



30 November 2023  
QUARTERLY NATIONAL ACCOUNTS (Base 2016)  
Third Quarter 2023

## **GDP IN VOLUME IN THE THIRD QUARTER GREW 1.9% IN YEAR-ON-YEAR TERMS AND DECREASED 0.2% WHEN COMPARED WITH THE PREVIOUS QUARTER**

Gross Domestic Product (GDP), in volume, registered a year-on-year rate of change of 1.9% in the third quarter of 2023, after increasing 2.6% in the previous quarter. The positive contribution of net external demand to the year-on-year growth rate of GDP decreased significantly in the third quarter, moving from 1.7 percentage points in the previous quarter to 0.2 percentage points, featuring a marked slowdown in Exports of Goods and Services in volume, with a decrease of the goods component. Imports of Goods and Services registered a slight year-on-year decrease, with also a decline of the goods component. In the third quarter, the export deflator registered a negative year-on-year rate of change, after increases since the first quarter of 2021, while the import deflator decreased more intensely than in the second quarter, determining a gain in the terms of trade close to the one observed in the previous quarter. The positive contribution of domestic demand to the year-on-year growth rate of GDP increased, from 0.9 percentage points in the second quarter of 2023, to 1.7 percentage points, with investment increasing, after the year-on-year decline of the previous quarter, and private consumption decelerating.

Compared to the second quarter of 2023, GDP recorded a decrease of 0.2%, after a growth rate of 0.1% in the previous quarter. The contribution of net external demand to the quarter-on-quarter rate of change of GDP was negative (-1.3 percentage points), after being positive in the second quarter (0.5 percentage points), reflecting the reduction in exports, both of goods as well as services, including tourism. The contribution of domestic demand went from negative to positive in the third quarter (from -0.4 percentage points to +1.0), with private consumption and investment increasing, after the negative quarter-on-quarter rates of change recorded in the previous quarter.

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In the third quarter of 2023, GDP in volume increased by 1.9% in year-on-year terms and recorded a quarter-on-quarter decline of 0.2%

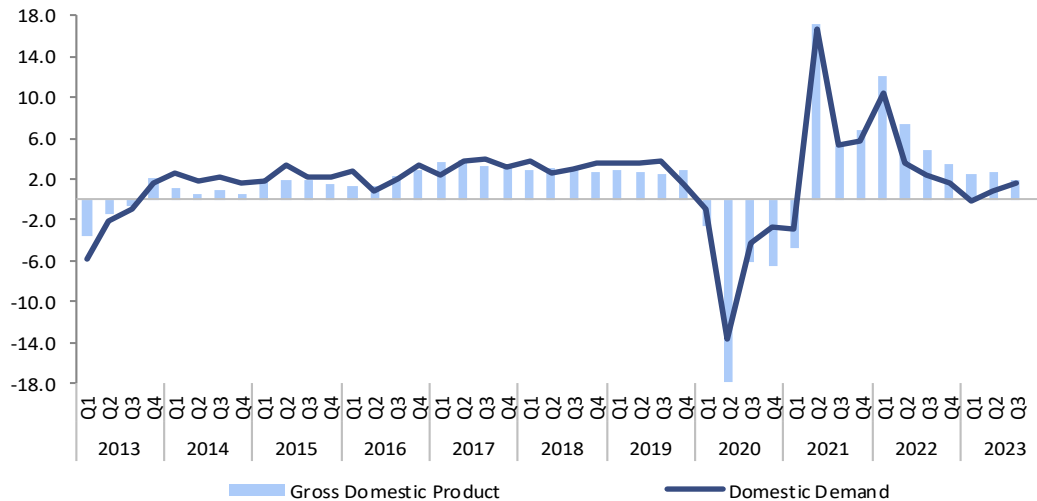
Preliminary GDP estimates for the third quarter of 2023 point to a year-on-year GDP growth of 1.9% in volume, after increasing 2.6% in the previous quarter.

In nominal terms, GDP recorded a year-on-year increase of 9.5% in the third quarter (10.6% in the previous quarter), with the implicit GDP deflator maintaining a high year-on-year rate of change (7.5%), but lower than the observed in the second quarter of 2023 (7.7%).



Figure 1. Gross Domestic Product and Domestic Demand in volume (reference year =2016)

Seasonally and calendar adjusted data  
Year-on-year rate of change, %



In the third quarter of 2023, the contribution of domestic demand to the year-on-year growth rate of GDP in volume increased to 1.7 percentage points (0.9 percentage points in the second quarter of 2023).

Table 1. Decomposition of GDP rate of change (volume)

	2Q 22	3Q 22	4Q 22	1Q 23	2Q 23	3Q 23
	Year-on-Year rate of change (%)					
Domestic Demand	3.6	2.5	1.6	-0.1	0.9	1.7
Exports (FOB)	26.6	18.0	9.6	11.0	4.9	0.1
Imports (FOB)	15.4	11.8	5.4	4.7	1.0	-0.2
<b>GDP</b>	<b>7.4</b>	<b>4.8</b>	<b>3.4</b>	<b>2.5</b>	<b>2.6</b>	<b>1.9</b>
<b>Contributions to GDP year-on-year rate of change (percentage points)</b>						
Domestic Demand	3.7	2.5	1.6	-0.1	0.9	1.7
External Demand Balance <sup>1</sup>	3.7	2.3	1.7	2.6	1.7	0.2

<sup>1</sup> - External Demand Balance (Exports less Imports)

- Differences may occur due to non-additivity of chain-linked volume data and rounding procedures.

By components of domestic demand, in volume, there was a slowdown in private consumption (includes Non-Profit Institutions Serving Households), to a year-on-year growth rate of 0.9% in the third quarter (1.3% in the previous quarter), an acceleration of public consumption (Public Administration Final Consumption Expenditure) to 1.8% (1.0% in the previous quarter) and an increase of Investment of 4.5% (rate of change of -0.6% in the second quarter).



Table 2. Components of domestic demand

	2Q 22	3Q 22	4Q 22	1Q 23	2Q 23	3Q 23
	Year-on-Year rate of change (%)					
<b>Domestic Demand</b>	<b>3.6</b>	<b>2.5</b>	<b>1.6</b>	<b>-0.1</b>	<b>0.9</b>	<b>1.7</b>
Private Consumption <sup>1</sup>	4.1	3.8	2.2	1.2	1.3	0.9
Public Consumption <sup>2</sup>	0.5	-0.6	1.3	0.0	1.0	1.8
Investment	4.7	0.8	-0.1	-4.5	-0.6	4.5

<sup>1</sup> - Final Consumption Expenditure of Resident Households and NPISHs

<sup>2</sup> - Final Consumption Expenditure of General Government

In the third quarter of 2023, the positive contribution of net external demand to the GDP, in volume, year-on-year growth rate decreased significantly to 0.2 percentage points (1.7 percentage points in the previous quarter), with a slowdown in Exports of Goods and Services to 0.1% (4.9% in the second quarter) and a slight decrease (-0.2%) in Imports of Goods and Services (growth of 1.0% in the previous quarter).

Compared to the previous quarter, GDP recorded a decrease of 0.2%, after a quarter-on-quarter growth of 0.1% in the second quarter. The contribution of net external demand to the GDP quarter-on-quarter rate of change was -1.3 percentage points, after being positive in the second quarter (0.5 percentage points), reflecting the reduction in exports of both goods and services, including tourism. Conversely, the contribution of domestic demand went from -0.4 percentage points to +1.0 percentage points in the third quarter, with private consumption and investment increasing, after the quarter-on-quarter declines of the previous quarter.

Table 3. Decomposition of GDP rate of change (volume)

	2Q 22	3Q 22	4Q 22	1Q 23	2Q 23	3Q 23
	Quarter-on-quarter rate of change (%)					
Domestic Demand	-1.4	0.2	0.7	0.3	-0.4	1.0
Exports (FOB)	4.6	2.4	0.2	3.5	-1.2	-2.3
Imports (FOB)	1.2	1.7	0.7	0.9	-2.3	0.5
<b>GDP</b>	<b>0.1</b>	<b>0.5</b>	<b>0.5</b>	<b>1.5</b>	<b>0.1</b>	<b>-0.2</b>
<b>Contributions to GDP quarter-on-quarter rate of change (percentage points)</b>						
Domestic Demand	-1.4	0.2	0.7	0.3	-0.4	1.0
External Demand Balance <sup>1</sup>	1.4	0.3	-0.2	1.2	0.5	-1.3

<sup>1</sup> - External Demand Balance (Exports less Imports)

- Differences may occur due to non-additivity of chain-linked volume data and rounding procedures.

### Final consumption expenditure of Resident Households

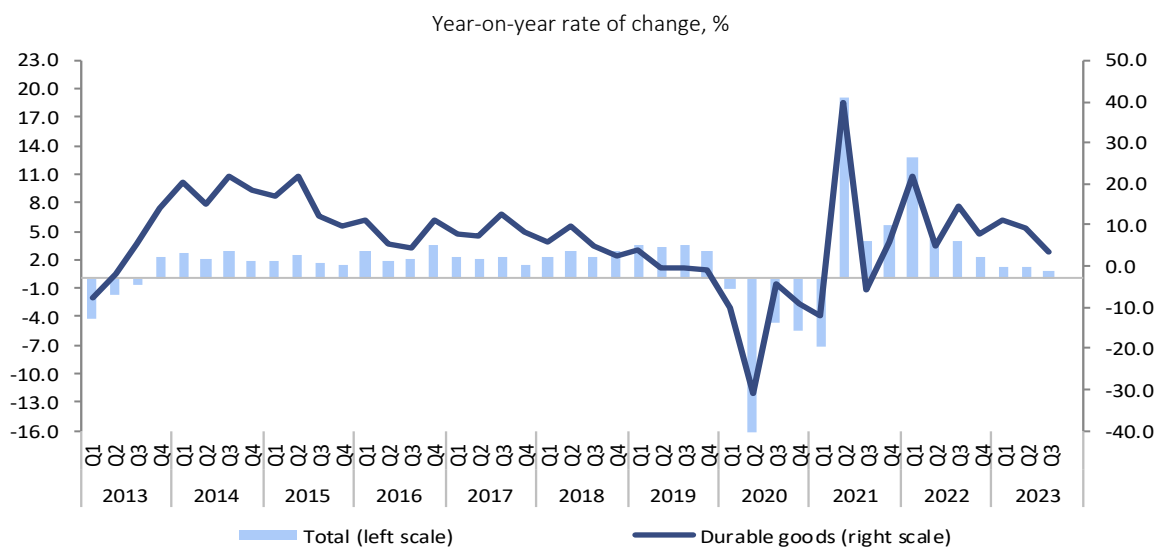
Final consumption expenditure by Resident Households, in volume, grew 0.9% year-on-year in the third quarter, after increasing 1.3% in the previous quarter, with a slowdown in the durable goods component (from 9.4% in the second quarter to 3.3%) and a slight acceleration in the non-durable goods and services component (from 0.4% to 0.6% in the third quarter).



Table 4. Final consumption expenditure of resident households (volume)

	2Q 22	3Q 22	4Q 22	1Q 23	2Q 23	3Q 23
	Year-on-year rate of change (%)					
<b>Total</b>	<b>4.2</b>	<b>3.9</b>	<b>2.2</b>	<b>1.2</b>	<b>1.3</b>	<b>0.9</b>
Durable Component	4.7	14.4	7.7	11.1	9.4	3.3
Non-Durable Component	4.1	2.8	1.7	0.2	0.4	0.6
Of which:						
Food and beverage products	-1.8	-0.6	-2.4	0.3	1.6	2.0

Figure 2. Final consumption expenditure of resident households, volume (reference year=2016)



Compared to the second quarter, final consumption expenditure by Resident Households increased by 0.5% (quarter-on-quarter rate of change of -0.5% in the previous quarter), with the non-durable goods and services component growing 1.0% (-0.7% in the previous quarter) and the durable goods component decreasing 3.6% (+0.9% in the second quarter).

Table 5. Final consumption expenditure of resident households (volume)

	2Q 22	3Q 22	4Q 22	1Q 23	2Q 23	3Q 23
	Quarter-on-Quarter rate of change (%)					
<b>Total</b>	<b>-0.6</b>	<b>0.9</b>	<b>-0.3</b>	<b>1.2</b>	<b>-0.5</b>	<b>0.5</b>
Durable Component	2.4	2.1	-0.7	7.0	0.9	-3.6
Non-Durable Component	-0.9	0.8	-0.3	0.6	-0.7	1.0
Of which:						
Food and beverage products	-0.3	1.0	-2.1	1.8	1.0	1.3



## Investment

In the third quarter, Investment in volume increased by 4.5% in year-on-year terms, after a decrease of 0.6% in the previous quarter. Gross Fixed Capital Formation (GFCF) accelerated to a growth rate of 3.6% (2.8% in the second quarter), while the contribution of the Change in Inventories to the year-on-year rate of change of GDP increased from -0.6 percentage points to +0.2 percentage points in the third quarter.

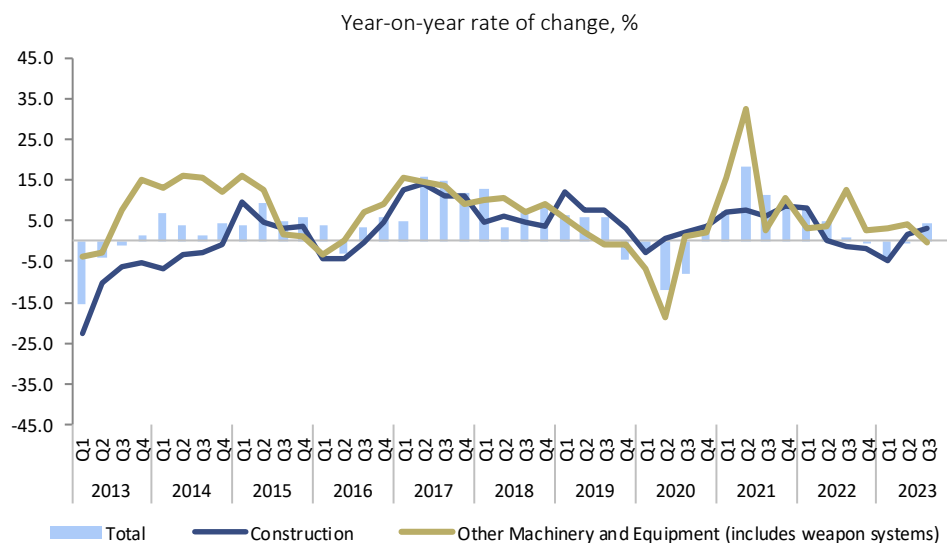
Table 6. Gross Fixed Capital Formation (volume)

	2Q 22	3Q 22	4Q 22	1Q 23	2Q 23	3Q 23
	Year-on-year rate of change (%)					
<b>Total</b>	<b>1.8</b>	<b>2.7</b>	<b>1.5</b>	<b>0.1</b>	<b>2.8</b>	<b>3.6</b>
Of which:						
Transport Equipment	10.4	5.3	10.0	18.1	10.6	26.0
Other Machinery and Equipment <sup>1</sup>	3.5	12.8	2.6	3.2	4.3	-0.4
Construction	0.3	-1.5	-1.8	-4.6	1.5	3.0
Intellectual Property Products <sup>2</sup>	0.6	0.5	6.5	1.7	1.1	2.6

<sup>1</sup> - Includes weapon systems; <sup>2</sup> - includes Research and Development (R&D)

GFCF in Transport Equipment accelerated from 10.6% in the second quarter to a year-on-year growth rate of 26.0%, while GFCF in Construction grew 3.0% in the third quarter when compared to the same period of last year (1.5% in the previous quarter). GFCF in Intellectual Property Products also increased, recording a year-on-year growth of 2.6% (1.1% in the second quarter). On the other hand, GFCF in Other Machinery and Equipment recorded a year-on-year decrease of 0.4% in the third quarter (+4.3% in the preceding quarter).

Figure 3. Investment, volume (reference year=2016)





Comparing with the second quarter of 2023, total investment, in volume, increased by 2.9% (-0.7% in the previous quarter), with a growth of 0.6% in total GFCF (-0.6% in the second quarter) and a contribution of +0.4 percentage points of Changes in Inventories to the GDP quarter-on-quarter rate of change (null contribution in the preceding quarter).

Table 7. Gross Fixed Capital Formation (volume)

	2Q 22	3Q 22	4Q 22	1Q 23	2Q 23	3Q 23
	Quarter-on-Quarter rate of change (%)					
<b>Total</b>	-3.3	-0.2	3.3	0.4	-0.6	0.6
Of which:						
Transport Equipment	-8.8	3.1	6.0	18.6	-14.7	17.5
Other Machinery and Equipment <sup>1</sup>	0.4	1.3	2.0	-0.6	1.5	-3.2
Construction	-5.4	-1.4	3.0	-0.8	0.8	0.0
Intellectual Property Products <sup>2</sup>	-0.1	-0.3	5.0	-2.8	-0.6	1.1

<sup>1</sup> - Includes weapon systems; <sup>2</sup> - includes Research and Development (R&D)

## Exports and Imports

Exports of Goods and Services, in volume, slowed down in the third quarter, registering a year-on-year rate of change of 0.1% (4.9% in the previous quarter). Exports of goods decreased by 2.7% in year-on-year terms, after a growth rate of 0.3% observed in the previous quarter, while exports of services decelerated to a rate of change of 5.9% in the third quarter (14.3% in the second quarter).

In the third quarter, Imports of Goods and Services in volume decreased by 0.2% in year-on-year terms (+1.0% in the previous quarter), with the goods component decreasing by 0.8% (+0.7% in the preceding quarter) and the services component accelerating to 2.7% (2.4% in the second quarter).

Table 8. Exports and Imports (volume)

	2Q 22	3Q 22	4Q 22	1Q 23	2Q 23	3Q 23
	Year-on-year rate of change (%)					
<b>Exports</b>	26.6	18.0	9.6	11.0	4.9	0.1
Goods (FOB)	14.5	11.8	4.8	5.6	0.3	-2.7
Services	62.4	33.2	20.4	22.8	14.3	5.9
<b>Imports</b>	15.4	11.8	5.4	4.7	1.0	-0.2
Goods (FOB)	13.2	11.4	5.0	3.7	0.7	-0.8
Services	27.5	13.8	7.6	10.0	2.4	2.7

Compared to the previous quarter, total exports, in volume, registered a more intense decrease than in the previous quarter (from -1.2% to -2.3%), with the goods component decreasing by 1.4% and the services declining by 3.9% (-1.8% and +0.1% in the second quarter, respectively). Total imports registered a quarter-on-quarter growth of 0.5% in the third quarter (-2.3% in the previous quarter), with a null rate of change of the goods component and a 3.1% growth of the services component (-3.0% and +1.5% in the preceding quarter, respectively).



Table 9. Exports and Imports (volume)

	2Q 22	3Q 22	4Q 22	1Q 23	2Q 23	3Q 23
	Quarter-on-Quarter rate of change (%)					
<b>Exports</b>	4.6	2.4	0.2	3.5	-1.2	-2.3
Goods (FOB)	3.3	1.7	-2.0	2.5	-1.8	-1.4
Services	7.5	3.7	4.6	5.3	0.1	-3.9
<b>Imports</b>	1.2	1.7	0.7	0.9	-2.3	0.5
Goods (FOB)	-0.2	1.5	0.6	1.7	-3.0	0.0
Services	9.0	2.8	1.0	-2.8	1.5	3.1

In the third quarter, the export deflator registered a negative year-on-year rate of change (-2.9%), after positive rates of change since the first quarter of 2021, while the import deflator decreased more intensely than in the second quarter (moving from -5.2% to a rate of -8.1%), which resulted in a gain in terms of trade close to that observed in the previous quarter.

Table 10. Implicit deflators of exports and imports of goods (FOB) and services

	2Q 22	3Q 22	4Q 22	1Q 23	2Q 23	3Q 23
	Year-on-year rate of change (%)					
Exports	16.9	15.8	11.7	7.0	0.3	-2.9
Imports	22.9	21.5	13.0	3.7	-5.2	-8.1
<b>Terms of Trade</b>	<b>-4.8</b>	<b>-4.7</b>	<b>-1.1</b>	<b>3.1</b>	<b>5.8</b>	<b>5.7</b>

In nominal terms, the External Balance of Goods and Services remained positive in the third quarter (0.4% of GDP), but lower than the balances observed in the first two quarters of the year (1.2% of GDP in the first quarter and 2.5% in the second quarter).



### Gross Value Added (GVA) at basic prices

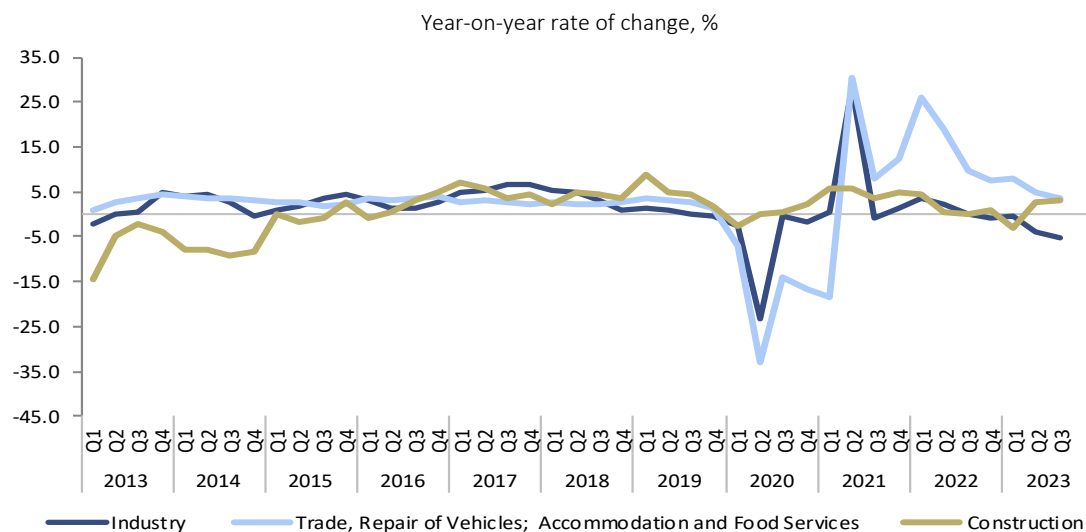
In the third quarter of 2023, GVA at base prices recorded a year-on-year growth of 1.9% in volume (2.7% in the previous quarter).

Table 11. Gross Value Added, volume (reference year=2016)

	2Q 22	3Q 22	4Q 22	1Q 23	2Q 23	3Q 23
	Year-on-Year rate of change (%)					
<b>GVA at basic prices</b>	<b>7.5</b>	<b>4.6</b>	<b>3.8</b>	<b>3.4</b>	<b>2.7</b>	<b>1.9</b>
Agriculture, Forestry and Fishing	-5.1	-6.8	-7.2	-5.1	-3.6	-2.1
Industry	2.4	0.0	-0.7	-0.4	-3.7	-5.1
Energy, Water Supply and Sewerage	7.0	4.0	0.2	0.7	-1.4	-0.9
Construction	0.5	0.0	1.0	-2.8	2.5	3.1
Trade, Repair of Vehicles; Accommodation and Food Services	19.1	9.8	7.6	7.8	5.1	3.4
Transportation and Storage; Information and Communication	15.3	16.3	11.3	11.4	10.6	5.5
Financial, Insurance and Real Estate Activities	2.0	0.6	1.4	0.5	1.1	1.5
Other Services Activities	6.3	4.3	4.5	3.5	3.7	3.7
Taxes less subsidies on products	10.1	7.0	-2.3	-0.7	-0.9	0.7

GVA in the Transport and Storage and Information and Communication decelerated to a year-on-year growth of 5.5% (10.6% in the second quarter), which corresponded to a contribution of 0.5 percentage points (0.8 percentage points in the previous quarter) to the year on-year growth rate of total GVA (including taxes net of subsidies). In the same direction, GVA in Trade and Repair of Vehicles, and Accommodation and Food Services registered a year-on-year growth of 3.4% (5.1% in the previous quarter) and a contribution of 0.6 percentage points (0.9 percentage points in the second quarter). The GVA of the Other Service Activities maintained a growth of 3.7% and a contribution of 1.0 percentage points. In turn, the GVA of Industry recorded a year-on-year decrease of 5.1%, more intense than that observed in the second quarter (-3.7%), with the contribution to total GVA moving from -0.4 percentage points to -0.6 in the third quarter.

Figure 4. Gross Value Added, volume (reference year=2016)



Taxes less Subsidies on Products grew 0.7% in volume when compared to the same period last year, after a reduction of 0.9% in the previous quarter.





## Employment

In the third quarter, total employment (measured in number of persons and seasonally adjusted) for all sectors of economic activity increased by 1.0% year-on-year (1.2% in the previous quarter). The number of employees (also seasonally adjusted) registered a year-on-year growth of 2.3%, after the 2.8% increase observed in the second quarter.

Considering employment measured in terms of hours worked, there was a year-on-year growth of 1.5% in the third quarter (2.7% in the previous quarter).

Table 12. Employment – Quarterly National Accounts

	2Q 22	3Q 22	4Q 22	1Q 23	2Q 23	3Q 23
	Year-on-Year rate of change (%)					
<b>Employment</b>						
Persons	1.3	0.8	0.2	0.1	1.2	1.0
Hours worked	-0.4	1.4	3.9	1.5	2.7	1.5
<b>Employees</b>						
Persons	2.1	2.3	1.7	1.6	2.8	2.3
Hours worked	0.6	3.2	6.0	2.8	3.8	2.5

Compared to the second quarter, total employment (measured in number of persons) increased by 0.1% in the third quarter (0.6% in the previous quarter) and hours worked increased by 0.3% (-0.7% in the second quarter).

Table 13. Employment – Quarterly National Accounts

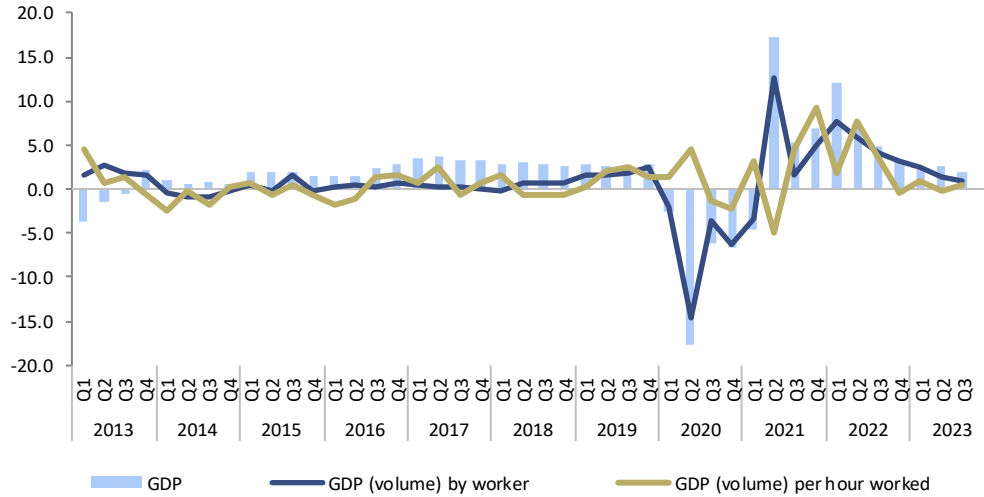
	2Q 22	3Q 22	4Q 22	1Q 23	2Q 23	3Q 23
	Quarter-on-Quarter rate of change (%)					
<b>Employment</b>						
Persons	-0.5	0.3	-0.3	0.6	0.6	0.1
Hours worked	-1.8	1.5	0.9	1.0	-0.7	0.3
<b>Employees</b>						
Persons	-0.1	0.8	0.3	0.7	1.1	0.2
Hours worked	-1.3	1.9	1.1	1.1	-0.3	0.6

In the third quarter, productivity measured by the ratio between GDP in volume and the number of people employed increased by 0.9% year-on-year, 0.5 percentage points less than in the previous quarter. In turn, productivity measured based on the number of hours worked registered a year-on-year growth of 0.4%, after a decrease of 0.1% in the second quarter.



Figure 5. GDP (volume) and productivity

Year-on-year rate of change, %





## METHODOLOGICAL NOTE

### Revisions:

Regarding Flash estimates and QNA for the previous quarter, current QNA incorporate new information, causing revisions in some aggregates for the most recent quarters. In particular, the information coming from:

- The latest version for the short-term statistics (retail trade turnover, industry turnover, industrial production, prices in industrial production and services turnover);
- The latest information of the Monetary and Financial Statistics and Balance of Payments compiled by the Bank of Portugal, with changes in imports and exports of services;
- The September 2023 preliminary version of the international goods trade statistics. In what concerns, the deflators for external trade of goods for the third quarter of 2023, the Unit Value Quarterly Indices were used, calculated based on the statistics of the International Trade of goods related to September 2023. It should be noticed that this information was not available when the flash estimates were compiled.

Comparing with the flash estimate previously for the third quarter released by Statistics Portugal on October 31, the incorporation of the new data mentioned above did not imply any revision in the GDP rates of change.

### Methodological issues:

The information in volume presented in this press release is chain linked data, with 2016 as reference year. GDP quarterly aggregates for demand and production approaches are estimated using seasonally and calendar effects adjusted quarterly indicators. The seasonal adjustment procedure used is indirect, i.e. seasonally adjusted GDP is the sum of its seasonally and calendar effects adjusted components. This procedure is based in probabilistic models estimated with the software X-13 Arima. Consequently, the estimated figures are subject to minor revisions as new observations become available.

It should be noted that in the concept of employment underlying the National Accounts, only individuals who work in resident production units (domestic employment) are counted, that is, total employment includes individuals who carry out a productive activity included within the scope of production limits of national accounts. This concept is not exactly coincident with that of the Labour Force Survey. In effect, National Accounts follow the concept of domestic employment, considering resident and non-resident individuals employed in resident production units, while in the Labour Force Survey, the concept of employment covers resident individuals employed by resident production units and non-residents. In addition, the employment data of Quarterly National Accounts are adjusted for seasonal fluctuations, so the published employment levels differ from those in the Labour Force Survey.



The estimates currently published may be revised in some aggregates as a result of new information, notably due to the compilation of the National Accounts by Institutional Sector. The revised estimates will be published with the release of the National Accounts by Institutional Sector for the third quarter 2023.

#### Reference date of the primary data used:

These estimates were calculated using information available until November 28, 2023.

#### ABBREVIATIONS

NPISH – Non-Profit Institutions Serving Households.

Gross Capital Formation (Investment); includes: Gross Fixed Capital Formation (GFCF), Acquisitions less Disposals of Valuables and Changes in Inventories.

Exports (FOB) – Exports of Goods at FOB (Free On Board) prices and Services.

Imports (FOB) – Imports of Goods at FOB (Free On Board) prices and Services.

GDP – Gross Domestic Product at market prices.

GVA – Gross Value Added at basic prices.

ESA – European System of National and Regional Accounts

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**Next releases of National Accounts** - National Accounts by Institutional Sector for the third quarter of 2023 are scheduled for December 22, 2023.

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