22 June 2018

Quarterly Sector Accounts (Base 2011)

First Quarter 2018

Net lending of the Portuguese economy stood at 1.2% of GDP

The net lending of the economy stood at 1.2% of the Gross Domestic Product (GDP) in the year ending in the first quarter of 2018, identical to the result observed for the previous quarter.

By institutional sector, the household sector showed a slight decrease in the balance from 1.4% to 1.3% of GDP in the year ending in the first quarter of 2018. Current savings decreased as a result of an increase in disposable income below that of final consumption expenditure.

General Government (GG) net borrowing fall to 0.7% of GDP, compared to 3.0% in the previous quarter (0.9%, excluding the impact of the recapitalization of Caixa Geral de Depósitos in the first quarter of 2017).

Taking into account quarterly figures and not the year ending in the quarter, the GG balance stood at -434.3 million euros in the first quarter of 2018, corresponding to -0.9% of GDP.

The current results are the preliminary version of the Quarterly Sector Accounts (QSA) for the first quarter 2018. National Accounts aggregates are expressed exclusively in nominal terms and are not seasonally and calendar adjusted.

Unless otherwise stated, the following 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. In the comparison of consecutive quarters, the variation rates between the year ending each quarter and the year ending in the previous quarter are used as a rule.

In addition to the attached tables in this press release, additional information can be accessed in the section of National Accounts available in the Statistics Portugal's website:

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

Net lending of the Portuguese economy increased to 1.2% of GDP

The Portuguese economy registered a net lending of 1.2% of GDP in the first quarter of 2018, the same result observed in the previous quarter. GDP and Gross National Income (GNI) recorded rates of change of 0.7% and 1.0%, respectively. The improvement in GNI was driven by a decrease in the negative balance of property income with the Rest of the World, with income paid and received recording growth rates of -1.1% and 5.1%, respectively.

The Gross Disposable Income (GDI) increased by 0.8%, 0.2 p.p. higher than the increase in final consumption expenditure, which resulted in a 2.0% increase in gross savings (1.3 p.p. lower than in the previous quarter).

The growth in savings was slightly lower than that of the Gross Capital Formation (GFC), which recorded a 2.2% growth rate, with the net lending of the economy attaining 1.2% of GDP.

Figure 1 presents the evolution of the net lending(+)/borrowing(-) of the economy by institutional sector[1].

The net borrowing of GG was set at 0.7% of GDP in the first quarter of 2018, compared with 3.0% in the previous quarter. This decrease of 2.3 p.p. was mainly due to the recapitalization of Caixa Geral de Depósitos (CGD) in the first quarter of 2017, whose impact ceased in the year ended in the fourth quarter of 2017. Excluding this effect (3944 million of euros), the net borrowing of GG in Q4 2017 would represent 0.9% of GDP.

The balance of Non-Financial Corporations decreased by 0.2 p.p. in the first quarter of 2018 to -1.4% of GDP.

The net lending of Financial Corporations decreased from 4.0% in the last quarter of 2017 to 1.9% of GDP in the first quarter of 2018. This reduction is also associated with the impact of CGD's capitalization operation. Effectively, the negative impact on GG net borrowing implies a symmetrical impact on the financial sector. Excluding that effect, the net lending of this sector remained practically unchanged comparing with the previous quarter.

The external balance of goods and services stood at 0.9% of GDP, 0.1 p.p. less than in the fourth quarter of 2017, due to an increase in exports of 1.1%, 0.3 p.p. lower than imports (see Figure 2).

[1] Due to rounding procedures, the sum of sectoral balances in percentage of GDP may not equal the balance for the total economy.

Figure 1 - Net Lending(+) /Borrowing(-) by institutional sector (in % of GDP, accumulated sum of 4 quarters)

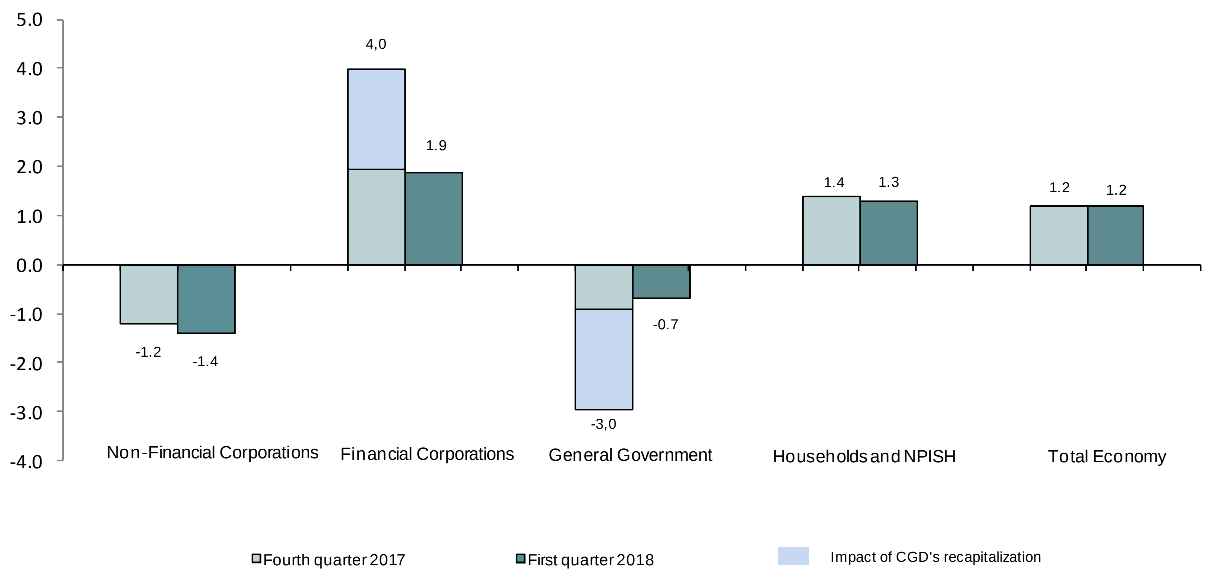
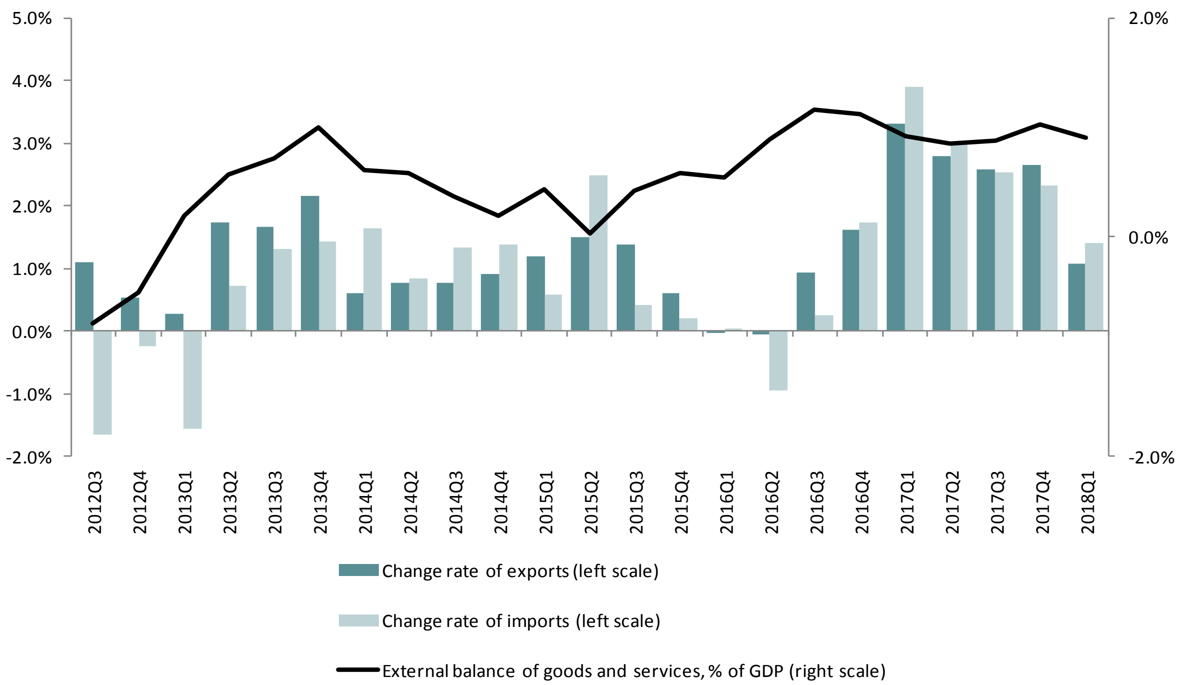


Figure 2 - External balance of goods and services
(accumulated sum of 4 quarters)



Households: net lending stood at 1.3% of GDP

The net lending of Households stood at 1.3% of GDP in the year ending in the first quarter of 2018, less 0.1 p.p. than the previous quarter, mainly reflecting the decrease of 3.3% in savings. Household investment registered a rate of change of 2.0% in the first quarter of 2018 (0.4% in the previous quarter).

Figure 3 shows the savings rate and the rates of change of disposable income and final consumption expenditure. As it can be seen, the Household's saving rate decreased to 5.1% of disposable income (0.2 p.p. less than in the previous quarter). This decrease resulted from an increase in the disposable income lower than the final consumption expenditure (rates of change of 0.6% and 0.8%, respectively).

The evolution of the disposable income of the Households was conditioned by the variation of compensation of employees received, which registered an increase of 0.7% in the first quarter of 2018, while they had increased by 1.6% in the previous quarter. This deceleration may be influenced by changes in the Christmas and holidays subsidies payment scheme, which in particular in the General Government sector will have ceased to be paid in twelfths. This effect will tend to be neutral over the year of 2018.

Figure 3 - Saving rate of Households and NPISH (accumulated sum of 4 quarters)

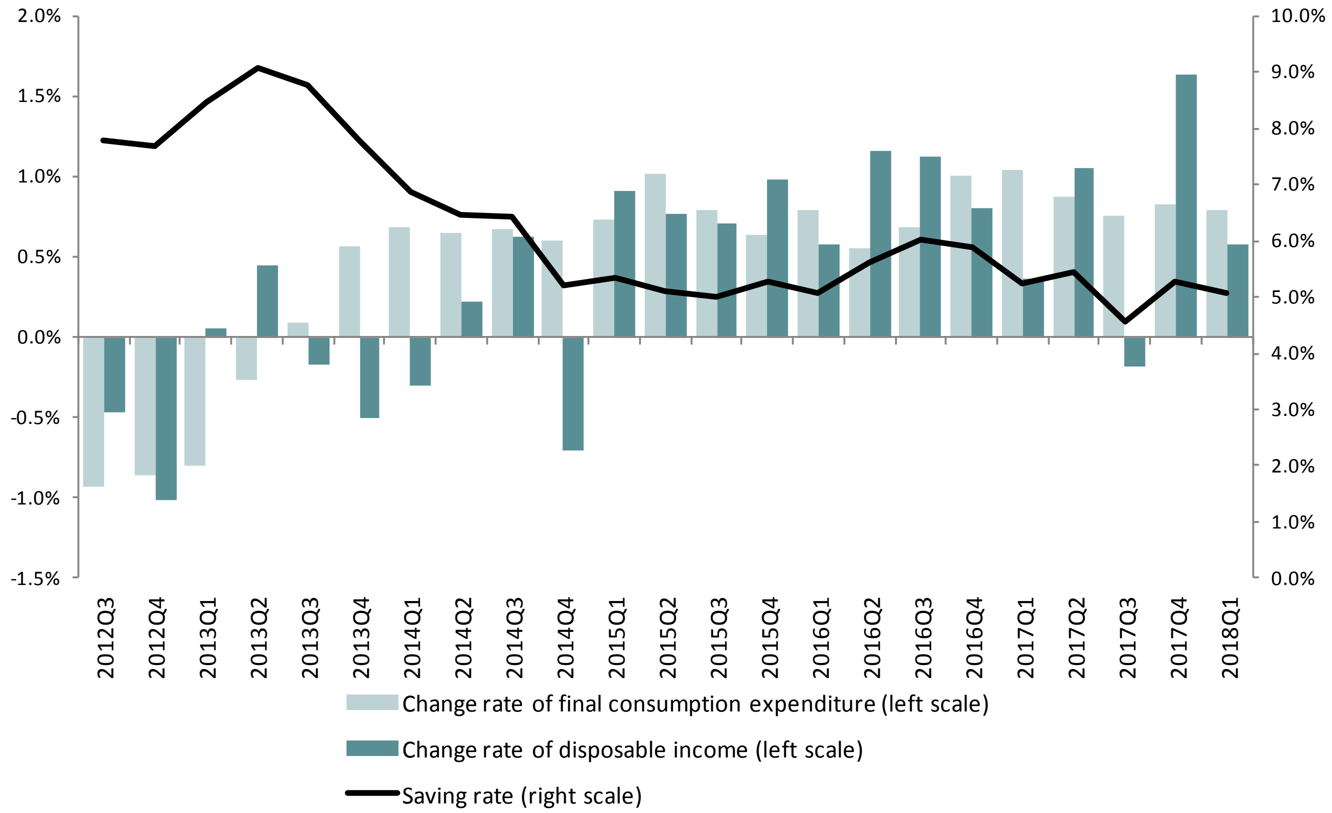


Table 1 shows the breakdown of the rate of change of disposable income. To the 0.6% increase registered in the first quarter of 2018 mainly contributed the compensation of employees received by 0.5 p.p. and, secondly, the gross operating surplus along with the balance of property income, with 0.2 p.p. each.

In the first quarter of 2018, compensation of employees accounted for 64.8% of disposable income and gross operating surplus/mixed income 25.7% (64.7% and 25.7% in the previous quarter, respectively).

Table 1: Contibutions to the change rate of disposable income of Households and NPISH (percentage points, accumulated sum of 4 quartes)

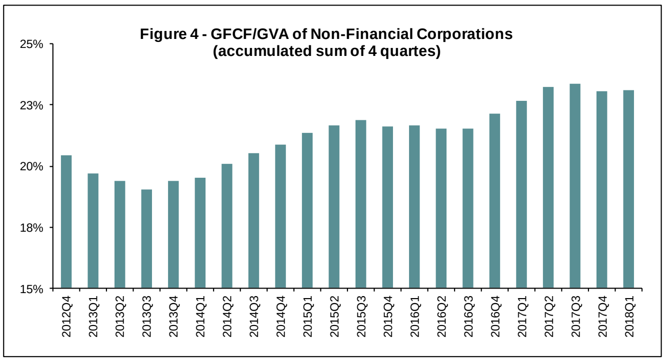
	Compensation of Employees	Operating Surplus + Mixed Income (Gross)	Net Property Income (receivable)	Social benefits less contributions, excluding social transfers in kind	Net Transfers (receivable)	Taxes	Disposable Income
	(1)	(2)	(3)	(4)	(5)	(6)	(7) = (1)+...+(5) - (6)
2012Q4	-1.6	0.3	0.0	0.1	-0.1	-0.4	-1.0
2013Q1	0.0	0.1	0.6	0.3	0.1	1.0	0.1
2013Q2	0.0	0.1	0.2	0.3	0.0	0.1	0.4
2013Q3	0.1	0.1	0.0	0.1	0.1	0.6	-0.2
2013Q4	0.7	0.1	-0.3	-0.2	0.4	1.1	-0.5
2014Q1	-0.2	0.0	-0.1	-0.1	0.1	0.1	-0.3
2014Q2	0.6	0.0	0.0	-0.5	0.1	0.1	0.2
2014Q3	0.5	0.1	0.1	0.5	0.0	0.4	0.6
2014Q4	-0.6	0.1	0.1	-0.5	-0.2	-0.4	-0.7
2015Q1	0.5	0.1	0.2	-0.1	0.2	0.0	0.9
2015Q2	0.5	0.0	0.2	0.1	0.0	0.0	0.8
2015Q3	0.2	0.1	0.3	0.1	0.1	0.0	0.7
2015Q4	0.6	0.1	0.0	0.2	0.0	-0.1	1.0
2016Q1	0.5	0.3	-0.1	0.0	-0.1	0.0	0.6
2016Q2	0.6	0.2	0.1	0.0	0.2	-0.2	1.2
2016Q3	0.7	0.2	-0.2	0.0	0.0	-0.4	1.1
2016Q4	0.8	0.3	0.0	-0.3	0.0	0.1	0.8
2017Q1	0.6	0.0	-0.2	-0.3	0.2	-0.1	0.4
2017Q2	0.7	0.2	-0.3	-0.3	0.1	-0.7	1.1
2017Q3	0.6	0.1	-0.1	-0.3	0.2	0.8	-0.2
2017Q4	1.0	0.1	0.1	0.4	0.0	0.0	1.6
2018Q1	0.5	0.2	0.2	-0.2	0.0	0.1	0.6

Non-Financial Corporations: net lending stood at 1.4% of GDP

Non-financial corporations' net borrowing stood at 1.4% of GDP in the first quarter of 2018 (1.2% in the previous quarter). Gross Value Added (GVA) increased by 0.9%, 0.2 p.p. less than in the previous quarter. The compensation of employees paid and Gross Operating Surplus of the sector increased by 1.2% and 0.3%, respectively.

The abovementioned increase in GVA more than offset the increase in compensation of employees paid, leading to a growth of 1.5% in sector savings (2.7% in the previous quarter).

Gross Fixed Capital Formation (GFCF) of the sector increased 1.0% in the year ending in the quarter, contributing to an investment rate (measured by the ratio between GFCF and GVA) of 23.1%, similar to that observed in the previous quarter.



Financial Corporations: net lending stood at 1.9% of GDP

The sector's net lending represented 1.9% of GDP in the first quarter of 2018, 2.1 p.p. less than in the previous quarter. This reduction in net lending reflects CGD's previously mentioned recapitalization operation, whose impact on the balance of the sector ceased in the fourth quarter of 2017.

Current savings recorded a null variation, due to the simultaneous reduction of property income expenses and revenues (rates of change of -3.4% and -3.6%, respectively).

General Government: net borrowing decreased to 0.7% of GDP

The net borrowing of the GG recorded a decrease of 2.3 p.p. in the year ending in the first quarter 2018 compared to the year ending in the previous quarter, attaining 0.7% of GDP. This decrease in net borrowing resulted from the combined effect of an increase of 0.7% in total revenue and a decrease of 4.3% in total expenditure (view tables 2 and 3).

The behaviour of total revenue was a result of increases in both current revenue (by 0.7%) and capital revenue (by 2.0%). The changes in current revenue were mainly due to increases in taxes on production and imports, social contributions and current taxes on income and wealth, of 1.7%, 0.7% and 0.5%, respectively.

The components of total expenditure presented different variations: capital expenditure decreased 45.7%, whereas current expenditure remained unchanged. The decrease in capital expenditure is mainly due to the impact of the recapitalization process of Caixa Geral de Depósitos (CGD), on the first quarter of 2017. Current expenditure variation is a result of the combined effect of the decreases in interest paid, compensation of employees and intermediate consumption, by 1.8%, 0.3% and 0.2% respectively, and of increases in subsidies and other current expenditure. Social benefits, which account for 44.4% of current expenditure, also remained unchanged in the period under analysis.

Considering quarterly figures rather than the sum of four quarters, the net borrowing of the GG stood at about -434.3 million euro in the first quarter 2018 (-0.9% of GDP), that compares with -10.6% of GDP (-4 849.3 million euro) for the same period in the previous year, largely influenced by the above mentioned recapitalization of CGD.

The improvement of net borrowing is a result of the combined effect of a 16.5% decrease in total expenditure and a 3.2% increase in total revenue (view table 4).

Both components of total revenue presented an increase from the first quarter 2017 to the first quarter 2018 – capital revenue increased by 10.9% and current revenue by 3.2%. The change in current revenue was due to the increases of taxes on production and imports (by 7.2%), social contributions (by 3.3%) and current taxes on income and wealth (by 2.6%) and decreases in sales and in other current revenue of 1.2% and 16.7%, respectively.

In what refers to expenditure, the significant decrease of capital expenditure is related, as stated above, to the impact of the recapitalization of CGD that occurred in the first quarter 2017. It is worth mentioning that investment increased by 18% in the period under consideration. On the current expenditure side, compensation of employees, interest paid and intermediate consumption decreased, whereas subsidies and other current expenditure increased. The decrease in compensation of employees was due to changes in the payment profile of the Christmas bonus, and the decrease in interest paid was related to the reduction of interest associated to the loans obtained under the Economic and Financial Assistance Program.

Table 5 presents the main adjustments carried out for moving from Public Accounting to National Accounts balances. Comparing the first quarter of 2018 with the same period of the previous year, the National Accounting balance improved, in spite of a deterioration of the balance in Public Accounting. This evolution mainly results from the effects of the accrual adjustments and sector delimitation, in particular the corporations classified in GG, and the time adjustment of taxes and social contributions.

Table 2: Revenue and expenditure of general government in the year ending the quarter

Unit: 10^6 euros

	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1
Total revenue	**80 275.8**	**80 572.5**	**82 636.3**	**82 840.5**	**83 427.7**
Current revenue	79 457.7	79 671.1	81 683.2	82 106.3	82 678.7
Current taxes on income and wealth	18 891.9	18 440.4	19 773.4	19 714.6	19 811.1
Taxes on production and imports	27 619.1	28 049.3	28 656.5	29 028.0	29 514.4
Social contributions	21 848.6	22 116.7	22 370.6	22 704.2	22 874.1
Sales	6 674.6	6 712.6	6 697.7	6 752.3	6 733.9
Other current revenue	4 423.5	4 352.2	4 185.0	3 907.2	3 745.2
Capital revenue	818.1	901.3	953.2	734.3	749.0
Total expenditure	**87 304.3**	**87 280.4**	**87 212.2**	**88 550.0**	**84 722.2**
Current expenditure	79 711.1	79 676.5	79 478.8	80 177.9	80 177.1
Social benefits	35 042.4	34 955.9	34 881.8	35 615.8	35 607.0
Compensation of employees	20 919.4	20 919.7	20 894.1	21 269.7	21 195.5
Interest	7 691.4	7 631.6	7 586.3	7 475.1	7 343.8
Intermediate consumption	10 580.0	10 541.1	10 536.7	10 469.8	10 452.2
Subsidies	968.1	946.7	906.8	866.4	896.1
Other current expenditure	4 509.8	4 681.5	4 673.0	4 481.1	4 682.6
Capital expenditure	7 593.2	7 603.9	7 733.4	8 372.1	4 545.1
Investment (1)	2 865.2	2 866.1	3 022.7	3 429.6	3 532.8
Other capital expenditure	4 727.9 (2)	4 737.8 (2)	4 710.7 (2)	4 942.5 (2)	1 012.4
Current Balance	- 253.4	- 5.4	2 204.4	1 928.4	2 501.7
Balance	**-7 028.5** (2)	**-6 708.0** (2)	**-4 575.9** (2)	**-5 709.4** (2)	**-1 294.5**
By memory:					
Primary current expenditure	72 019.7	72 044.9	71 892.5	72 702.7	72 833.3
Gross Domestic Product at current market prices	187 097.8	189 023.2	190 835.8	193 072.0	194 482.4
Balance in % of GDP	-3.8%	-3.5%	-2.4%	-3.0%	-0.7%

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

(2) Includes 3 944 million euro of the recapitalization of CGD

Table 3: Change rates of revenue and expenditure of general government in the year ending the quarter

Unit: %

	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1
Total revenue	**0.7**	**0.4**	**2.6**	**0.2**	**0.7**
Current revenue	0.7	0.3	2.5	0.5	0.7
Current taxes on income and wealth	-1.0	-2.4	7.2	-0.3	0.5
Taxes on production and imports	1.0	1.6	2.2	1.3	1.7
Social contributions	1.1	1.2	1.1	1.5	0.7
Sales	0.7	0.6	-0.2	0.8	-0.3
Other current revenue	4.1	-1.6	-3.8	-6.6	-4.1
Capital revenue	2.7	10.2	5.8	-23.0	2.0
Total expenditure	**4.7**	**0.0**	**-0.1**	**1.5**	**-4.3**
Current expenditure	-0.1	0.0	-0.2	0.9	0.0
Social benefits	-0.2	-0.2	-0.2	2.1	0.0
Compensation of employees	0.2	0.0	-0.1	1.8	-0.3
Interest	-0.9	-0.8	-0.6	-1.5	-1.8
Intermediate consumption	1.6	-0.4	0.0	-0.6	-0.2
Subsidies	-0.7	-2.2	-4.2	-4.5	3.4
Other current expenditure	-3.5	3.8	-0.2	-4.1	4.5
Capital expenditure	113.8	0.1	1.7	8.3	-45.7
Investment (1)	2.3	0.0	5.5	13.5	3.0
Other capital expenditure	529.1	0.2	-0.6	4.9	-79.5

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

Table 4: Revenue and expenditure of general government

	1st quarter 2017		1st quarter 2018		Nominal change rate (%)
	million euro	% GDP	million euro	% GDP	
Total revenue	**18 282.5**	**39.8**	**18 869.7**	**39.8**	**3.2**
Current revenue	18 147.8	39.5	18 720.3	39.5	3.2
Current taxes on income and w ealth	3 706.5	8.1	3 803.0	8.0	2.6
Taxes on production and imports	6 720.1	14.6	7 206.6	15.2	7.2
Social contributions	5 209.8	11.3	5 379.7	11.4	3.3
Sales	1 540.6	3.4	1 522.1	3.2	-1.2
Other current revenue	970.8	2.1	808.9	1.7	-16.7
Capital revenue	134.7	0.3	149.4	0.3	10.9
Total expenditure	**23 131.8**	**50.3**	**19 304.0**	**40.8**	**-16.5**
Current expenditure	18 451.5	40.1	18 450.7	39.0	0.0
Social benefits	8 135.2	17.7	8 126.4	17.2	-0.1
Compensation of employees	4 883.5	10.6	4 809.3	10.2	-1.5
Interest	1 829.6	4.0	1 698.3	3.6	-7.2
Intermediate consumption	2 403.7	5.2	2 386.0	5.0	-0.7
Subsidies	160.7	0.3	190.4	0.4	18.5
Other current expenditure	1 038.8	2.3	1 240.4	2.6	19.4
Capital expenditure	4 680.3	10.2	853.3	1.8	-81.8
Investment (1)	572.7	1.2	675.9	1.4	18.0
Other capital expenditure	4 107.6 (2)	8.9	177.4	0.4	-95.7
Current Balance	- 303.7	-0.7	269.5	0.6	
Balance	-4 849.3 (2)	-10.6 (3)	- 434.3	-0.9	

(1) Includes Gross capital formation and Acquisitions less disposals of non-produced non-financial assets
(2) Includes 3 944 million euro of the recapitalization of CGD
(3) Without the recapitalization of CGD, the balance in National Accounting w as -2.0% of GDP

Table 5: Public to National Accounting adjustments

Unit: 10^6 euro

	2017Q1	2018Q1
Balance in Public Accounting:	**- 604.6**	**- 621.1**
Accrual adjustment and sector delimitation in National Accounts	226.1	780.9
Difference betw een paid and due interest	- 97.4	- 63.0
Other receivables:	- 491.5	- 674.5
Time adjustment of taxes and social contributions	*- 246.7*	*- 379.8*
Others	*- 244.8*	*- 294.7*
Other payables:	144.1	123.3
Expenditure already incurred but not yet paid	*- 145.0*	*- 168.4*
Others	*289.1*	*291.7*
Other adjustments:	-4 025.9	20.1
of which:		
Capital injections and debt assumptions	*-4 561.7* (2)	*- 514.9*
Balance in National Accounting:	**-4 849.3**	**- 434.3**
Quarterly GDP (1)	45 959.0	47 369.4
Balance in National Accounting in % of GDP	-10.6% (3)	-0.9%

(1) Not seasonally and calendar effects ajusted data

(2) Includes 3 944 million euro of the recapitalization of CGD

(3) Without the recapitalization of CGD, the balance in National Accounting w as -2.0% of GDP

National Economy: Gross National Income increased 1.0%

In the first quarter of 2018, GNI registered a nominal variation of 1.0%, 0.3 p.p. higher than the change in GDP. The negative balance of property income with the Rest of the World improved, with rates of change of 5.1% in incomes received and -1.1% in income paid.

Table 6: GDP, GNI and GDI (year ended in the quarter)

Year ending in the quarter	GDP		GNI		GDI	
	million euros	quarter-on-quarter change rate (%)	million euros	quarter-on-quarter change rate (%)	million euros	quarter-on-quarter change rate (%)
2012Q4	168 398	-1.1	164 317	-1.0	165 851	-0.7
2013Q1	167 664	-0.4	164 362	0.0	165 934	0.0
2013Q2	168 093	0.3	165 482	0.7	167 273	0.8
2013Q3	168 920	0.5	166 389	0.5	168 222	0.6
2013Q4	170 269	0.8	167 975	1.0	169 808	0.9
2014Q1	170 692	0.2	168 293	0.2	170 390	0.3
2014Q2	172 235	0.9	169 641	0.8	171 614	0.7
2014Q3	173 278	0.6	170 792	0.7	172 896	0.7
2014Q4	173 079	-0.1	170 117	-0.4	172 313	-0.3
2015Q1	174 772	1.0	171 262	0.7	173 575	0.7
2015Q2	176 615	1.1	172 301	0.6	174 512	0.5
2015Q3	178 194	0.9	173 827	0.9	176 005	0.9
2015Q4	179 809	0.9	174 868	0.6	177 168	0.7
2016Q1	181 357	0.9	176 999	1.2	179 166	1.1
2016Q2	182 641	0.7	177 970	0.5	180 577	0.8
2016Q3	184 078	0.8	179 142	0.7	181 764	0.7
2016Q4	185 494	0.8	181 040	1.1	183 533	1.0
2017Q1	187 098	0.9	182 410	0.8	185 426	1.0
2017Q2	189 023	1.0	184 519	1.2	187 371	1.0
2017Q3	190 836	1.0	186 394	1.0	189 440	1.1
2017Q4	193 072	1.2	188 568	1.2	191 785	1.2
2018Q1	194 482	0.7	190 439	1.0	193 380	0.8

The GDI registered a 0.8% increase in the first quarter of 2018, while the final consumption expenditure of the economy (which includes GG and Household final consumption expenditures) increased by 0.6%, leading to an increase of 2.0% of the economy's gross saving. The economy's gross saving represented 16.9% of GDP in the first quarter of 2018 (16.7% in the previous quarter).

The Gross Capital Formation (GCF) for the total economy stood at 16.6% of GDP in the first quarter of 2018 (0.3 p.p. more than in the previous quarter). This increase in the GCF was slightly higher than the increase in savings, resulting in a net lending of 1.2% of GDP, the same result of the previous quarter.

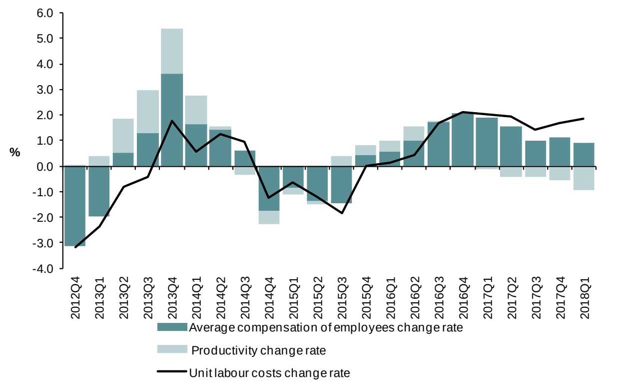
Table 7: Gross Saving and Net Lending(+)/ Borrowing(-) unit: % of GDP

Year ending in the quarter	Gross Saving	Balance of Capital Transfers with the Rest of the World	Gross Capital Formation	Net Lending (+)/ Borrowing(-)
2012Q4	13.7	2.0	15.7	0.0
2013Q1	14.3	1.8	15.1	1.0
2013Q2	15.0	1.8	14.9	1.9
2013Q3	15.2	1.7	14.9	2.0
2013Q4	15.4	1.5	14.6	2.3
2014Q1	15.4	1.6	14.9	2.0
2014Q2	15.2	1.5	15.0	1.7
2014Q3	15.3	1.5	15.1	1.7
2014Q4	15.0	1.2	15.3	1.0
2015Q1	15.0	1.2	15.2	1.0
2015Q2	14.6	1.2	15.7	0.1
2015Q3	14.9	1.1	15.7	0.3
2015Q4	14.9	1.2	15.8	0.3
2016Q1	15.3	1.1	16.0	0.4
2016Q2	15.6	0.9	15.8	0.7
2016Q3	15.6	1.0	15.7	0.9
2016Q4	15.5	0.9	15.5	1.0
2017Q1	15.7	1.0	15.6	1.0
2017Q2	15.9	0.9	16.0	0.9
2017Q3	16.3	0.8	16.2	1.0
2017Q4	16.7	0.8	16.3	1.2
2018Q1	16.9	0.8	16.6	1.2

Unit labour costs (ULC) increased 1.9%

In the year ending in the first quarter of 2018, ULC registered an increase of 1.9%, 0.2 p.p. more than in the previous quarter. The more intense growth was determined by the sharp reduction in productivity, with average compensation of employees growth being slightly lower than in the previous quarter.

Figure 5 - Unit labour costs change rates (year ended in the qaurter)



Revision of estimates

Quarterly Sector Accounts now presented incorporate new information with the consequent revisions of the previous estimates of some aggregates. Thus, in comparison with the previous publication for the fourth quarter of 2017, it is worth noting the incorporation of the revisions of the quarterly accounts for the total economy, published on May 30th.

In addition, the most recent versions of the Balance of Payments and Monetary and Financial Statistics produced by Banco de Portugal were also integrated.

Methodological notes

The results are preliminary as the basis of information used is subject to revisions, and the treatment of some transactions can be changed with the incorporation of information derived from the compilation of Annual National Accounts.

The Quarterly Sector Accounts differ from Quarterly National Accounts since they are based on non-seasonally adjusted data unless otherwise stated, 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. The Quarterly Sector Accounts are expressed exclusively in nominal terms.

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 (-) (B.9) – The net lending (+) or borrowing (-) 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.

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 – This 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. Each institutional unit belongs to one and only one sector.

Investment Rate – Represents the ratio between GFCF and Gross Value Added (GVA).

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).

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.