

Partial recovery in May when compared to the previous month

In May, consumer confidence and economic sentiment indicators in the Euro Area (EA) partially recovered from the decreases observed in April. In the same month, the prices of raw-materials and oil presented monthly growth rates of 2.2% and 59.3%, respectively (-4.0% and -56.6% in April).

In Portugal, not considering three-months moving averages (see **next section**), the information already available for May reveals a less intense contraction in economic activity, when compared to the previous month. Consumer confidence and economic climate indicators partially recovered in May from the strong reductions in April. By activity sectors, confidence indicators increased moderately in Construction and Public Works and Trade but decreased again in Manufacturing and Services, reaching new minimums.

The overall amount of national withdrawals, payment of services and purchases at automatic payment terminals carried out on the automatic teller machines of the *Multibanco* network decreased by 26.6% in May, on year-on-year terms, after presenting the largest reduction in the series in April (-38.6%). The information regarding motor vehicles sales registered rates of change of -74.8%, -51.3% and -68.5% for passenger cars, light commercial vehicles and heavy-duty vehicles (-87.0%, -69.9% and -72.7% in April, respectively).

According to the Fast and Exceptional Enterprise Survey carried out together by Statistics Portugal and Banco de Portugal with weekly inquiry, point to an improvement in the enterprises situation in the 1st fortnight of June. The percentage of enterprises in operation increased from 92% in the 2nd fortnight of May to 95% in the 1st fortnight in June, with the Accommodation and food services sector standing out, where the percentage increased from 59% to 77%. Given the situation that could be expected without the pandemic, 68% of the enterprises reported a negative impact on turnover (compared to 73% in the previous fortnight). The Accommodation and food services and Transport and storage sectors were the ones where more enterprises reported reductions in turnover (88% and 77% respectively).

According to the provisional monthly estimates of the Employment Survey, the seasonally adjusted unemployment rate (15 to 74 years) was 6.3%, 0.1 percentage points above the definitive rate observed in March (6.6% in April 2019). The provisional estimate of labour underutilisation rate was 13.3%, increasing 0.9 percentage points from the previous month and 0.3 p.p. from April 2019. The estimate for the employed population (15 to 74 years old), also seasonally adjusted, decreased 1.2% when comparing to the previous month and 1.8% in year-on-year terms (rate of change of -0.5% in March).

The Consumer Price Index (CPI) presented a year-on-year rate of change of -0.7% in May (rate of change of -0.2% in April), with a -2.1% rate of change in the goods component (-1.2% in the previous month) and 1.2%, as in the previous month, in the services component.

Despite the circumstances determined by the pandemic COVID-19, Statistics Portugal will try to maintain the statistical production and release calendar, although some adjustments might occur associated with the impact of the pandemic in obtaining primary information. For this reason, Statistics Portugal asks for the best collaboration by firms, households and public entities in answering to Statistics Portugal's requests to obtain information, using Internet and telephone as alternative channels to face-to-face contacts. The quality of official statistics, particularly its ability to identify the impacts of the COVID-19 pandemic, depends crucially on this collaboration that Statistics Portugal is grateful for in advance.

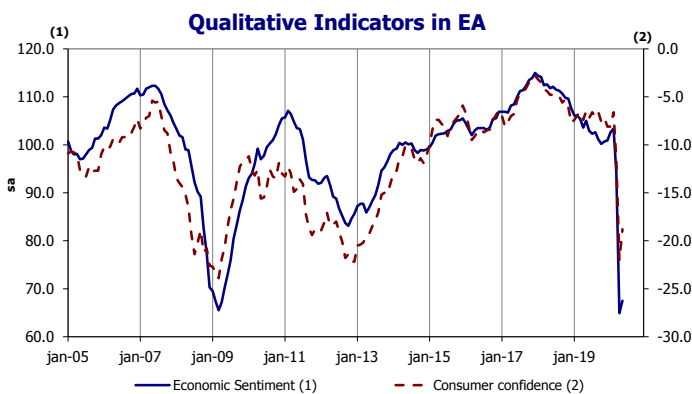
Based on information available up to June 18th, 2020.

Box: Economic impacts of the COVID-19 pandemic

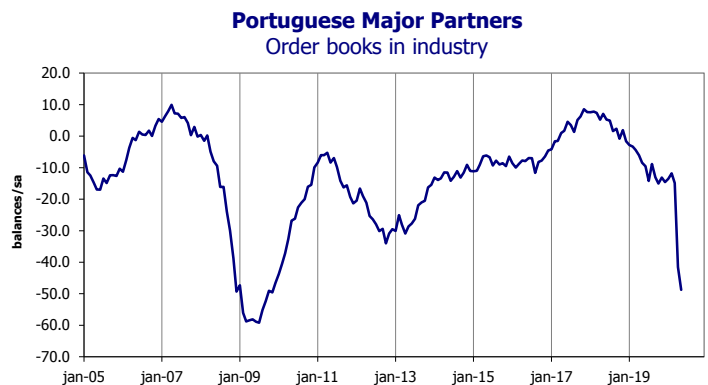
In this box, a summary of the evolution of the main indicators available for March and April is presented, considering monthly values without the use of three-months moving averages.

In the external environment of the Portuguese economy, the qualitative indicators available for May revealed signs of recovery, after the record falls in March and April. The **consumer confidence indicator** in EA increased slightly, after the strong reductions recorded in the previous two months, although remaining at historical low levels. The **economic sentiment indicator** also registered a slight increase, after declining abruptly in April to the minimum of the series (started at 1985). This upturn reflected mainly the recovery in consumer and industry confidence indicators, while services confidence continued to decline.

Graph 1



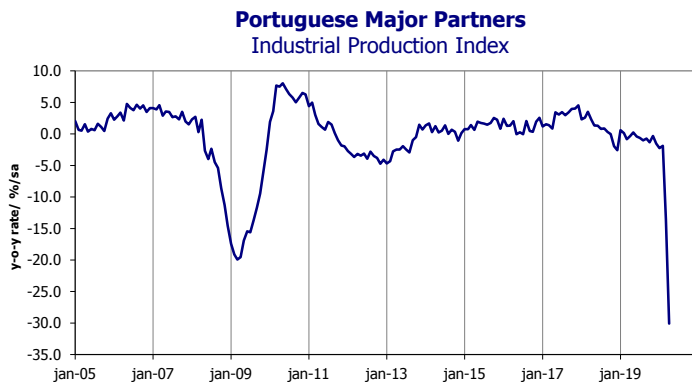
Graph 2



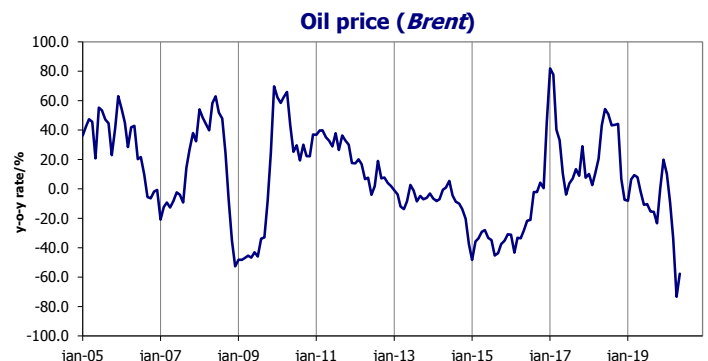
The **balance of entrepreneur’s opinions on order-book levels in the industry sector from Portuguese major partners** decreased again in May, even though less intensely than in the previous month. In April, the **industrial production index (IPI) of Portuguese major partners** decreased sharply, recording a year-on-year rate of change of -30.1% (-13.6% in March), the lowest rate of the series, largely exceeding the previous minimum rate of -19.9% observed in May 2009.

The **oil price (Brent)** was 29.9 euros in May, presenting a record monthly increase of 59.3%, after the strong decrease registered in the previous month (-56.6%), but still remaining 57.7% below the value observed in May 2019 (year-on-year rate of change of -73.3% in April).

Graph 3



Graph 4



In Portugal, the short-term indicators for economic activity from the perspective of production, available for April, reflected the constraints to economic activity determined by measures to contain the spread of the pandemic
Monthly Economic Survey – May 2020

COVID-19. It should be noted that several measures were taken in Portugal to contain the spread of COVID-19, including the closure of schools and universities announced on March 11 (with effect from March 16 onwards) and the declaration of the state of emergency on March 18, which led to the temporary closure of several economic activities and to the restriction on the free movement of persons. The state of emergency in Portugal was being renewed, with the third and last period entering in force until 2 May.

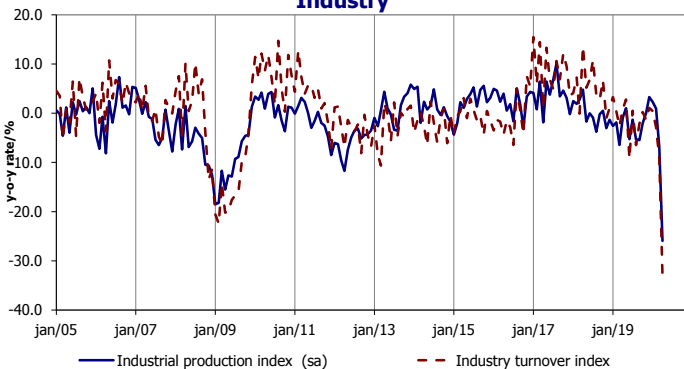
In April, the **IPI**¹ registered, in year-on-year terms, the most intense decrease of the series, with a rate of -25.9%, after a decrease of 6.8% in March, with a rate of change of -29.0% in the Manufacturing Industries section (-10.2% in the previous month). In nominal terms, the **industry turnover index** revealed a year-on-year change of -33.1% in April (-9.0% in March), registering the largest year-on-year reduction in the series. The indices for the domestic and foreign markets decreased by 26.4% and 42.5% (reductions of 5.6% and 13.5% in March), respectively.

The **turnover index for services** registered a year-on-year reduction of 38.0% in April, after a decrease of 13.1% in the previous month, being the most negative rate ever recorded. The **index of turnover in trade retail**¹ (deflated) shifted from a contraction of 5.6% in March to a decrease of 21.6% in April, with the index for non-food products decreasing by 34.3% in April (rate of change of -16.8% in March), while the index for food products by 5.0% in April (growth of 9.0% in March).

The **construction production index**¹ recorded a year-on-year decrease of 13.2%, the most intense reduction since March 2014 (rate of change of -4.2% in the previous month).

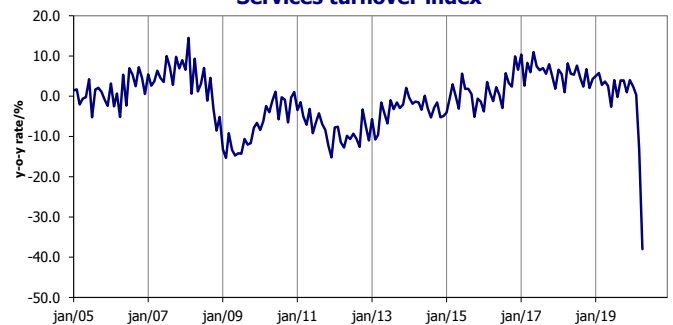
Graph 5

Industry



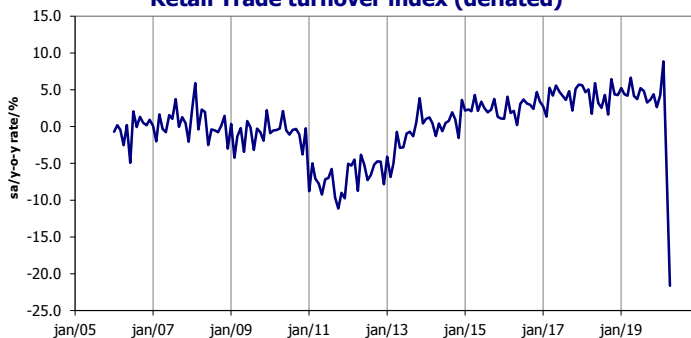
Graph 6

Services turnover index



Graph 7

Retail Trade turnover index (deflated)



Graph 8

Construction production index

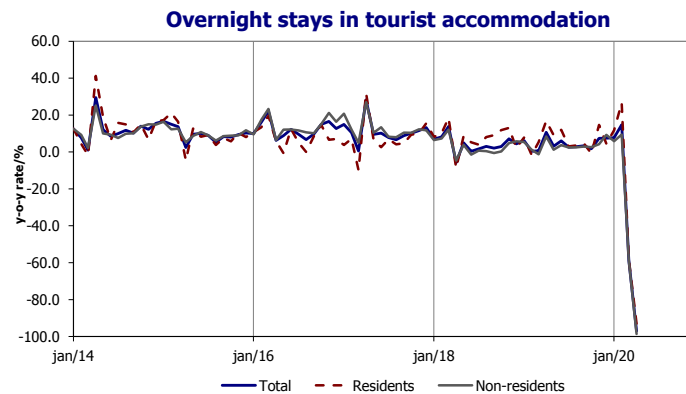


In the context of the state of emergency there was an almost complete disruption of tourism. Approximately 83.1% of tourist accommodation establishments were closed or did not register any movement of guests **Overnight stays** from

¹Seasonally and calendar adjusted.
Monthly Economic Survey – May 2020

residents declined by 93.0% (-58.1% in March) and from non-residents were virtually non-existent, decreasing by 98.6% (-58.9% in the previous month).

Graph 9

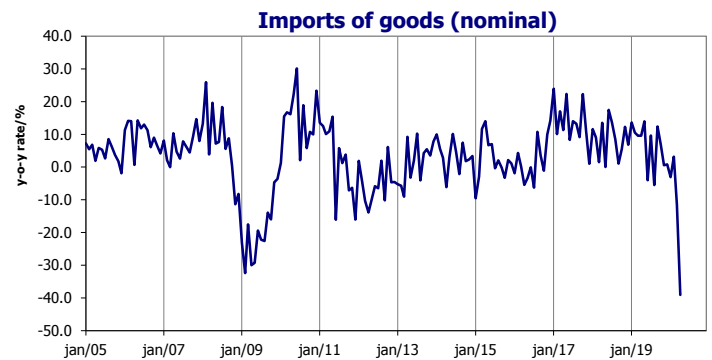
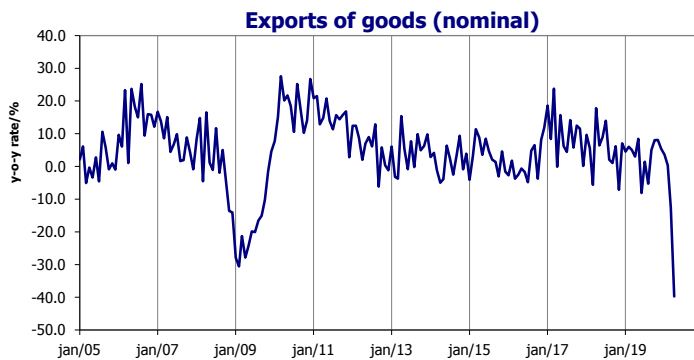


Regarding the **external trade of goods**, the information available also for April reveals that exports and imports of goods in nominal terms registered year-on-year rates of change of -39.8% and -39.1%, respectively (-12.7% and 11, 6% in March 2020, in the same order). Almost all product categories showed significant decreases, with exports and imports of transport equipment standing out (-77.6% and -75.2%, respectively). Food and beverages were the only major product category to register an increase in exports (+0.3%) in April 2020, while in imports, no category registered an increase.

In the two months with effects of the pandemic (March and April 2020) total exports and imports of goods registered reductions of 25.9% and 25.2%, respectively.

Graph 10

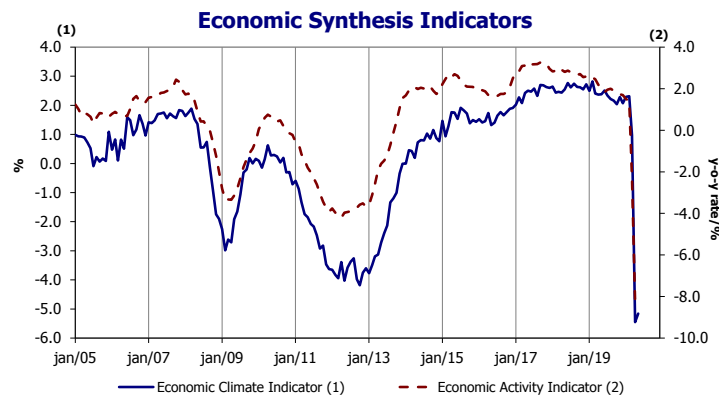
Graph 11



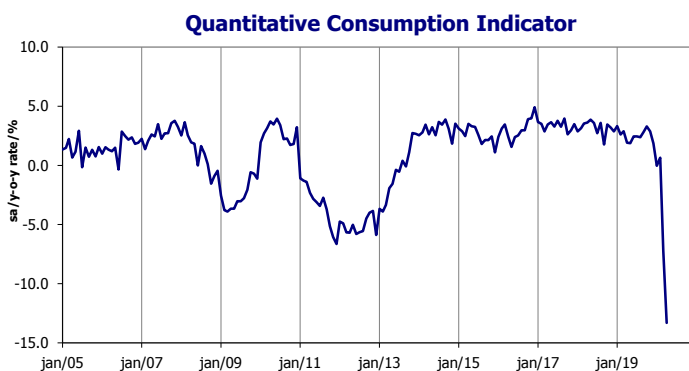
The **economic activity indicator**, which summarizes a set of quantitative indicators that reflect the evolution of the economy, registered an abrupt reduction in April and reached the lowest value of the series. By components on the expenditure side, the quantitative indicator of private consumption presented in April the minimum year-on-year rate of change since the beginning of the series, mainly due to the abrupt decrease in durable consumption, in particular the expenditures with the acquisition of motor vehicles. The investment indicator also registered in April the most intense reduction since December 2012.

The **economic climate indicator**, which summarizes the balances of extreme responses to questions relating to business surveys, already available for May, presented a slight increase, after reaching in April the minimum of the series.

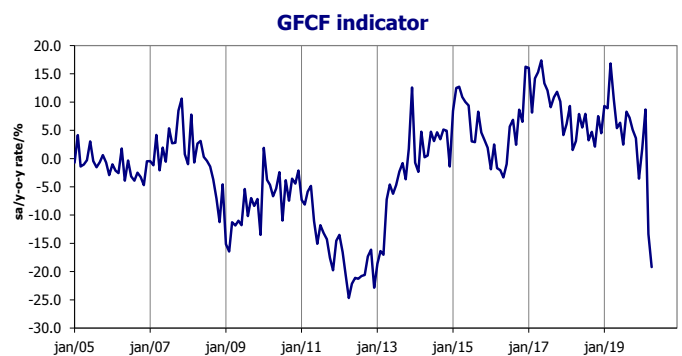
Graph 12



Graph 13



Graph 14



Based on the **information already available for May**, the results based on effective values for the qualitative indicators² revealed the following:

- The **consumer confidence indicator** recovered partially in May, registering the largest increase in the series, after presenting in April the largest reduction from the previous month and the lowest value since May 2013. This evolution resulted from the improvements in the perspectives regarding the evolution of the country's economic situation, the household's financial situation and the perspectives regarding the major purchases, after the historical decreases of the previous month. Conversely, opinions regarding the past evolution of the household's financial situation contributed negatively to the evolution of the indicator;
- The **manufacturing industry confidence indicator** decreased between February and May, extending the abrupt reduction registered in April and reaching the series' historic minimum. This behavior reflected the negative contributions of the balance of the firm's production perspective over the next three months, which in May registered again the greatest reduction in the series in relation to the previous month and reached the minimum of the series, as well as the opinions on current stock of finished products, after contributing positively to the indicator in the previous month. The firm's production perspectives over the next three months recovered significantly in May after recording in April the minimum value of the series;
- The **construction and public works confidence indicator** recovered in May part of the decrease observed in April, as a result of the increase in the balance of the perspectives on employment, while the opinions on order books worsened again, reaching a new level minimum since July 2016;
- The **trade confidence** indicator increased moderately in May, after having decreased significantly in April and attaining a new series minimum. The components of this indicator revealed different evolutions, with the balance of the perspectives on business activity in the next three months recovering sharply from the historical

² The collection period of the consumer survey occurred from 04 to 15 May and from 01 to 22 May in the case of the business surveys, covering the period of the first phase of the plan for lifting COVID-19 containment restrictions in Portugal (from 04 to 17 May), which partially explains the results obtained.

series minimum in April. The opinions on the volume of stocks also presented a positive contribution, but to a lesser extent. Conversely, opinions on sales volume extended in May the strong fall of the previous month, reaching a new minimum;

- The **services' confidence indicator** decreased between February and May, extending the abrupt fall registered in April and reaching a new historical minimum of the series started in April 2001, with the significant negative contributions of the opinions on the evolution of the business situation and of the order books, which reached new minimums.

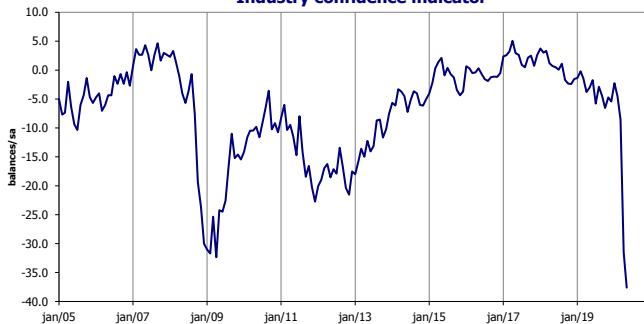
Graph 15

Consumer confidence indicator



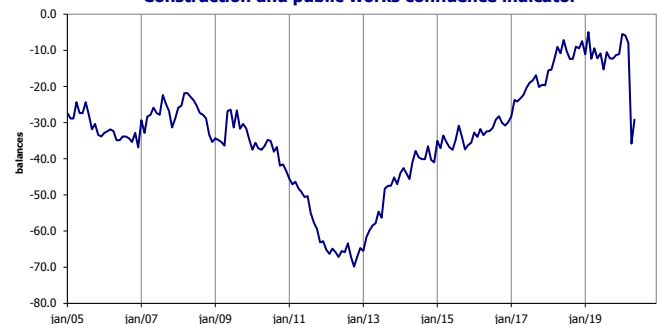
Graph 16

Industry confidence indicator



Graph 17

Construction and public works confidence indicator



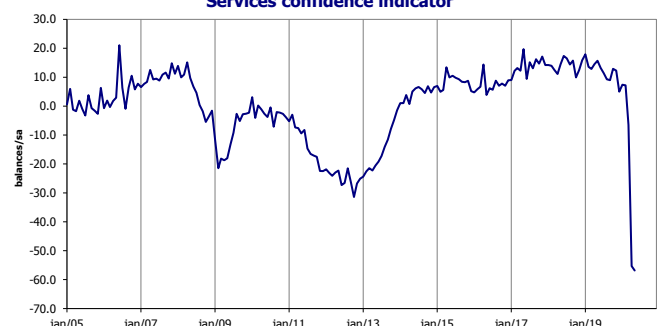
Graph 18

Trade confidence indicator



Graph 19

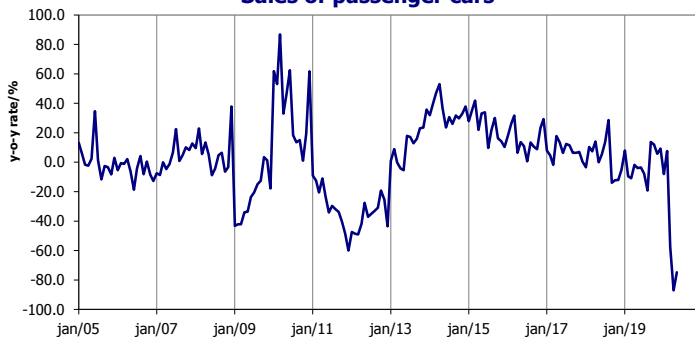
Services confidence indicator



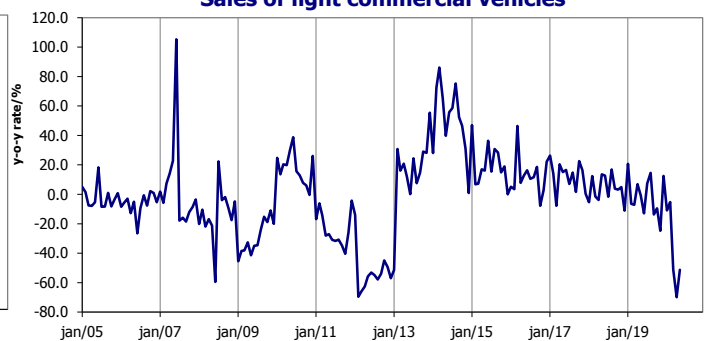
The **quantitative series** available for May regarding vehicle sales reveal the following evolution:

- 74.8% decrease in year-on-year in **sales of passenger cars**, after decreasing by 87.0% in April;
- Year-on-year reduction of 51.3% in **sales of light commercial vehicles** (-69.9% in April);
- Year-on-year rate of change of -68.5% in May in **heavy-duty vehicle sales** (-72.7% in April).

Graph 20
Sales of passenger cars

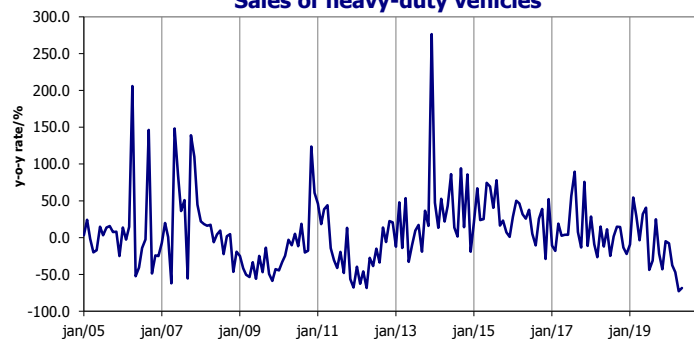


Graph 21
Sales of light commercial vehicles



Graph 22

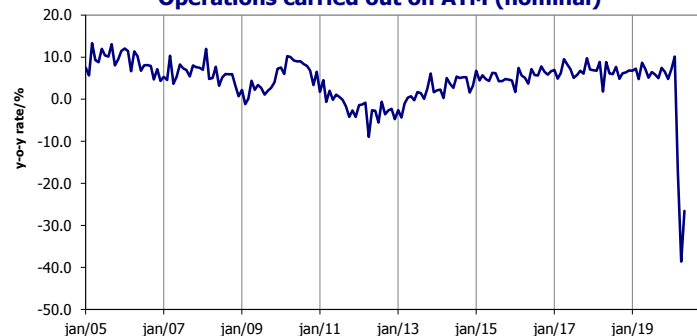
Sales of heavy-duty vehicles



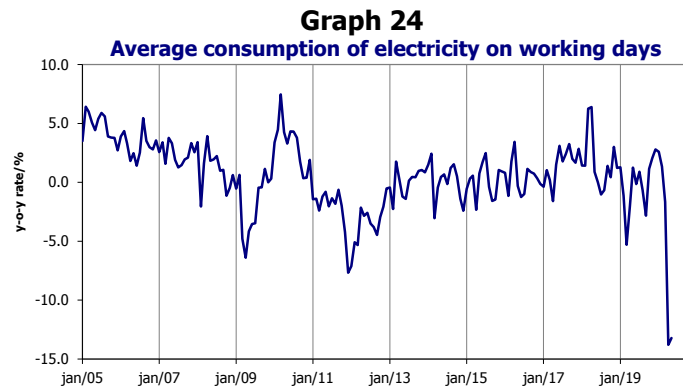
According to information on **operations** carried out in the **ATM network**, available for May, overall amount of national withdrawals, payment of services and purchases at automatic payment terminals carried out on the automatic teller machines of the *Multibanco* network registered a decrease of 26.6%, after presenting in April the highest year-on-year decrease in the series (-38.6%).

Graph 23

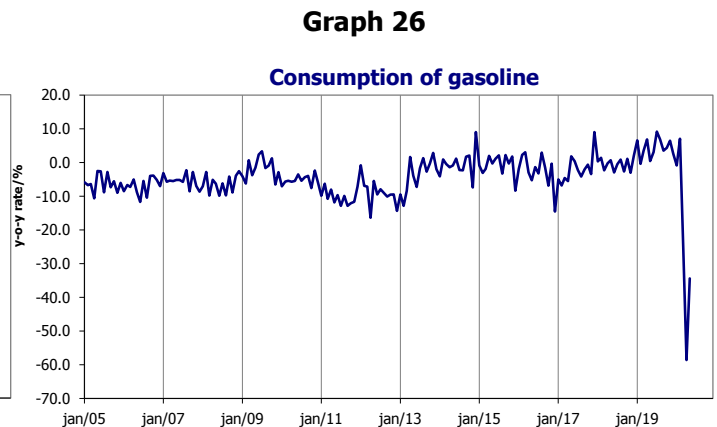
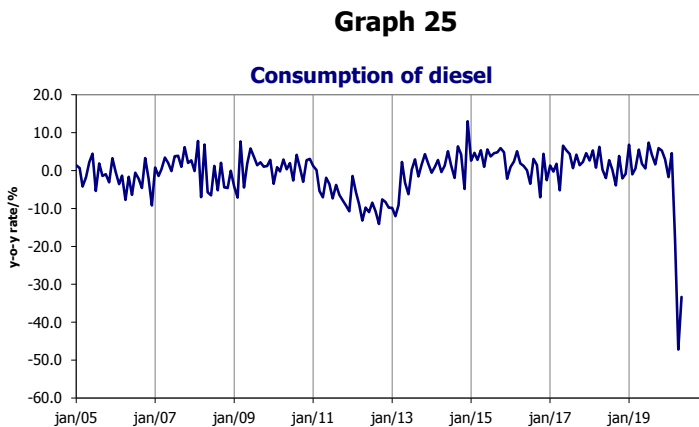
Operations carried out on ATM (nominal)



The average **consumption of electricity** on working days recorded a year-on-year change of -13.2% in May, after the highest year-on-year reduction in the series verified in April (-13.8%).



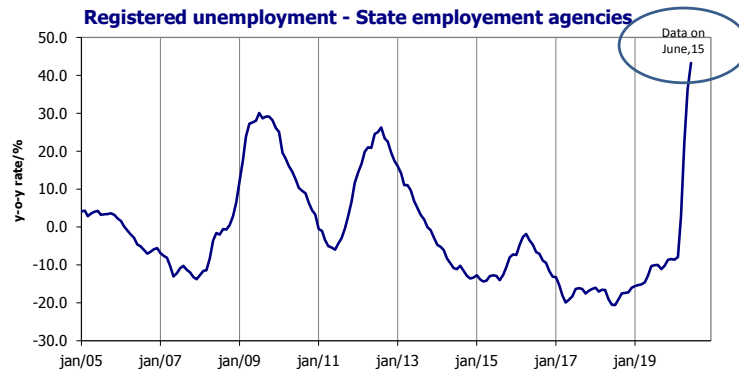
According to the flash estimates of energy consumption compiled by the General Directorate of Geology and Energy, the **consumption of road diesel and gasoline** may have registered year-on-year rates of change of -33.3% and -33.4% in May, respectively (-47.2% and -58.6% in April, in the same order).



According to the Fast and Exceptional Enterprise Survey carried out together by Statistics Portugal and Banco de Portugal with weekly inquiry, point to an improvement in the enterprises situation in the 1st fortnight of June. The percentage of enterprises in operation increased from 92% in the 2nd fortnight of May to 95% in the 1st fortnight in June, with the Accommodation and food services sector standing out, where the percentage increased from 59% to 77%. Given the situation that could be expected without the pandemic, 68% of the enterprises reported a negative impact on turnover (compared to 73% in the previous fortnight). The Accommodation and food services and Transport and storage sectors were the ones where more enterprises reported reductions in turnover (88% and 77% respectively).

Finally, according to data released by the Office for Strategy and Planning of the Ministry of Labour, Solidarity and Social Protection, **the number of unemployed registered in the state employment agencies of the Mainland** may have reached 384,5 individuals in May, reflecting a year-on-year growth of 36.2% (24.0% in the previous month). According to the same source, that number will have risen to 395,3 individuals by June 15, representing an increase of 43.3%, compared to that observed at the end of June 2019.

Graph 27



Next, it is presented the usual tables based on three-month moving averages, which make it possible to smooth the series, eliminating part of the irregular movements in order to ease the understanding of short-term trends. Maintaining this kind of series is particularly relevant to establish a reference for the monthly impact on moving quarters, notably the impact of March in the first quarter 2020.

	Unit	First Period	Minimum		Maximum		Year			Quarter				Month													
			Value	Date	Value	Date	2017	2018	2019	2019				2020		2019						2020					
										I	II	III	IV	I	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
External Demand																											
Nominal exports of goods - International trade	y.r./3-mma/%	Mar-96	-26.7	Mar-09	23.3	Oct-94	10.0	5.1	3.5	5.2	1.1	0.7	7.3	-3.1	5.6	1.1	0.6	-3.8	0.7	3.2	7.1	7.3	5.7	3.0	-3.1	-17.4	-
Nominal imports of goods - International trade	y.r./3-mma/%	Mar-96	-26.8	Apr-09	25.5	Feb-94	13.5	8.3	6.4	11.2	6.2	5.8	2.9	-4.1	11.1	6.2	6.3	0.2	5.8	4.8	6.4	2.9	-0.6	0.2	-4.1	-16.3	-
Coverage rate	3-mma/%	Mar-95	56.6	Dec-99	85.9	May-13	78.9	76.7	74.6	75.1	74.3	72.9	76.1	75.8	75.3	74.3	74.6	72.3	72.9	73.8	75.2	76.1	76.4	76.6	75.8	74.4	-
External demand indicator	s.a./y.r./3-mma/%	Mar-91	-26.3	Jul-09	26.6	Oct-00	8.2	5.1	1.4	5.2	1.9	0.2	-1.6	-5.8	4.3	1.9	1.1	-0.4	0.2	-0.1	-0.2	-1.6	-1.2	-1.3	-5.8	-	
Labour Market																											
Unemployment rate (15 to 74 years)	s.a./%	Feb-98	4.8	Nov-00	17.4	Jan-13	9.0	7.1	6.6	6.5	6.6	6.4	6.7	6.4	6.6	6.6	6.5	6.4	6.5	6.5	6.7	6.7	6.8	6.4	6.2	6.3	-
Number of unemployed (15 to 74 years)	s.a./y.r./%	Feb-99	-24.7	Apr-18	41.0	Dec-02	-19.3	-20.9	-7.2	-14.1	-6.4	-8.2	0.9	-1.4	-6.4	-4.3	-5.4	-8.2	-0.1	-1.5	0.9	1.7	3.6	-1.4	-5.1	-6.3	-
Employment (15 to 74 years)	y.r./%	Feb-99	-5.5	Jan-13	3.6	Dec-17	3.3	2.3	1.0	1.4	0.9	1.1	0.7	-0.2	0.9	0.3	0.7	1.1	1.2	1.0	0.7	0.1	0.2	-0.2	-0.5	-1.8	-
Employment indicator - Short-term statistics	y.r./3-mma	Mar-01	-7.9	Dec-12	3.9	Dec-17	3.2	2.6	1.4	1.4	1.4	1.7	1.2	0.7	1.3	1.4	1.6	1.6	1.7	1.5	1.4	1.2	1.2	1.1	0.7	-1.1	-
Reg. unemp. along the month - State emp. agencies	s.a./y.r./3-mma	Mar-90	-20.2	May-90	43.7	Jun-93	-11.9	-6.3	-3.1	-1.9	-5.2	-3.4	-2.0	6.8	-4.3	-5.2	-1.6	-2.0	-3.4	-5.1	-4.7	-2.0	-3.1	-2.0	6.8	32.2	-
Vacancies along the month - State employment ag.	s.a./y.r./3-mma	Mar-90	-37.9	Dec-16	70.0	Feb-14	-0.9	-9.2	-3.7	-8.2	-2.4	-0.4	-3.3	-15.4	-6.7	-2.4	3.5	0.1	-0.4	-9.4	-7.4	-3.3	2.1	1.7	-15.4	-37.7	-
Employment expectations of entrepreneurs	bal./s.a./3-mma	Mar-03	-22.0	Dec-12	7.3	Jul-18	4.2	6.1	4.8	4.6	6.0	5.0	3.6	4.1	5.7	6.0	5.1	5.4	5.0	4.9	4.0	3.6	4.0	4.7	4.1	-7.0	-13.1
Unemployment expectations of consumers	balance/3-mma	Nov-97	-18.6	Jul-17	79.7	Mar-09	-13.2	-10.9	-0.9	0.0	-3.7	-1.2	1.2	6.8	-1.6	-3.7	-4.0	-3.1	-1.2	1.0	1.3	1.2	0.9	2.9	6.8	33.1	55.9
Average monthly wage declared by worker	s.a./y.r./3-mma	Mar-02	-1.5	Feb-14	4.8	Dec-02	1.5	3.2	3.5	3.5	3.5	3.6	3.3	3.3	3.5	3.5	3.5	3.6	3.6	3.6	3.7	3.3	3.3	3.5	3.3	1.3	-
Prices																											
Consumer price index - Total	y.r./%	Jan-49	-3.7	Sep-54	36.7	May-77	1.4	1.0	0.3	0.8	0.5	-0.2	0.3	0.4	0.4	0.4	-0.3	-0.1	-0.1	0.0	0.3	0.4	0.8	0.4	0.0	-0.2	-0.7
- Goods	y.r./%	Jan-49	-3.7	Jul-09	38.2	May-77	0.9	0.5	-0.3	0.3	-0.1	-0.7	-0.5	-0.1	0.0	-0.3	-0.7	-0.7	-0.7	-0.7	-0.6	-0.3	0.4	-0.2	-0.5	-1.2	-2.1
- Services	y.r./%	Jan-49	-4.4	Sep-54	30.5	Mar-74	2.1	1.7	1.2	1.4	1.4	0.6	1.4	1.2	1.0	1.5	0.3	0.8	0.8	1.0	1.6	1.5	1.4	1.2	0.9	1.2	1.2
Core inflation indicator	y.r./%	Jan-49	-4.3	Oct-54	31.1	May-84	1.1	0.7	0.5	0.8	0.6	0.1	0.4	0.2	0.5	0.6	-0.1	0.2	0.2	0.3	0.6	0.4	0.4	0.1	0.0	-0.2	-0.4
Harmonised index of consumer prices	y.r./%	Jan-96	-1.8	Sep-09	5.1	Mar-01	1.6	1.2	0.3	0.8	0.6	-0.3	0.2	0.5	0.3	0.7	-0.7	-0.1	-0.3	-0.1	0.2	0.4	0.8	0.5	0.1	-0.1	-0.6
Manufacturing industry production price index	y.r./3-mma/%	Mar-11	-5.0	Oct-15	6.4	Jun-11	2.5	2.7	0.7	1.6	1.7	0.0	-0.6	-0.3	2.1	1.7	1.1	0.5	0.0	-0.5	-0.8	-0.6	0.0	0.2	-0.3	-2.0	-3.9
Consumers expectations of prices evolution	balance/3-mma	Nov-97	-5.9	Jul-09	57.7	Nov-11	7.1	14.9	11.4	12.0	12.8	11.7	9.0	14.2	12.7	12.8	12.6	12.2	11.7	10.9	9.1	9.0	10.7	11.2	14.2	24.9	32.0
Expectations of prices in manufacturing industry	bal./s.a./3-mma	Mar-87	-23.2	Jan-09	27.5	Nov-90	3.4	2.8	-2.6	-2.0	-1.3	-3.4	-3.8	-3.7	-2.4	-1.3	-1.3	-1.7	-3.4	-3.2	-4.4	-3.8	-4.3	-3.4	-3.7	-11.6	-18.5
Effective exchange rate ind. for Portugal (nominal)	y.r.	Mar-01	-4.3	Apr-15	3.6	May-03	0.7	0.6	-0.4	-0.6	-0.2	-0.4	-0.5	-0.2	-0.1	0.1	-0.4	-0.2	-0.5	-0.4	-0.5	-0.5	-0.5	-0.5	0.5	0.3	-

NOTES

The figures presented in tables are, in the case of quantitative series, year-on-year rates of change (y.r.) under three-month moving average (3-mma) or, in the case of qualitative series, 3-mma of seasonally adjusted values (s.a.) or of effective values (e.v). Annual information correspond to 12-mma, with the exception of variables presented as y.r. on stocks, where the annual value corresponds to the variation of the balance at the end of the year. Annualised variation (a.v.). Weight (w.).

Balances: differences between the percentage of respondents giving positive and negative replies.