

November, 15<sup>th</sup> 2007

## Labour Cost Index

3<sup>rd</sup> quarter 2007

### LABOUR COST INDEX ROSE BY 3.6% COMPARED TO THE THIRD QUARTER 2006

In the 3<sup>rd</sup> quarter of 2007 the Labour Cost Index (LCI), excluding public administration and working day adjusted, rose by 3.6%, compared to the same period of the previous year (4.3 percentage points upper than the change recorded in the 3<sup>rd</sup> quarter 2006).

The Labour Cost Index (LCI), excluding public administration and working day adjusted, reached 140.3 in the 3<sup>rd</sup> quarter of 2007, corresponding to a variation of 3.6% compared to the 3<sup>rd</sup> quarter of 2006, up from -0.7% in the same quarter of the previous year.

#### 1. ECONOMIC ACTIVITY

In the 3<sup>rd</sup> quarter of 2007 the hourly labour costs grew in the majority of the economic activities. The highest increases were observed in "real state, renting and business activities" (+11.4%), "construction" (+5.8%), "electricity, gas and water supply" (+5.3%), "hotels and restaurants" (+4.6%), "mining and quarrying" (+4.1%) and "manufacturing" (+3.7%), which changes were largest than the LCI (+3.6%).

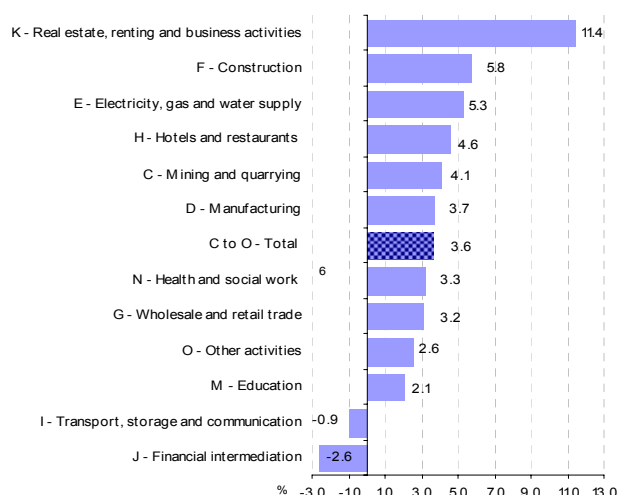
Compared with the same quarter of the previous year, the smallest increases were observed in "health and social work" (+3.3%), "wholesale and retail trade" (+3.2%), "other community, social and personal service activities" (+2.6%) and "education" (+2.1%).

Negative variations were registered in "transport, storage and communication" (-0.9%) and "financial intermediation" (-2.6%).

The rate of change in "real state, renting and business activities", "construction", "electricity, gas and water supply", "mining and quarrying" and "manufacturing", were the result from the combined effect of a year-on-year increase in average labour costs and a year-on-year decrease in hours actually worked, which led to an increase in the hourly labour costs.

**Chart 1 – LCI by economic activity (Nace Rev .1.1) in 3<sup>rd</sup> Q 2007**

(excluding public administration and working day adjusted, % change compared to the same quarter of the previous year)



The growth in the hourly labour costs (LCI) in "wholesale and retail trade" was due to a year-on-year rise in average labour costs higher than a year-on-year increase on hours actually worked.

**Table 1 – Quarterly average labour cost and hours actually worked, by worker, and LCI by economic activity (Nace Rev.1.1) in 3<sup>rd</sup> Q 2007**

(excluding public administration and working day adjusted, % change compared to the same quarter of the previous year)

Economic activity (Nace Rev.1.1)	Average labour cost by worker	Hours actually worked by worker	Labour Cost Index (LCI)
	% change compared with same quarter of the previous year		
Total (C-O)	1.9	-1.5	3.6
C - Mining and quarrying	0.5	-5.0	4.1
D - Manufacturing	1.0	-2.4	3.7
E - Electricity, gas and water supply	2.2	-2.9	5.3
F - Construction	2.9	-2.7	5.8
G - Wholesale and retail trade	4.2	1.0	3.2
H - Hotels and restaurants	4.6	0.0	4.6
I - Transport, storage and communication	-0.9	0.0	-0.9
J - Financial intermediation	0.4	3.1	-2.6
K - Real estate, renting and business activities	1.9	-9.2	11.4
M - Education	2.1	0.0	2.1
N - Health and social work	3.3	0.0	3.3
O - Others activities	2.6	0.0	2.6

The increase in “hotels and restaurants”, “health and social work”, “other community, social and personal service activities” and “education” was merely the result from the year-on-year increase in average labour costs since the hours actually worked remained unchanged from the same quarter of the previous year.

The decrease in the hourly labour costs (LCI) in “financial intermediation” was due to a year-on-year growth in hours actually worked higher than a year-on-year increase in average labour costs.

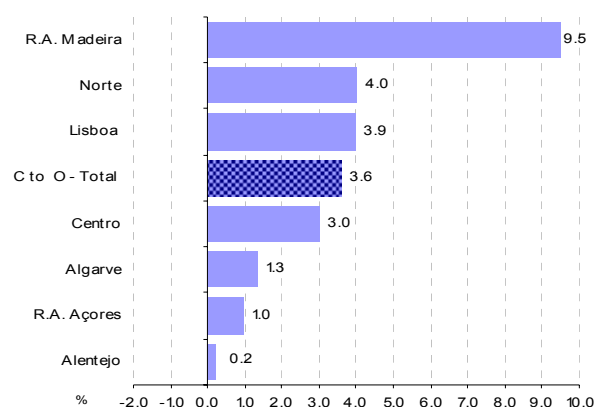
Negative variation in “transport, storage and communication” was explained by a year-on-year decrease in average labour costs as the hours actually worked remained unchanged from the same quarter of the previous year.

## 2. REGIONS NUTS II

Comparing with the same quarter of the previous year, the increase of the hourly labour costs was higher than the LCI variation (+3.6%) in Madeira (+9.5%), Norte (+4.0%) and Lisboa (+3.9%).

**Chart 2 – LCI by regions NUTSII in 3<sup>rd</sup> Q 2007**

(excluding public administration and working day adjusted, % change compared to the same quarter of the previous year)



The remaining regions presented smallest increases: Centro (+3.0%), Algarve (+1.3%), Açores (+1.0%) and Alentejo (+0.2%).

The change observed in Açores was the result of year-on-year increase in average labour costs higher than the year-on-year rise in hours actually worked, which corresponded to an increase in the hourly labour costs.

The rise in the hourly labour costs in Madeira, as well as in Norte, Centro, Lisboa and Algarve, were the result of the combined effect of a year-on-year growth in average labour costs and a year-on-year decrease in hours actually worked.

The rate of change in Alentejo was due to year-on-year decrease in hours actually worked higher than a year-on-year decrease in average labour costs.

**Table 2 - Quarterly average labour cost and hours actually worked, by worker, and LCI by regions NUTS II in 3<sup>rd</sup> Q 2007**

(excluding public administration and working day adjusted, % change compared to the same quarter of the previous year)

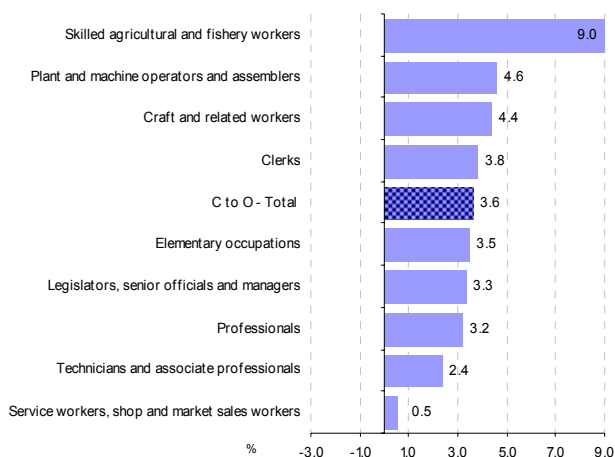
NUTS II (2002)	Average labour cost by worker	Hours actually worked by worker	Labour Cost Index (LCI)
	% change compared with same quarter of the previous year		
Total (C-O)	1.9	-1.5	3.6
Norte	1.5	-2.2	4.0
Centro	1.8	-0.9	3.0
Lisboa	2.8	-0.9	3.9
Alentejo	-0.6	-1.0	0.2
Algarve	0.7	-0.9	1.3
R.A. Açores	2.1	1.3	1.0
R.A. Madeira	3.7	-5.5	9.5

### 3. OCCUPATIONAL GROUPS

In the 3<sup>rd</sup> quarter of 2007, compared to the 3<sup>rd</sup> quarter of 2006, among the occupational groups where the LCI rose, the largest increases were in “skilled agricultural and fishery workers” (+9.0%), “plant and machine operators and assemblers” (+4.6%), “craft and related workers” (+4.4%) and “clerks” (+3.8%), which rates of change were highest than the LCI (+3.6%).

**Chart 3 – LCI by occupational groups in 3<sup>rd</sup> Q 2007**

(excluding public administration and working day adjusted, % change compared to the same quarter of the previous year)



Increases were smallest to the ones of the LCI (+3.6%) in “elementary occupations” (+3.5%), “legislators, senior officials and managers” (+3.3%), “professionals” (+3.2%), “technicians and associate professionals” (+2.4%) and “service workers, shop and market sales workers” (+0.5%).

**Table 3 – Quarterly average labour cost and hours actually worked, by worker, and LCI by occupational groups in 3<sup>rd</sup> Q 2007**

(excluding public administration and working day adjusted, % change compared to the same quarter of the previous year)

Occupational groups (ISCO 88)	Average labour cost by worker	Hours actually worked by worker	Labour Cost Index (LCI)
	% change compared with same quarter of the previous year		
Total (C-O)	1.9	-1.5	3.6
Legislators, senior officials and managers	4.3	0.8	3.3
Professionals	1.1	-1.8	3.2
Technicians and associate professionals	1.4	-0.7	2.4
Clerks	1.5	-2.4	3.8
Service workers, shop and market sales workers	4.0	3.7	0.5
Skilled agricultural and fishery workers	1.3	-7.4	9.0
Craft and related workers	2.8	-1.5	4.4
Plant and machine operators and assemblers	2.1	-2.2	4.6
Elementary occupations	1.2	-2.1	3.5

The growth of hourly labour costs in “legislators, senior officials and managers” and “service workers, shop and market sales workers” was explained by a rise in average labour costs highest than the increase in hours actually worked.

The rate of change for the occupational groups “skilled agricultural, and fishery workers”, “plant and machine operators and assemblers”, “craft and related workers”, “clerks”, “elementary occupations”, “professionals” and “technicians and associate professionals” was due to the combined effect of a year-on-year increase in average labour costs and a year-on-year decrease in hours actually worked.

#### 4. INTERNATIONAL COMPARISON

Chart 4 presents the year-on-year changes in the hourly labour costs, incurred by employers as a result of engaging the labour work force, relating to the last quarter available (2<sup>nd</sup> quarter of 2007<sup>(a)</sup>) for activities as a whole (C to K) published by Eurostat under the title “LCI – Labour Cost Index”, on 12<sup>th</sup> September 2007.

In the 2<sup>nd</sup> quarter of 2007, labour costs published by Eurostat for the EU27 grew by 3.2% compared to the same quarter of the previous year. In Portugal, hourly labour costs rose by 3.9%.

Latvia (+31.7%), Romania (+23.4%), Lithuania (+21.6%), Estonia (+18.7%) and Bulgaria (+14.6%) registered the highest increases in the hourly labour costs that largely exceeded the year-on-year developments in the EU27 (+3.2%).

Increases were smallest to the ones of the EU27 (+3.2%) in Luxembourg (+2.9%), Austria (+2.7%), Belgium (+2.7%), Finland (+2.6%), Sweden (+2.3%) and Germany (+1.2%).

(a) Provisional data for Portugal

**Chart 4 – LCI (C-K)  
in European Union (27)  
in the 2<sup>nd</sup> Q 2007**

(excluding public administration and working day adjusted, % change compared to the same quarter of the previous year)

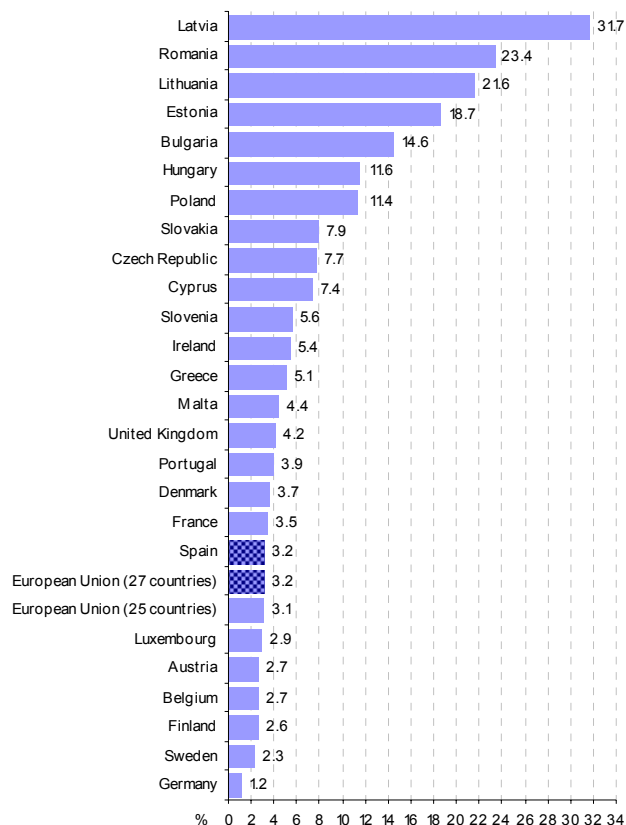


Table 4: Labour Cost Index (LCI) by economic activity, regions NUTS II and occupational groups (working day adjusted)

(2000=100)

	2004 Q1	2004 Q2	2004 Q3	2004 Q4	2004	2005 Q1	2005 Q2	2005 Q3	2005 Q4	2005	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2006	2007 Q1	2007 Q2	2007 Q3
By economic activities (Nace Rev.1.1)																		
Labour Cost Index (C-O)(excluding public administration)	101.0	105.0	132.8	132.0	117.7	103.0	107.8	136.4	132.7	120.0	106.8	108.9	135.4	136.7	122.0	110.5	112.7	140.3
Labour Cost Index (C_K)	101.1	105.0	132.3	132.0	117.6	103.2	107.8	136.1	132.7	119.9	107.1	108.7	135.0	136.9	121.9	110.8	112.8	139.9
C - Mining and quarrying	101.7	104.0	134.9	131.7	118.1	105.1	104.2	129.9	137.8	119.3	105.1	106.6	132.6	135.2	119.9	111.8	117.7	138.0
D - Manufacturing	97.1	101.5	137.1	133.1	117.2	97.3	106.9	141.9	134.2	120.1	103.1	105.3	140.4	134.4	120.8	103.8	109.2	145.6
E - Electricity, gas and water supply	102.3	131.3	125.4	133.8	123.2	111.1	142.1	132.2	138.0	130.8	112.7	144.3	125.0	150.8	133.2	115.3	144.2	131.6
F - Construction	104.1	106.6	132.0	135.8	119.6	100.8	105.0	130.5	133.9	117.5	102.9	110.8	136.2	139.3	122.3	109.4	112.8	144.1
G - Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	99.7	105.5	124.8	128.1	114.5	102.5	105.6	135.3	133.0	119.1	108.6	109.3	134.8	135.7	122.1	113.4	113.7	139.1
H - Hotels and restaurants	102.3	108.4	140.3	140.9	123.0	111.8	110.0	143.5	143.3	127.1	113.6	113.9	146.8	145.6	130.0	120.4	118.4	153.4
I - Transport, storage and communication	99.4	104.3	138.6	126.2	117.1	99.3	105.7	138.2	128.0	117.8	101.4	106.5	131.9	130.2	117.5	101.8	107.8	130.7
J - Financial intermediation	121.8	105.1	116.4	132.5	119.0	126.2	111.5	118.1	128.1	120.9	128.5	112.8	119.2	142.6	125.8	139.2	117.0	116.1
K - Real estate, renting and business activities	98.3	107.0	137.6	133.9	119.2	105.9	109.2	134.2	128.0	119.3	104.7	105.5	128.2	140.8	119.8	109.7	114.5	142.8
M - Education	89.1	97.3	161.8	124.3	118.1	90.3	95.6	157.9	124.6	117.1	92.0	103.0	165.6	123.6	121.1	93.2	102.6	169.1
N - Health and social work	97.6	111.2	144.5	137.1	122.6	97.4	112.9	140.9	135.1	121.6	100.1	115.5	142.5	140.2	124.6	105.0	117.5	147.2
O - Other community, social and personal service activities	107.6	110.2	134.8	136.4	122.3	105.6	110.8	135.5	136.7	122.2	106.2	115.7	136.6	133.7	123.1	107.5	112.9	140.1
By region (C to O, excluding public administration)																		
101 - Norte	101.2	104.7	137.5	133.8	119.3	105.7	106.7	141.9	133.4	121.9	107.7	108.1	141.1	139.2	124.0	113.4	113.2	146.7
106 - Centro	103.5	110.4	133.1	132.8	119.9	101.1	106.4	137.6	137.3	120.6	106.6	110.6	139.8	137.0	123.5	108.6	114.9	144.0
107 - Lisboa	102.5	106.7	133.5	132.2	118.7	106.2	120.5	145.0	134.7	126.6	110.7	110.5	132.8	134.4	122.1	111.4	113.6	138.1
108 - Alentejo	99.7	102.3	123.8	127.7	113.4	98.2	105.4	123.7	132.1	114.9	105.3	112.2	129.4	139.9	121.7	104.1	110.1	129.7
109 - Algarve	102.9	110.0	124.8	137.9	118.9	103.9	110.1	127.4	138.5	120.0	106.9	113.2	129.5	139.2	122.2	108.6	113.0	131.2
201 - Região Autónoma dos Açores	98.6	102.0	125.0	130.8	114.1	98.6	104.4	133.3	137.0	118.3	108.0	115.7	135.7	135.6	123.8	108.2	112.3	137.0
301 - Região Autónoma da Madeira	105.2	108.0	131.3	136.3	120.2	105.5	106.4	130.3	137.5	119.9	108.3	112.2	130.9	139.9	122.8	111.2	118.5	143.4
By occupational groups (ISCO 88) (C to O, excluding public administration)																		
1 - Legislators, senior officials and managers	106.0	99.3	129.6	124.5	114.8	110.0	98.3	151.0	143.8	125.8	121.2	103.2	132.6	135.1	123.0	116.0	105.2	137.1
2 - Professionals	103.4	109.5	135.4	132.9	120.3	105.7	106.3	136.3	130.9	119.8	107.1	109.5	139.5	136.4	123.1	105.5	111.8	144.0
3 - Technicians and associate professionals	102.9	106.3	132.6	133.0	118.7	104.2	110.2	138.2	135.7	122.1	108.0	111.3	134.1	135.8	122.3	113.2	116.3	137.2
4 - Clerks	101.7	107.1	134.3	133.7	119.2	103.4	108.6	139.3	134.9	121.6	107.4	113.9	139.1	140.2	125.1	111.6	116.4	144.4
5 - Service workers, shop and market sales workers	98.3	111.2	132.8	128.9	117.8	105.0	111.6	131.7	123.1	117.9	104.3	110.9	132.2	130.9	119.6	108.0	114.5	132.9
6 - Skilled agricultural and fishery workers	97.3	95.0	111.6	115.8	104.9	95.5	98.8	114.5	118.7	106.9	98.0	103.5	115.4	119.3	109.1	97.5	100.8	125.8
7 - Craft and related workers	96.7	103.7	131.5	129.2	115.8	101.4	107.7	132.4	128.5	117.5	102.5	108.0	136.6	133.7	120.2	106.5	110.3	142.7
8 - Plant and machine operators and assemblers	101.7	103.3	127.2	128.4	115.1	98.9	114.2	131.5	132.1	119.2	106.0	107.6	133.3	141.0	122.0	108.2	111.7	139.5
9 - Elementary occupations	100.8	105.7	131.8	136.1	118.6	97.7	108.5	134.1	135.1	118.9	103.4	108.4	133.5	138.3	120.9	105.1	110.0	138.1

Table 5: Labour Cost Index - % change compared to the same quarter of the previous year by economic activity, region NUTS II and occupational groups (working day adjusted)

	2004 Q1	2004 Q2	2004 Q3	2004 Q4	2004	2005 Q1	2005 Q2	2005 Q3	2005 Q4	2005	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2006	2007 Q1	2007 Q2	2007 Q3
By economic activities (Nace Rev.1.1)																		
Labour Cost Index (C-O)(excluding public administration)	2.7	4.5	4.0	2.4	3.4	1.9	2.6	2.7	0.5	1.9	3.7	1.0	-0.7	3.0	1.7	3.4	3.5	3.6
Labour Cost Index (C_K)	2.6	4.5	4.0	2.4	3.3	2.0	2.7	2.9	0.6	2.0	3.8	0.9	-0.8	3.1	1.7	3.5	3.7	3.6
C - Mining and quarrying	3.0	4.9	-0.1	-2.1	1.0	3.4	0.1	-3.7	4.7	1.0	-0.1	2.3	2.1	-1.9	0.5	6.4	10.4	4.1
D - Manufacturing	2.2	3.4	0.8	2.8	2.2	0.2	5.3	3.5	0.8	2.4	6.0	-1.5	-1.0	0.2	0.6	0.7	3.7	3.7
E - Electricity, gas and water supply	7.5	1.1	9.3	6.7	5.9	8.6	8.2	5.4	3.2	6.2	1.5	1.6	-5.5	9.3	1.8	2.3	-0.1	5.3
F - Construction	2.6	6.9	5.1	2.4	4.2	-3.2	-1.5	-1.1	-1.4	-1.7	2.1	5.5	4.4	4.0	4.0	6.3	1.8	5.8
G - Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	1.3	5.3	1.7	0.5	2.1	2.9	0.1	8.4	3.8	4.0	6.0	3.4	-0.3	2.0	2.5	4.4	4.1	3.2
H - Hotels and restaurants	0.6	13.0	13.1	7.6	8.7	9.3	1.5	2.2	1.7	3.4	1.7	3.6	2.3	1.6	2.2	5.9	3.9	4.6
I - Transport, storage and communication	7.8	6.6	11.0	-1.1	5.9	-0.2	1.3	-0.2	1.4	0.6	2.2	0.8	-4.6	1.7	-0.2	0.4	1.2	-0.9
J - Financial intermediation	1.8	-1.4	-2.5	3.2	0.4	3.6	6.1	1.4	-3.3	1.7	1.8	1.1	1.0	11.4	4.0	8.4	3.7	-2.6
K - Real estate, renting and business activities	1.9	3.5	13.0	5.7	6.4	7.7	2.0	-2.5	-4.4	0.1	-1.2	-3.4	-4.5	10.0	0.4	4.8	8.6	11.4
M - Education	3.3	4.7	8.9	4.1	5.7	1.3	-1.8	-2.4	0.2	-0.9	1.8	7.8	4.9	-0.7	3.4	1.3	-0.4	2.1
N - Health and social work	4.8	3.9	6.9	2.1	4.4	-0.2	1.5	-2.5	-1.5	-0.8	2.8	2.3	1.1	3.7	2.4	5.0	1.7	3.3
O - Other community, social and personal service activities	7.3	5.5	1.0	1.4	3.4	-1.9	0.5	0.5	0.2	-0.1	0.6	4.4	0.8	-2.2	0.7	1.2	-2.5	2.6
By region (C to O, excluding public administration)																		
101 - Norte	1.6	5.9	3.9	2.6	3.5	4.5	1.9	3.2	-0.3	2.2	1.8	1.3	-0.6	4.3	1.7	5.4	4.7	4.0
106 - Centro	4.0	6.5	1.1	0.5	2.7	-2.3	-3.6	3.4	3.4	0.6	5.4	3.9	1.6	-0.2	2.4	1.8	3.9	3.0
107 - Lisboa	2.3	1.7	3.9	1.8	2.5	3.6	12.9	8.6	1.9	6.6	4.2	-8.3	-8.4	-0.2	-3.5	0.7	2.8	3.9
108 - Alentejo	3.7	4.0	4.3	0.6	3.0	-1.5	3.0	-0.1	3.4	1.3	7.2	6.5	4.6	5.9	6.0	-1.1	-1.1	0.2
109 - Algarve	0.6	4.5	-0.5	2.2	1.7	1.0	0.1	2.0	0.4	0.9	2.9	2.9	1.7	0.6	1.9	1.7	-0.2	1.3
201 - Região Autónoma dos Açores	2.8	5.0	0.5	4.1	3.0	0.0	2.3	6.7	4.7	3.7	9.6	10.9	1.8	-1.0	4.6	0.2	-2.9	1.0
301 - Região Autónoma da Madeira	6.1	8.2	5.0	-0.5	4.3	0.3	-1.4	-0.7	0.9	-0.2	2.6	5.4	0.4	1.8	2.4	2.7	5.6	9.5
By occupational groups (ISCO 88) (C to O, excluding public administration)																		
1 - Legislators, senior officials and managers	-4.1	1.9	5.7	-0.5	0.8	3.8	-1.0	16.5	15.5	9.5	10.1	4.9	-12.2	-6.1	-2.2	-4.2	2.0	3.3
2 - Professionals	-3.5	1.4	6.1	-4.3	-0.1	2.2	-2.9	0.7	-1.5	-0.4	1.4	3.0	2.3	4.2	2.8	-1.5	2.1	3.2
3 - Technicians and associate professionals	5.8	5.2	4.4	4.6	4.9	1.3	3.7	4.2	2.1	2.9	3.6	1.1	-3.0	0.1	0.2	4.8	4.4	2.4
4 - Clerks	3.6	2.5	2.8	3.5	3.1	1.6	1.5	3.7	0.9	2.0	3.9	4.8	-0.1	3.9	2.9	3.9	2.2	3.8
5 - Service workers, shop and market sales workers	-1.0	10.0	12.3	0.0	5.3	6.8	0.4	-0.8	-4.5	0.0	-0.7	-0.6	0.4	6.4	1.5	3.6	3.2	0.5
6 - Skilled agricultural and fishery workers	6.8	0.6	-3.2	-0.5	0.6	-1.8	3.9	2.6	2.5	1.8	2.6	4.8	0.7	0.6	2.1	-0.5	-2.6	9.0
7 - Craft and related workers	-2.2	5.5	1.0	1.1	1.8	4.9	1.8	0.7	-0.5	1.5	1.1	0.3	3.2	4.0	2.3	3.9	4.6	4.4
8 - Plant and machine operators and assemblers	-0.1	4.0	-0.3	-1.7	0.8	-2.7	10.6	3.4	2.9	3.5	7.1	-5.8	1.4	6.7	2.3	2.1	3.8	4.6
9 - Elementary occupations	6.4	8.0	2.9	6.6	5.8	-3.1	2.6	1.8	-0.7	0.2	5.8	0.0	-0.5	2.3	1.7	1.6	1.4	3.5

Labour Cost Index – 3<sup>rd</sup> quarter 2007

5/7



Table 6: Labour Cost Index (LCI) by economic activity, regions NUTS II and occupational groups (not seasonal adjusted)

(2000=100)

	2004 Q1	2004 Q2	2004 Q3	2004 Q4	2004	2005 Q1	2005 Q2	2005 Q3	2005 Q4	2005	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2006	2007 Q1	2007 Q2	2007 Q3
<b>By economic activities (Nace Rev.1.1)</b>																		
Labour Cost Index (C-O)(excluding public administration)	102.6	101.7	128.8	127.8	115.2	106.3	107.8	134.3	130.6	119.7	106.8	108.9	135.4	136.7	122.0	112.2	114.6	140.3
Labour Cost Index (C, K)	102.7	101.6	128.2	127.7	115.1	106.5	107.8	134.0	130.5	119.7	107.1	108.7	135.0	136.9	121.9	112.6	114.7	139.9
C - Mining and quarrying	103.3	100.7	130.8	127.4	115.6	108.5	104.2	127.9	135.6	119.0	105.1	106.6	132.6	135.2	119.9	113.6	119.6	138.0
D - Manufacturing	98.6	98.3	132.9	128.8	114.7	100.4	106.9	139.7	132.0	119.7	103.1	105.3	140.4	134.4	120.8	105.5	111.0	145.6
E - Electricity, gas and water supply	104.0	127.1	121.6	129.4	120.5	114.7	142.1	130.2	135.8	130.7	112.7	144.3	125.0	150.8	133.2	117.1	146.6	131.6
F - Construction	105.8	103.2	128.0	131.4	117.1	104.0	105.0	128.5	131.7	117.3	102.9	110.8	136.2	139.3	122.3	111.1	114.7	144.1
G - Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	101.2	102.2	121.0	124.0	112.1	105.8	105.6	133.2	130.8	118.9	108.6	109.3	134.8	135.7	122.1	115.2	115.6	139.1
H - Hotels and restaurants	103.9	104.9	136.1	136.3	120.3	115.4	110.0	141.3	140.9	126.9	113.6	113.9	146.8	145.6	130.0	122.3	120.4	153.4
I - Transport, storage and communication	101.0	101.0	134.4	122.1	114.6	102.5	105.7	136.1	125.9	117.5	101.4	106.5	131.9	130.2	117.5	103.4	109.6	130.7
J - Financial intermediation	123.7	101.8	112.9	128.2	116.6	130.2	111.5	116.2	126.0	121.0	128.5	112.8	119.2	142.6	125.8	141.4	118.9	116.1
K - Real estate, renting and business activities	99.9	103.6	133.4	129.6	116.6	109.3	109.2	132.1	125.9	119.1	104.7	105.5	128.2	140.8	119.8	111.4	116.4	142.8
M - Education	90.6	94.2	156.9	120.3	115.5	93.3	95.6	155.4	122.5	116.7	92.0	103.0	165.6	123.6	121.1	94.7	104.3	169.1
N - Health and social work	99.1	107.7	140.1	132.7	119.9	100.5	112.9	138.8	132.9	121.3	100.1	115.5	142.5	140.2	124.6	106.7	119.4	147.2
O - Other community, social and personal service activities	109.3	106.7	130.7	132.0	119.7	109.0	110.8	133.4	134.5	121.9	106.2	115.7	136.6	133.7	123.1	109.2	114.8	140.1
<b>By region (C to O, excluding public administration)</b>																		
101 - Norte	102.8	101.4	133.4	129.5	116.8	109.1	106.7	139.7	131.2	121.7	107.7	108.1	141.1	139.2	124.0	115.2	115.1	146.7
106 - Centro	106.0	111.0	130.3	129.6	119.2	105.2	114.8	136.8	136.3	123.3	107.5	114.4	141.0	138.2	125.3	111.2	117.8	145.3
107 - Lisboa	104.2	103.3	129.5	127.9	116.2	109.7	120.5	142.8	132.5	126.4	110.7	110.5	132.8	134.4	122.1	113.2	115.5	138.1
108 - Alentejo	101.3	99.0	120.1	123.6	111.0	101.4	105.4	121.8	129.9	114.6	105.3	112.2	129.4	139.9	121.7	105.8	112.8	129.7
109 - Algarve	104.6	106.5	121.1	133.5	116.4	107.3	110.1	125.4	136.2	119.7	106.9	113.2	129.5	139.2	122.2	110.4	114.9	131.2
201 - Região Autónoma dos Açores	100.2	98.8	121.2	126.5	111.7	101.8	104.4	131.2	134.7	118.0	108.0	115.7	135.7	135.6	123.8	109.9	114.2	137.0
301 - Região Autónoma da Madeira	106.9	104.5	127.3	131.9	117.6	108.9	106.4	128.3	135.2	119.7	108.3	112.2	130.9	139.9	122.8	112.9	120.4	143.4
<b>By occupational groups (ISCO 88) (C to O, excluding public administration)</b>																		
1 - Legislators, senior officials and managers	107.7	96.1	126.1	120.5	112.6	113.6	98.3	148.7	141.5	125.5	121.2	103.2	132.6	135.1	123.0	117.9	107.0	137.1
2 - Professionals	105.1	106.0	131.3	128.6	117.8	109.1	106.3	134.2	128.8	119.6	107.1	109.5	139.5	136.4	123.1	107.2	113.7	144.0
3 - Technicians and associate professionals	104.5	102.9	128.6	128.7	116.2	107.6	110.2	136.1	133.5	121.8	108.0	111.3	134.1	135.8	122.3	115.0	118.2	137.2
4 - Clerks	103.4	103.7	130.2	129.4	116.7	106.7	108.6	137.1	132.7	121.3	107.4	113.9	139.1	140.2	125.1	113.4	118.3	144.4
5 - Service workers, shop and market sales workers	99.7	108.0	129.1	125.1	115.5	108.1	111.6	129.8	121.3	117.7	104.3	110.9	132.2	130.9	119.6	109.6	116.3	132.9
6 - Skilled agricultural and fishery workers	98.5	92.6	108.8	112.6	103.1	98.0	98.8	113.0	117.0	106.7	98.0	103.5	115.4	119.3	109.1	98.8	102.2	125.8
7 - Craft and related workers	98.1	102.6	127.7	125.2	113.4	104.4	107.7	130.4	126.5	117.3	102.5	108.0	136.6	133.7	120.2	108.1	114.7	142.7
8 - Plant and machine operators and assemblers	103.2	100.2	123.6	124.5	112.9	101.9	114.2	129.6	130.1	119.0	106.0	107.6	133.3	141.0	122.0	109.8	113.5	139.5
9 - Elementary occupations	102.4	102.4	127.8	131.7	116.1	100.9	108.5	132.1	132.9	118.6	103.4	108.4	133.5	138.3	120.9	106.7	111.8	138.1

Table 7: Labour Cost Index - % change compared to the same quarter of the previous year by economic activity, region NUTS II and occupational groups (not seasonal adjusted)

	2004 Q1	2004 Q2	2004 Q3	2004 Q4	2004	2005 Q1	2005 Q2	2005 Q3	2005 Q4	2005	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2006	2007 Q1	2007Q 2	2007 Q3
By economic activities (Nace Rev.1.1)																		
Labour Cost Index (C-O)(excluding public administration)	1.1	-2.2	2.5	4.1	1.5	3.6	5.9	4.3	2.2	3.9	0.5	1.0	0.9	4.7	1.9	5.1	5.3	3.6
Labour Cost Index (C, K)	0.9	-2.2	2.4	4.1	1.5	3.7	6.0	4.5	2.2	4.0	0.5	0.9	0.7	4.9	1.9	5.1	5.5	3.6
C - Mining and quarrying	1.4	-1.8	-1.6	-0.5	-0.7	5.1	3.4	-2.2	6.4	3.0	-3.2	2.3	3.6	-0.3	0.7	8.1	12.2	4.1
D - Manufacturing	0.6	-3.2	-0.7	4.5	0.4	1.8	8.8	5.1	2.4	4.4	2.7	-1.5	0.5	1.9	0.9	2.3	5.4	3.7
E - Electricity, gas and water supply	5.8	-5.3	7.6	8.4	3.7	10.3	11.7	7.1	4.9	8.4	-1.7	1.6	-4.0	11.1	2.0	3.9	1.6	5.3
F - Construction	1.0	0.1	3.5	4.1	2.3	-1.6	1.7	0.4	0.3	0.2	-1.1	5.5	6.0	5.7	4.3	8.0	3.5	5.8
G - Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	-0.3	-1.4	0.2	2.2	0.3	4.5	3.4	10.1	5.5	6.0	2.6	3.4	1.2	3.7	2.7	6.1	5.8	3.2
H - Hotels and restaurants	-1.0	5.8	11.4	9.3	6.7	11.1	4.8	3.8	3.4	5.5	-1.5	3.6	3.9	3.3	2.4	7.6	5.7	4.6
I - Transport, storage and communication	6.1	-0.1	9.4	0.5	4.0	1.5	4.7	1.3	3.1	2.6	-1.0	0.8	-3.1	3.4	0.0	2.0	2.9	-0.9
J - Financial intermediation	0.2	-7.6	-3.9	4.8	-1.4	5.3	9.5	3.0	-1.7	3.7	-1.4	1.1	2.6	13.2	3.9	10.1	5.4	-2.6
K - Real estate, renting and business activities	0.3	-3.0	11.3	7.4	4.4	9.4	5.4	-1.0	-2.9	2.1	-4.3	-3.4	-3.0	11.9	0.6	6.4	10.4	11.4
M - Education	1.7	-2.0	7.2	5.8	3.8	3.0	1.4	-0.9	1.8	1.0	-1.3	7.8	6.6	0.9	3.8	3.0	1.3	2.1
N - Health and social work	3.1	-2.7	5.2	3.8	2.5	1.4	4.8	-1.0	0.1	1.1	-0.4	2.3	2.7	5.5	2.7	6.6	3.4	3.3
O - Other community, social and personal service activities	5.6	-1.2	-0.6	3.0	1.6	-0.3	3.8	2.1	1.9	1.9	-2.6	4.4	2.4	-0.6	0.9	2.8	-0.8	2.6
By region (C to O, excluding public administration)																		
101 - Norte	0.0	-0.8	2.3	4.3	1.6	6.2	5.2	4.7	1.3	4.2	-1.4	1.3	1.0	6.0	1.9	7.0	6.5	4.0
106 - Centro	2.3	1.4	-0.4	2.1	1.3	-0.7	3.4	5.0	5.1	3.4	2.2	-0.3	3.1	1.4	1.6	3.4	2.9	3.0
107 - Lisboa	0.7	-4.8	2.3	3.4	0.6	5.3	16.6	10.3	3.6	8.7	0.9	-8.3	-6.9	1.5	-3.4	2.3	4.5	3.9
108 - Alentejo	2.0	-2.6	2.7	2.2	1.2	0.1	6.4	1.5	5.1	3.3	3.9	6.5	6.2	7.7	6.2	0.5	0.5	0.2
109 - Algarve	-1.0	-2.1	-2.0	3.9	-0.2	2.6	3.3	3.6	2.0	2.9	-0.4	2.9	3.3	2.2	2.1	3.3	1.5	1.3
201 - Região Autónoma dos Açores	1.1	-1.7	-1.0	5.8	1.2	1.6	5.6	8.3	6.5	5.7	6.1	10.9	3.4	0.7	4.9	1.8	-1.3	1.0
301 - Região Autónoma da Madeira	4.4	1.3	3.4	1.1	2.5	1.9	1.8	0.8	2.5	1.8	-0.6	5.4	2.0	3.5	2.6	4.3	7.3	9.5
By occupational groups (ISCO 88) (C to O, excluding public administration)																		
1 - Legislators, senior officials and managers	-5.6	-4.5	4.4	1.1	-1.0	5.5	2.3	17.9	17.4	11.5	6.7	4.9	-10.8	-4.5	-2.0	-2.7	3.7	3.3
2 - Professionals	-5.0	-5.0	4.5	-2.7	-1.9	3.8	0.3	2.2	0.1	1.6	-1.8	3.0	3.9	5.9	3.0	0.0	3.8	3.2
3 - Technicians and associate professionals	4.1	-1.5	2.8	6.3	3.0	3.0	7.1	5.8	3.7	4.9	0.4	1.1	-1.5	1.8	0.4	6.5	6.2	2.4
4 - Clerks	1.9	-4.0	1.2	5.1	1.2	3.3	4.8	5.3	2.6	4.0	0.7	4.8	1.4	5.6	3.2	5.5	4.0	3.8
5 - Service workers, shop and market sales workers	-2.4	3.7	10.7	1.5	3.5	8.4	3.3	0.6	-3.1	1.9	-3.5	-0.6	1.8	8.0	1.6	5.0	4.8	0.5
6 - Skilled agricultural and fishery workers	5.5	-4.6	-4.5	0.9	-0.8	-0.5	6.7	3.9	3.9	3.5	0.0	4.8	2.1	2.0	2.2	0.8	-1.3	9.0
7 - Craft and related workers	-1.7	-0.7	-0.5	2.6	0.0	6.4	4.9	2.1	1.0	3.4	-1.8	0.3	4.8	5.6	2.5	5.5	6.2	4.4
8 - Plant and machine operators and assemblers	0.6	-2.1	-1.7	-0.2	-0.9	-1.3	14.0	4.9	4.5	5.4	4.0	-5.8	2.9	8.4	2.5	3.6	5.4	4.6
9 - Elementary occupations	4.7	1.1	1.4	8.4	3.9	-1.5	5.9	3.4	1.0	2.2	5.5	0.0	1.1	4.0	1.9	3.2	3.1	3.5

**TECHNICAL NOTE**

The series based on the year 2000 was developed in compliance with EU statistical requirements, pursuant to Regulation No 450/2003 of the European Parliament and of the Council. For reasons related to the implementation of a different methodology, this new series is not comparable with the previous one (1995 series).

Published/released series are adjusted series (for working day) (WDA, Working Day Adjusted), as released by Eurostat, and unadjusted series (NSA, Not Seasonal Adjusted), by economic activity, by NUTS II region and by occupational group (International Standard Classification of Occupations 1994). Both series (WDA and NSA) are not seasonally adjusted.

NUTS II regions are based on the new region nomenclature (NUTS 2002).

The LCI is an indicator that measures the development of the average labour cost per worked hour (hourly labour costs). The changes in the employment, hours actually worked and prices levels affect the indices obtained during the observed periods.

Formula for the calculation of the LCI

$$LCI_{tj}(k) = \frac{\sum_{i=C}^O w_i^{tj} h_i^{tk}}{\sum_{i=C}^O w_i^{tk} h_i^{tk}}$$

$LCI_{tj}(k)$  = Labour Cost Index, quarter  $t$ , year  $j$  (related to the base period quarter  $t$ , year  $k$ )

$i = \{C, O\}$  = Sector of economic activity

$tj$  = quarter  $t$  of year  $j$  under observation

$tk$  = quarter  $t$  of year  $k$ , base period (2000)

$w_i^{tj}$  = Labour cost of employees by hour worked, sector  $i$  quarter  $t$  year  $j$

$h_i^{tk}$  = Hours actually worked in sector  $i$  in quarter  $t$  in year  $k$

$w_i^{tj} * h_i^{tk}$  = Total labour cost in sector  $i$  in quarter  $t$  in year  $j$ ; the hours were evaluated in quarter  $t$  in year  $k$

$w_i^{tk} * h_i^{tk}$  = Total labour cost in sector  $i$  in quarter  $t$  in year  $k$  (base)

The actual labour cost adopts the perspective of the employer, corresponding to the total cost incurred by the employer and including the following items:

- ✓ Basic wage and salaries
- ✓ Regular bonuses and allowances (paid in each pay period)
- ✓ Irregular bonuses and allowances (not paid in each pay period)
- ✓ Overtime payment
- ✓ Payments and benefits in kind
- ✓ Payment for hours not worked
- ✓ Employer's social contributions
- ✓ Collectively agreed, contractual and voluntary social security contributions
- ✓ Other (including payments to employees leaving the enterprise)

\* Excluding the following activities: "Public administration and defence services, compulsory social security services" (L); and the public part of the following activities: "Education" (M) and "Human health and social work services" (N).

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