Portugal:
Macroeconomic and financial outlook

BPI Research
July 2020

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Main messages

Outlook: Despite former strength, Covid-19 outbreak will impact growth negatively…

- From robust expansion to recession. After an expansion of 2.2% in 2019, GDP contracted 3.8% qoq and 2.3% yoy in Q1 2020, reflecting the impact of the lockdown measures to contain the COVID-19 pandemic. Since early May, some of the restrictions started to be very gradually removed, so Q2 will probably mark the period with the most negative shock in activity, with a very gradual recovery in the H2. GDP is seen to fall 12% in 2020; but in 2021 will expand around 8%, taking advantage of solid economic fundamentals prior to the pandemic.
- Measures to mitigate economic impacts were immediately adopted, including liquidity measures, postponement of tax and fiscal obligations and direct support for household income. We estimate that these will amount to around 30 billion euros (15.9% of GDP) (see slide 12).
- Fiscal rectitude in past years assures some leeway to implement those measures. In 2019, public accounts registered a surplus of 0.2% GDP, but in the current scenario, the acting of automatic stabilisers plus the supporting measures to the economy will probably dictate a deficit around 12% of GDP in 2020. This rise is expected to be temporary, allowing a significant decline of the public debt ratio already in 2021.
- In the current scenario unemployment will surge. Unemployment rate will jump to 11.6% in 2020, declining to a level around 10.5% in 2021.
- External rebalancing temporarily halted. Exports should suffer a strong decline, as the impact on tourism will probably last (at least) until the summer and the recovery to previous levels will be slow, at least while the sanitary crises is not resolved.
- Resilient banking sector is an important factor to limit the negative impact of the coronavirus. The soundness of the banking system allows banks to implement measures to support companies and families (elimination of commissions, postponement of debt payments, credit to the private sector, etc).

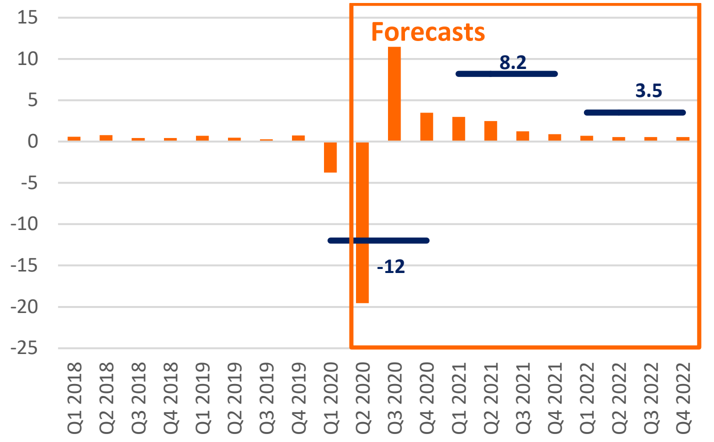
…with some remaining challenges

- Central scenario subject to a high degree of uncertainty. The impact of COVID-19 on growth will depend on the success of the gradual lift of the lockdown restrictions and how long the virus containment strategies will need to be kept active. If they are to last longer than expected or the economic policy response proves too be ineffective, the impact may be larger. In that case the pace of contraction can approach 17%.
- Risks are also associated with appropriate fiscal policy response. If it is not compatible with the magnitude of the shock generated by COVID-19, it will jeopardize rapid recovery when the pandemic is under control.
- Still high level of public debt may curb the reinforcement of measures if needed. Despite the reduction of public debt in last years, the ratio remains at high levels (117.7% of GDP in 2019). A key factor to dilute this constraint will be the support given at the European level.
- The private deleveraging process in the past years was important, but indebtedness remains high, putting constraints on the ability of companies to take more debt.
- Gross external debt remains high: 193.9% of GDP in 2019. The less favorable external background and the expectation of less dynamic tourism flows are the most significant challenges for 2020-21.
- Labour market may deteriorate further, if the economy contracts further than expected. Unemployment can reach a level near 17%.
- Banking challenges NPLs may increase more than expected in the central scenario putting some pressure on banks with less solid position.
- No major changes expected in the economic policy.

2020-2021: turnaround caused by the virus

Growth path temporarily interrupted

GDP growth %

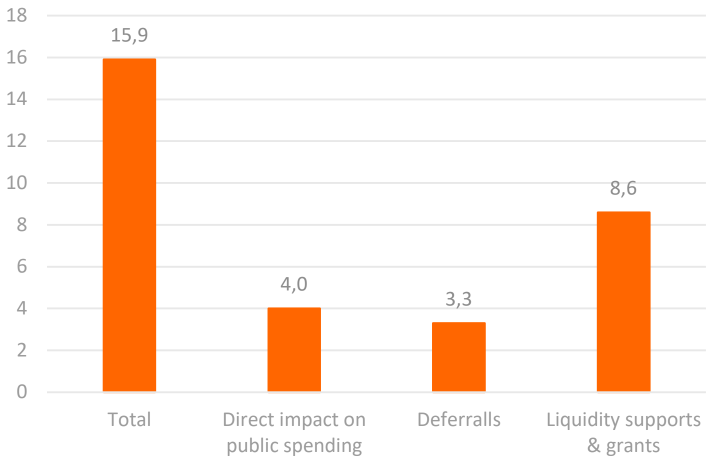


Source: INE Portugal (historical data) and BPI Research forecasts.

- After an expansion that averaged 2.8% between 2017 and 2019, in 2020 GDP will contract around 12% driven by the lockdown and further restrictions needed to fight the Covid-19 pandemic. Contraction should be mainly concentrated in Q2, but the rebound should be less impressive than expected at the beginning of the pandemic. After that, the economy is expected to recover, pushing growth to around 8% in 2021 mostly due to base effects.
- Given the nature of the shock, the scenario is subject to a high degree of uncertainty, linked to doubt about the pandemic evolution, the effectiveness of stimulus package and the possibility of more waves of infections. In an adverse scenario, output may decline around 17%.

Package of measures

% of GDP

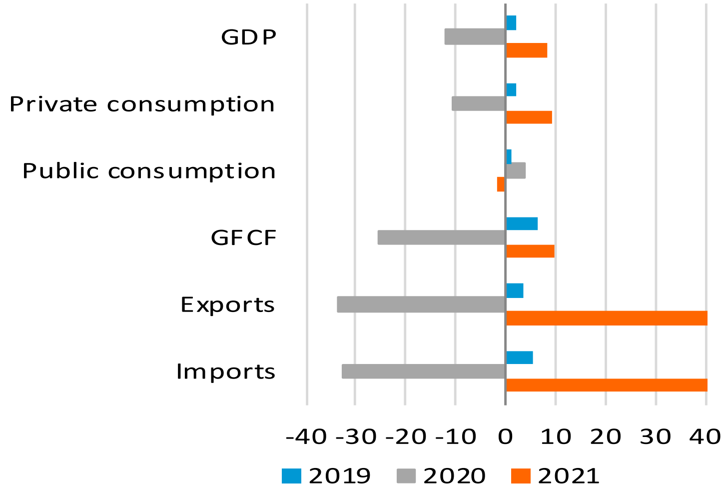


Source: Government Portugal, media and BPI Research.

- Measures to mitigate economic impacts were immediately adopted and are being raised, including liquidity measures, postponement of tax and fiscal obligations and direct support for household income. The domestic package amounts to around 30 billion euros (16% of GDP). At the EU level, the final details around the definition of the CE Fund Recovery will play an important role on the recovery path and strength.
- Measures with direct impact on public expenditure represent 4.0% of GDP (subsidies to families, temporary layoff, health expenditure). Measures aimed at limiting the impacts on companies' liquidity amount to 23 billion euros, ie around 9% of GDP.

Economic activity expected to rebound in 2021

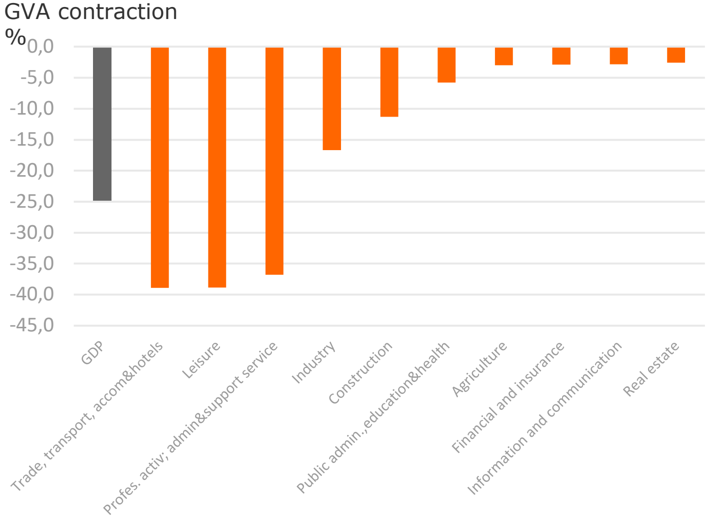
GDP components %, yoy change



Source: BPI Research, based on INE.

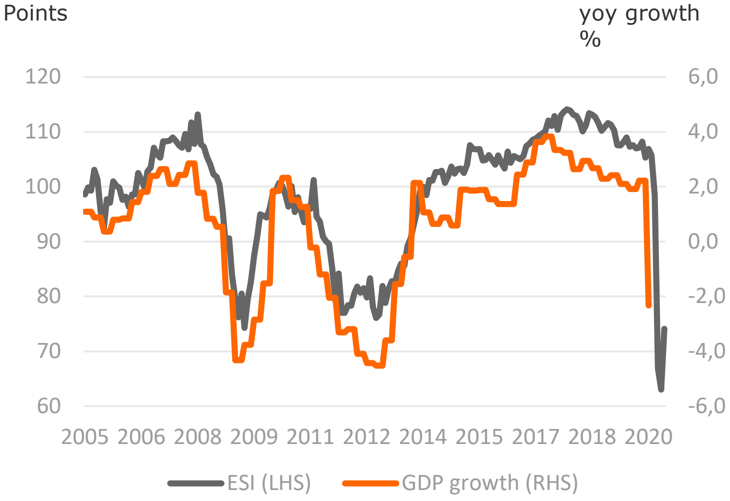
- Extraordinary measures taken until now and the authorities' openness to adopt more if necessary, will allow a rebound in the second half of 2020 and a significant growth in 2021.
- Growth in 2021 is expected to almost offset the strong decline of activity seen in 2020. But this scenario is still subject to an high degree of uncertainty.

GVA Shock 2 week of March



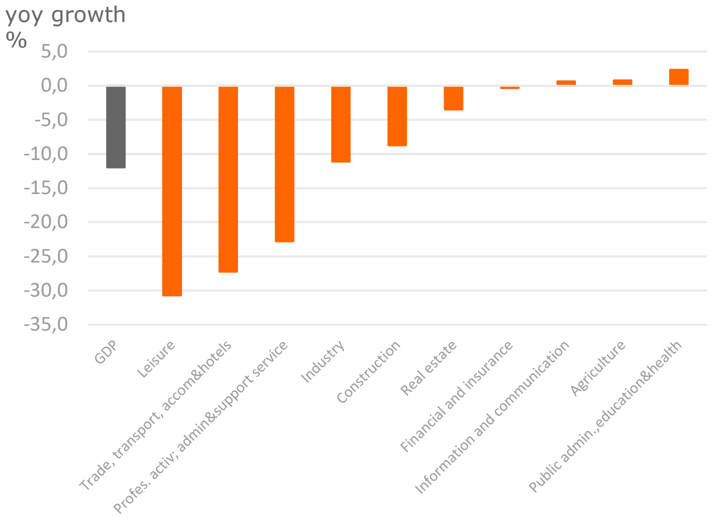
Source: BPI Research, based on Eurostat.

Economic Sentiment Indicator vs. GDP growth



Source: BPI Research, based on INE, BdP e FMI.

GVA projections for 2020



Source: BPI Research, based on Eurostat.

- GDP contracted 3.8% qoq and 2.3% yoy, in Q1 2020. Activity in the lockdown period (2 last weeks of March) is estimated to have declined around 25% yoy. Foreign demand detracted 1.3pp from yoy growth with exports and imports declining 4.9% and 2.0%, respectively. Domestic demand reduced 1.1pp, with private consumption contracting 1% and GFCF 0.3%.
- Trade, hotels and restaurants, leisure and professional services (that include tourism services related) were the most hurt by the beginning of the lockdown in the second half of March.

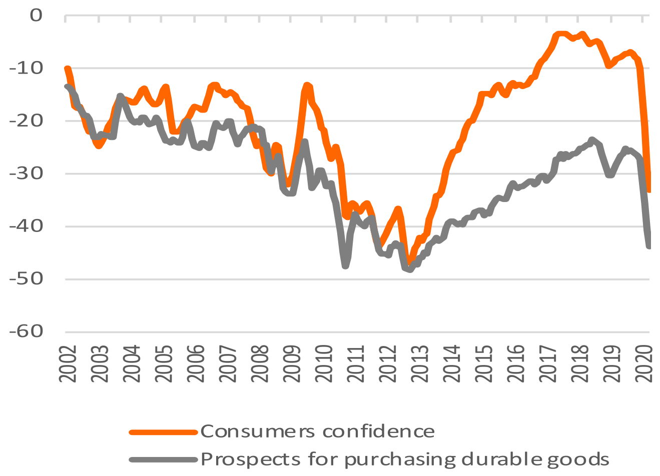
- The Economic sentiment indicator recovered in June, but not totally from the huge decline in April and May, confirming that uncertainty remains high after the removal of lockdown measures.
- In the months ahead sentiment is expected to improve further, but at a gradual pace. How pandemic progresses will be crucial for the speed of the recovery.

- Q2 2020 should be the most hurt by the lockdown. In the H2 2020, activity is expected to show some improvements, however it will remain curbed by social distance measures e feeble domestic and foreign demand.
- Sectors related with tourism should be among those more injured.
- The tourism sector has been increasing its weight in the Portuguese economy, representing 8% of the GVA generated by the economy; tourist demand represents about 15% of GDP.

Households – consumption expansion halted

Consumption confidence dropped…

Contribution and yoy growth %

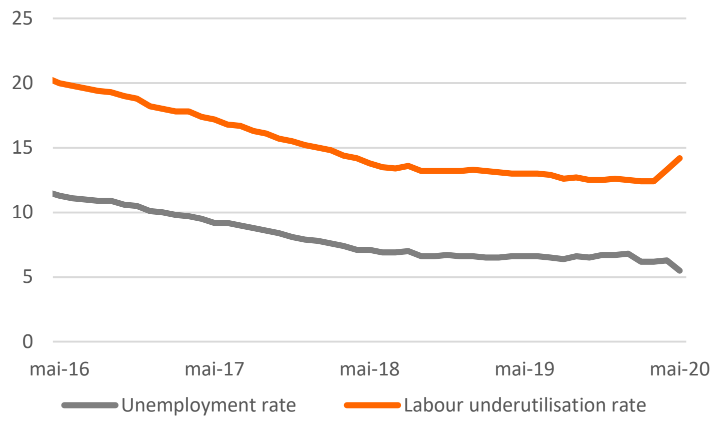


Source: BPI Research from INE data.

- Private consumption has been one of the main drivers of growth in 2019, with an expansion of 2.3%, adding 1.5 p.p. to the yoy GDP growth. Healthy job creation has been one of the most important supports to families' spending. But COVID-19 changed this scenario, and household's consumption fell 1.0% yoy in the Q1 2020 for the first time since 2013.
- In 2020, private consumption is expected to slump, reflecting containment on expenses due to the lockdown, mainly in Q2. For the rest of the year, it is expected a contained rebound as families should be more cautious in an environment of higher unemployment. Our central scenario points to consumption contracting around 11%.

…reflecting fears about labor market

Unemployment and underutilization rate
%

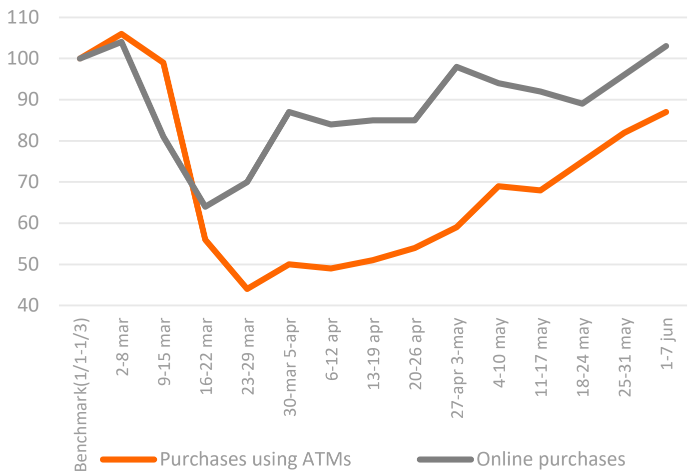


Source: BPI Research from INE.

- Labor market should deteriorate significantly, specially in the second half of the year. In particular in the Q2-Q3 job destruction will be strong despite some measures to contain the movement: temporary layoff regime possible in some situations.
- Unemployment rate is forecasted to rise to 11.6% in 2020 (6.5% in 2019), but afterwards employment should return to growth. In 2021, the unemployment rate is expected to decline to around 10.5%. The effectiveness of the public measures directed to support companies will be determinant for the recovery path of the labor market.

Payments in ATM network

Index (100=Jan-Feb 2020)



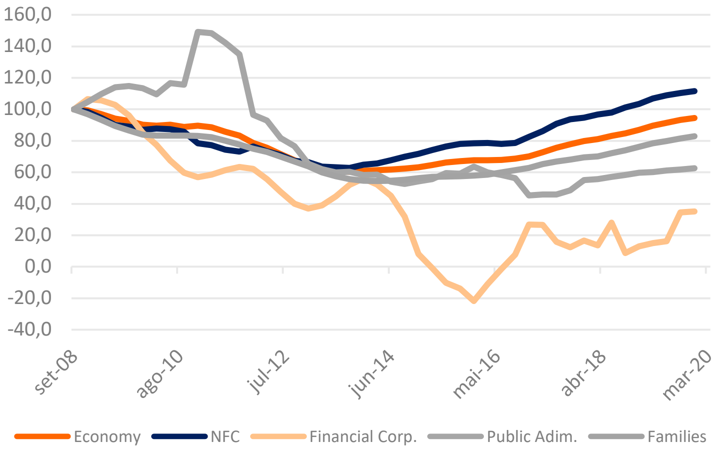
Source: BPI Research from Eurostat.

- The current uncertainty context has constrained private consumption, but there are some signals of a slight recovery. The index of ATM cards' purchases stood at 87 in week 1-7 June, recovering from 82 in the previous week (100 before the lockdown);
- Also car sales improved in June to 8397 units from 5471 in May, suggesting the bottom has been already reached. Even so, this indicator remain well below the 17 K units sold in the beginning of the year, showing as consumption is being constrained.

NFC – Investment was growing robustly prior to COVID-19

Investment by NFC was leading the recovery

Gross Fixed Capital Formation (current prices)
Sep 2008 = 100

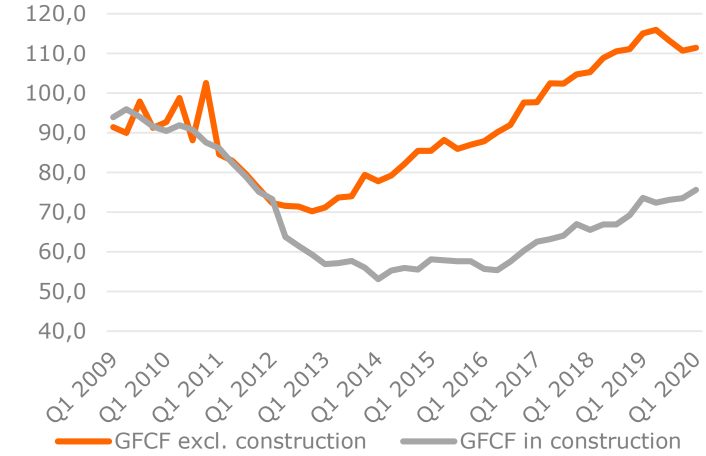


Source: BPI Research, based on INE.

- Investment by non-financial corporations was expanding at a faster rate than other sectors, suggesting that it was being directed to the tradable goods sector. This process slowed in march due to the COVID-19 outbreak and should be interrupted in the following quarters as companies' confidence declines. In Q1 2020, GFCF fell 0.3% yoy.
- GFCF remains below the level seen before the crisis, but, until Q1 2020, the recovery was more impressive in machinery and innovation. In volume, the former is 15% above the 2007 level and the later 39% above. From GFCF in machinery, circa 44% goes to the industry and 5% to construction (36% and 9% in 2007). This process should be interrupted until the end of 2020.

Q1 marks huge decline in all components, except construction

Gross Fixed Capital Formation
Sep 2008 = 100

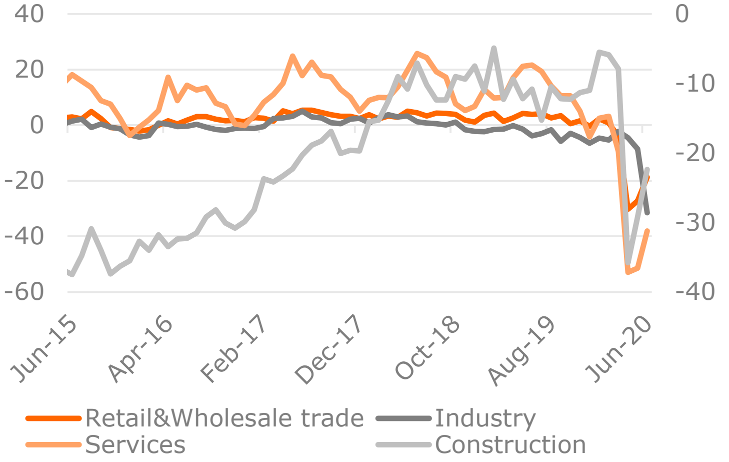


Source: BPI Research based on INE.

- Favorable financing conditions, still healthy activity in the tourism sector and higher EU funds were the major stimuli behind the path for GFCF. On this new scenario, we highlight that credit lines targeted to support tourism activities amount to around 1.8 billion of euros (0.9% of GDP), but support to the sector may surpass this amount, given the rise of credit lines in EUR 8.8 bln (to EUR 15 bln).
- Investment in equipment and R&D recovered to levels above the international financial crisis, whereas construction keeps circa 30% below. Investment in construction remained dynamic in the Q1 2020, growing 2.6% yoy and contributing with 1.3 p.p. tp GFCF. In the following quarters it should slowdown, but the shortage of residential supply should continue to support the sector.

NFC confidence slumped

Sentiment indicators
points



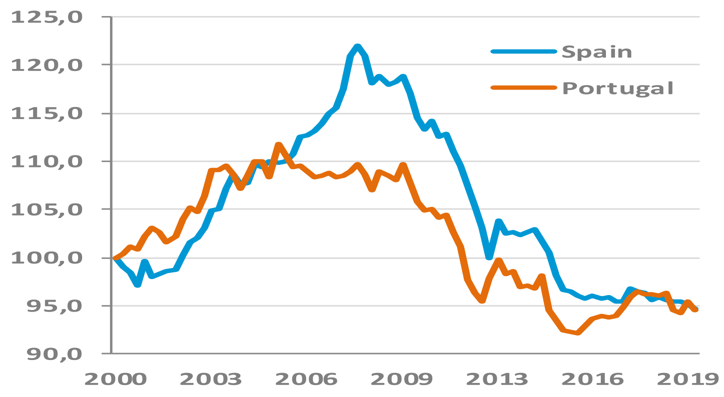
Source: BPI Research based on INE.

- Sentiment worsens in all sectors, reflecting the negative impact of the lockdown period, that started mid-March, but showed some improvements in May and June.
- In the coming months, confidence levels are expected to improve somewhat, remaining, however, depressed, leading companies to postpone investment decisions. Once again, the effectiveness of economic policies supporting the economy will be key to avoid mass bankruptcies and the destruction of output capacity, in particular credit lines, the postponement of fiscal responsibilities and other directed to provide liquidity to NFC.

Regained competitiveness will support the tradable sector when the lockdown ends

Competitiveness was recovering

Real Competitiveness Indicator
Index (Q1 2000 = 100)

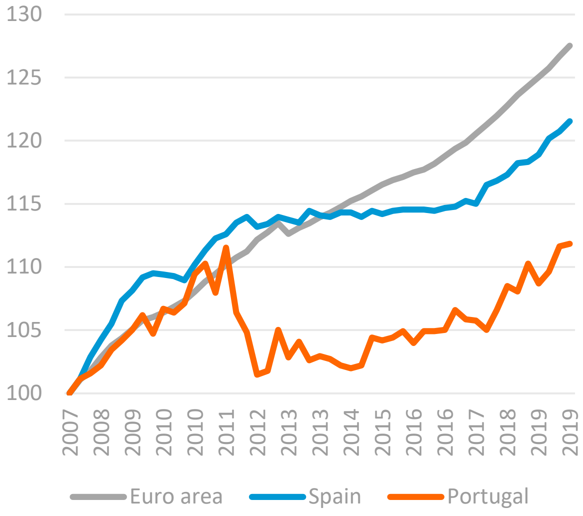


Note: The indicator is the effective exchange rate deflated by unit labor costs. The graph shows the indicator relative to the euro area average.
Source: ECB.

- The competitiveness lost before the international financial crisis has been recovered. This has underpinned an improvement in export performance until 2019. Private sector wages grew by 0.3% per year between 2010-2018 (while they expanded by 1.0% in Spain and 1.8% in the euro area).
- More recently, wages were growing faster in Portugal than in Spain and Eurozone: in 2019, private sector wages increased 2.9% (1.9% in Spain, 2.6% in Eurozone) and in Q1 2020 they advanced 3.7% (3.3% in Spain and 2.2% in the Eurozone (according to the Eurostat). However, Covid-19 outbreak might interrupt this convergence process.

Labor costs below the euro zone

Index (2007Q4 = 100)

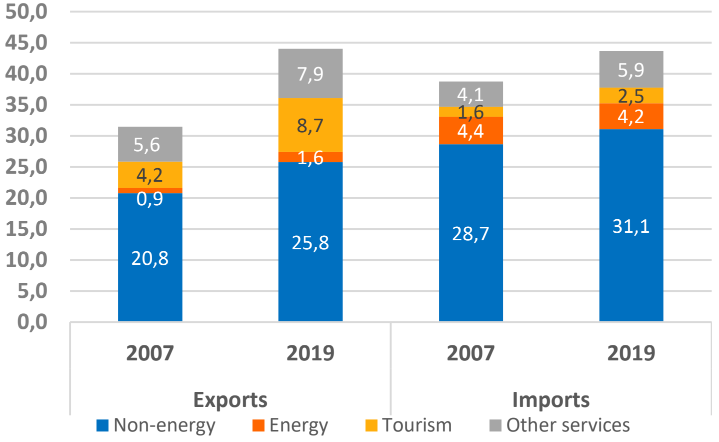


Sourc

- Hourly labor costs remain well below the Eurozone average, but labor costs have been gradually recovering.
- The increase of wages in 2019 is explained by the increase in the minimum wage, improvements in the labor market, skills mismatch, dynamism in the collective bargaining and developments in the public sector (namely the unfreeze of public workers' careers).

Strong and healthy exports performance until 2019

Exports and Imports of goods and services
% of GDP



Source: BPI Research based on INE.

- Export intensity of the Portuguese economy increased in the last 10 years, mainly due to the increase of exports of goods (in particular, non-energy goods) and in tourism.
- In 2020, exports will be strongly affected. The expected contraction of activity in the tourism sector (probably more than 40% decline) will be one of the main factors curbing exports.

The economy faces considerable challenges on the external front

Current account worsens with the pandemic

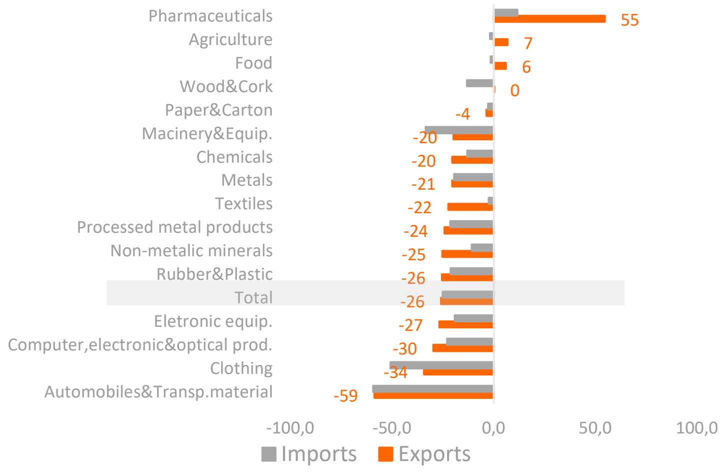
Current account balance*
% of GDP

Source: CaixaBank Research, from Bank of Portugal data.

- For the first time since 2013, the current account registered a deficit equivalent to 0.1% of GDP in 2019, reflecting weaker global demand and strong imports (investment-related goods). Still, the balance of tourism improved by 2.5 percentage points (p.p.) since 2013 and the energy balance improved by 1.0 p.p. to -2.6% of GDP.
- In 2020, the current account will probably deteriorate, as very weak global demand will undermine exports and the Tourism surplus will certainly shrink. Since the end of 2019, the current account has deteriorated by 0.5 p.p. of GDP, mainly due to the narrowing of the tourism balance to 7.7% of GDP in April from 8.3% in December.

The global lockdown has a great impact on trade

Exports and imports of goods
yoy change in March and April 2020

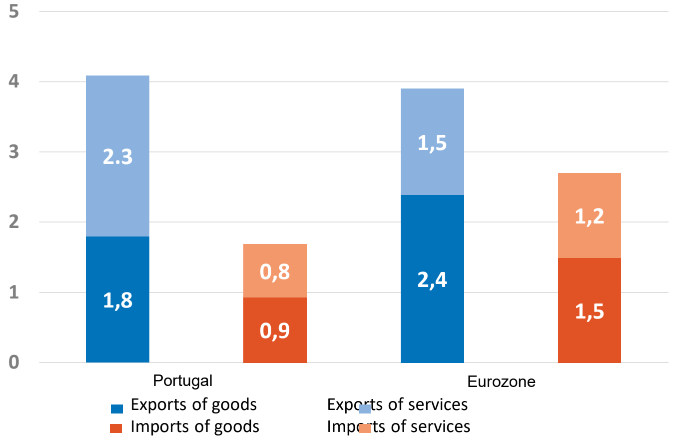


Source: BPI Research, from INE data.

- The global lockdown led to a contraction of 26% yoy on international trade of goods (both exports and imports) in march-april y/y. Transports (including) cars and clothing were the most hurt, while pharmaceutical expanded a lot in the period.
- Until year end this trend is expected to moderate, but exports will remain weak, reflecting the weakness of global demand. Durable and semi-durable consumer goods are among the most affected. Imports will also decline from 2019 level, due to the contraction of domestic demand.

And risks due to Brexit are no negligible

Exports and imports of goods and services to/from the UK
% of GDP



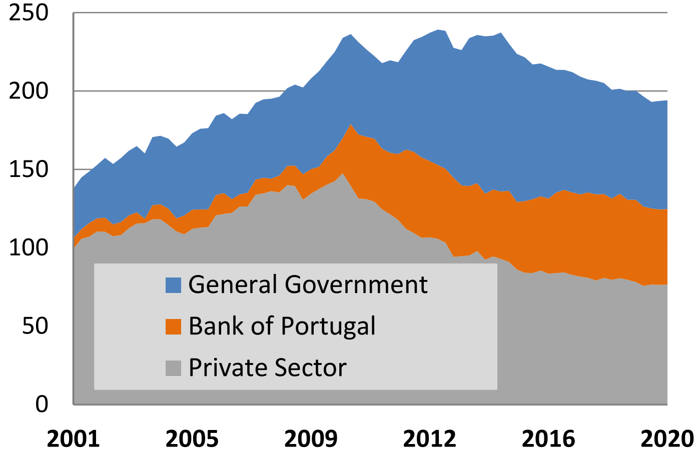
Source: BPI Research, INE,Bof Portugal and Eurostat.

- The UK is the 4th destination for Portuguese exports of goods and the main issuing country of tourists for Portugal (13% of all inbound tourism).
- Portuguese exports of goods and services to the UK (4.1% of GDP) are slightly higher than in the Eurozone average (3.9%), but concentrated in tourism (58% of services exports to the UK).
- In 2020, exports performance will be very poor reflecting the impact of the pandemic. Tourism will be one of the most affected sectors.

The private sector deleveraging will be affected by the COVID-19

External liabilities have narrowed

Gross external debt
Quarterly data, in % of GDP

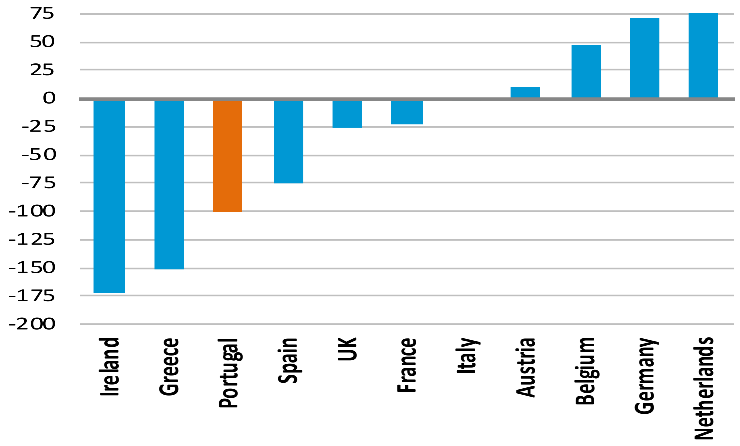


Source: BPI Research and Bank of Portugal.

- Gross external debt rose to 193.8% of GDP in Q1 2020 (193.0% in 2019). Debt increase was driven the public sector, reflecting the preemptive refinancing strategy of the Portuguese Treasury. In the private sector, deleveraging in on going. In particular, private external debt has fallen from peak levels (147.6% of GDP in 2010) to 76.3% of GDP in Q1 2020.
- In the rest of the year external debt will probably increase further, as the extraordinary measures of support the lockdown will need to be partially financed in the external market. The declining trend should be resumed in 2021 in the baseline scenario.

Net international investment position

Net international investment position
% of GDP, Q4 2019

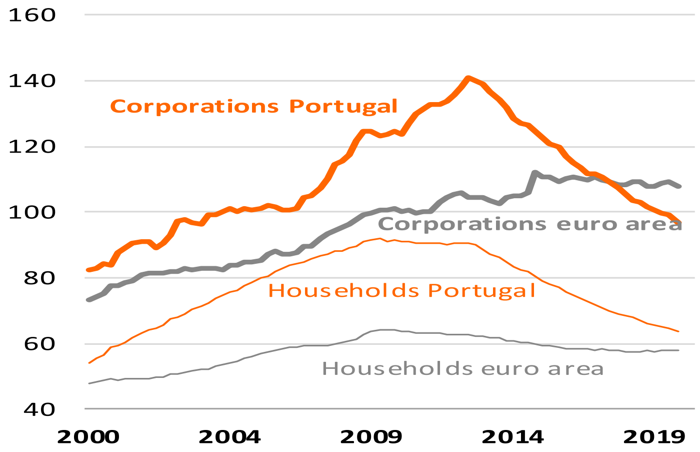


Source: BPI Research and Datastream.

- The improvement in the current account seen since 2010 has helped to improve the economy's net external position (from 128% of GDP in Q1 2014 to 101% of GDP in Q4 2019).
- On the positive side, the structure of the net international investment position (NIIP) has been improving, due to increasing inflows of foreign direct investment. However, this process should be temporarily interrupted in 2020 as the Covid19 outbreak caused extreme negative impact in international investors confidence and international capital flows came to a halt.

The private deleveraging process is well advanced

Gross private debt
% of GDP

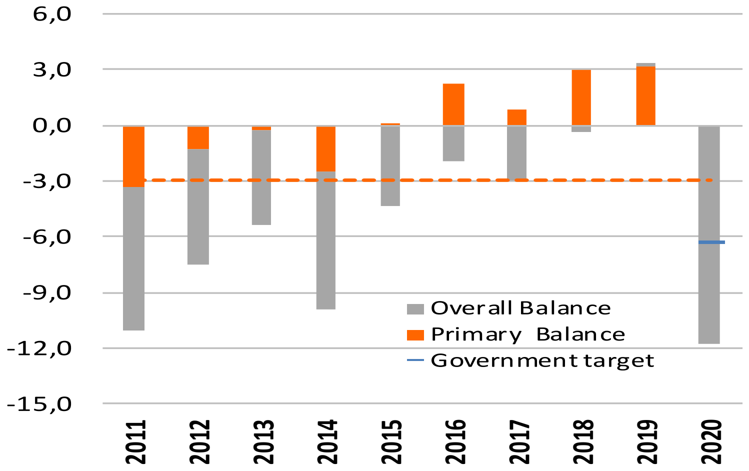


Source: BPI Research and Eurostat.

- Corporate debt has declined significantly from its 2012 peak, supported by the recovery in activity.
- The significant deleveraging carried out in recent years allows the business community to resort to credit lines now that activity stoppages are causing constraints in terms of liquidity. In this scenario, debt ratios, especially in the case of NFC, will probably deteriorate temporarily.
- Households' deleveraging process was also progressing favorably, albeit at a slower pace since most of the debt is mortgage-related and has a higher maturity. Opposite to NFC, this process will probably accelerate due to the Covid19 outbreak as families will probably postpone decisions to invest or consume durable goods (or housing) and savings are set to increase.

Public finances consolidation disturbed by the virus

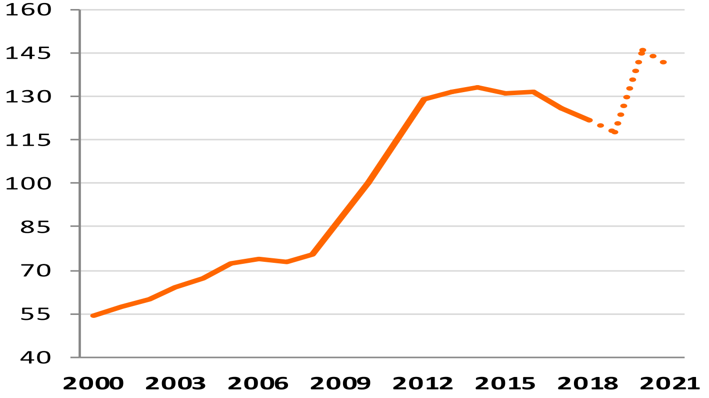
Public accounts consolidation temporarily interrupted



Source: BPI Research and INE Portugal.

- The economic recovery, a prudent fiscal stance and lower financing costs have kept the public deficit at low levels and close to target since 2016.
- In 2019, the consolidation path was kept and the public administration balance reached a surplus equivalent to 0.2% of GDP, an historical achievement.
- The consolidation path so far gives some leeway to allow the Government to adopt further (if needed) extraordinary measures to support economic activity in 2020.

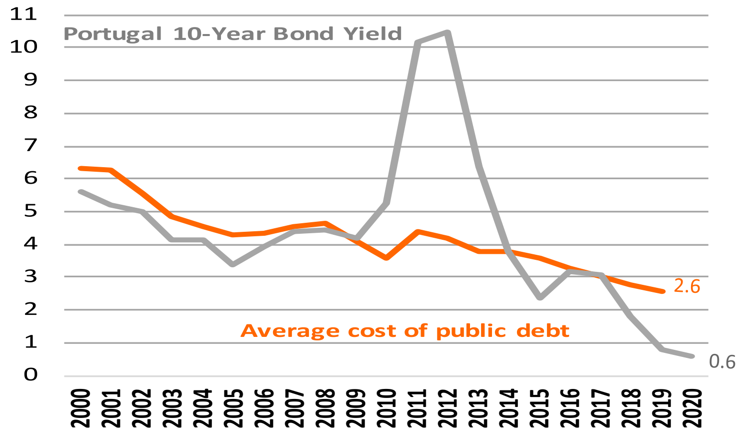
Public debt subside briefly halted



Note (*): BoP revised the methodology for public debt ratio, to include capitalized interest on saving certificates. The impact was 2.1 p.p. in 2018.
Source: BPI Research and Bank of Portugal.

- Public debt fell to 117.7% of GDP in 2019, but the declining trend will be temporarily interrupted by the support given to the economy in the pandemic's period. In this context, for 2020, the public debt ratio will rise to around 137% of GDP.
- We underline that in the past recent years, the structure of debt has improved: the cost of outstanding debt has fallen (from 4.1% in 2011 to 2.6% in 2019) and the maturity profile has increased (average maturity is currently 7.5 years). Additionally only circa 14% of total debt is held by non official non-resident investors.

The cost of public debt declined substantially



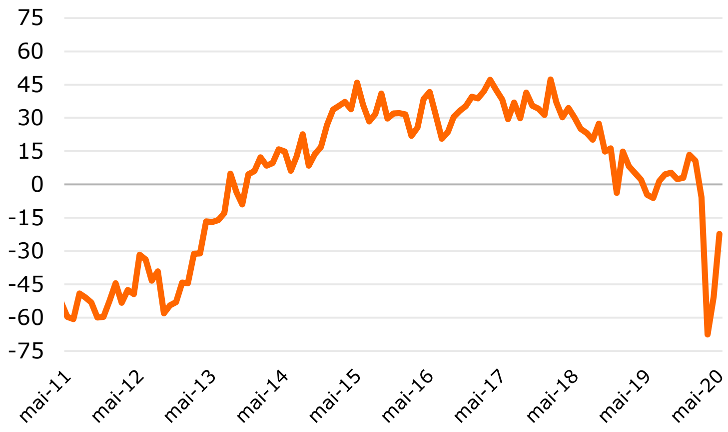
Source: BPI Research, IGCP and Refinitiv.

- Banking sector improvements, sound economic prospects, and fiscal consolidation efforts have encouraged a return of Portugal's credit rating to investment grade by the 3 main agencies.
- However, Covid19 has been causing a strong deterioration of risk perception, that we think will be temporary due to the strong fundamentals of the Portuguese economy and also due to the decisive official supporting measures.
- The low average historical cost of public debt (2,6% 2019), past effort in term of fiscal consolidation (primary surplus >2% avg 5 years) and the support of ECB QE are expected to contain pressures on yields, despite the rise of estimated net financing needs expected for 2020 (circa EUR 13 bn).

The once dynamic housing market will be probably frozen by the virus

Real estate confidence index with highest drop ever

Real estate confidence index
Δ%

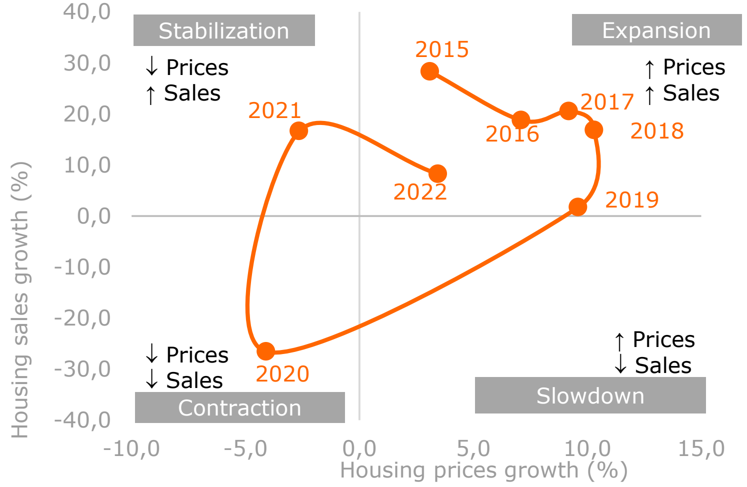


Source: BPI Research, com base em dados da Confidencial Imobiliário.

- **Real estate confidence index with highest drop ever**. March data already reflect some impact of the pandemic and the housing market confidence index registered the biggest drop ever: -51%.
- Bank housing valuation fell for the first time since January 2016 and stood at 1100 euros/m2 in March. Official data for 1Q2020 will be published by INE in June but according to Confidencial Imobiliário housing sale negotiations fell 56% and customer requests fell 56% in April.
- BPI Research estimates that transactions will decline mora than 30% in 2020 and prices circa 6%.

Temporary contraction expected

Real estate clock



Source: BPI Research, INE Portugal.

- **In 2019, house prices advanced 9.6% (10.3% in 2018)**; the deceleration of sales growth was more pronounced: 1.7% in 2019 from 16.8% in 2018, suggesting further moderation ahead. However, the COVID-19 outbreak will probably accelerate the trend, with an expected contraction of sales of more than 30% and a decline of 5,8% in prices due to reduced domestic activity and a probable halt of inflows from non-residents (main factor behind the past appreciation of the real estate market).
- In 2021, the housing market should return to expansionary mode, although risks are negative.

Credit was not the main trigger of the housing market

% of house transactions financed by credit

Source: BPI Research and Banco de Portugal.

- **Housing acquisitions by non-residents in Lisbon reached EUR 343.9 million in H1 2019, 10% more than in the H1 2018**. However, when compared with acquisition in the H2 2018, the traded amount fell by 10%, suggesting that non-residents demand was already decelerating prior to the Covid19 outbreak.
- In 2018, last official data released, the more significant and dynamic nationalities present in this market were French (+19.7% yoy), British (+16.9% yoy), Brazilian (+8.3% yoy) and Chinese (+5.1% yoy).

Key economic measures approved by the Portuguese government

Support to families

- Mortgage and consumer credit moratoria for families directly or indirectly affected by the COVID-19.
- Exceptional and temporary scheme for the payment of housing rent for families that have been affected by a cut in their monthly income.
- Impediment, during the emergency period and in the following month, to cut off essential services (electricity, gas, water and communications).

Support to workers

- Promoting working from home whenever possible.
- Childcare allowances for children under 12 years old due to school closures.
- Allowance of 100% of the remuneration in case of prophylactic isolation (14 days).
- Exceptional regime of justified absences, for assistance to children, other dependent under 12 years old or with a disability or chronic illness; for cohabiting person.
- Self-employed:
  - Without dependent workers: financial support if the turnover fells more than 40%;
  - For those with dependent workers, the financial support is available only if they go ahead with layoff (minimum wage for each job held).
- Deferral of payment of contributions.

Support to companies

- Credit lines, (including credit lines for export support), guaranteed by the State (15.040 million euros).
- Flexibility in the payment of tax obligations and reduction of social contributions.
- Employment support measures (layoff).
- Extraordinary financial incentive to support the normalization of the company's activity.
- Financial support from Social Security to pay remuneration in cases of assistance to children under 12 years old.
- Exceptional and temporary regime for the payment of non-housing rent: suspension of rent payment for commercial establishments that had to close due to the state of emergency.
- Elimination of minimum fees charged to merchants in electronic payments.

The banking system was more resilient prior to Covid-19 outbreak

The main Portuguese banks are now in a more solid and stable position

Stable shareholder structure, after the removal of the voting rights limit and the consequent public offer by CaixaBank (100% of its share).

	2018	2019	Q1 2019	Q1 2020
CET1	13.2%	13.4%	13.5%	13.7%
Cost-to-income	60.4%	60.2%	60.1%	60.0%

Conclusion of State capital injection of 2.5 bn € in 2017 and the Administration continues to pursue the strategic plan. CGD distributed 300 million € in dividends to the Portuguese State in 2019, following 200 million € in 2018.

	2018	2019	Q1 2019	Q1 2020
CET1	14.6%	16.9%	15.0%	16.6%
Cost-to-income	54.4%	47%	48%	49%

The 75% sale of NB to Lone Star resulted in an immediate capital injection of 750 million € (additional 250 million € at the end of 2017), with the remaining 25% held by the Resolution Fund. The Resolution Fund made 3 payments since 2018: 792 million, 1149 million and 1037 million €, in 2018, 2019 and 2020, respectively.

	2018	2019	Q1 2019	Q1 2020
CET1	12.8%	12.8%	13.5%	-
Cost-to-income	64.5%	54.9%	55.8%	-

Fosun share reached 23.5%. Capital increase in 2017 (1.33 bn €) allowed the reimbursement of the remaining 700 million € of CoCos.

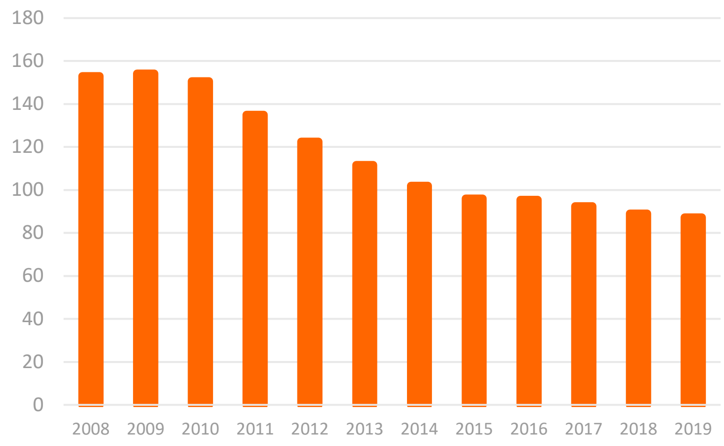
	2018	2019	Q1 2019	Q1 2020
CET1	12.0%	12.2%	12.7%	12.0%
Cost-to-income	45.6%	47.2%	42.3%	46.3%

Source: BPI Research, based on each bank sites.

The stock of credit continues to fall despite the pick-up in new lending

A more positive situation in funding structure

Loans to deposit ratio
%

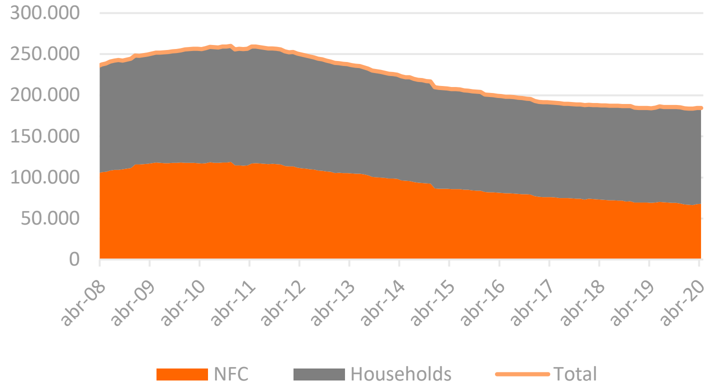


Source: Banco de Portugal.

- The Portuguese banking system is now more robust than in the previous crisis, with abundant liquidity: the loan to deposit ratio decreased to 87.3% at the end of the year (almost 153% in 2008).
- Deposits have been increasing, benefiting not only from the households deposits, but also from the NFC deposits, with foreign firms taking advantage from the Portuguese law that prohibits negative deposit rates.

Deleveraging results in falling stock of credit…

Credit to the private sector*
Million Euros

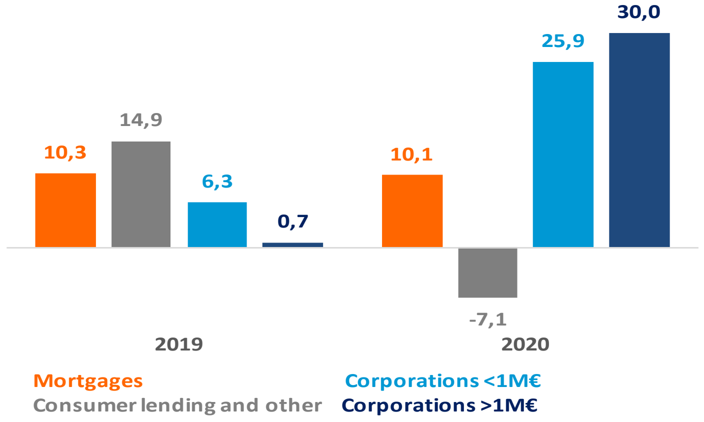


Note (*): Loans to resident private non-financial sector. Excluding securitizations.
Source: Banco de Portugal.

- Deleveraging process results in declining loan stock, even though new lending activity accelerated during the last years. However, new operations have been insufficient to compensate the great amount of amortizations.
- We expect that the demand for credit (especially for households) will be lower in the coming months considering the impact of Covid-19 on the Portuguese economy and the current context of high uncertainty. However, we anticipate a recovery with the normalization of the economy.

…despite the recent rebound in new lending activity

New lending activity by sector
yoy growth (%), accumulated in the year up to May



Note: Household lending excludes renegotiations.
Source: Banco de Portugal.

- Macro prudential measures are in place since July 2018: limits to LTV ratio (≤90%), debt service to income ratio (≤50%) and limits to the original maturity of the loans (≤40 years). These measures and a less benign global picture contributed to the moderation of new production in 2019 and early 2020.
- New lending to households has recovered since 2014, especially for house acquisition. However, prior to the Covid19 outbreak, it remained below the pre-crisis levels.
- We expect that new lending to NFC will remain dynamic due to the credit lines available to mitigate the impact of the Covid19.

Main economic indicators and forecasts

%, yoy	2012	2013	2014	2015	2016	2017	2018	2019	Forecasts 2020	2021
GDP	-4,1	-0,9	0,8	1,8	2,0	3,5	2,6	2,2	-12,0	8,2
Private Consumption	-5,3	-1,0	2,4	2,0	2,6	2,1	2,9	2,2	-10,6	9,2
Public Consumption	-3,5	-2,0	-0,5	0,8	0,8	0,2	0,9	1,1	3,8	-1,6
Gross Fixed Capital Formation (GFCF)	-16,7	-4,8	2,3	5,9	2,5	11,5	5,8	6,6	-25,7	9,7
Exports	3,1	7,2	4,3	6,2	4,4	8,4	4,5	3,7	-33,7	51,1
Imports	-6,4	4,7	8,1	8,1	5,0	8,1	5,7	5,3	-32,4	46,0
Unemployment rate	15,6	16,2	13,9	12,4	11,1	8,9	7,0	6,5	11,6	10,5
HICP (average)	2,8	0,3	-0,3	0,5	0,6	1,4	1,0	0,3	-0,5	1,1
External current account balance (% GDP)	-1,6	1,6	0,2	0,2	1,1	1,2	0,4	-0,1	-0,3	-0,1
General Government Balance (% GDP)	-6,2	-5,1	-7,4	-4,4	-1,9	-3,0	-0,4	0,2	-11,8	-6,2
General government debt (% GDP)	129,0	131,4	132,9	131,2	131,5	126,0	121,9	117,7	145,7	140,0
Risk premium (PT-Bund) (average)	903	464	252	189	307	269	138	98	132	101

Note: The general government deficit includes one-off bank restructuring costs of 1.2% of GDP in 2010, 0.5% of GDP in 2011, 0.6% of GDP in 2012, 0.3% of GDP in 2013, 3.0% in 2014, 1.6% in 2015; 0.2% in 2016; and 2.1% of GDP in 2017.
Due to methodological changes applied at European level, the public debt ratio was revised to include capitalized interest from savings certificates, leading to a circa 2 p.p. increase of this aggregate
Source: BPI Research.

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