



19<sup>th</sup> January, 2022

MONTHLY ECONOMIC SURVEY

December 2021

## PRONOUNCED ACCELERATION OF PRODUCER AND CONSUMER PRICES IN THE SECOND HALF OF 2021

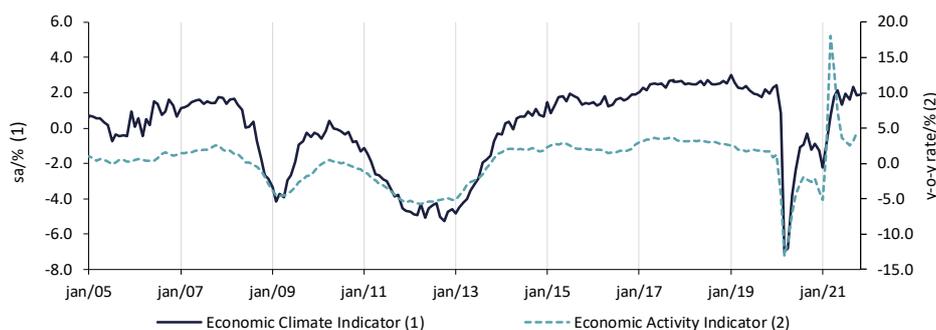
In 2021, there was an acceleration in prices<sup>1</sup>, with the Consumer Price Index (CPI) presenting a strong upward movement, with year-on-year rates of changes of 0.6% and 1.9% in the first and second semesters, respectively, and an average annual rate of change of 1.3%, after the nil rate of change in 2020. This acceleration occurred in most CPI categories, although more pronounced in energy goods. The increase in prices was even more pronounced in industrial production, with the respective index increasing by 6.4% in 2021, after having decreased by 3.9% in the previous year. It should be noted, however, that the annual increase in prices in the production of consumer goods was much more moderate (2.1%), being closer to that observed in the CPI.

The short-term indicators for economic activity from the perspective of production, available for November, reveal strong nominal year-on-year increases in industry and in services, significantly more intense than in the previous month and mainly reflecting the acceleration in prices. In real terms there were increases in industry and construction.

From the expenditure approach, the synthesis quantitative indicators (economic activity, private consumption and investment) accelerated in November 2021. The economic climate indicator, which summarizes the balances of responses to questions relating to business surveys stabilized in December, presenting an irregular behaviour since July.

According to the provisional monthly Labour Force Survey, the unemployment rate (16 to 74 years old), seasonally adjusted, was 6.3% in November, 0.1 percentage points less than in the previous month (6.3% in August and 7.2% in November 2020). The labour underutilization rate (16 to 74 years old) stood at 11.7%, same value as in October (14.0% and 12.6% in November 2020 and 2019, respectively). The employed population (16 to 74 years old), seasonally adjusted, increased in November by 0.3% compared with the previous month and has increased by 3.1% in year-on-year terms (year-on-year rate of change of 3.3% in October).

Figure 1. Economic Synthesis Indicators



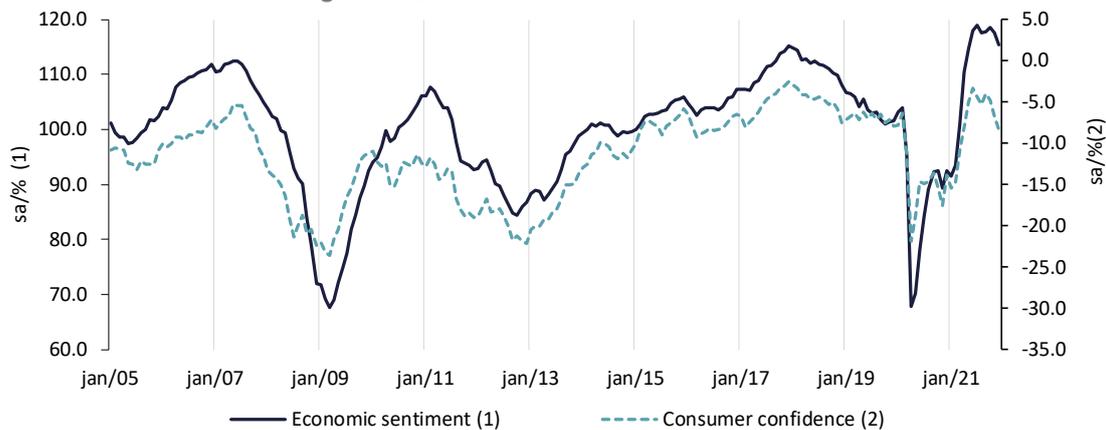
<sup>1</sup> Based on information available up to January 18<sup>th</sup>, 2022.



## External Environment of the Portuguese Economy

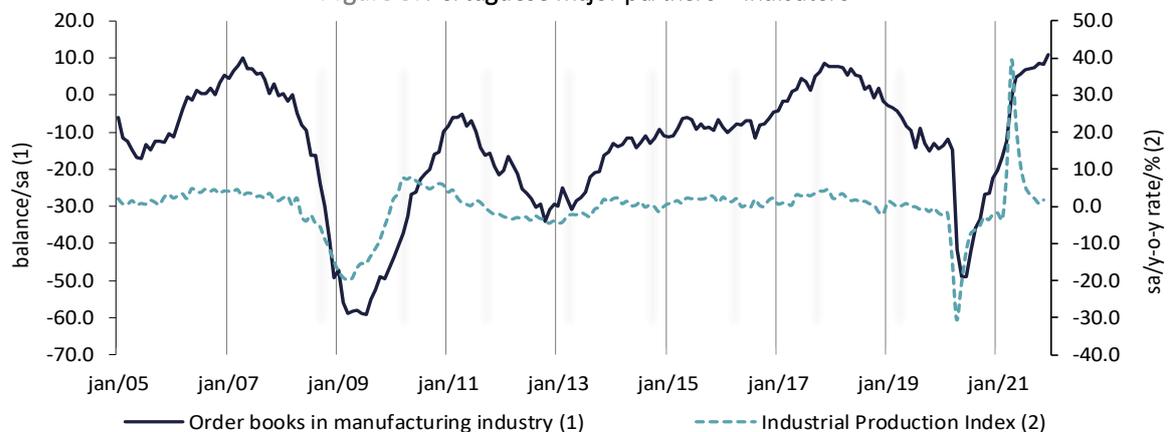
Euro Area (EA) economic sentiment indicator (ESI) decreased in November and December, although remaining at high levels. In December, this evolution was mainly due to the marked reduction in services confidence, and, to a lesser extent, in retail trade, with the consumer confidence indicator also decreasing for the third consecutive month. By contrast, the confidence indicators in industry and construction increased slightly.

Figure 2. Qualitative indicators in the Euro Area



The balance of entrepreneur's opinions on order-book levels in the industry sector from Portuguese major partners increased in December, after a slight decline in the previous month, reaching a new maximum value of the series. In November, the industrial production index (IPI) of Portuguese major partners increased by 0.4% compared with the previous month (0.5% in October) and by 1.7% compared with the same period of 2020, remaining 2.4% below the level of the same month of 2019.

Figure 3. Portuguese major partners – Indicators



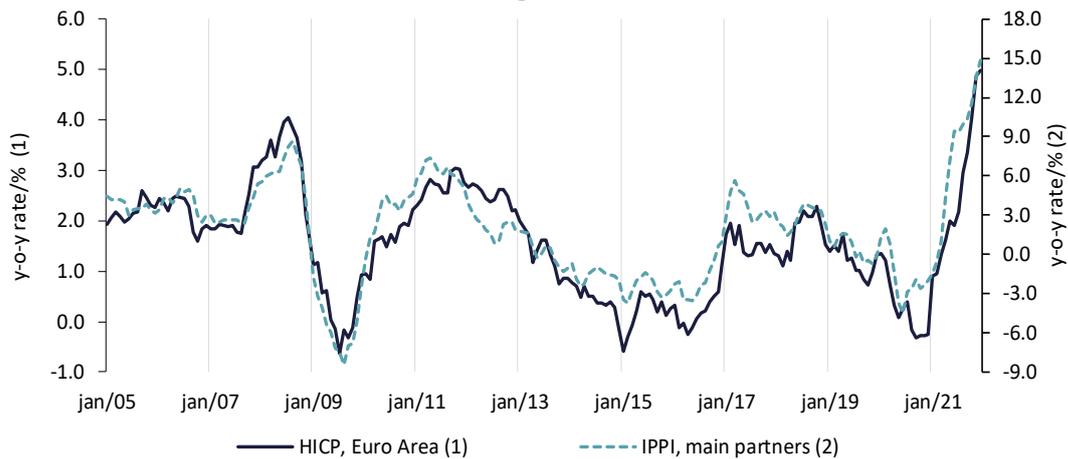
According to Eurostat estimates for the Euro Area Harmonised Index of Consumer Prices (HIPC), total index should attain a year-on-year rate of change of 5.0% in December, while the index excluding energy and unprocessed food should increase by 2.7%, (4.9% and 2.6% in November, respectively), reaching maximum values for both series. In 2021, the HIPC annual average rate of change is estimated to have been 2.6%, which compares to the rates of 0.3% in 2020 and 1.3% in 2019.



The industrial production prices index of Portuguese major partners maintained, in November, a marked upward trajectory, registering a new maximum year-on-year rate of change of 14.8% (13.6% in October).

The oil price (Brent) was 65.6 euros in December, registering a new decrease comparing with the previous month (-1.4% and -7.6% in November and December, respectively). The oil price stood 59.7% above the level of December of 2020 and 8.6% above the price registered in the same period of 2019. In 2021, the oil price recorded an annual average increase of 63.8% comparing to 2020 and 4.1% vis-à-vis 2019.

Figure 4. Prices





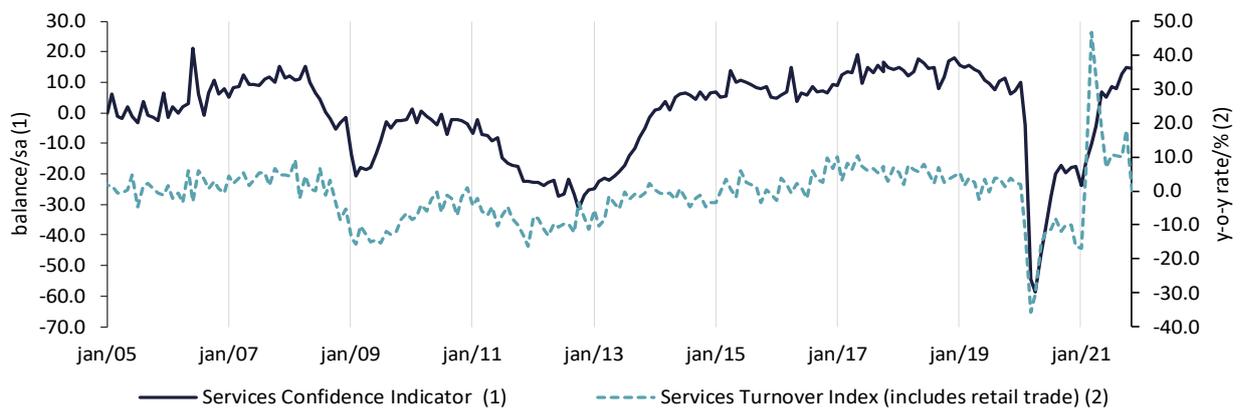
## Economic Activity

The short-term indicators for economic activity from the perspective of production, available for November, continued to point to strong nominal year-on-year increases, significantly more intense than in the previous month, mainly reflecting the acceleration in prices. In real terms there were increases in industry and construction. Comparing with November 2019, the production index in industry was the only with a lower level, with industry and services turnover indexes, as well as the construction production index being above the 2019 indexes.

The economic activity indicator, which summarizes a set of quantitative indicators of the economy, accelerated in October and November, after the deceleration verified between May and September. The economic climate indicator, which summarizes the balances of responses to questions relating to business surveys, stabilized in December, presenting an irregular behaviour since July.

In November, the IPI presented a year-on-year rate of change of 0.2%, after decreasing 6.3% in the previous month. Comparing with November 2019, IPI registered a reduction of 2.8%. In nominal terms, the industry turnover index presented a year-on-year increase of 16.6%, more intense than in the previous month (11.5%). The indices for the domestic and foreign markets increased by 10.8% and 24.4% respectively, in comparison with November 2020 (rates of change of 9.4% and 14.5% in the previous month, in the same order). Comparing with November 2019, the overall index was 12.0% higher.

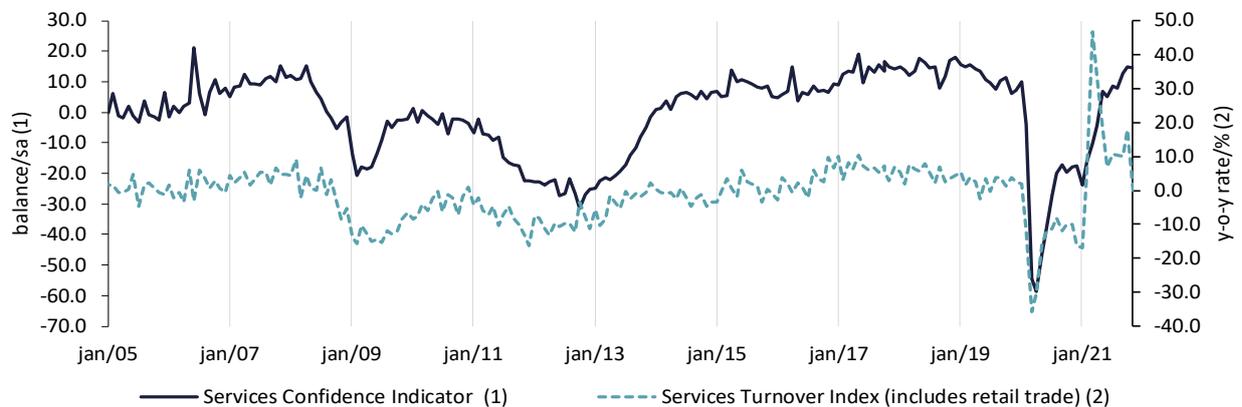
Figure 5. Turnover index e and confidence indicator in Industry



The turnover index for services (includes retail trade) presented a rate of change of 17.8%, after increasing by 10.1% in the previous month. Comparing with November 2019, this index increased by 6.1%. The index of turnover in trade retail (deflated) went from a year-on-year change of 3.3% in October to 9.9% in November (comparing with November 2019, there was an increase of 5.4%). The food products index increased by 4.9% (rate of change of 2.0% in the two previous months), while the non-food products index presented a rate of change of 14.0%, after increasing by 4.4% in the previous month.

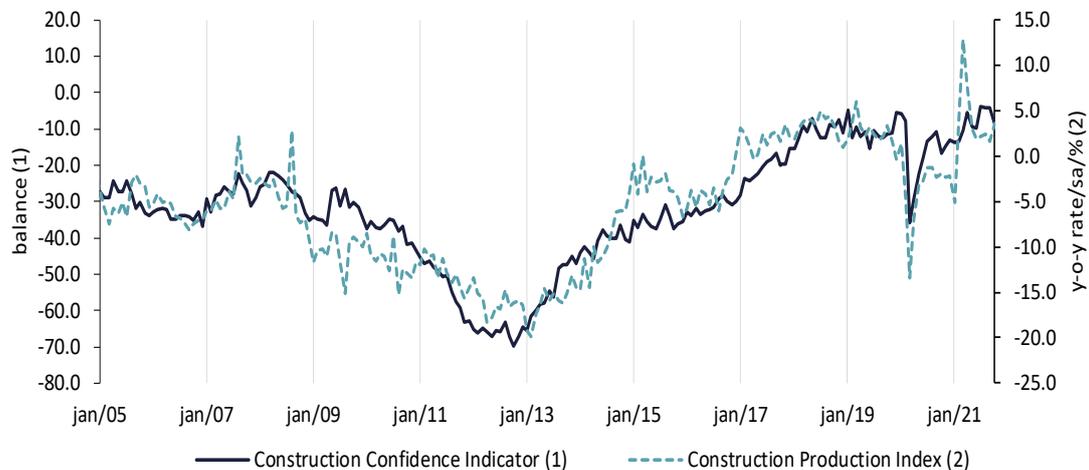


Figure 6. Turnover index and confidence indicator in Services  
(includes Retail Trade)



The construction production index recorded a year-on-year growth of 3.6% in November, after increasing by 1.7% in the previous month. Comparing with November 2019, it presented an increase of 1.6%.

Figure 7. Production index and confidence indicator in Construction



In November, the number of overnight stays increased in year-on-year terms by 287.7% (rate of change of 137.9% in October), reflecting the base effect due to the strong reduction in tourism activity in 2020. In fact, the level reached in November 2021 was still 12.4% lower than that observed in November 2019. Overnight stays by residents increased by 140.1% and non-residents grew by 486.0%. Comparing with November 2019 there was a 3.4% decrease in overnight stays by residents and of 16.6% in overnight stays by non-residents.

The average consumption of electricity on working days recorded a year-on-year change of -1.8% in December, which compares with rates of 0.1% and 0.7% in October and November, respectively.

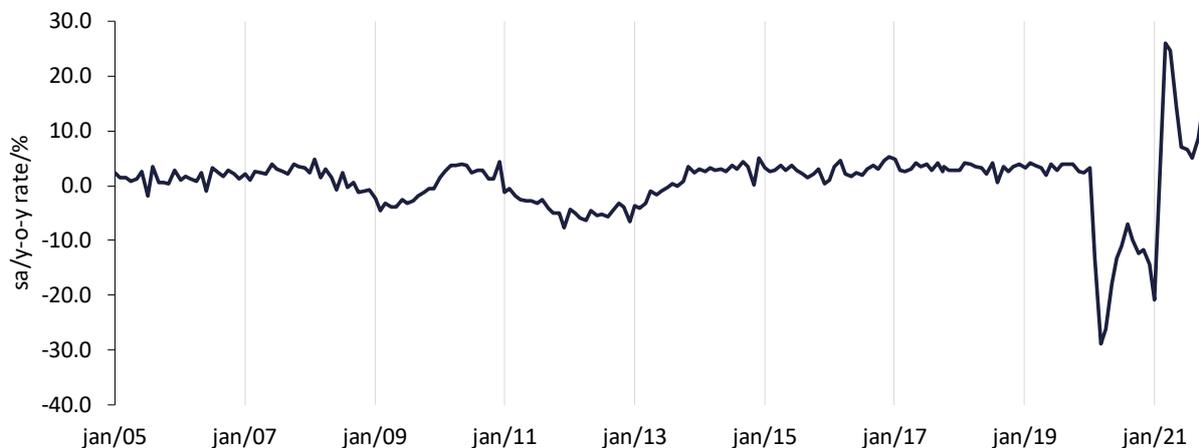


## Private Consumption

According to the information of the Quarterly Sector Accounts, Net lending of Households stood at 4.9% of GDP in the year ending in the third quarter of 2021, 0.5 percentage points less than in the previous quarter, mainly reflecting the 2.8% decrease in gross savings. Households' saving rate reached 11.3% of disposable income, which corresponded to a reduction of 0.4 percentage points compared to the previous quarter. This result was a consequence of the 1.2% increase in consumption expenditure (rate of change of +4.5% in the previous quarter), higher than the 0.8% growth in disposable income.

The quantitative indicator of private consumption registered in October and November an acceleration, after presenting successively less intense increases between May and September.

Figure 8. Quantitative indicator of private consumption



In November, there was a strong positive contribution of the non-durable consumption component, more intense than in the previous month, and a positive contribution from the durable consumption component, after being negative in the four previous months. In December, the sales of passenger cars presented a year-on-year decrease of 11.9%, after decreasing by 7.8% in November. For 2021, there was a year-on-year rate of change of 0.8% (-35.1% in 2020).

According to information on operations carried out in the *Multibanco* network, available for December, the overall amount of national withdrawals, payment of services and purchases at automatic payment terminals carried out on the automatic teller machines presented a year-on-year growth of 14.4% (21.0% in the previous month). Considering the year 2021, there was a rate of change of 10.9% in the overall amount of operations (-10.9% in 2020), thus practically returning to the level of 2019.



Figure 9. Operations carried out on ATM (nominal)



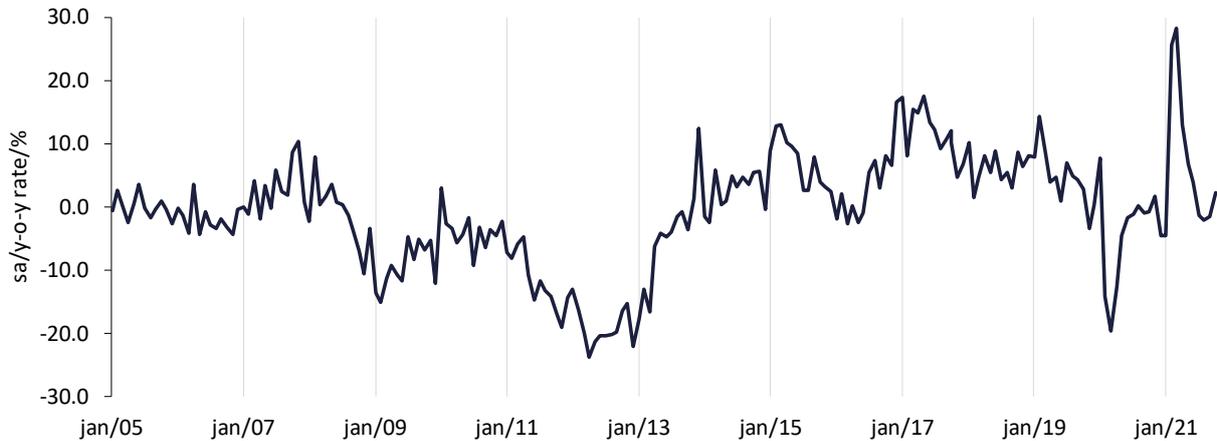
The Consumer confidence indicator stabilized in December, after having decreased in October and November, significantly in the latter case.



## Investment

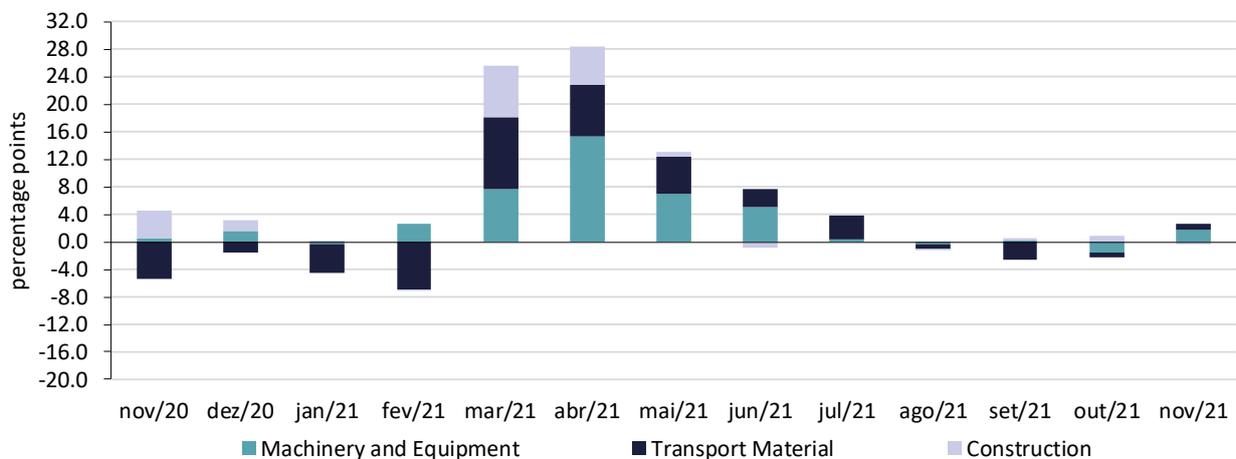
The Gross Fixed Capital Formation (GFCF) indicator recorded a positive year-on-year rate of change in November, following the year-on-year decreases of the previous three months.

Figure 10. GFCF indicator



The evolution observed in the last month was the result of the positive contributions of the machinery and equipment and of the transport material components, which were both negative in the previous month. In the opposite direction, the construction component registered a negative contribution, following the positive contribution observed in the previous month.

Figure 11. Contributions to the GFCF indicator



Sales of cement produced in national territory (not adjusted for seasonal and working days effects), already available for December, registered a significant acceleration in year-on-year terms in the last month (rates of -0.6%, +0.1% and +12.9% between October and December). For the whole year 2021, sales of cement increased by 5.8%, below the result observed in 2020 (10.6%). Also already available for December, sales of light commercial vehicles featured negative year-on-year rates of change in the last six months (rates of -35.9%, -7.3%, -29.6%, -5.0%, -5.9% and -10.7% between July and December), while sales of heavy-duty



vehicles registered year-on-year increases in the last three months, milder in November, after three months of significant reductions (rates of -24.5%, -24.6%, -31.2%, +21.3%, +8.2% and +21.6% between July and December). In annual terms, sales of light commercial and heavy-duty vehicles increased in 2021, more significantly in the latter case (growth rates of 4.5% and 21.3% respectively), following the considerable declines observed in 2020 (-28.4% in both cases).



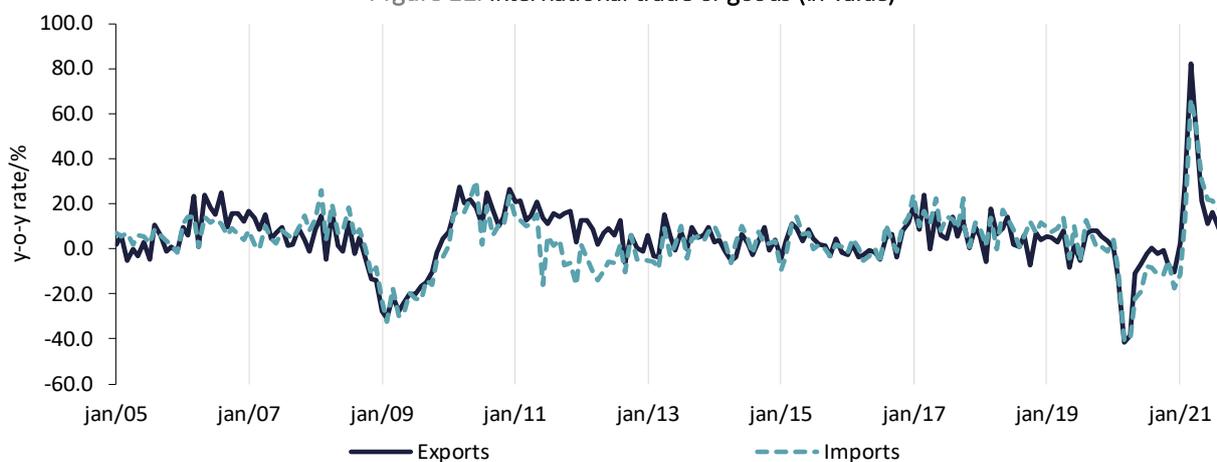
## External Demand

In November 2021, exports and imports of goods recorded nominal year-on-year growth rates of 15.7% and 32.3%, respectively (2.8% and 17.6%, in the same order, in October 2021). Compared to November 2019, the rates of change were 15.1% in exports and 17.0% in imports, with emphasis on the increases in exports and imports of Industrial supplies (40.9% and 47.3%, respectively) and in imports of Fuels and lubricants (44.9%).

Excluding Fuels and lubricants, exports and imports grew by 15.9% and 23.7%, respectively (0.8% and 9.8%, in the same order, in October 2021). Vis-à-vis November 2019, exports increased by 18.9% and imports grew by 14.0%.

In the cumulative period from January to November 2021, compared to the same period in 2019, exports increased by 5.2% (17.6% compared to the same period in 2020) and imports grew by 0.9% (19.5% vis-à-vis 2020), standing out in both flows the increase in Industrial supplies (12.2% in exports and 19.9% in imports) and the decrease in Transport equipment (-11.0% and -32.3%, by the same order).

Figure 12. International trade of goods (in value)



Nominal exports of goods destined for EA increased by 19.2% year-on-year in November (4.6% in October). In turn, nominal exports of non-EU goods increased from a year-on-year rate of change of 5.3% in October to 14.5% in November.

Nominal imports of goods originating in the EA recorded a year-on-year rate of change of 20.9% in November (11.8% in October). Extra-EU imports increased by 98.8%, in year-on-year terms, in November (47.8% in the previous month), mainly due to the Fuels and lubricants component which reflects significant increases in prices.

Enterprises expect a nominal growth of 6.5% in exports of goods in 2022 vis-à-vis the previous year reflecting a deceleration compared to the perspectives indicated for 2021 in the previous survey (7.2% corresponding to the second export forecast for 2020).

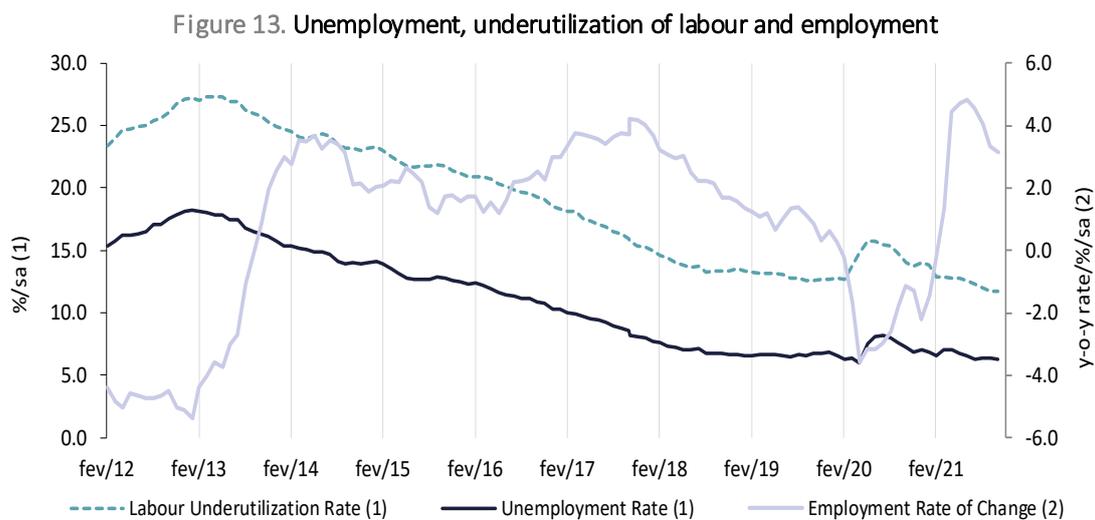
If these enterprises perspectives are confirmed, they will allow a recovery to values of exports of goods higher than those recorded in the pre-pandemic period.



## Labour Market

According to the provisional monthly Labour Force Survey, the unemployment rate (16 to 74 years old), seasonally adjusted, was 6.3% in November, 0.1 percentage points less than in the previous month (6.3% in August and 7.2% in November 2020). The labour underutilization rate (16 to 74 years old) stood at 11.7%, same value as in October (14.0% and 12.6% in November 2020 and 2019, respectively).

The employed population (16 to 74 years old), seasonally adjusted, increased in November by 0.3% compared with the previous month and has increased by 3.1% in year-on-year terms (year-on-year rate of change of 3.3% in October).



The employment indexes of the turnover surveys presented, in November, year-on-year rates of change of 2.1% in industry, 2.3% in retail trade, 3.2% in services and 1.7% in construction (1.5%, 2.0%, 2.5% e 1.7% in October, in the same order). The hours worked indexes, adjusted for calendar effects, registered rates of change of 3.6% in industry, 4.9% in retail trade, 3.2% in services and 3.3% in construction (-0.7%, 1.8%, 1.4% and 1.6% in the previous month, in the same order).

According to the Ministry of Labour, Solidarity and Social Security, the average monthly compensation of employees declared per worker to Social Security in November grew by 2.3% in year-on-year terms (variation of 3.2% in October and 5.1% in November 2020).

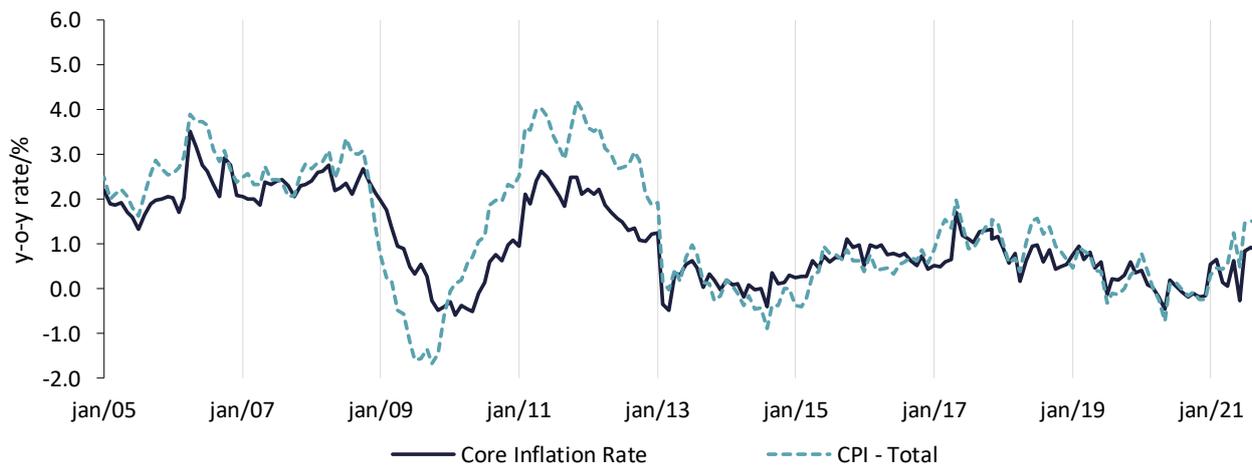
In the year ending in the third quarter of 2021, Unit Labour Costs (ULC) registered an increase of 3.5% in year-on-year terms (4.7% in the previous quarter). The deceleration of ULC in the third quarter was due to the productivity growth since the average compensation of employees accelerated slightly.



## Prices

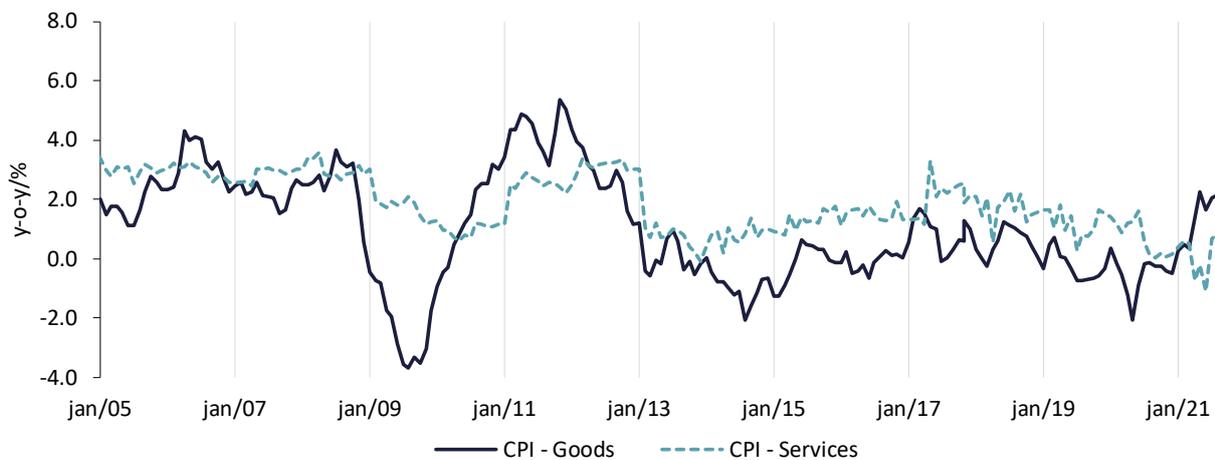
In 2021, the average rate of change of the Portuguese Consumer Price Index (CPI) was 1.3% (nil in 2020). The CPI year-on-year rate of change was 2.7% in December, 0.1 percentage points higher than in November. For the first time since May 2003, all divisions recorded positive year-on-year rates of change, standing out the positive contributions to the year-on-year rate of change of CPI, of “Transports” and “Food and non-alcoholic beverages” divisions, with rates of 6.7% and 2.9%, respectively (8.8% and 1.4% in November). The year-on-year rate of change of the core inflation rate, which excludes energy and unprocessed food products, was 1.8 % (1.7% in November).

Figure 14. Consumer Price Index



In the last month, the goods component of the CPI recorded a year-on-year rate of change of 3.2% (2.7% in November). The services component increased by 2.0% in December, after increasing by 2.3% in the previous month.

Figure 15. Consumer Price Index of Goods and Services



The manufacturing price index recorded in December a year-on-year rate of change of 13.9% (14.4% in the previous month). Excluding the energy component, this index increased 10.3% in year-on-year terms, the highest growth of the current series, after presenting a 9.8% growth in November.





Figure 17. Summary information (continuation)

	Unit	First Period	Minimum		Maximum		Year			Quarter					Month												
			Value	Date	Value	Date	2019	2020	2021	2020	2021				2020	2021											
										Q4	Q1	Q2	Q3	Q4	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>External Demand</b>																											
Nominal exports of goods - International trade	y.r./%	Jan-96	-41.5	Apr-20	82.3	Apr-21	3.5	-10.3	-	-3.1	6.3	49.0	12.0	-	-7.2	-10.3	2.4	29.4	82.3	54.7	21.4	11.0	16.4	9.6	2.8	15.7	-
Nominal imports of goods - International trade	y.r./%	Jan-96	-40.3	Apr-20	66.6	Apr-21	6.0	-14.8	-	-9.5	-5.7	49.4	20.3	-	-5.2	-17.6	-11.3	13.0	66.6	55.7	30.7	21.9	21.5	17.8	17.6	32.3	-
Coverage rate	%	Jan-95	49.9	Aug-01	87.8	Jun-12	74.9	78.9	-	81.4	84.8	78.0	75.3	-	74.6	83.7	87.0	83.8	79.1	78.6	76.4	78.1	71.5	75.6	73.7	74.1	-
External demand indicator	s.a./y.r./%	Jan-91	-29.4	May-20	47.2	Apr-21	1.5	-3.7	-	-5.1	0.9	36.3	19.5	-	-0.5	-2.2	-4.3	15.3	47.2	38.7	25.1	20.2	20.5	17.9	21.6	-	-
<b>Labour Market</b>																											
Unemployment rate (16 to 74 years)	s.a./%	Feb-11	6.0	May-20	18.2	Jan-13	6.7	7.0	6.6	7.2	6.9	7.0	6.3	6.3	6.9	7.0	6.9	6.6	7.0	7.0	6.8	6.6	6.3	6.4	6.4	6.3	-
Number of unemployed (16 to 74 years)	s.a./y.r./%	Feb-12	-24.6	Apr-18	26.6	Oct-09	-7.2	3.5	-3.2	5.8	3.5	24.3	-21.1	-11.1	-0.7	-0.7	3.5	5.1	10.8	24.3	-5.3	-16.0	-21.1	-19.0	-14.3	-11.1	-
Employment (16 to 74 years)	y.r./%	Feb-12	-5.4	Jan-13	4.8	Jul-21	1.2	-1.9	2.7	-1.1	-1.4	4.5	4.6	3.1	-1.3	-2.2	-1.4	-0.3	1.3	4.5	4.7	4.8	4.6	4.1	3.3	3.1	-
Labour underutilisation rate (16 to 74 years)	s.a./%	Feb-11	11.7	Jan-20	27.3	May-13	13.0	14.3	12.7	14.0	13.8	12.8	12.3	11.7	13.7	14.0	13.8	12.9	12.9	12.8	12.8	12.6	12.3	12.0	11.7	11.7	-
Employment indicator - Short-term statistics	y.r.	Jan-01	-8.1	Nov-12	4.0	Nov-17	1.4	-3.9	-	-5.5	-5.9	-0.1	1.3	-	-5.6	-5.7	-6.3	-5.7	-1.4	0.3	0.7	1.0	1.1	1.7	2.1	2.6	-
Reg. unemp. along the month - State emp. agencies	y.r.	Jan-00	-27.6	Apr-90	74.1	Apr-20	-3.0	14.4	-	4.9	-6.9	-33.9	-14.9	-	8.4	-4.8	6.1	-18.7	-43.2	-27.6	-26.7	-19.6	-15.3	-10.6	-20.1	-9.3	-
Vacancies along the month - State employment ag.	y.r.	Jan-90	-70.0	Apr-20	310.8	Apr-21	-4.3	-17.1	-	1.7	-0.1	128.2	22.4	-	9.0	-18.6	-22.3	58.1	310.8	151.9	56.7	24.8	20.5	22.1	12.5	37.6	-
Employment expectations of entrepreneurs	balance/s.a.	Jan-00	-28.7	Apr-20	7.5	Jul-18	5.0	-5.3	0.2	-4.6	-4.5	1.4	-0.1	3.9	-5.5	-5.8	-6.3	-1.3	-0.2	2.1	2.3	1.6	0.6	-2.6	5.5	3.9	2.4
Unemployment expectations of consumers	balance	Apr-01	-20.0	Jun-17	85.5	Feb-09	-0.9	52.7	30.3	64.8	57.7	27.4	21.0	15.2	60.3	57.3	65.0	51.0	41.1	21.1	19.9	35.3	19.4	8.4	6.7	18.5	20.4
Average monthly wage declared by worker	s.a./y.r.	Mar-86	-4.0	Jun-12	8.0	Apr-21	3.5	2.6	-	3.7	3.4	7.2	3.8	-	2.2	1.9	3.6	4.8	8.0	7.4	6.2	4.1	3.7	3.6	3.2	2.3	-
<b>Prices</b>																											
Consumer price index - Total	y.r./%	Jan-49	-3.7	Sep-54	36.7	May-77	0.3	0.0	1.3	-0.2	0.4	0.8	1.5	2.4	-0.2	0.3	0.5	0.5	0.6	1.2	0.5	1.5	1.5	1.5	1.8	2.6	2.7
- Goods	y.r./%	Jan-49	-3.7	Jul-09	38.2	May-77	-0.3	-0.5	1.7	-0.4	0.4	1.8	2.0	2.7	-0.5	0.3	0.5	0.4	1.4	2.2	1.6	2.1	2.1	1.8	2.1	2.7	3.2
- Services	y.r./%	Jan-49	-4.4	Sep-54	30.5	Mar-74	1.2	0.7	0.6	0.1	0.5	-0.7	0.8	1.9	0.2	0.4	0.6	0.5	-0.7	-0.2	-1.1	0.7	0.8	1.0	1.3	2.3	2.0
Core inflation indicator	y.r./%	Jan-49	-4.3	Oct-54	31.1	May-84	0.5	0.0	0.8	-0.1	0.5	0.2	0.9	1.5	-0.1	0.6	0.7	0.1	0.1	0.6	-0.3	0.8	0.9	0.9	1.1	1.7	1.8
Harmonised index of consumer prices	y.r./%	Jan-96	-1.8	Sep-09	5.1	Mar-01	0.3	-0.1	0.9	-0.4	0.2	-0.1	1.2	2.4	-0.3	0.2	0.3	0.1	-0.1	0.5	-0.6	1.1	1.3	1.3	1.8	2.6	2.8
Manufacturing industry production price index	y.r./%	Jan-11	-6.0	May-20	14.4	Nov-21	0.7	-3.9	6.4	-4.9	-2.1	5.6	9.3	13.2	-4.9	-3.9	-2.0	-0.5	3.3	6.3	7.3	8.6	9.2	10.1	11.3	14.4	13.9
Consumers expectations of prices evolution	balance	Sep-97	-6.7	Jul-09	62.8	Sep-11	11.4	20.4	21.3	12.7	2.4	13.3	24.3	45.4	8.4	-2.2	2.6	6.8	10.8	11.8	17.2	27.1	22.1	23.6	36.0	53.0	47.3
Expectations of prices in manufacturing industry	bal./s.a.	Jan-87	-28.6	Apr-20	32.1	Oct-90	-2.6	-3.3	16.4	0.9	8.1	16.2	16.5	24.6	0.8	4.6	8.1	11.5	13.0	17.2	18.4	18.1	15.0	16.5	22.4	24.4	27.0
Effective exchange rate ind. for Portugal (nominal)	y.r./%	Jan-94	-9.0	Jan-94	6.0	Mar-95	-0.6	0.5	-0.1	1.3	1.1	0.5	-0.7	-1.3	1.6	1.5	1.5	0.3	0.8	0.7	0.0	-0.4	-0.9	-0.9	-1.1	-1.2	-1.7



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## METHODOLOGICAL NOTE

Annual information corresponds to 12-month moving average, 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.

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

## ABBREVIATIONS

e.v.	Effective values
p.p.	Percentage points
s.a.	Seasonally adjusted values
y.r.	Year-on-year rate of change

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**Next monthly press release** – February 17<sup>th</sup>, 2022

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