

Monthly Economic Survey
February 2021

Economic activity diminishes significantly

In February, AE's economic sentiment indicator increased as a result of the recovery of confidence levels in industry, services and, to a lesser extent, consumers and construction. The prices of raw materials and oil presented rates of 5.4% and 14.4% compared with the previous month, respectively (10.2% and 9.6% in January).

In Portugal, the information available for January and February, in the context of new restrictive measures to respond to the pandemic, reveals a significant reduction of economic activity. The 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, in year-on-year terms, a reduction of 25.7% in February, more intense than in the previous month (-18.7%). Motor vehicles sales decreased more pronouncedly, from a year-on-year rate of change of -30.5% in January to -59.0%, while sales of light commercial vehicles decreased by 17.8% (-19.2% in the previous month) and heavy vehicles increased 19.2% (-20.8% in January).

In February, the Consumer confidence indicator diminished, after increasing in the previous two months, less markedly in January. The economic climate indicator intensified in February the reduction observed in the previous month, decreasing to a level close to that observed in July 2020. In February, there were marked decreases in the confidence indicators of Trade and, in particular, of Services, while in Construction and Public Works, the indicator decreased slightly. Conversely, the Manufacturing Industry confidence indicator increased in the last month.

According to the provisional monthly estimates of the Labour Force Survey, both the unemployment rate (15 to 74 years) and the labour underutilization rate increased and the unemployment decreased in January. In the same month, the employment indices of short-term indicators decreased 2.5% in industry, 4.6% in retail trade and 8.5% in services, and increased 0.1% in construction (year-on-year rates of change of -3.0%, -4.7%, -8.4% and -0.1% in the previous month, in the same order). The worked hour's indices, calendar adjusted, presented year-on-year rates of change of -7.1% in industry, -13.6% in retail trade and -16.1% in services (rates of -5.7%, -6.5% and -11.0% in previous month, in the same order).

The Consumer Price Index (CPI) accelerated, with a year-on-year rate of change of 0.5% in February (more 0.2 percentage points than that recorded in the previous month), with the goods component registering a year-on-year rate of change of 0.5% (0.3% in January), while the services component grew by 0.6% (0.4% in the previous month).

Despite the circumstances determined by the pandemic COVID-19, Statistics Portugal calls for the best collaboration by companies, families and public entities in responding to Statistics Portugal's data requests. The quality of official statistics, particularly its ability to identify the impacts of the pandemic COVID-19, crucially depends on this collaboration, which Statistics Portugal thanks in advance.

Based on information available up to March 16th, 2021.

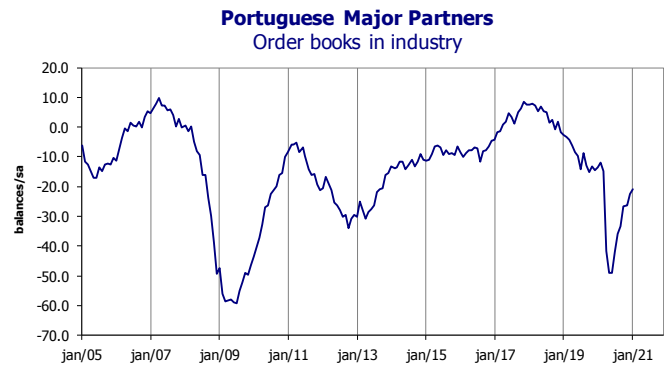
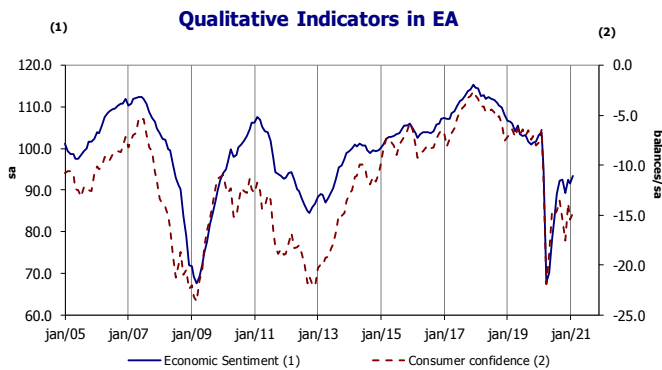
Box: Economic impacts of the COVID-19 pandemic

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

In the external environment of the Portuguese economy, the AE **economic sentiment indicator (ESI)** increased in February, after worsening in the previous month. In February confidence levels improved considerably in industry and, to a lesser extent, in services and construction. The **consumer confidence indicator** also increased, after the reduction in the previous month. The confidence indicators in retail trade decreased for the fourth month in a row.

Graph 1

Graph 2

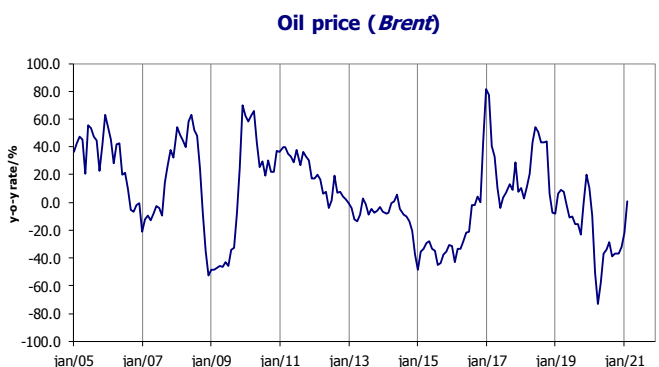
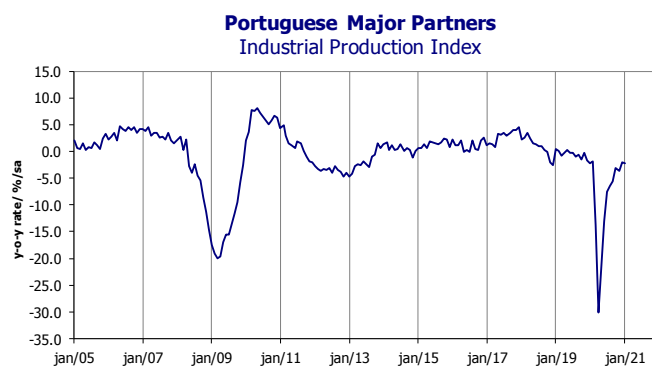


The **balance of entrepreneur’s opinions on order-book levels in the industry sector from Portuguese major partners** improved in February, extending the upward profile started in July and recovering about 87% of the losses accumulated between March and June. In January, the **industrial production index (IPI) of Portuguese major partners** grew by 0.5% compared with previous month, 0.2 percentage points more than in December, standing 2.1% below the level of January 2020.

The **oil price (Brent)** was 51.5 euros in January, a level 0.8% higher than in to the same period of 2020, after having recorded negative year-on-year rates of change since the beginning of the pandemic crises, one year ago. Comparing to the previous month, the Brent’s price increased by 14.4% (quarter-on-quarter rate of change of 9.6% in January).

Graph 3

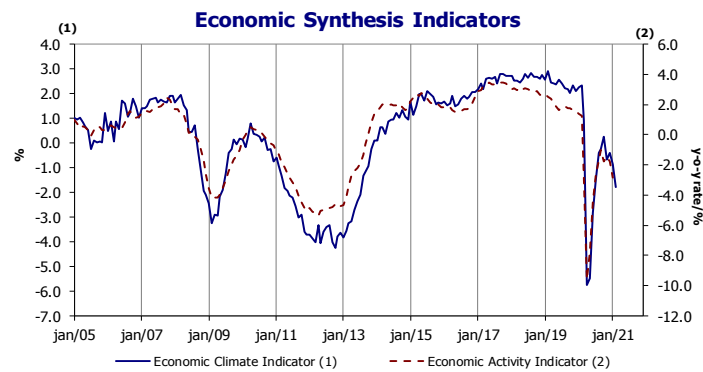
Graph 4



In Portugal, the short-term indicators for economic activity from the perspective of production, available for January, revealed a more intense reduction.

The **economic activity indicator**, which summarizes a set of quantitative indicators that reflect the evolution of the economy, registered a sharp reduction in January, intensifying the worsening profile observed since October. The **economic climate indicator**, which summarizes the balances of responses to questions relating to business surveys, already available for February, intensified the reduction observed in the previous month, decreasing to a level close to that observed in July 2020.

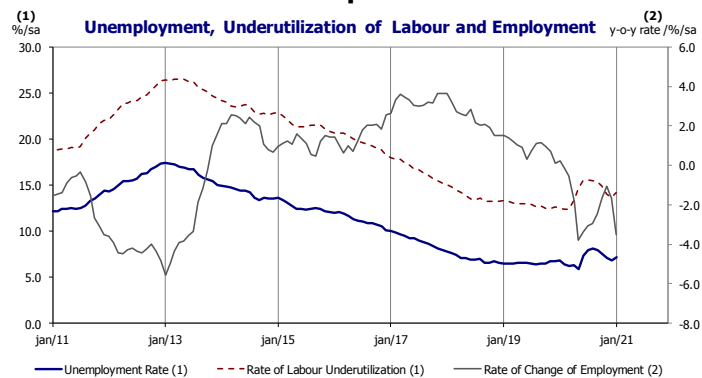
Graph 5



According to the provisional monthly estimates of the Labour Force Survey, the **employed population** recorded a year-on-year decrease of 3.5% in January, with the **unemployment rate** (concept of the International Labour Organization, ILO) at 7.2%, 0.4 percentage points more than in the previous month, 0.3 percentage points less than three months ago and 0.4 percentage points more than a year ago. The **labour underutilization rate** stood at 14.2%, 0.5 percentage points more than in the previous month, 0.7 percentage points less than three months ago and 1.7 percentage points more than a year ago. The monthly increase of the labour underutilization rate in January was mostly due to the increase of unemployed population (4.2% more).

It is important to mention that the results for January reflect, in part, the introduction of a new series of the Labour Force Survey, which implied, among other changes, not considering any more people engaged in agricultural and fishery activities for own consumption as employment. Based in a simulation exercise¹ which consisted in moving those people to inactivity status in the previous months, the year-on-year rate of change of the employed population, not seasonally adjusted, would have been -2.6% in January instead of -3.5%.

Graph 6



In January, the **IPI**² presented a year-on-year rate of change of -6.5% (-4.6% in December), with a -5.4% rate of change in the Manufacturing Industries section (-2.7% in the previous month). In nominal terms, the **industry turnover index** decreased by 8.5% in January (-6.5% in the previous month). The indices for the domestic and foreign markets decreased by 5.3% and 12.9% (reductions of 4.5% and 9.7% in the previous month), respectively.

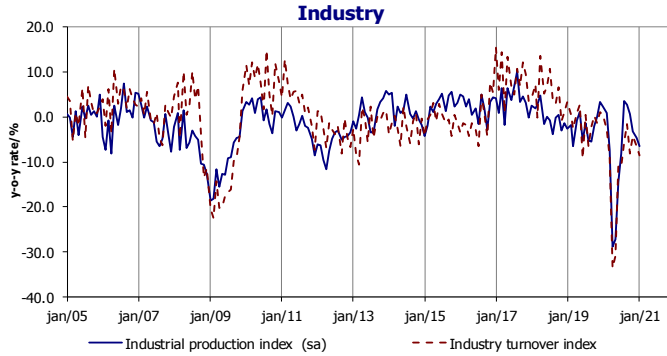
The **turnover index for services** moved from a nominal year-on-year rate of change of -13.3% in December to -19.2%. The **index of turnover in trade retail**¹ (deflated) decreased, in year-on-year terms, by 10.9% in January (-4.2% in December), particularly influenced by the strong contraction of non-food products, with a year-on-year rate of

¹ Ver em https://www.ine.pt/ngt_server/attachfileu.jsp?look_parentBoui=485038231&att_display=n&att_download=y

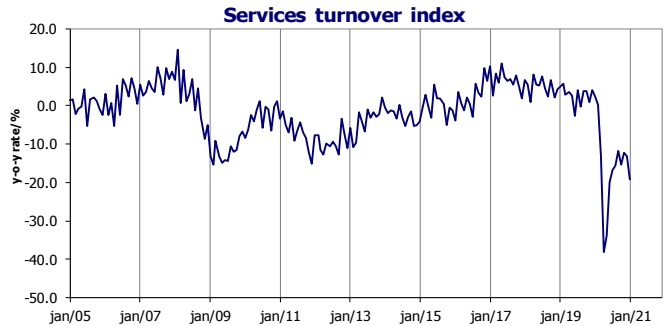
² Seasonally and calendar adjusted.

change of -19.2% (-9.4% in December). Food products increased by 0.1%, less 2.3 percentage points than the previous month. The **construction production index**¹ recorded a year-on-year decrease of 1.9% in January, less intense than in the previous month (rate of -3.2%).

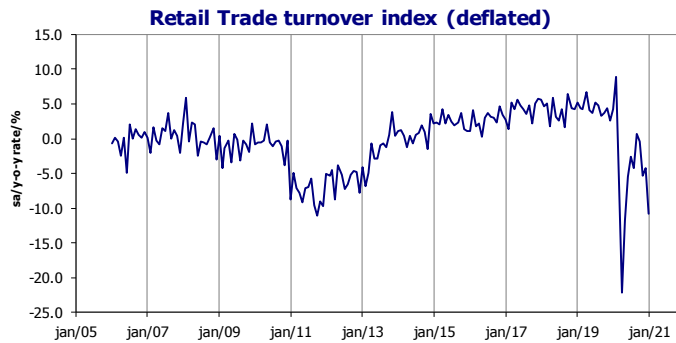
Graph 7



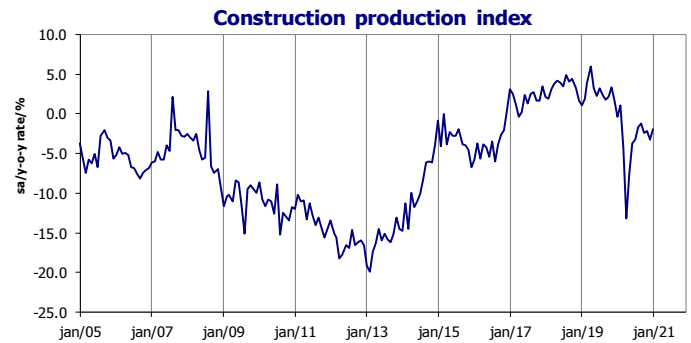
Graph 8



Graph 9

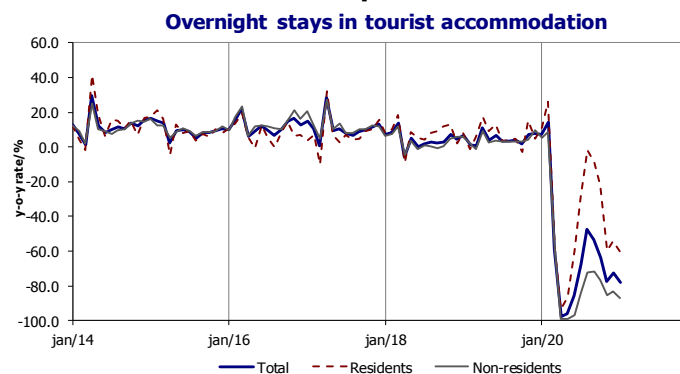


Graph 10



In January, tourist activity intensified the contraction, with the number of guests and overnight stays registering rates of change of -78.3% and -78.2% respectively (-71.2% and -72.6% in December, in the same order). Overnight stays of residents declined by 60.3% (-54.2% in December) and those of non-residents decreased by 87.0% (-83.2% in the previous month). In January, 54.0% of the tourist accommodation establishments were closed or had no movement of guests (52.3% in December).

Graph 11



In January, **exports and imports of goods** recorded nominal year-on-year rates of change of -9.8% and -17.2%, respectively (-7.4% and -6.5% in December 2020, in the same order). The emphasis was on the sharp declines of exports and imports of Fuels and lubricants (-39.3% and -46.1%, respectively) and Transport equipment (-10.9% and -26.4%, in the same order).

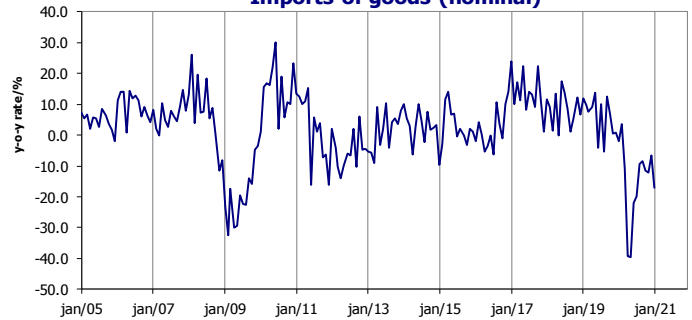
Graph 12

Exports of goods (nominal)



Graph 13

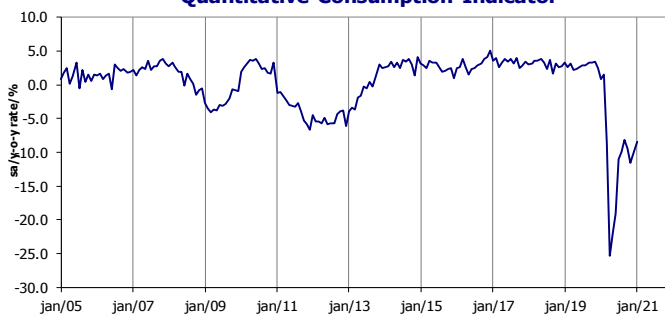
Imports of goods (nominal)



The quantitative indicator of private consumption registered a less intense year-on-year reduction in December and January, after interrupting in November the upward profile recorded in the previous six months. On the other hand, the investment indicator registered a decreased in year-on-year terms in January, after increasing in the previous month.

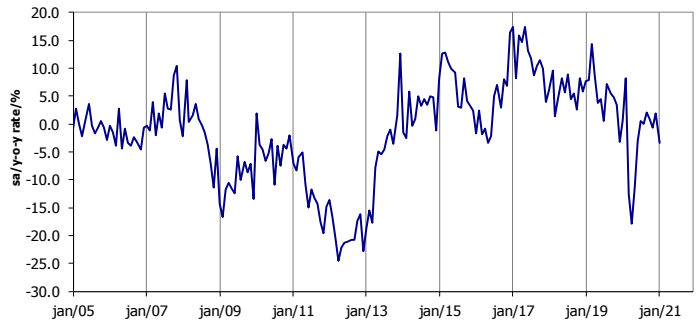
Graph 14

Quantitative Consumption Indicator



Graph 15

GFCF indicator



Based on the **information already available for February**, the monthly values for the qualitative indicators³ revealed the following:

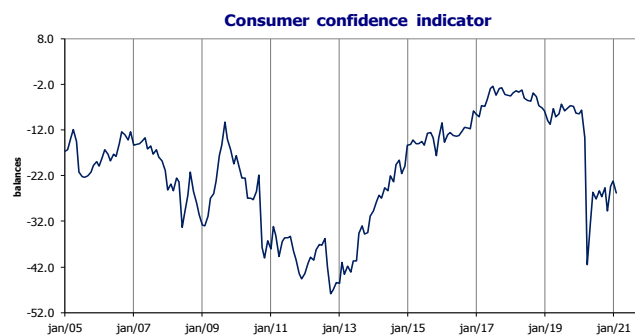
- The **consumer confidence indicator** decreased in February, following the increases observed in the previous two months, less markedly in January. This evolution was mainly due to the negative contribution of the perspectives regarding the future evolution of the country's economic situation, with expectations on the future evolution of spending money on major purchases also contributing negatively. On the other hand, opinions about the past evolution of household's financial situation presented a nil contribution, while perspectives regarding the future evolution of household's financial situation contributed positively.
- The **manufacturing industry confidence indicator** increased in February, after decreasing in the previous month. The behaviour of the indicator reflected the positive contributions of the firm's production perspectives over the next three months, since the opinions on the evolution of the overall order books in the last three months and the opinions on the current stocks of finished products contributed negatively. The indicator increased in the Intermediate Goods group, decreased in the Investment Goods group and stabilized in the Consumer Goods group.
- The **construction and public works confidence indicator** decreased in February, after increasing in December and January. The decrease of the indicator reflected the negative contribution of the balance of opinions on current order books, as perspectives on employment maintained a positive contribution, although

³ The collection period of the consumer survey occurred from 01 to 12 of February and from 01 to 19 of February in the case of the business surveys.

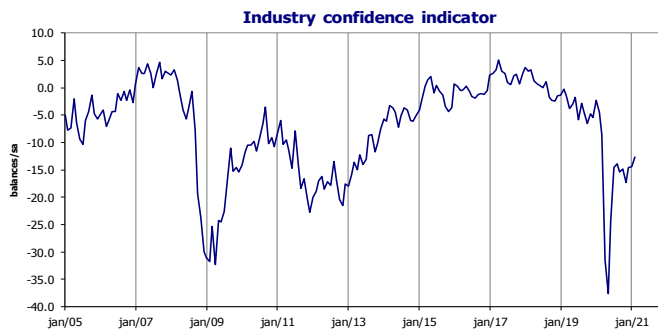
slightly lower than in January. In February, the indicator decreased in all the divisions, Construction of Buildings, Civil Engineering, and Specialized Construction Activities, only slightly in the second case.

- The **trade confidence indicator** decreased in January and in February, after increasing slightly in the previous month. This evolution reflected the strong negative contributions of the perspectives of the firm's activity over the next three months and the opinions on the volume of sales, particularly in the former case, with opinions on current volume of stocks contributing positively. By subsector, the confidence indicator decreased in Wholesale Trade and, more significantly, in Retail Trade.
- The **services' confidence indicator** decreased intensely in February, after increasing in the previous month, resuming the downward path started in November. The behaviour of the indicator resulted from the strong negative contribution of all components, opinions on the evolution of the order books and perspectives on the evolution of the order books and on the evolution of the business situation, more intensely in the former case. The confidence indicators decreased in six of the eight sections, with emphasis on the sections of Real estate activities, Accommodation and food service activities and Information and communication activities presented significant declines.

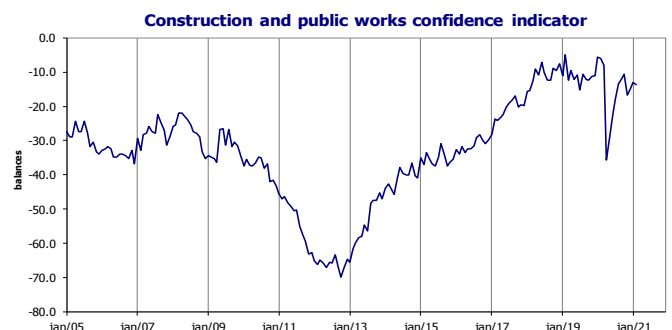
Graph 16



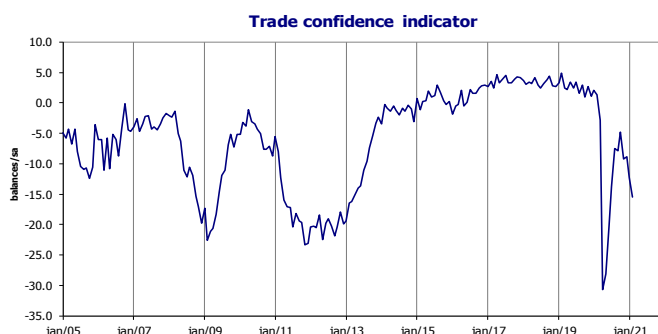
Graph 17



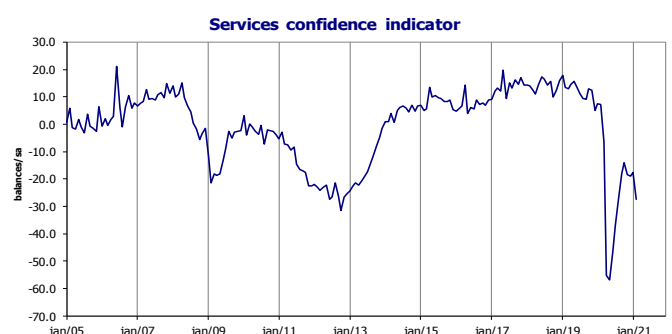
Graph 18



Graph 19



Graph 20

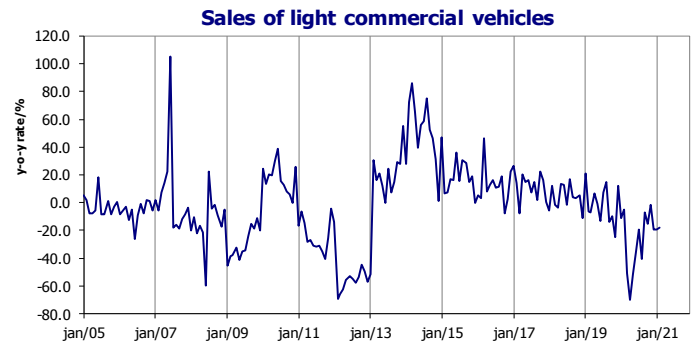
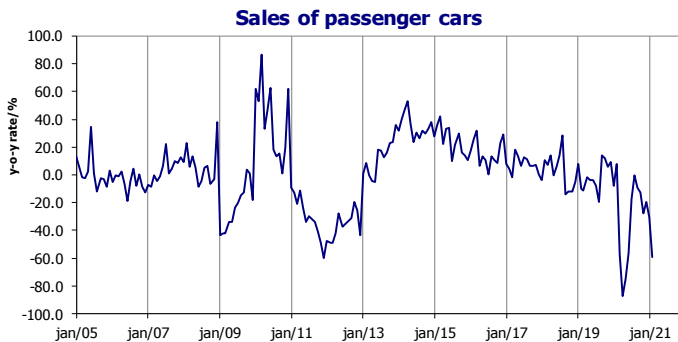


The **quantitative series** available for February regarding vehicle sales reveal the following:

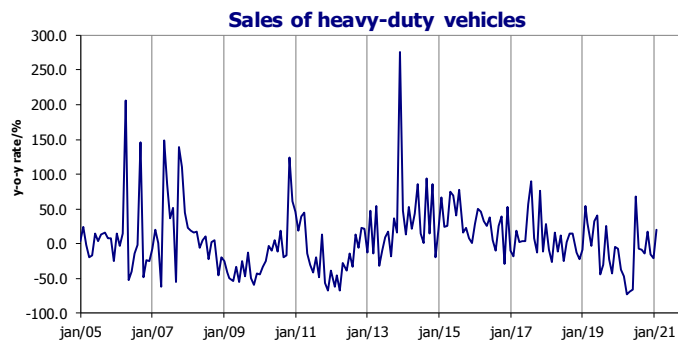
- Year-on-year rate of change of **-59.0%** in **sales of passenger cars**, after decreasing by 19.6% and 30.5% in December and January;
- Year-on-year reduction of **17.8%** in **sales of light commercial vehicles** (rates of change of **-19.1%** and **-19.2%** in December and January);
- Year-on-year increase of **19.2%** in **heavy-duty vehicle sales** (rates of change of **-15.7%** and **-20.8%** in the previous two months).

Graph 21

Graph 22

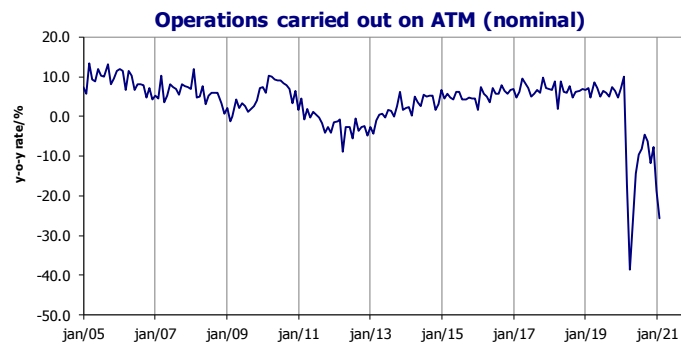


Graph 23



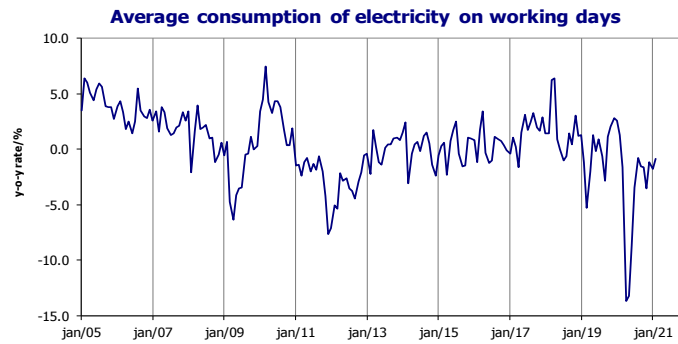
According to information on **operations** carried out in the **ATM network**, available for February, the overall amount of national withdrawals, payment of services and purchases at automatic payment terminals carried out on the automatic teller machines of the *Multibanco* network registered a decrease of **25.7%**, after presenting year-on-year reductions of **7.8%** and **18.7%** in December and January, respectively.

Graph 24



The average **consumption of electricity** on working days recorded a year-on-year change of -0.8% in February, which compares with rates of -1.2% and -1.8% in December and January, respectively.

Graph 25



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	2018	2019	2020	2019		2020			2020												2021	
										IV	I	II	III	IV	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	
External Demand																												
Nominal exports of goods - International trade	y.r./3-mma/%	Mar-96	-31.1	May-20	23.3	Oct-94	5.1	3.5	-10.2	7.1	-3.0	-30.9	-3.1	-3.2	3.1	-3.0	-18.0	-31.1	-30.9	-19.4	-6.9	-3.1	-1.4	-0.8	-3.2	-5.8	-	
Nominal imports of goods - International trade	y.r./3-mma/%	Mar-96	-33.8	Jun-20	25.5	Feb-94	8.3	6.0	-15.2	2.8	-3.2	-33.8	-12.9	-10.2	0.8	-3.2	-16.0	-30.0	-33.8	-27.2	-17.6	-12.9	-9.8	-10.7	-10.2	-12.1	-	
Coverage rate	3-mma/%	Mar-95	56.6	Dec-99	85.9	May-13	76.7	74.9	79.3	76.1	76.1	77.7	81.4	82.1	76.7	76.1	74.2	74.6	77.7	82.7	81.7	81.4	80.9	83.8	82.1	81.9	-	
External demand indicator	s.a./y.r./3-mma/%	Mar-91	-26.3	Jul-09	26.6	Oct-00	5.3	1.5	-12.0	-1.4	-5.3	-25.3	-11.3	-6.0	-1.0	-5.3	-15.3	-24.1	-25.3	-19.6	-14.0	-11.3	-9.5	-7.7	-6.0	-	-	
Labour Market																												
Unemployment rate (15 to 74 years)	s.a./%	Feb-98	4.8	Nov-00	17.4	Jan-13	7.1	6.6	6.9	6.7	6.4	5.9	8.1	7.1	6.4	6.2	6.3	5.9	7.3	7.9	8.1	7.9	7.5	7.1	6.8	7.2	-	
Number of unemployed (15 to 74 years)	s.a./y.r./%	Feb-99	-24.7	Apr-18	41.0	Dec-02	-20.9	-7.2	3.4	0.9	-1.4	-15.6	24.8	6.3	-1.4	-5.1	-6.5	-15.6	8.6	20.2	24.8	19.6	14.8	6.3	-0.2	2.7	-	
Employment (15 to 74 years)	y.r./%	Feb-99	-5.5	Jan-13	3.6	Dec-17	2.3	1.0	-2.0	0.7	-0.2	-3.8	-2.9	-1.1	-0.2	-0.5	-1.8	-3.8	-3.4	-3.1	-2.9	-2.5	-1.7	-1.1	-1.6	-3.5	-	
Employment indicator - Short-term statistics	y.r./3-mma	Mar-01	-7.9	Dec-12	3.9	Dec-17	2.6	1.4	-3.9	1.2	0.7	-5.2	-5.5	-5.5	1.1	0.7	-1.2	-3.4	-5.2	-5.7	-5.6	-5.5	-5.4	-5.4	-5.5	-5.5	-	
Reg. unemp. along the month - State emp. agencies	s.a./y.r./3-mma	Mar-90	-20.1	May-90	44.5	Jun-93	-6.3	-3.1	15.9	-2.0	6.8	40.3	9.8	7.1	-2.0	6.8	32.2	42.6	40.3	20.5	15.0	9.8	10.0	4.8	7.1	3.7	-	
Vacancies along the month - State employment ag.	s.a./y.r./3-mma	Mar-90	-52.1	May-20	72.5	Feb-14	-9.2	-3.7	-15.4	-3.3	-15.4	-41.7	-9.3	4.9	1.7	-15.4	-37.7	-52.1	-41.7	-23.8	-10.2	-9.3	-0.1	-2.6	4.9	-3.2	-	
Employment expectations of entrepreneurs	bal./s.a./3-mma	Mar-03	-22.0	Dec-12	7.3	Jul-18	6.1	4.8	-5.3	3.6	4.1	-16.6	-3.8	-4.8	4.7	4.1	-7.0	-13.1	-16.6	-9.4	-5.6	-3.8	-2.2	-3.9	-4.8	-6.2	-6.3	
Unemployment expectations of consumers	balance/3-mma	Nov-97	-18.6	Jul-17	79.7	Mar-09	-10.9	-0.9	52.7	1.2	6.8	73.2	66.1	64.8	2.9	6.8	33.1	55.9	73.2	69.2	65.4	66.1	64.4	67.2	64.8	63.1	60.9	
Average monthly wage declared by worker	s.a./y.r./3-mma	Mar-02	-1.6	Feb-14	4.8	Dec-02	3.2	3.5	2.6	3.3	3.6	0.1	3.1	3.4	3.6	3.6	1.8	0.1	0.1	1.6	2.7	3.1	3.4	4.1	3.4	2.3	-	
Prices																												
Consumer price index - Total	y.r./%	Jan-49	-3.7	Sep-54	36.7	May-77	1.0	0.3	0.0	0.3	0.4	-0.3	0.0	-0.2	0.4	0.0	-0.2	-0.7	0.1	0.1	0.0	-0.1	-0.1	-0.2	-0.2	0.3	0.5	
- Goods	y.r./%	Jan-49	-3.7	Jul-09	38.2	May-77	0.5	-0.3	-0.5	-0.5	-0.1	-1.4	-0.2	-0.4	-0.2	-0.5	-1.2	-2.1	-0.9	-0.2	-0.1	-0.3	-0.3	-0.4	-0.5	0.3	0.5	
- Services	y.r./%	Jan-49	-4.4	Sep-54	30.5	Mar-74	1.7	1.2	0.7	1.4	1.2	1.4	0.2	0.1	1.2	0.9	1.2	1.2	1.6	0.6	0.1	0.0	0.2	0.1	0.2	0.4	0.6	
Core inflation indicator	y.r./%	Jan-49	-4.3	Oct-54	31.1	May-84	0.7	0.5	0.0	0.4	0.2	-0.1	-0.1	-0.1	0.1	0.0	-0.2	-0.4	0.2	0.1	-0.1	-0.2	-0.1	-0.2	-0.1	0.6	0.7	
Harmonised index of consumer prices	y.r./%	Jan-96	-1.8	Sep-09	5.1	Mar-01	1.2	0.3	-0.1	0.2	0.5	-0.2	-0.4	-0.4	0.5	0.1	-0.1	-0.6	0.2	-0.1	-0.2	-0.8	-0.6	-0.4	-0.3	0.2	0.3	
Manufacturing industry production price index	y.r./3-mma/%	Mar-11	-5.5	Jul-20	6.4	Jun-11	2.7	0.7	-3.9	-0.6	-0.3	-5.3	-5.0	-4.9	0.2	-0.3	-2.0	-3.9	-5.3	-5.5	-5.2	-5.0	-4.8	-4.9	-4.9	-4.7	-3.7	
Consumers expectations of prices evolution	balance/3-mma	Nov-97	-5.9	Jul-09	57.7	Nov-11	14.9	11.4	20.8	9.0	14.2	33.2	22.7	13.1	11.2	14.2	24.9	32.0	33.2	27.1	23.9	22.7	19.5	16.4	13.1	6.7	3.6	
Expectations of prices in manufacturing industry	bal./s.a./3-mma	Mar-87	-23.2	Jan-09	27.5	Nov-90	2.8	-2.6	-3.3	-3.8	-3.7	-14.5	5.2	-0.1	-3.4	-3.7	-11.6	-18.5	-14.5	-2.7	8.9	5.2	2.1	-1.3	-0.1	1.6	4.3	
Effective exchange rate ind. for Portugal (nominal)	y.r.	Jan-94	-9.0	Jan-94	6.0	Mar-95	0.8	-0.6	0.5	-0.6	-0.3	0.2	0.9	1.3	-0.8	0.5	0.2	0.1	0.3	0.7	0.8	1.1	1.1	1.1	1.6	1.6	1.5	

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.