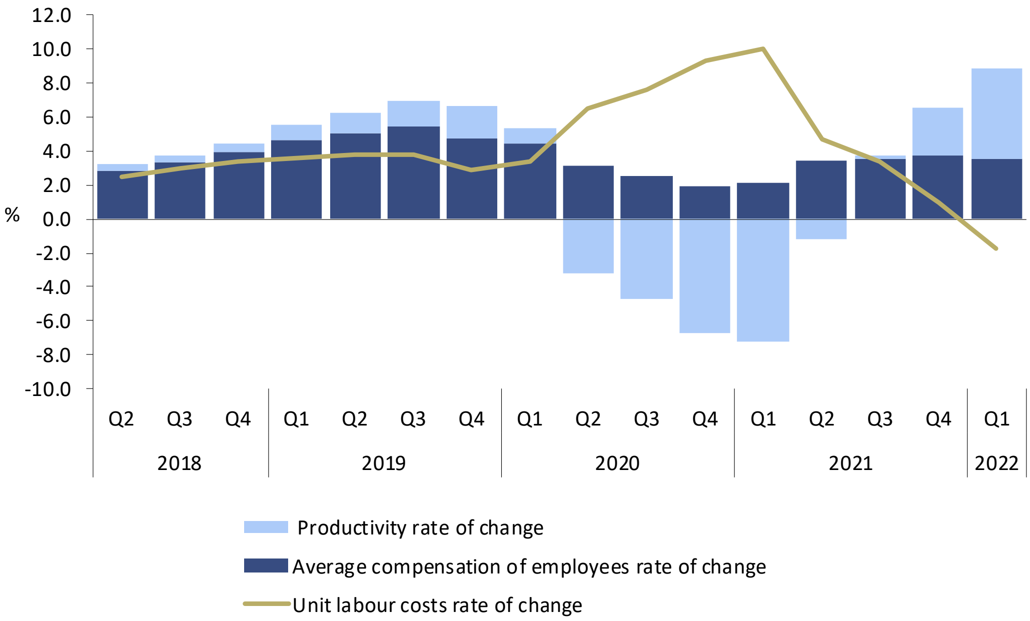
Comparing the first quarter 2022 with the same period of the previous year, an improvement is noticeable in both balances. Considering the balance in national accounting, the GG net balance changed to -0.4% of GDP in the first quarter 2022 from -6.0% in 2021. The entirety of the expenditure in capital injections and debt assumptions was destined to public corporations classified inside GG.

Additionally, due to the policy measures for fractional future payment of taxes and social contributions implemented in the context of the COVID 19 pandemic, a supplementary adjustment was made to include the future payments as revenue of the period when the activity took place. For the first quarter 2022, this temporary adjustment implied an increase in revenue when compared to Public Accounting, by around 90.1 million euro, related to the deferral payment measures for the Social Contributions, Value Added Tax, Individual Income Tax and Corporate Income Tax.

Unit labour costs (ULC) decreased by 1.8%

In the year ending in the first quarter of 2022, ULC registered a decrease of 1.8% in year-on-year terms, which compares with the growth of 1.0% in the previous quarter. This result was due to the 5.4% increase in productivity, which surpassed the 3.5% increase in average compensation of employees. It should be noted that this evolution does not reflect the exact measure of the behaviour of these costs from the perspective of firms, since part of the wages paid were financed by the GG sector within the scope of public policies aimed to supporting employment and income in the pandemic context (namely the simplified layoff).

Figure 11. Unit labour costs rates of change (%, year ending in the reference quarter)



METHODOLOGICAL NOTE

The results presented correspond to the preliminary version of the Quarterly Sector Accounts (QSA) for the first quarter of 2022, a period in which occurred the removal of most restrictions on economic activity imposed in the context of the COVID-19 pandemic.

For a better understanding of the results, it should be noted that, unless otherwise indicated, the descriptive analysis and graphs presented in this press release refer to data in the year ending in the reference quarter (which eliminates seasonal fluctuations and reduces the effect of irregular oscillations. When comparing consecutive quarters are used, in general, quarter-on-quarter change rates between the year ending in the reference quarter and the year ending in the preceding quarter. Due to rounding, the sum of the parts of the economic indicators presented may not coincide with the result for the total economy.

The Quarterly Sector Accounts are expressed exclusively in nominal terms and from Quarterly National Accounts (QNA) since they are based on non-seasonally adjusted data. The results are presented for the total economy and in detail by institutional sector.

In addition to the tables attached to this press release, further information is available on the Statistics Portugal's website:

https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_cnacionais&xlang=en

Revision of estimates

The Quarterly Sector Accounts now presented includes new information with consequent revisions of the previous estimates of some aggregates.

The Quarterly Sector Accounts now presented have a preliminary status, incorporating new information with consequent revisions of the previous estimates of some aggregates. It is worth mentioning the use of the most recent data from the Balance of Payments and the Monetary and Financial Statistics from Banco de Portugal, as well as the recent information on international trade in goods statistics and the updated data on the GG sector. As a result of the incorporation of additional information after the publication on May 31, the quarterly accounts for the economy as a whole were also revised, thus ensuring the total consistency of the national accounts aggregates available on Statistics Portugal website. Compared to previous estimates, the new results did not determined revisions in the rate of change of GDP.

Concerning the balance of General Government in National Accounting and in Public Accounting, it should be clarified that:

In the compilation of the budget deficit in National Accounts it is necessary to perform several adjustments to the Public Accounting data. Indeed, Public Accounting data is on a cash basis, meaning that expenditures and revenues are recorded in the accounting period in which they are paid and received. On the contrary, in National Accounts, expenditure and revenue are recorded on an accrual basis, that is, in the accounting period to which they refer to, regardless of whether their payment is made or their revenue is received in a different period. Another important adjustment is related to sector delimitation of General Government. In National Accounts, the general government sector includes entities which are not considered in Public Accounting. Similarly, entities which are not part of General Government sector from a National Accounts perspective but are included in Public Accounting should be excluded.

Finally, there are transactions that, according to the framework of National Accounts, have a specific classification. Notably, there are cases of entities belonging to the General Government sector that acquire shares from other entities, which should be recorded as capital transfers rather than financial transactions, thus leading to the introduction of the corresponding adjustments

MAIN CONCEPTS AND DEFINITIONS

The estimated aggregates are compiled based on the European System of National and Regional Accounts (ESA 2010), with emphasis on the following concepts:

Net lending (+) / borrowing (-): The net lending (+) or borrowing (-) (B.9) represents the net resources that one institutional sector makes available to the other sectors (if it is positive) or receives from the other sectors (if it is negative). The net lending or borrowing of the total economy is equal but of opposite sign to the net borrowing or lending of the rest of the world.

Final consumption: Final consumption expenditure is expenditure on goods and services used by institutional units to satisfy individual and collective needs.

Unit Labour Costs (ULC): Measure the average cost of labour per unit of output and are calculated as the ratio of average worker compensation to real GDP by employee.

Gross Fixed Capital Formation (GFCF): Gross Fixed Capital Formation (P.51g) consists of resident producers' acquisitions, less disposals, of fixed assets during a given period plus certain additions to the value of non-produced assets realised by the productive activity of producer or institutional units. Fixed assets are produced assets used in production for more than one year.

Gross Capital Formation (Investment): The Gross Capital Formation (or Investment) (P.5) includes (GFCF) changes in inventories (P.52) and acquisitions less disposals of valuables (P.53).

Disposable income: Disposable income refers to the value that each institutional sector has available to affect to final consumption expenditure or saving.

Adjusted Gross Disposable Income of Households: Corresponds to the sum of gross disposable income of Households and social transfers in kind, that is, it includes value of goods and services that are purchased or produced by GG or NPISH and intended for household consumption, such as, for example, co-payments in the purchase of medicines by households.

Gross National Income (GNI): Gross National Income (at market prices) represents total primary income receivable by resident institutional units: compensation of employees, taxes on production and imports less subsidies, property income (receivable less payable), operating surplus and mixed income.

Property income: Property income accrues when the owners of financial assets and natural resources put them at the disposal of other institutional units. It corresponds to the income receivable by the owner of a financial asset or an asset not produced tangible to remunerate the fact of making funds or assets not produced tangible at the disposal of another institutional unit.

Saving: These aggregate measures the portion of disposable income that is not used for final consumption expenditure. If saving is positive, the remaining income is used in the acquisition of assets or in the reduction of liabilities. If saving is negative, some assets are reduced or some liabilities are increased.

Gross Domestic Product (GDP): Gross Domestic Product (at market prices) is the final result of the production activity of resident producer units. It can be defined in three ways: 1) production approach: GDP is the sum of gross value added of the various institutional sectors or the various industries plus taxes and less subsidies on products (which are not allocated to sectors and industries); 2) expenditure approach: GDP is the sum of final uses of goods and services by resident institutional units (final consumption and gross capital formation), plus exports and minus imports of goods and services; 3) income approach: GDP is the sum of uses in the total economy generation of income account (compensation of employees, taxes on production and imports less subsidies, gross operating surplus and mixed income of the total economy).

Institutional sector: The institutional sector aggregates institutional units with similar economic behaviour. The institutional units are grouped into sectors on the basis of the type of producer they are and depending on their principal activity and function, which are considered to be indicative of their economic behaviour. The institutional sectors are as follows: Non-Financial Corporations (S.11); Financial Corporations (S.12); General Government (S.13); Households and Non-Profit Institutions Serving Households (NPISH)(S.1M); Rest of the World (S.2).

Households Investment rate: Represents the ratio between GFCF and disposable income (includes the adjustment for the change in pension entitlements).

Non-Financial Corporations Investment rate: Represents the ratio between GFCF and Gross Value Added (GVA).

Non-Financial Corporations operating margin rate: This rate is obtained by the ratio between Net Operating Surplus and Net Value Added and corresponds to the percentage of value created that is intended for compensation of the financial resources invested in corporations.

Households saving rate: The households saving rate measures the part of de disposable income which is not spent as final consumption expenditure, and it is calculated as the ratio between gross saving and disposable income (includes the adjustment for the change in pension entitlements).

Next release of Quarterly Sector Accounts – 23rd September 2022