

Information already available for July points to a less intense decrease in economic activity

In the Euro Area (EA), Gross Domestic Product (GDP) in volume registered a year-on-year rate of change of -15.0% in the second quarter of 2020 (-3.1% in the previous quarter). In July, the consumer confidence indicator decreased in the EA, while the economic sentiment recovered. The prices of raw materials and oil presented growth rates of 4.6% and 5.4% compared with previous month, respectively (3.4% and 32.8% in June).

In Portugal, according to the second flash estimate, GDP in volume presented a year-on-year rate of change of -16.3% in the second quarter of 2020 (decrease of 2.3% in the first quarter), while the quarter-on-quarter rate of change was -13.9% (-3.8% in the previous quarter).

Not considering three-months moving average (see **next section**), the information already available for July reveals a less intense contraction in economic activity, when compared to the previous month. The economic climate indicator increased between May and July, after reaching the minimum value of the series in April. Confidence indicators increased in all sectors, more intensely in Manufacturing. The consumer confidence indicator decreased in July, after recovering in the two previous months.

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 9.7% in July, on year-on-year terms, after decreasing 14.4% in June. The information regarding motor vehicles sales registered rates of change of -17.6%, -19.4% and +67.3% for passenger cars, light commercial vehicles and heavy-duty vehicles (-56.3%, -36.0% and -67.0% in June, respectively).

According to the Fast and Exceptional Enterprise Survey, the results point to a slight improvement in the enterprises' situation in the first fortnight of July. The percentage of enterprises in operation was 99% (+3 percentage points than in the previous fortnight and +16 percentage points than in April). In the Accommodation and food services sector this percentage was smaller (93%, representing a 11 percentage points increase from the previous fortnight). Given the situation that could be expected without the pandemic, 58% of the enterprises reported a negative impact on turnover (compared to 66% in the previous fortnight and 80% in April). In the Accommodation and food services and Transportation and storage sectors, the percentage of enterprises with decreases in turnover was more relevant (88% and 76%, respectively).

In the second quarter of 2020, the unemployment rate was 5.6%, 1.1 percentage points below the rate observed in the previous quarter (6.3% in the same period of 2019). The labour underutilisation was estimated at 748.7 thousand people (694.7 thousand in the previous quarter), corresponding to an increase in the labour underutilisation rate from 12.9% in the first quarter to 14.0% in the second quarter (12.4% in the second quarter of 2019). Total employment presented a year-on-year decrease of 3.8% (-0.3% in the first quarter), while active population registered a year-on-year decrease of 4.5% (rate of change of -0.4% in the previous quarter). In the second quarter, the volume of hours actually worked decreased by 26.1% in year-on-year terms and declined by 22.7% compared to the previous quarter. The reduction of the volume of hours actually worked is mainly associated to the increase of the employed population absent from work (22.8% of total employed population), due almost exclusively to the reduction or lack of work for technical or economic reasons (which includes the contract temporary suspension and layoff).

The Consumer Price Index (CPI) presented a year-on-year rate of change of 0.1% in July (identical rate of change in June), with a -0.2% rate of change in the goods component (-0.9% in the previous month) and 0.6% in the services component (less 1.0 percentage points than in preceding month).

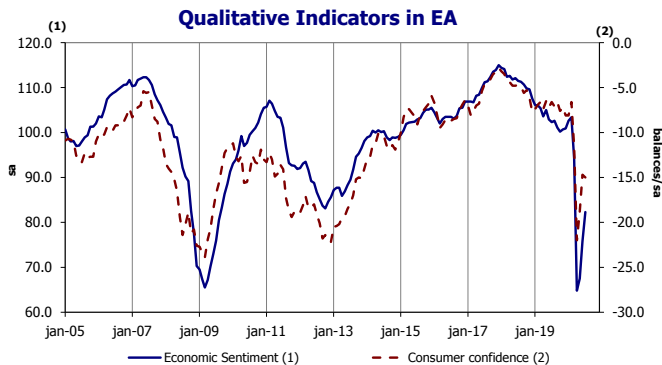
Based on information available up to August 18, 2020.

Box: Economic impacts of the COVID-19 pandemic

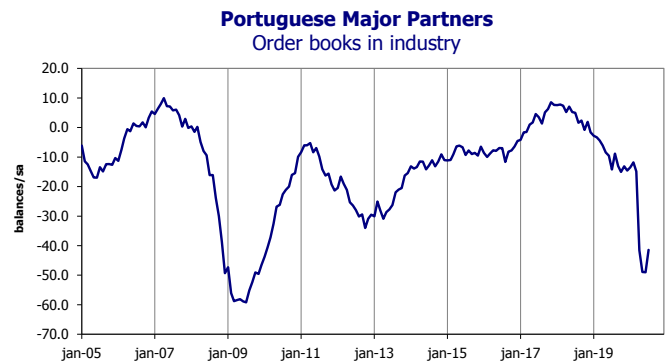
In this box, a summary of the evolution of the main indicators available between March and July is presented, considering monthly values without the use of three-months moving averages.

In the external environment of the Portuguese economy, the **economic sentiment indicator (ESI)** in the EA increased between May and July, significantly in the last two months, recovering around half of the losses accumulated in March and April. The ESI recovery in July reflected the confidence improvement in industry, services and retail trade. The **consumer confidence indicator** in the EA slightly declined in July, after increasing in the two previous months, with a deterioration in consumers' assessment of their households' past financial conditions, which more than offset the increases in expectations concerning households' financial conditions and their intentions to make major purchases, while the expectations about the general economic situation remaining practically stable.

Graph 1



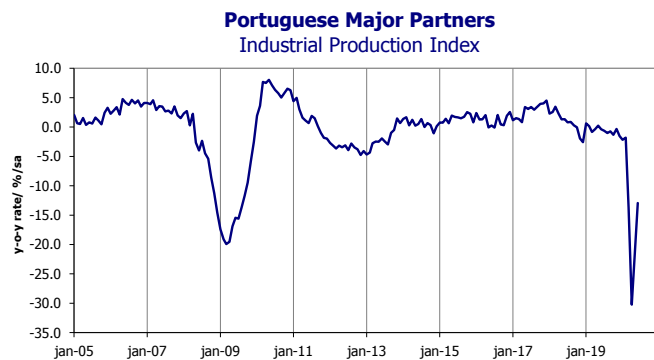
Graph 2



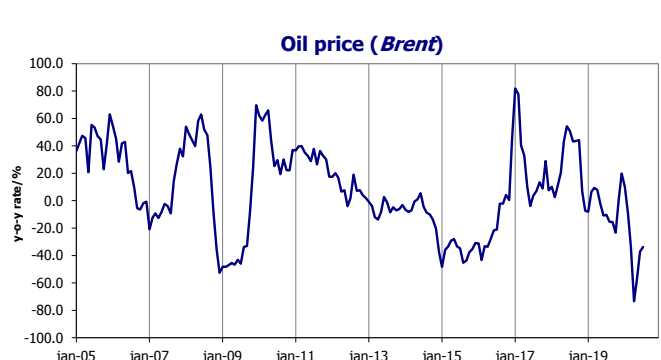
The **balance of entrepreneur's opinions on order-book levels in the industry sector from Portuguese major partners** recorded a marked increase in July (the highest of the series), after declining since March, abruptly in April. In June, the **industrial production index (IPI) of Portuguese major partners** increased by 10.5% comparing with the value of the previous month (quarter-on-quarter rate of change of 12.9 % in May), but it remained well below the level observed in the same period of 2019 (year-on-year rate of changes of -21.6% and -12.0% in May and June, respectively).

The **oil price (Brent)** was 37.7 euros in July, 5.4 % higher than the value recorded in previous month, after rates of 59.3% and 32.8% in May and June following the abrupt fall recorded in April.. Comparing with the same period of 2019, oil price decreased by 33.8% in July (year-on-year rate of change of -37.1% in June).

Graph 3



Graph 4



In Portugal, the short-term indicators for economic activity from the perspective of production, available for June, remained affected by the context of the COVID-19 pandemic. 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 May 02, after which the state of calamity began on May 03. The reopening of stores with a street door (gradually and conditional on the size) began in May 04, with in-school classes resuming for high-schools on May 18, as the reopening of kindergartens, cultural venues, cafes and restaurants. It is still noteworthy the reopening of large malls (except on the Lisbon Metropolitan Area) and the end of the civic duty of retreat from June 01^t. The calamity state was maintained until June 30. Nevertheless, considering the information already available, the reopening of these establishments was not accompanied by the recovery of pre-pandemic activity levels.

As of July 01, the transition to the alert situation and the end of the state of calamity for most of the country took effect.

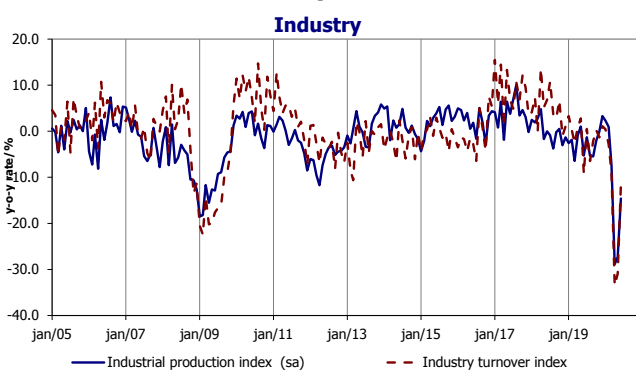
In June the **IPI**¹ registered, in year-on-year terms, a decrease of 14.6%, (rate of -27.3% in May), with a rate of change of -15.7% in the Manufacturing Industries section (-30.2% in the previous month). In the second quarter of 2020, the aggregate index decreased 23.7% compared to the same quarter of last year (year-on-year growth rate of 1.3% in the first quarter). In nominal terms, the **industry turnover index** revealed a year-on-year rate of change of -11.7% in June (-30.9% in May). The indices for the domestic and foreign markets decreased by 9.2% and 15.1% (reductions of 23.3% and 41.3% in May), respectively. In the second quarter of 2020, the year-on-year rate of change in the sales industry stood at -25.7% (-3.8% in the previous quarter).

The **turnover index for services** registered a year-on-year reduction of 20.9% in June, after presenting in May a rate of change of -34.0%. In the second quarter, the index decreased by 30.9% compared to the same period in 2019 (-3.7% in the previous quarter).

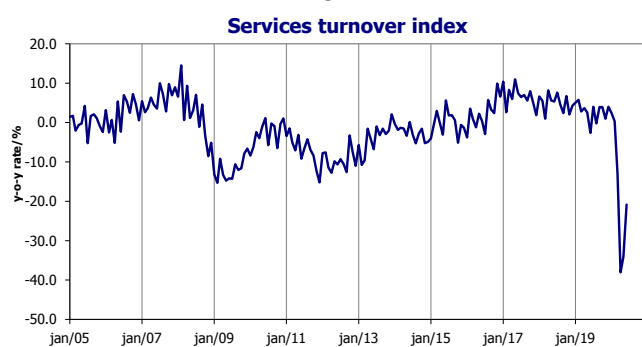
The **index of turnover in trade retail**¹ (deflated) shifted from a contraction of 11.9% in May to a decrease of 6.6% in June, with the index for non-food products decreasing by 9.9% in June (rate of change of -22.4% in May), while the index for food products decreased by 2.3% (increase of 1.6% in the previous month). In the second quarter, retail sales decreased 13.6% in year-on-year terms (2.2% increase in the first quarter).

The **construction production index**¹ recorded a year-on-year decrease of 4.3%, after decreasing 7.8% in the previous month (rates of -1.2% and -8.5% in the first and second quarter, respectively).

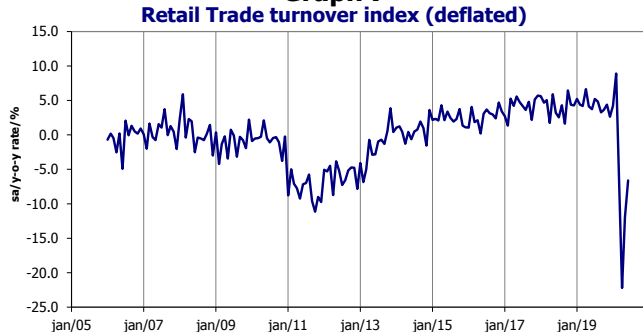
Graph 5



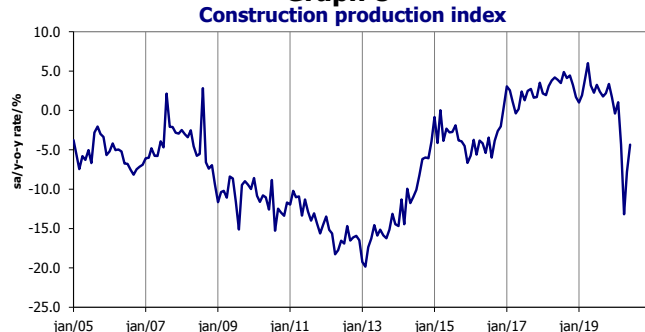
Graph 6



Graph 7

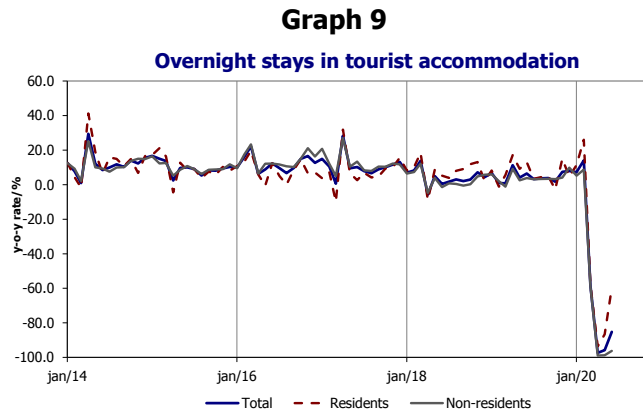


Graph 8



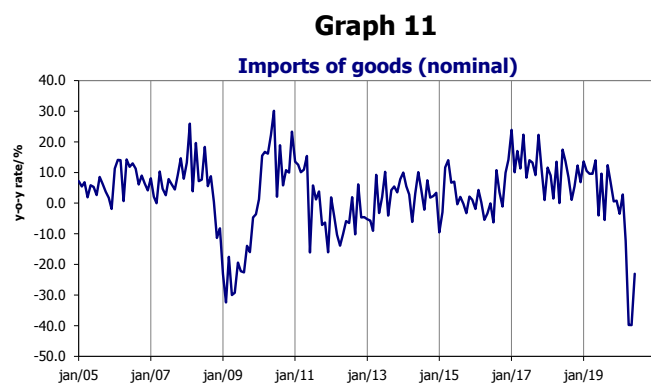
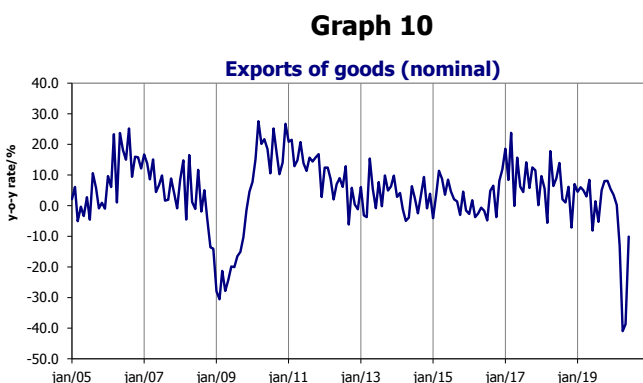
¹Seasonally and calendar adjusted.
Monthly Economic Survey – July 2020

In June, tourist activity maintained a strong reduction, but less intense than in May due to residents. Approximately 46.3% of tourist accommodation establishments were closed or did not register any movement of guests (74.1% in May). **Overnight stays** of residents declined by 59.7% (-86.6% in May) and of non-residents decreased by 96.2% (-98.8% in the previous month). In the second quarter of 2020, total overnight stays decline by 92.4% (-78.1% in residents and -97.9% in non-residents). In the first quarter of 2020, overnight stays had decreased by 18.3% (-12.2% in residents and -21.0% in non-residents).



Regarding the **external trade of goods**, the information available also for June reveals that exports and imports of goods in nominal terms registered year-on-year rates of change of -10.1% and -23.1%, respectively (-38.7% and -39.8% in May 2020, in the same order). Most product categories revealed decreases, with the emphasis on the declines in exports of Industrial supplies (-13.0%) and imports of Transport equipment and Fuels and lubricants (-49.4% and -65.5%, respectively). In part, the lesser extent of the reduction observed in both trade flows reflected a calendar effect (June 2020 had two more working days than June 2019). The year-on-year growth rates in June were also affected by a base effect, since there was a very high volume of imports in the same month of the previous year, when there were significant imports of Transport equipment and a very small volume of exports, mainly in Fuels and lubricants.

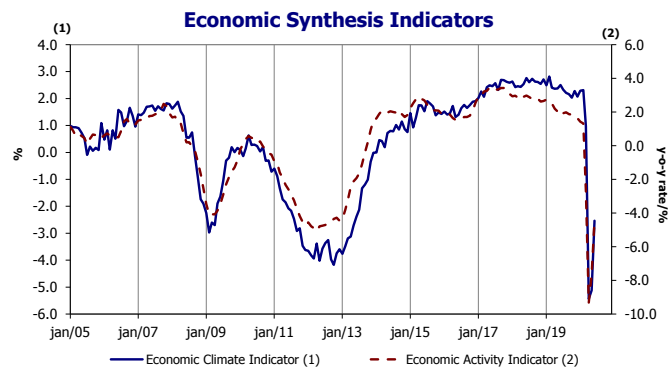
In the second quarter, exports and imports of goods decreased by 30.6% and 34.4%, respectively, compared to the second quarter of 2019 (-3.3% and -4.6%, in the same order, in the first quarter).



The **economic activity indicator**, which summarizes a set of quantitative indicators that reflect the evolution of the economy, recovered partially in May and June from the lowest value of the series reached in April. By components on the expenditure side, the quantitative indicator of private consumption presented in June a less negative year-on-year rate of change than the one recorded in May, after reaching in May the series minimum. Similarly, the investment indicator registered in June a less intense year-on-year reduction than in the previous month.

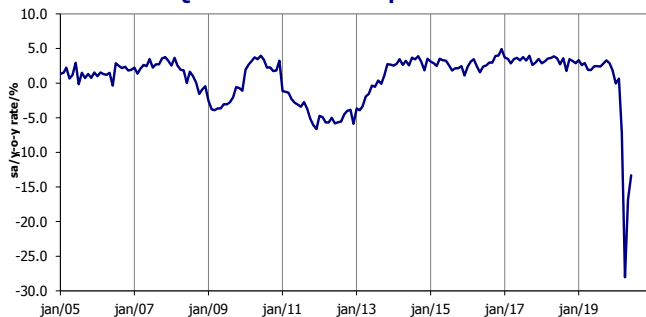
The **economic climate indicator**, which summarizes the balances of responses to questions relating to business surveys, already available for July, partially recovered between May and July, from the abrupt reduction registered in April which originated a new historical minimum.

Graph 12



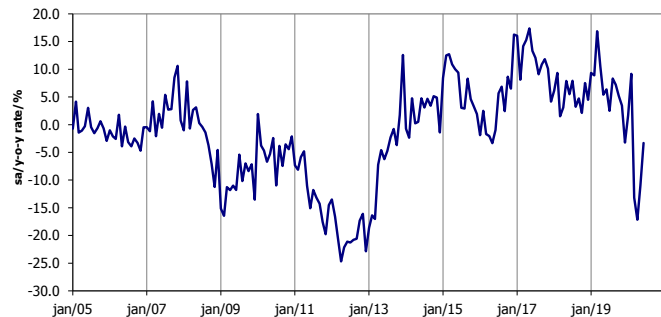
Graph 13

Quantitative Consumption Indicator



Graph 14

GFCF indicator



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

- The **consumer confidence indicator** decreased in July, after increasing in the two previous months, partially recovering from the highest decrease in the series observed in April, which led to its minimum value since May 2013. The reduction in the indicator in July resulted from the negative contributions of the perspectives regarding the future evolution of the country's economic situation and opinions about the past evolution of the household's financial situation. On the contrary, expectations regarding major purchases and the evolution of the household's financial situation contributed positively;
- The **manufacturing industry confidence indicator** increased in June and July, after decreasing in the four previous months, recovering partially from the significant decreases of April and May. The behaviour of the indicator in the last month reflected the positive contributions of all components, the balance of opinions on global demand in the last three months, on the current stock of finished products and the firm's production perspectives over the next three months;
- The **construction and public works confidence indicator** recovered between May and July, after having reached in April the minimum value since November 2015 and presented the sharpest decrease since the beginning of the series, initiated in April 1997. The increase of the indicator in the last month reflected the strong positive contribution of both components, opinions on order books and perspectives on employment;
- The **trade confidence indicator** increased between May and July, after having recorded the lowest value and the most abrupt reduction of the series in April. This evolution reflected the significant positive contribution of the opinions on the volume of sales, suspending the strong fall observed since April that originated in June a

² The collection period of the consumer survey occurred from 01 to 17 of July and from 01 to 24 of July in the case of the business surveys.

new minimum of the series. The perspectives on business activity over the next three months also contributed positively, recovering totally from the historical minimum of the series observed in April, while the opinions on the volume of stocks registered a null contribution;

- The **services' confidence indicator** increased in June and July, after decreasing between February and May, having recorded an abrupt fall in April, and reaching in May a new historical minimum of the series. The behavior of the indicator in July resulted from the positive contribution of all components, perspectives on the evolution of demand, opinions on the evolution of the business situation and opinions on the evolution of the order books.

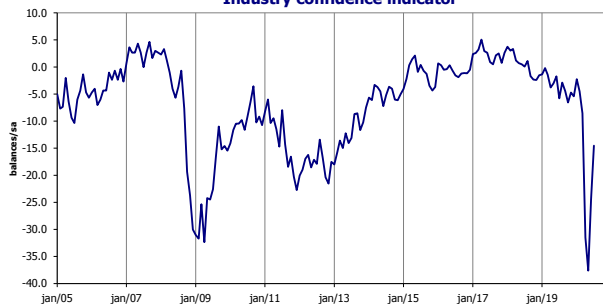
Graph 15

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

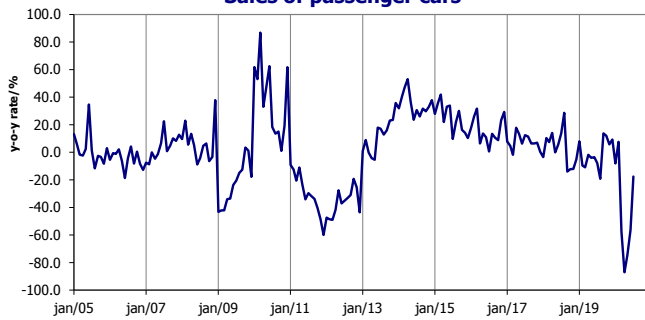


The **quantitative series** available for July regarding vehicle sales point to a significant recovery when compared with the three previous months:

- 17.6% year-on-year decrease in **sales of passenger cars**, after decreasing by 74.8% and 56.3% in May and in June;
- Year-on-year reduction of 19.4% in **sales of light commercial vehicles** (rates of change of -51.3% and -36.0% in May and in June);
- Year-on-year increase of 67.3% in July in **heavy-duty vehicle sales** (-68.5% and -67.0% in May and in June).

Graph 20

Sales of passenger cars



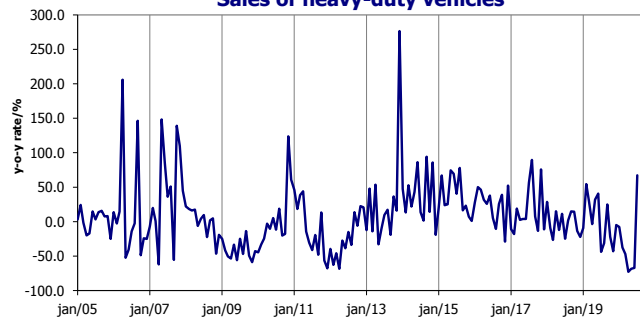
Graph 21

Sales of light commercial vehicles



Graph 22

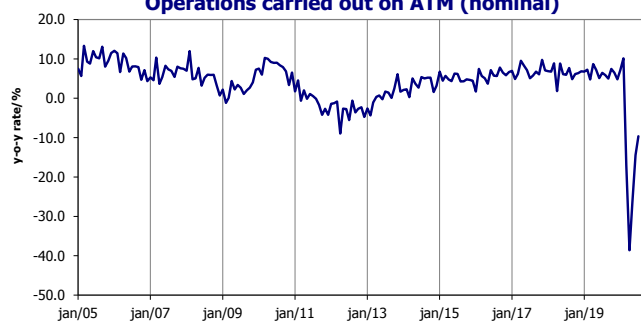
Sales of heavy-duty vehicles



According to information on **operations** carried out in the **ATM network**, available for July, 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 9.7%, a year-on-year decrease of 14.4% in June.

Graph 23

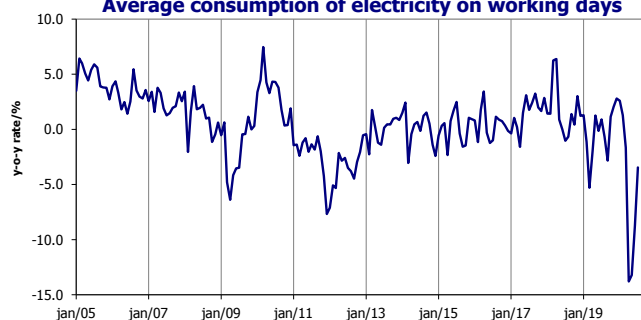
Operations carried out on ATM (nominal)



The average **consumption of electricity** on working days recorded a year-on-year change of -3.4% in July which compares with rates of -13.2% and -8.7% in May and June, respectively.

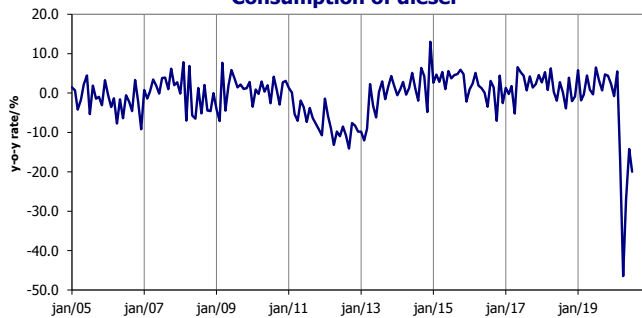
Graph 24

Average consumption of electricity on working days

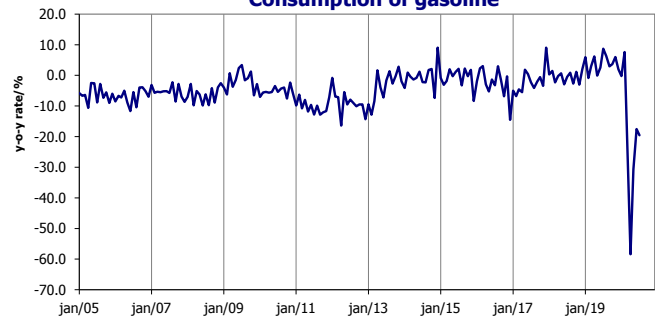


The **consumption of road diesel and gasoline** registered year-on-year rates of change of -20.0% and -19.5% in July, respectively (-14.2% and -17.5% in the previous month).

Graph 25
Consumption of diesel



Graph 26
Consumption of gasoline



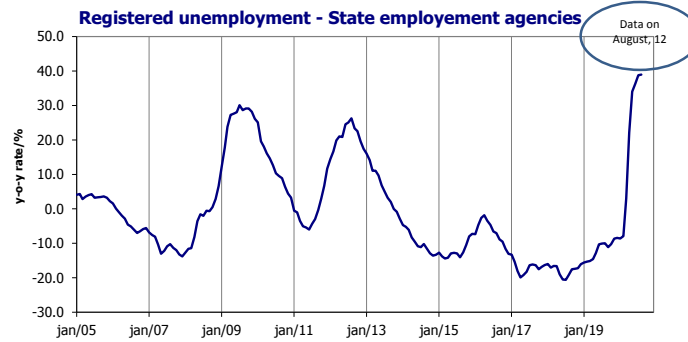
According to the Fast and Exceptional Enterprise Survey carried out together by Statistics Portugal and Banco de Portugal, the results point to a slight improvement in the enterprises' situation in the first fortnight of July. The percentage of enterprises in operation was 99% (+3 percentage points than in the previous fortnight and +16 p.p. than in April). In the Accommodation and food services sector this percentage was smaller (93%, representing an 11 percentage points increase from the previous fortnight). Given the situation that could be expected without the pandemic, 58% of the enterprises reported a negative impact on turnover (compared to 66% in the previous fortnight and 80% in April). In the Accommodation and food services and Transportation and storage sectors the percentage of enterprises with decreases in turnover is more relevant (88% and 76%, respectively).

Between 23% and 31% of enterprises had already benefited from government support measures, including the simplified layoff, rating them as very important to their liquidity situation.

The liquidity situation of enterprises improved when compared to April. In the first fortnight of July, 59% of enterprises referred being able to stay in activity for a period larger than six months without additional liquidity support measures (which compares with 26% in April). Only 15% referred not being able to maintain activity for more than two months (47% in the week of 20 to 24 of April).

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 382.0 thousand individuals in July, reflecting a year-on-year growth of 38.8% (38.3% in the previous month). According to the same source, that number will have risen to 392.4 thousand individuals by August 12, representing an increase of 39.0%, compared to that observed at the end of August 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.

	Unit	First Period	Minimum		Maximum		Year			Quarter					Month												
			Value	Date	Value	Date	2017	2018	2019	2019			2020		2019						2020						
										II	III	IV	I	II	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
External Demand																											
Nominal exports of goods - International trade	y.r./3-mma/%	Mar-96	-31.0	May-20	23.3	Oct-94	10.0	5.1	3.5	1.1	0.7	7.3	-3.3	-30.6	0.6	-3.8	0.7	3.2	7.1	7.3	5.7	3.0	-3.3	-18.0	-31.0	-30.6	-
Nominal imports of goods - International trade	y.r./3-mma/%	Mar-96	-34.4	Jun-20	25.5	Feb-94	13.5	8.3	6.4	6.2	5.8	2.9	-4.6	-34.4	6.3	0.2	5.8	4.8	6.4	2.9	-0.8	-0.1	-4.6	-16.9	-30.7	-34.4	-
Coverage rate	3-mma/%	Mar-95	56.6	Dec-99	85.9	May-13	78.9	76.7	74.6	74.3	72.9	76.1	76.1	78.6	74.6	72.3	72.9	73.8	75.2	76.1	76.5	76.8	76.1	74.4	75.0	78.6	-
External demand indicator	s.a./y.r./3-mma/%	Mar-91	-26.3	Jul-09	26.6	Oct-00	8.2	5.3	1.3	1.9	0.2	-1.8	-5.8	-	1.1	-0.4	0.2	-0.2	-0.4	-1.8	-1.4	-1.5	-5.8	-15.6	-24.4	-	
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	6.6	6.4	6.7	6.4	5.9	6.5	6.4	6.5	6.5	6.7	6.7	6.8	6.4	6.2	6.3	5.9	7.0	-
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	-6.4	-8.2	0.9	-1.4	-15.6	-5.4	-8.2	-0.1	-1.5	0.9	1.7	3.6	-1.4	-5.1	-6.5	-15.6	2.9	-
Employment (15 to 74 years)	y.r./%	Feb-99	-5.5	Jan-13	3.6	Dec-17	3.3	2.3	1.0	0.9	1.1	0.7	-0.2	-3.8	0.7	1.1	1.2	1.0	0.7	0.1	0.2	-0.2	-0.5	-1.8	-3.8	-3.6	-
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	1.7	1.2	0.7	-5.2	1.6	1.6	1.7	1.5	1.4	1.2	1.2	1.1	0.7	-1.2	-3.4	-5.2	-
Reg. unemp. along the month - State emp. agencies	s.a./y.r./3-mma	Mar-90	-20.1	May-90	44.5	Jun-93	-11.9	-6.3	-3.1	-5.2	-3.4	-2.0	6.8	40.3	-1.6	-2.0	-3.4	-5.1	-4.7	-2.0	-3.1	-2.0	6.8	32.2	42.6	40.3	-
Vacancies along the month - State employment ag.	s.a./y.r./3-mma	Mar-90	-52.1	May-20	72.5	Feb-14	-0.9	-9.2	-3.7	-2.4	-0.4	-3.3	-15.4	-41.7	3.5	0.1	-0.4	-9.4	-7.4	-3.3	2.1	1.7	-15.4	-37.7	-52.1	-41.7	-
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	6.0	5.0	3.6	4.1	-16.6	5.1	5.4	5.0	4.9	4.0	3.6	4.0	4.7	4.1	-7.0	-13.1	-16.6	-9.4
Unemployment expectations of consumers	balance/3-mma	Nov-97	-18.6	Jul-17	79.7	Mar-09	-13.2	-10.9	-0.9	-3.7	-1.2	1.2	6.8	73.2	-4.0	-3.1	-1.2	1.0	1.3	1.2	0.9	2.9	6.8	33.1	55.9	73.2	69.2
Average monthly wage declared by worker	s.a./y.r./3-mma	Mar-02	-1.6	Feb-14	4.8	Dec-02	1.5	3.2	3.5	3.5	3.6	3.3	3.4	-0.3	3.5	3.6	3.6	3.6	3.7	3.3	3.3	3.6	3.4	1.7	-0.1	-0.3	-
Prices																											
Consumer price index - Total	y.r./%	Jan-49	-3.7	Sep-54	36.7	May-77	1.4	1.0	0.3	0.5	-0.2	0.3	0.4	-0.3	-0.3	-0.1	-0.1	0.0	0.3	0.4	0.8	0.4	0.0	-0.2	-0.7	0.1	0.1
- Goods	y.r./%	Jan-49	-3.7	Jul-09	38.2	May-77	0.9	0.5	-0.3	-0.1	-0.7	-0.5	-0.1	-1.4	-0.7	-0.7	-0.7	-0.7	-0.6	-0.3	0.4	-0.2	-0.5	-1.2	-2.1	-0.9	-0.2
- Services	y.r./%	Jan-49	-4.4	Sep-54	30.5	Mar-74	2.1	1.7	1.2	1.4	0.6	1.4	1.2	1.4	0.3	0.8	0.8	1.0	1.6	1.5	1.4	1.2	0.9	1.2	1.2	1.6	0.6
Core inflation indicator	y.r./%	Jan-49	-4.3	Oct-54	31.1	May-84	1.1	0.7	0.5	0.6	0.1	0.4	0.2	-0.1	-0.1	0.2	0.2	0.3	0.6	0.4	0.4	0.1	0.0	-0.2	-0.4	0.2	0.1
Harmonised index of consumer prices	y.r./%	Jan-96	-1.8	Sep-09	5.1	Mar-01	1.6	1.2	0.3	0.6	-0.3	0.2	0.5	-0.2	-0.7	-0.1	-0.3	-0.1	0.2	0.4	0.8	0.5	0.1	-0.1	-0.6	0.2	-0.1
Manufacturing industry production price index	y.r./3-mma/%	Mar-11	-5.5	Jul-20	6.4	Jun-11	2.5	2.7	0.7	1.7	0.0	-0.6	-0.3	-5.3	1.1	0.5	0.0	-0.5	-0.8	-0.6	0.0	0.2	-0.3	-2.0	-3.9	-5.3	-5.5
Consumers expectations of prices evolution	balance/3-mma	Nov-97	-5.9	Jul-09	57.7	Nov-11	7.1	14.9	11.4	12.8	11.7	9.0	14.2	33.2	12.6	12.2	11.7	10.9	9.1	9.0	10.7	11.2	14.2	24.9	32.0	33.2	27.1
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	-1.3	-3.4	-3.8	-3.7	-14.5	-1.3	-1.7	-3.4	-3.2	-4.4	-3.8	-4.3	-3.4	-3.7	-11.6	-18.5	-14.5	-2.7
Effective exchange rate ind. for Portugal (nominal)	y.r.	Mar-01	-5.0	Apr-15	4.0	May-03	1.0	0.8	-0.6	-0.5	-0.5	-0.6	-0.3	0.2	-0.6	-0.2	-0.8	-0.5	-0.6	-0.7	-0.7	-0.7	0.5	0.2	0.1	0.4	-

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.