Quarterly National Accounts (Base 2016) – Flash Estimate at 30 days
Third Quarter 2020

## GDP in volume registered a year-on-year rate of change of -5.8% and a quarter-on-quarter rate of change of +13.2%

In the third quarter of 2020, Gross Domestic Product (GDP) in real terms registered a year-on-year reduction of 5.8%, after the strong contraction of 16.4% in the previous quarter. The less intense reduction in GDP reflected the progressive reopening of the economic activity, which followed the application of measures to contain the spread of COVID-19 with a strong economic impact in the first two months of the second quarter. The evolution of GDP was mainly due to the behaviour of domestic demand, which registered a considerably less negative contribution to the year-on-year rate of change of GDP than that observed in the previous quarter, mainly reflecting the lower contraction in private consumption. The negative contribution of net external demand was less pronounced in the third quarter, as a result of the more significant recovery in Exports of Goods and Services than that observed in Imports of Goods and Services, driven, to a larger extent, by the evolution of exports of goods, while the exports of services maintained significant reductions.

Compared to the second quarter of 2020, GDP increased by 13.2% in real terms, while in the previous quarter there was a significantly contraction (quarter-on-quarter rate of change of -13.9%). This result is also explained, to a large extent, by the highly positive contribution of domestic demand to the quarter-on-quarter rate of GDP, after a significant negative contribution in the second quarter. The contribution of net external demand moved from very negative in the previous quarter to positive, with exports of goods increasing markedly.
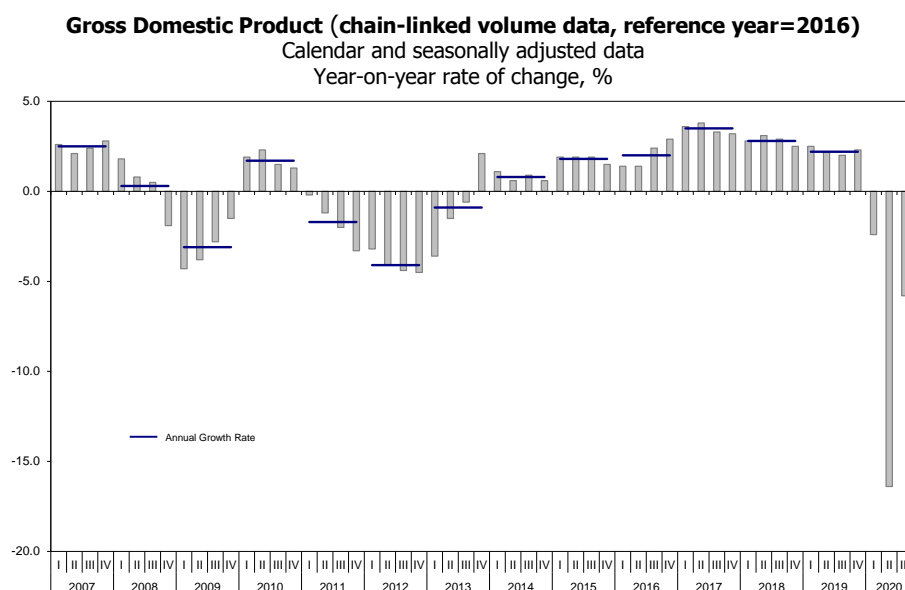
Gross Domestic Product (**chain-linked volume data, reference year=2016**)
Calendar and seasonally adjusted data
Year-on-year rate of change, %

Gross Domestic Product (chain-linked volume data, reference year=2016)
Calendar and seasonally adjusted data
Quarter-on-quarter rate of change, %
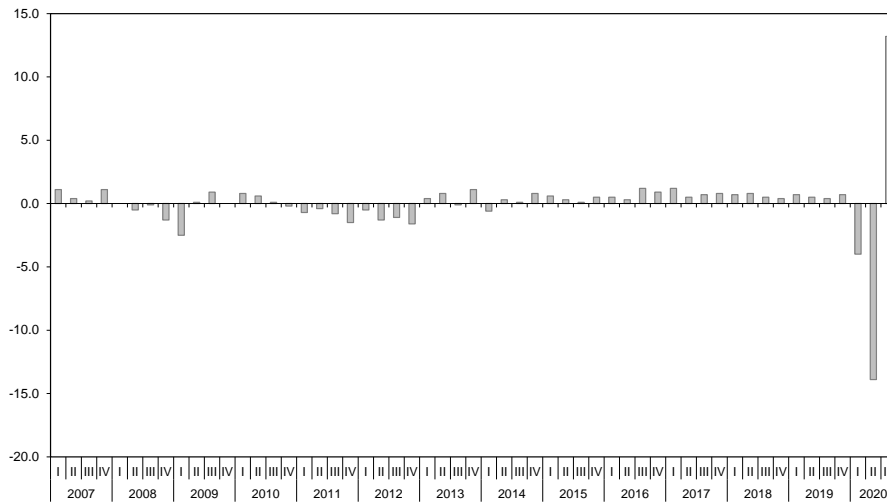
This flash estimate incorporates new primary information, namely regarding international trade in goods and short-term indicators data for the second quarter of 2020. In addition, the estimates of Final Consumption Expenditure by General Government for 2020 have been updated, based on information on the most recent budget execution. This new set of information implied revisions in the year-on-year and quarter-on-quarter rates of change of GDP for the first and second quarters of 2020, in comparison with the dissemination of the results of the Quarterly National Accounts on September 23, 2020.

Gross Domestic Product

Chain linked volume data (reference year=2016)

	Year-on-Year Quarterly Growth Rate (%)						
	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20
Flash 30 days 3Q 2020	2.5	2.2	2.0	2.3	-2.4	-16.4	-5.8
QNA 2Q 2020 (85 days)	2.5	2.2	2.0	2.3	-2.3	-16.3	
QNA 2Q 2020 (60 days)	2.4	2.1	1.9	2.2	-2.3	-16.3	

	Quarter-on-Quarter Growth Rate (%)						
	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20
Flash 30 days 3Q 2020	0.7	0.5	0.4	0.7	-4.0	-13.9	13.2
QNA 2Q 2020 (85 days)	0.7	0.5	0.4	0.7	-3.9	-13.9	
QNA 2Q 2020 (60 days)	0.7	0.5	0.3	0.7	-3.8	-13.9	

Flash - Flash Estimate; QNA - Quarterly National Accounts

Methodological information about the flash estimates

In the pandemic context, where the knowledge of economic information, although inevitably incomplete, has a particular urgency, Statistics Portugal has decided to anticipate the release to t+30 days of flash estimates of the rates of change of quarterly GDP in volume. The usual 45 days press release of flash estimates will still be maintained for the third quarter, similar to what occurred with the estimate for the second quarter.

For several years now, Statistics Portugal has been testing flash estimates at t+30 days and developing improvements in data sources. In the three years period between the first quarter of 2017 and the fourth quarter of 2019, the mean absolute revision vis-à-vis the GDP year-on-year rate of change in volume released at t+60 days was 0.1 percentage points and the revision never exceeded 0.3 percentage points. The magnitude of these revisions is similar to other Member-States.

The flash estimates are calculated using the same methodology, and preferably the same basic information, compared to the Quarterly National Accounts current estimate. In particular, the following stand out:

• The preliminary version for the short-term statistics for the month of September (retail trade turnover, industry turnover, industrial production, prices in industrial production and services turnover);

• The balance of payments provisional information for the month of September;

• The latest version for international goods trade statistics (preliminary version of August 2020 and provisional estimate for September). In what concerns the deflators for external trade of goods, the unit value monthly indices were used, calculated based on the international goods trade statistics for July and August 2020.

In order to reduce the impacts caused by the COVID-19 pandemic on the quality of primary information available for March, which severely disturbed face-to-face surveys, especially to households, and reduced the response rates of business surveys, new sources of complementary information were used, in particular:

• Information within the scope of the electronic system for issuing invoices and automatic communication to the Tax Authority (e-invoice system);

• Operations on the automatic teller machines of the Multibanco network.

Understandably, the early publication of the present data carries a greater risk of higher revisions, when compared to the 45 days estimate, reflecting the pandemic related uncertainty and the smaller amount of available primary information. However, this early release of macroeconomic information, allows the alignment of Portugal with other EU countries which are, generally, important economic partners.

These results are calculated from chain-linked volume data (2016=100) and data are calendar and seasonally adjusted.

Next Press Releases of Quarterly National Accounts

The flash estimate at t+45-days for the third quarter of 2020 will be released on November 13, 2020 and detailed results will be disseminated on November 30.