



31 May 2022
QUARTERLY NATIONAL ACCOUNTS (Base 2016)
First Quarter 2022

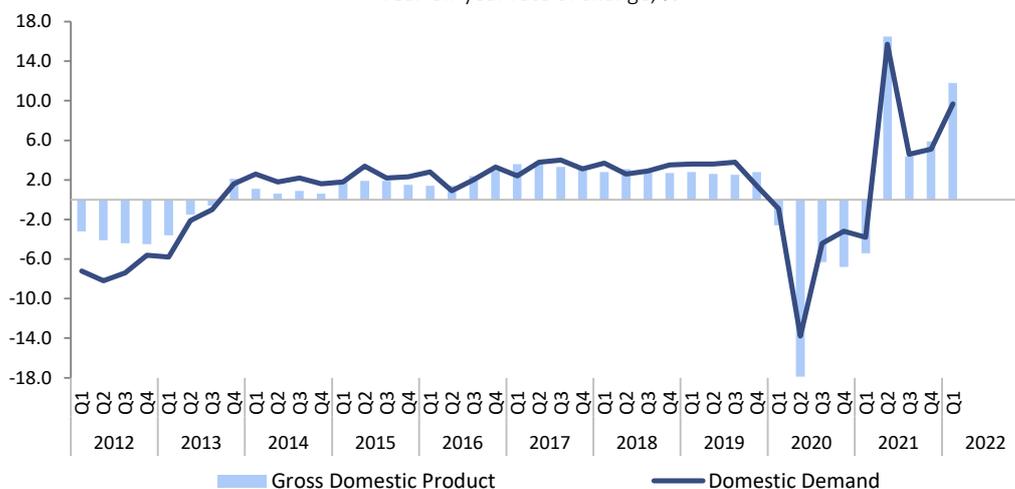
GROSS DOMESTIC PRODUCT IN VOLUME RECORDED A YEAR-ON-YEAR GROWTH RATE OF 11.9% AND A QUARTER-ON-QUARTER GROWTH RATE OF 2.6%

Gross Domestic Product (GDP), in real terms, registered a year-on-year rate of change of 11.9% in the first quarter of 2022 (5.9% in the previous quarter). This evolution reflects a base effect, since, in January and February 2021, several measures to mitigate the pandemic were in place that strongly conditioned economic activity. The contribution of domestic demand to the year-on-year rate of change of GDP increased markedly in the first quarter of 2022, reflecting the intense growth of private consumption. The positive contribution of net external demand to the year-on-year rate of change of GDP also increased, as Imports of Goods and Services in volume slowed down, while Exports of Goods and Services accelerated, reflecting a strong rebound in tourism activities. In the first quarter of 2022, the loss in terms of trade was more intense, contributing to the decline of the External Balance of Goods and Services, that stood at -3,5% of GDP (-2.7% of GDP in the first quarter of 2021).

Compared to the fourth quarter of 2021, GDP increased by 2.6% in volume (1.7% in the previous quarter). The quarter-on-quarter acceleration of GDP was determined by the positive contribution of domestic demand, reflecting the acceleration of private consumption mostly due to the increase of expenditure in services' activities, after the removal of most restrictions on economic activity imposed in the context of the COVID-19 pandemic. The contribution of net external demand remained slightly positive.

Figure 1. Gross Domestic Product and Domestic Demand in volume (reference year =2016)

Seasonally and calendar adjusted data
Year-on-year rate of change, %





In the first quarter of 2022, GDP in volume increased by 11.9% in year-on-year terms, and by 2.6% compared with the previous quarter

GDP in volume registered a year-on-year rate of change of 11.9% in the first quarter of 2022, which compares with rates of change of 5.9% in the previous quarter and -5.4% in the first quarter of 2021. This evolution reflects a base effect, since, in January and February 2021, several measures to mitigate the pandemic were in place that strongly conditioned economic activity, following the worsening situation of the pandemic.

Comparing with the flash estimate for the first quarter released by Statistics Portugal on April 29, the incorporation of new data did not imply revisions in the rates of change.

In nominal terms, GDP increased by 12.7% comparing with the first quarter of 2021 (6.4% in the previous quarter and -3.5% in the first quarter of 2021). GDP deflator presented a year-on-year rate of change of 0.8% in the first quarter of 2022 (0.5% in the previous quarter), with a significant acceleration in the deflator of domestic demand (from 2.6% in the fourth quarter to 3.4%), partially offset by a loss in the terms of trade.

In the first quarter of 2022, contribution of domestic demand to the GDP year-on-year rate of change in volume increased significantly, shifting from 5.2 percentage points in the fourth quarter of 2021 to 10.1 percentage points.

Figure 2. Decomposition of GDP rate of change (volume)

	4Q 20	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22
	Year-on-Year rate of change (%)					
Domestic Demand	-3.2	-3.7	15.7	4.6	5.1	9.8
Exports (FOB)	-14.4	-7.5	43.0	11.9	16.1	18.3
Imports (FOB)	-6.2	-3.6	37.4	12.2	13.6	13.1
GDP	-6.8	-5.4	16.5	4.4	5.9	11.9
	Contributions to GDP year-on-year rate of change (percentage points)					
Domestic Demand	-3.2	-3.8	16.4	4.7	5.2	10.1
External Demand Balance ¹	-3.7	-1.6	0.1	-0.3	0.7	1.7

¹ - External Demand Balance (Exports less Imports)

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

Looking into the components of domestic demand, private consumption (aggregate that includes final consumption expenditures of Non-Profit Institutions Serving Households) growth stood out, with a year-on-year rate of change of 12.6% in the first quarter in real terms (5.4% in the previous quarter), mainly due to the increase of the expenditures in several services, after the removal of most of the restrictive measures to the economic activity implemented in the pandemic context. Public consumption increased by 4.8% in year-on-year terms, 2.8 percentage points more than in the precedent quarter, also reflecting a base effect associated with the restrictions applied in January and February of 2021, and Investment slowed down from a rate of change of 7.1% in the fourth quarter to 5.4%.



Figure 3. Components of domestic demand

	4Q 20	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22
	Year-on-Year rate of change (%)					
Domestic Demand	-3.2	-3.7	15.7	4.6	5.1	9.8
Private Consumption ¹	-5.6	-7.5	18.5	4.0	5.4	12.6
Public Consumption ²	2.2	2.0	9.4	3.4	2.0	4.8
Investment	0.4	4.3	12.5	8.1	7.1	5.4

¹ - Final Consumption Expenditure of Resident Households and NPISHs

² - Final Consumption Expenditure of General Government

In the first quarter of 2022, the contribution of net external demand to the GDP year-on-year growth rate increased to 1.7 percentage points (0.7 percentage points in the previous quarter). Exports of Goods and Services accelerated from a year-on-year rate of change of 16.1% in the fourth quarter to 18.3%, while Imports of Goods and Services in volume increased by 13.1% compared with the same period of 2021, a rate of change slightly lower than that observed in the previous quarter (13.6%).

Compared to the previous quarter, GDP increased by 2.6% in real terms in the first quarter of 2022 (1.7% in the previous quarter), reflecting a contribution of 2.2 percentage points from domestic demand (1.3 percentage points in the fourth quarter), while net external demand remained with a contribution of 0.4 percentage points.

Figure 4. Decomposition of GDP rate of change (volume)

	4Q 20	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22
	Quarter-on-quarter rate of change (%)					
Domestic Demand	0.8	-2.3	4.9	1.2	1.3	2.1
Exports (FOB)	5.2	-0.2	-2.0	8.8	9.1	1.7
Imports (FOB)	6.4	1.1	-0.4	4.7	7.7	0.7
GDP	0.3	-2.9	4.4	2.7	1.7	2.6
Contributions to GDP quarter-on-quarter rate of change (percentage points)						
Domestic Demand	0.8	-2.3	5.0	1.3	1.3	2.2
External Demand Balance ¹	-0.6	-0.6	-0.7	1.4	0.4	0.4

¹ - External Demand Balance (Exports less Imports)

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

Private consumption

Private consumption (which includes final consumption expenditures of Resident Households and Non-Profit Institutions Serving Households) registered a year-on-year rate of change of 12.6% in volume in the first quarter, after a growth rate of 5.4% in the previous quarter (-7.5% in the first quarter of 2021).

In the first quarter, private consumption in services and non-durable goods increased by 12.2%, in year-on-year terms, partially reflecting a base effect, as this component diminished by 7.7% in the same period of 2021. In the fourth quarter of 2021 this aggregate increased by 5.7%.

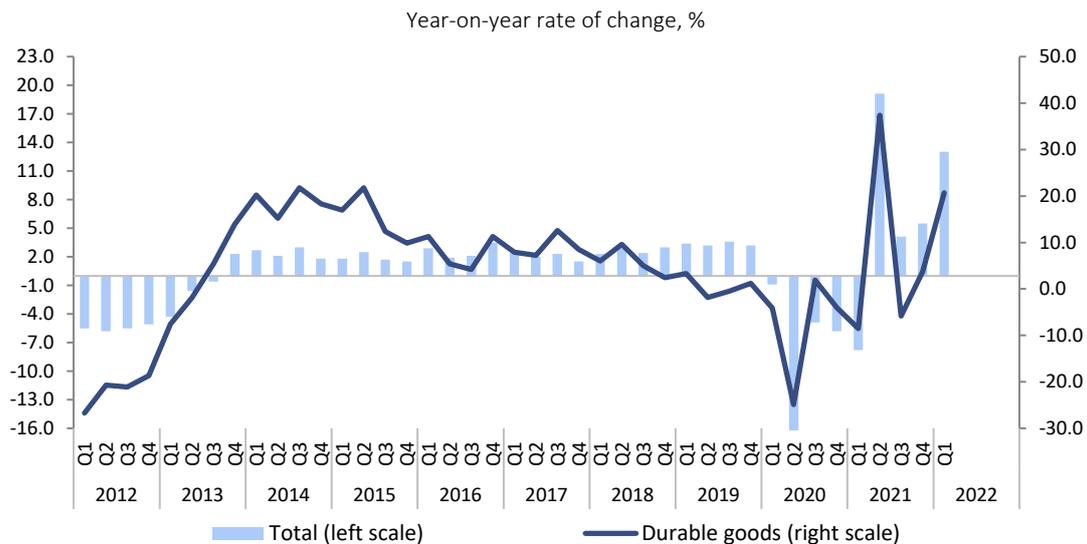


The component of durable goods also recorded a significant increase, that reached 20.7% (3.7% in the previous quarter and -8.5% in the first quarter of 2021), with a marked acceleration both in the acquisition of motor vehicles and in the other durables goods components.

Figure 5. Final consumption expenditure of resident households (volume)

	4Q 20	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22
	Year-on-year rate of change (%)					
Total	-5.8	-7.8	19.1	4.1	5.5	13.0
Durable Component	-4.0	-8.5	37.4	-5.8	3.7	20.7
Non-Durable Component	-6.1	-7.7	17.4	5.2	5.7	12.2
Of which:						
Food and beverage products	5.0	2.9	1.8	1.1	0.4	-1.5

Figure 6. Final consumption expenditure of resident households, volume (reference year=2016)



Compared with the fourth quarter, private consumption increased by 2.1% (quarter-on-quarter rate of change of 1.1% in the previous quarter), with an increase of 6.4% in expenditures in durable goods and of 1.7% in expenditures in non-durable goods and services.

Figure 7. Final consumption expenditure of resident households (volume)

	4Q 20	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22
	Quarter-on-Quarter rate of change (%)					
Total	-0.3	-4.6	7.6	1.7	1.1	2.2
Durable Component	-4.2	-8.5	14.5	-6.1	5.5	6.4
Non-Durable Component	0.2	-4.2	6.9	2.5	0.6	1.7
Of which:						
Food and beverage products	0.4	0.6	0.4	-0.3	-0.4	-1.3



Investment

Investment in volume slowed down in the first quarter, registering a year-on-year growth of 5.4% (7.1% in the previous quarter). Total GFCF increased by 5.8%, in year-on-year terms (same rate as in the fourth quarter), while Changes in Inventories shifted from a contribution of +0.2 percentage points to the GDP year-on-year rate of change in the fourth quarter to a contribution of -0.1 percentage points in the first quarter.

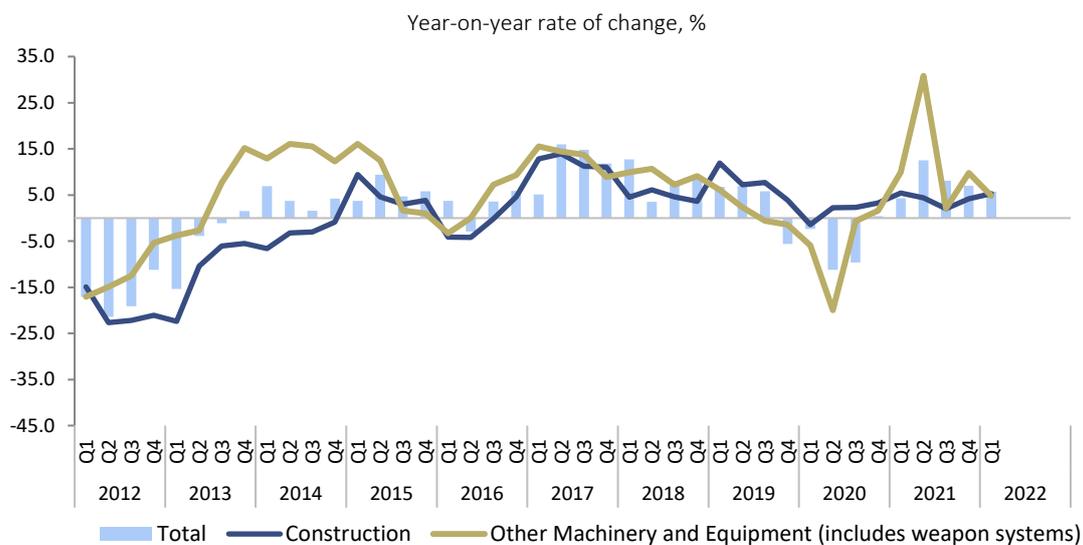
Figure 8. Gross Fixed Capital Formation (volume)

	4Q 20	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22
	Year-on-year rate of change (%)					
Total	0.4	3.6	14.9	2.6	5.8	5.8
Of which:						
Transport Equipment	-26.8	-27.2	116.1	-4.0	1.1	15.6
Other Machinery and Equipment ¹	1.6	9.9	30.8	2.1	9.8	4.8
Construction	3.3	5.4	4.4	2.0	4.2	5.3
Intellectual Property Products ²	4.9	7.6	10.8	8.1	6.7	5.6

¹ - Includes weapon systems; ² - includes Research and Development (R&D)

In the first quarter of 2022, GFCF in volume increased more intensely in Construction, shifting from a year-on-year rate of change of 4.2% in the fourth quarter to 5.3%, and in Transport Equipment, with an increase of 15.7% after a 1,1% growth in the fourth quarter (year-on-year rate of change of -27.2% in the first quarter of 2021). In the opposite direction, GFCF in Other Machinery and Equipment and GFCF in Products of Intellectual Property slowed down in the first quarter, recording year-on-year rates of change of 4.8% and 5.6%, respectively (9.8% and 6.7% in the fourth quarter, in the same order).

Figure 9. Investment, volume (reference year=2016)





Compared with the fourth quarter of 2021, total Investment increased by 3.0% (quarter-on-quarter rate of change of 3.9% in the previous quarter), with GFCF growing by 3.3% (4.4% in the fourth quarter).

Figure 10. Gross Fixed Capital Formation (volume)

	4Q 20	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22
	Quarter-on-Quarter rate of change (%)					
Total	1.3	3.2	-0.1	-1.8	4.4	3.3
Of which:						
Transport Equipment	-9.9	7.2	-8.8	8.9	-5.1	22.6
Other Machinery and Equipment ¹	5.0	3.9	0.6	-7.0	13.0	-0.8
Construction	0.8	2.8	0.1	-1.7	3.0	3.9
Intellectual Property Products ²	2.7	2.2	1.6	1.4	1.3	1.1

¹ - Includes weapon systems; ² - includes Research and Development (R&D)

Exports and Imports

Exports of Goods and Services in volume accelerated in the first quarter, reaching a year-on-year rate of change of 18.3% (16.1% in the previous quarter). This development was due to the behaviour of exports of services, which continued to growth markedly, shifting from a year-on-year rate of change of 52.0% in the fourth quarter to 67.2%, still reflecting pronounced base effects associated to the COVID-19 pandemic. In fact, the result for the first quarter 2022 is mainly related to the dynamics of tourism, which grew 206.7% in year-on-year terms (121.5% in the previous quarter and -62.9% in the first quarter of 2021). Contrarily, the exports of goods slowed down in the first quarter, with the year-on-year rate of change standing at 3.7% (4.6% in the fourth quarter).

In the first quarter, Imports of Goods and Services in volume increased by 13.1% in year-on-year terms, 0.5 percentage points less than in the previous quarter, as imports of services slowed down from a growth of 29.1% in the fourth quarter to 24.1%, while imports of goods recorded a slightly more intense growth in the first quarter, standing at 11.3% (10.7% in the previous quarter).

Figure 11. Exports and Imports (volume)

	4Q 20	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22
	Year-on-year rate of change (%)					
Exports	-14.4	-7.5	43.0	11.9	16.1	18.3
Goods (FOB)	-4.7	3.3	43.0	3.4	4.6	3.7
Services	-35.1	-31.6	42.9	40.1	52.0	67.2
Imports	-6.2	-3.6	37.4	12.2	13.6	13.1
Goods (FOB)	-3.5	-1.4	38.2	9.2	10.7	11.3
Services	-18.8	-15.3	33.2	30.5	29.1	24.1

Compared with the previous quarter, total exports increased by 1.7% in real terms (9.1% in the previous quarter), with imports of goods growing by 0.5% and imports of services, by 4.2% (4.7% and 20.0% in the fourth quarter respectively). Total imports registered a quarter-on-quarter rate of change of 0.7% in the first quarter



(7.7% in the fourth quarter), with the goods component increasing by 3.4%, while the services component diminished by 12.0% (variations of 6.2% and 15.5% in the fourth quarter respectively).

Figure 12. Exports and Imports (volume)

	4Q 20	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22
	Quarter-on-Quarter rate of change (%)					
Exports	5.2	-0.2	-2.0	8.8	9.1	1.7
Goods (FOB)	3.6	1.4	-4.5	3.1	4.7	0.5
Services	10.7	-5.3	6.4	25.8	20.0	4.2
Imports	6.4	1.1	-0.4	4.7	7.7	0.7
Goods (FOB)	4.7	2.9	-1.8	3.2	6.2	3.4
Services	16.8	-8.4	8.1	12.9	15.5	-12.0

In the first quarter, the year-on-year loss in the terms of trade was more intense. The deflator of Imports of Goods and Services shifted from a year-on-year rate of change of 14.8% in the fourth quarter to 17.9%, while the deflator of Exports of Goods grew by 12.1% in the first quarter (10.4% in the fourth quarter).

GDP deflator presented a year-on-year rate of change of 0.8% in the first quarter of 2022 (0.5% in the previous quarter), with a significant acceleration in the deflator of domestic demand (from 2.6% in the fourth quarter to 3.4%), partially offset by the mentioned loss in the terms of trade.

Figure 13. Implicit deflators of exports and imports of goods (FOB) and services

	4Q 20	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22
	Year-on-year rate of change (%)					
Exports	-2.9	0.1	4.0	8.9	10.4	12.1
Imports	-3.8	-1.4	6.0	11.1	14.8	17.9
Terms of Trade	1.0	1.6	-1.9	-1.9	-3.9	-4.9

The more negative effect from the terms of trade contributed to the deterioration of the External Balance of Goods and Services, standing at -3.5% of GDP in the first quarter of 2022 (-3.4% of GDP in the fourth quarter and -2.7% of GDP in the first quarter of 2021).



Gross Value Added (GVA) at basic prices

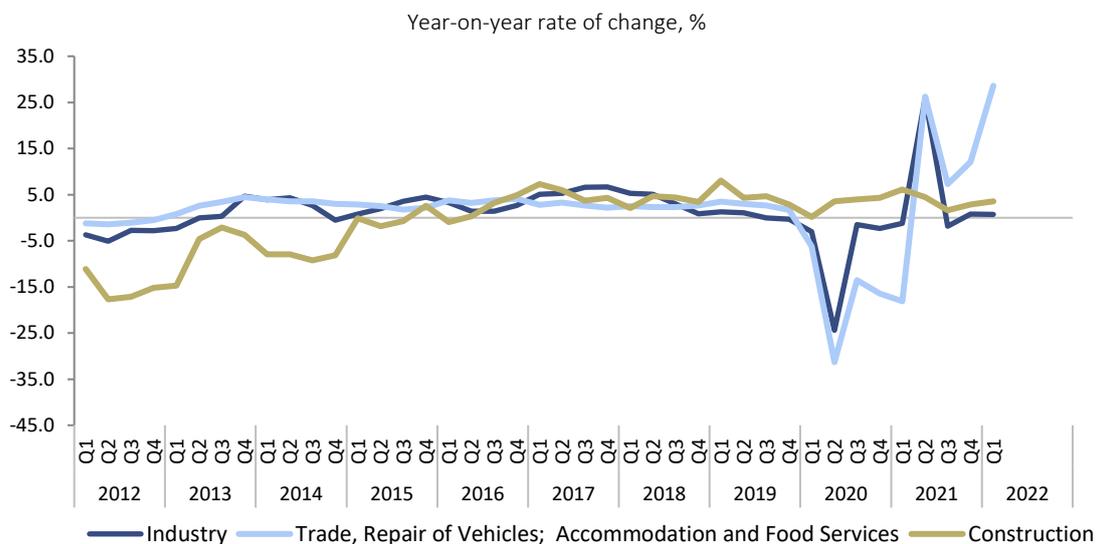
In the first quarter of 2022, in real terms, GVA at base prices recorded a year-on-year rate of change of 9.7% (4.8% in the previous quarter and -4.1% in the first quarter of 2021).

Figure 14. Gross Value Added, volume (reference year=2016)

	4Q 20	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22
	Year-on-Year rate of change (%)					
GVA at basic prices	-4.9	-4.1	14.8	3.6	4.8	9.7
Agriculture, Forestry and Fishing	-3.6	4.3	8.6	9.0	5.6	-1.8
Industry	-2.3	-1.2	26.0	-1.8	0.8	0.8
Energy, Water Supply and Sewerage	-3.6	-0.4	4.8	0.2	-0.1	-0.7
Construction	4.3	6.1	4.5	1.6	2.9	3.6
Trade, Repair of Vehicles; Accommodation and Food	-16.4	-18.1	26.3	7.3	12.1	28.6
Transportation and Storage; Information and	-5.9	-5.1	22.4	8.0	11.0	17.9
Financial, Insurance and Real Estate Activities	-1.0	0.1	1.2	2.3	1.6	1.6
Other Services Activities	-1.9	-1.4	14.2	3.8	3.4	9.6
Taxes less subsidies on products	-17.1	-13.5	26.1	11.4	14.4	24.8

GVA in Trade and Repair of Vehicles, and Accommodation and Food Services recorded the highest contribution (4.1 percentage points) to the year-on-year rate of change of total GVA (including Taxes less Subsidies on Products), reflecting the year-on-year growth of 28.6%, after increasing by 12.1% in the previous quarter (rate of -18.1% in the first quarter of 2021). GVA in Other Services Activities also stands out, with a year-on-year growth of 9.6% and a contribution to the year-on-year rate of change of total GVA of 2.6 percentage points.

Figure 15. Gross Value Added, volume (reference year=2016)



Taxes less Subsidies on Products, in real terms, presented a year-on-year growth of 24.8% in the first quarter of 2022 (14.4% in the previous quarter and -13.5% in the first quarter of 2021), with VAT revenue behaviour standing out.



Employment

In the first quarter, employment (measured in number of individuals and seasonally adjusted) for all sectors of economic activity grew by 4.4% in year-on-year terms, after an increase of 1.8% in the previous quarter and a reduction of 1.4% in the first quarter of 2021.

The number of employees (also seasonally adjusted) recorded a year-on-year rate of change of 4.6% in the first quarter, 1.9 percentage points above the growth rate of the previous quarter (-2.1% in the first quarter of 2021).

Considering employment measured by hours worked, there was a significant increase of 11.5% in the first quarter, which partially reflects the reduction of 6.4% registered in the same period of 2021.

Figure 16. Employment – Quarterly National Accounts

	4Q 20	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22
	Year-on-Year rate of change (%)					
Employment						
Persons	-0.7	-1.4	4.2	3.7	1.8	4.4
Hours worked	-3.8	-6.4	28.7	2.5	-1.9	11.5
Employees						
Persons	-1.0	-2.1	3.5	2.9	2.7	4.6
Hours worked	-4.8	-5.6	27.3	2.2	-0.6	9.7

Compared to the fourth quarter, total employment (measured in number of individuals) increased 1.7% in the first quarter, after a nil variation in the previous quarter, while hours worked decreased by 0.7% (-2.6% in the previous quarter).

Figure 17. Employment – Quarterly National Accounts

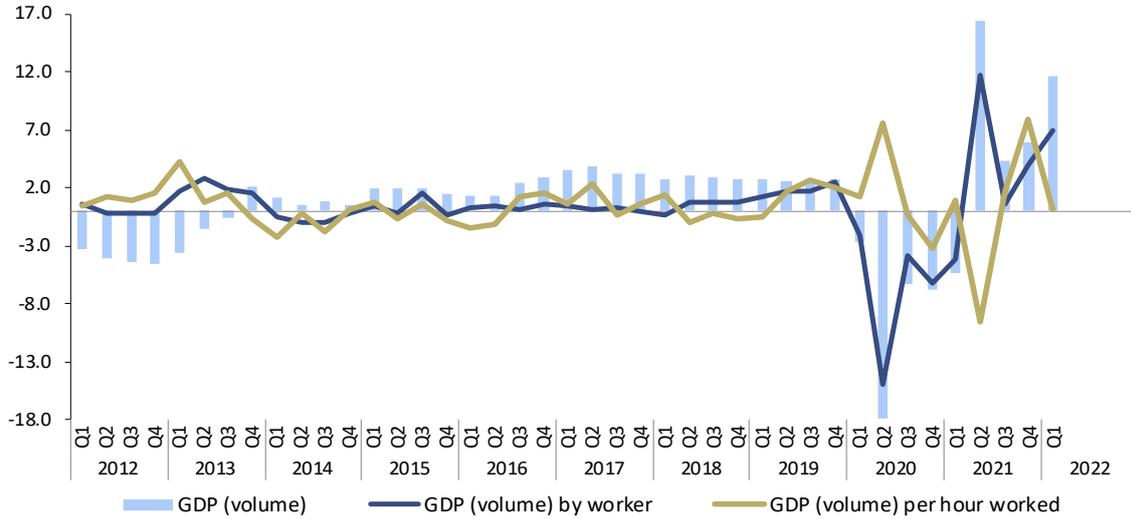
	4Q 20	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22
	Quarter-on-Quarter rate of change (%)					
Employment						
Persons	1.9	-0.8	1.9	0.7	0.0	1.7
Hours worked	22.4	3.7	-5.8	7.7	-2.6	-0.7
Employees						
Persons	0.9	1.1	-1.3	2.7	0.3	0.9
Hours worked	23.7	0.6	-3.9	6.4	-0.7	-2.1

In the first quarter, productivity measured by the ratio between GDP in volume and the number of people employed increased by 7.1% in year-on-year terms, 3.1 percentage points more than in the previous quarter (-4.1% in the first quarter of 2021). Productivity measured based on the number of hours worked recorded a year-on-year rate of change of 0.4%, after an increase of 7.9% in the fourth quarter (1.0% in the first quarter of 2021).



Figure 18. GDP (volume) and productivity

Year-on-year rate of change, %





METHODOLOGICAL NOTE

Revisions:

Regarding Flash estimates and QNA for the previous quarter, current QNA incorporate new information, causing revisions in some aggregates for the most recent quarters. In particular, the information coming from:

- The latest version for the short-term statistics (retail trade turnover, industry turnover, industrial production, prices in industrial production and services turnover);
- The latest information of the Monetary and Financial Statistics and Balance of Payments compiled by the Bank of Portugal, with changes in imports and exports of services
- The March 2022 preliminary version of the international goods trade statistics. In what concerns, the deflators for external trade of goods for the first quarter of 2022, the Unit Value Quarterly Indices were used, calculated based on the statistics of the International Trade of goods related to March 2022. It should be noticed that this information was not available when the flash estimates were compiled.

Comparing with the flash estimate for the first quarter released by Statistics Portugal on April 29, the incorporation of the new data mentioned above did not imply any revision in the GDP rates of change,

Methodological issues:

The information in volume presented in this press release is chain linked data, with 2016 as reference year. GDP quarterly aggregates for demand and production approaches are estimated using seasonally and calendar effects adjusted quarterly indicators. The seasonal adjustment procedure used is indirect, i.e. seasonally adjusted GDP is the sum of its seasonally and calendar effects adjusted components. This procedure is based in probabilistic models estimated with the software X-13 Arima. Consequently, the estimated figures are subject to minor revisions as new observations become available.

It should be noted that in the concept of employment underlying the National Accounts, only individuals who work in resident production units (domestic employment) are counted, that is, total employment includes individuals who carry out a productive activity included within the scope of production limits of national accounts. This concept is not exactly coincident with that of the Labour Force Survey. In effect, National Accounts follow the concept of domestic employment, considering resident and non-resident individuals employed in resident production units, while in the Labour Force Survey, the concept of employment covers resident individuals employed by resident production units and non-residents. In addition, the employment data of Quarterly National Accounts are adjusted for seasonal fluctuations, so the published employment levels differ from those in the Labour Force Survey.



The estimates currently published may be revised in some aggregates as a result of new information, notably due to the compilation of the National Accounts by Institutional Sector. The revised estimates will be published with the release of the National Accounts by Institutional Sector for the third quarter 2021.

Reference date of the primary data used:

These estimates were calculated using information available until May 27, 2022.

ABBREVIATIONS

NPISH – Non-Profit Institutions Serving Households.

Gross Capital Formation (Investment); includes: Gross Fixed Capital Formation (GFCF), Acquisitions less Disposals of Valuables and Changes in Inventories.

Exports (FOB) – Exports of Goods at FOB (Free On Board) prices and Services.

Imports (FOB) – Imports of Goods at FOB (Free On Board) prices and Services.

GDP – Gross Domestic Product at market prices.

GVA – Gross Value Added at basic prices.

ESA – European System of National and Regional Accounts

Next releases of National Accounts - National Accounts by Institutional Sector for the first quarter of 2022 are scheduled for June 24, 2022.
