

WEEKLY ECONOMY NEWS REPORT

June 30 — July 6, 2018

⇒ According to the report "The 2018 Annual Economic Report on EU Blue Economy", released by the European Commission, the economy connected to the sea in Portugal generated a profit of 2,2 million euros and employed 178 thousand people (4,07% of the total employment in the country) in the end of 2016. Considering the input of the blue economy to the overall national economic sector, Portugal ended 2016 with a percentage of 2,5%, which placed it in the 8th position among the EU countries, even before Spain (2,3%), in a ranking led by Croatia (7,1%). The average contribution of blue economy to the EU economic sector is 1,3%.

⇒ The Global Talent Survey 2018, by The Boston Consulting Group, shows a drop in Portugal's attractiveness to look for a job. Four years ago, the country was the 21st choice of the candidates and in 2018 it is the 30th. The survey also signals a fall of Lisbon in the candidates' preferences. The city came down 11 positions, from the 29th most favourite of those who are looking for a job outside their country to the 40th, in a ranking headed by London. The Brazilians, like in 2014, continue to be the ones who believe the most in Portugal to look for a new job opportunity.

⇒ The National Bureau of Statistics (INE) announced that the inflation rate was 1,6% in June, an acceleration comparing to the 1% rate recorded in May.

⇒ The Minister of Economy, Manuel Caldeira Cabral, said that Portugal has to compete more and more for the creation of value, in a fight against low salaries and the increase in the capacity of safeguarding the production outcome. Manuel Caldeira Cabral was talking to an audience of students and entrepreneurs during

the third meeting organized by Startup Portugal and the Web Summit, prior to the tech event that will take place in Lisbon next November.

⇒ The National Bureau of Statistics (INE) announced that the unemployment rate for April was 7,2%, the lowest in almost 12 years and 0,2 percentage points less than what was released a month ago in INE's provisional estimation. In March, the unemployment rate was 7,5%. For May, the first estimations point to a 7,3% unemployment rate, 0,1 percentage points more than in April. If this is confirmed, it will be the first increase of the unemployment rate since February 2016.

⇒ Reacting to the numbers of April, the Economy Minister, Manuel Caldeira Cabral, said that these figures are positive, show that there is a lot to be done, but also show that the labour market continues to evolve positively and it is the lowest record since 2002. The Minister also underlined the shown capacity of absorbing and integrating people who were unemployed.

⇒ Fernando Teixeira dos Santos, former Minister of Finance and current CEO of Eurobic Bank, said in an interview to *Negócios* that if the country grows in a significant way and keeps a framework of healthy public accounts, it will be able to pay its public debt, although it will take very long. Teixeira dos Santos considers it would be bad to put the issue of debt restructuring on the table again.

⇒ Portugal won the award for best European Destination of the World Travel Awards. Lisbon won, for the first time, the award for best city destination. In the overall, Portugal got 21 European prizes and 15 national prizes. Besides of the work of several entities, with a focus on hotel units, this is an acknowledgment of the role played by Turismo de Portugal, which was also awarded.

⇒ According to data of the Portuguese Central Bank, the public debt increased once again in May, continuing the growth trend that has been recorded since the beginning of the year and reaching 250.313 million euros. To find such a high

amount as this, one has to go back until August 2017, when the public debt stood at 250.296 million euros.

⇒ The President of the Republic undermined the debt increase, saying it is due to a combination of events. Marcelo Rebelo de Sousa said he is confident that the debt will decrease within a few months.

⇒ The unemployment rate dropped in May to 8,4% in the Eurozone (comparing to 9,2% of the same month of last year) and 7% in the European Union (comparing to 7,7% of the same month of last year). When compared to April, the indicator remained stable in both areas. The highest annual fall of the unemployment rate was recorded in Cyprus (from 11,4% to 8,4%), in Croatia (from 11,3% to 8,9%), in Greece (from 22,1% to 20,1% in March) and in Portugal (from 9,2% to 7,3%). In May, the lowest unemployment rates were recorded in the Czech Republic (2,3%) and in Germany (3,4%) and the highest in Greece (20,1% in March) and Spain (15,8%).

⇒ Novo Banco will close about 30 branches until the end of July, a measure that was included in the closure of 73 branches planned for this year. In the end of April, the bank had closed 30 branches. This branch closure intends to anticipate the target negotiated with Brussels to 2021, when the bank should have 400 branches. With this anticipation, Novo Banco wants to reduce costs quicker, in order to present profitability already in 2019.

⇒ According to the Eurostat, between January and March, the households' savings rate went up to 12% comparing to 11,9% in the same period of last year, but dropped when compared to 12,2% of the quarter before. On the other hand, the investment rate went up to 9% in the first quarter, which compares to 8,7% of the same period of 2017 and to 8,9% recorded in the fourth quarter of last year.

⇒ The secretary-general of the Socialist Party and Prime-Minister considered it is vital that the current Government solution proves its stability and ends this legislature, so that it can continue in the next one. António Costa said the next Budget needs continuity in the policy stability, the country does not expect of wish for any change and the State Budget for 2019 will be built based on this. According to António Costa, the current Government solution was successful because it managed to turn the page of austerity with an alternative policy, whose results enabled Portugal's maintenance in the Eurozone.

⇒ The Minister of Science, Technology and Higher Education, Manuel Heitor, announced that the investment on scientific research is targeted to achieve, in 2030, 3% of the generated wealth (it is currently 1,3%). This target involves the duplication of public expenditure and the multiplication of the private expenditure by four.

⇒ Aeronautics, space and defense are the cluster that will grow the most in the coming years. Today, the cluster is accountable for about 1,4% to 1,5% of the Gross Domestic Product (GDP) and within five years it is expected to be accountable for 3% of the GDP. Currently, these three sectors employ 18.500 people and expect to qualify 2 thousand technicians and more than 200 engineers in the next three years. The global business volume of the cluster's members achieved 1,72 thousand million euros, from which 87% are exports.

⇒ The Minister of Economy announced the opening of a 600 million euro financing line that aims to support the Portuguese companies willing to export more, support them in their activity and investment, but also support them in the relation with their clients by enabling them to participate in the financing of the clients that want to buy from them, gaining thus an enormous advantage. According to Manuel Caldeira Cabral, the new line is framed within the current "Capitalizar" program and is an additional tool to the ones that already exist.

⇒ The Organization for Economic Cooperation and Development (OECD) warned that growth and unemployment are achieving pre-economic crisis levels, but salaries are stagnated at unprecedented levels. According to OECD's report "Employment Outlook", salary stagnation achieves mainly the countries that were more affected by the crisis, such as Portugal, Spain, Italy and Greece, and the precarious workers who have recently been through unemployment periods. Unless the countries break this cycle, recovery will be harmed and will increase inequalities in the labour market.

⇒ According to the Immigration and Borders Service (SEF), the investment coming from gold visas went up 34,6% in June to 52,8 million euros, when compared to the same month of last year, but decreased 28% when compared to May. Last month, 90 gold visas were issued: 87 were related to property acquisition and 3 to money transfer. Since the creation of this mechanism, in 2012, 6.369 gold visas were granted. China leads the list of special permits granted, followed by Brazil, South Africa, Turkey and Russia.

⇒ After the last raise to 580 euros in the beginning of the year, the national minimum wage covered 764 thousand people, another 30 thousand more than in the last year. The Minister of Employment and Social Security explained that this situation does not mean an increase of the number of employees earning the minimum wage (22,9%). It rather means that the total number of workers has also gone up.