

WEEKLY ECONOMY NEWS REPORT

November 10 — 16, 2018

- ⇒ Most of the companies listed in the Lisbon Stock Exchange managed to increase their profits in the first nine months of the year. From the 15 listed companies, 11 improved their results. However, the negative performance of EDP (its gain decreased 74%) led to a fall of the accumulated result of all the companies: 2,5 thousand million euros until September, 250 million euros less than in the same period of 2017. The experts consider that even so the results went well and are generally positive.

- ⇒ The Ministers of Planning and Infrastructures and of Economy meet on Thursday, November 15, on behalf of the Government, the Board of the Portuguese Banking Association and the CEOs of the main banks operating in Portugal. The purpose of the meeting is to present the goals of the new Innovation Incentive System of Portugal 2020 program, a new business support tool that will combine the attribution of EU funds with bank loans.

- ⇒ PSD presents on Thursday, November 15, its "meaningful amendment proposals" to the State Budget for 2019 in areas such as the interior of the country, health, business, education or taxes. The president of the party, Rui Rio, made it very clear that these proposals are not an alternative Budget. Last year, PSD presented 75 amendment proposals and all were rejected. Friday, November 16, is the deadline to submit this kind of proposals. The final voting of the Budget takes place on November 29.

- ⇒ The Portuguese are in the Top 5 of people with more freedom to fly in the world. According to the new Henley's Passport Index, Portugal shares the fifth place in the ranking with the United States of America, United Kingdom, Norway, Austria, Luxemburg and the Netherlands. The power of a passport is measured taking into

account the destinations that do not require visa for tourists to enter the country or that require visa just at the entrance. Portugal has access to 186 such destinations. The most powerful passport in the world is the Japanese, followed by the Singaporean, German, French and South Korean.

- ⇒ The employers' federations said that the national minimum wage should not be above 600 euros in 2019 and considered that the proposals of CGTP and UGT unions are not feasible for the companies. Although the president of the Confederation of Portuguese Business, António Saraiva, admitted in July that companies could go beyond 600 euros next year, he now says that after all there are no conditions to go further. On the other hand, the Minister of Labour said that 600 euros is a starting point and that the Government does not oppose a higher amount. Currently, the salary is 580 euros, the Government and the employers want to raise it to 600 euros, but the unions keep insisting that there is room to increase it to a suitable amount of 650 euros.
- ⇒ The National Bureau of Statistics (INE) released on Wednesday, November 14, the quick estimation for the national accounts in the third quarter of the year. The GDP went up 2,1% in the yearly comparison and 0,3% when compared to the second quarter, mainly due to a slowdown in consumption.
- ⇒ Inflation in Portugal decelerated 0,4 percentage points in October, when compared to September, to 1%, according to the National Bureau of Statistics (INE).
- ⇒ The Portuguese Public Finances Council, headed by Teodora Cardoso, found risks all over the State Budget proposal for 2019. There are risks in income and in revenue, and the budgetary strategy is based on an economic growth that is subjected to descending threats. The Council also warned that the Government is taking the risk to fail the European rules with a significant deviation.

- ⇒ The social partners started on Tuesday, November 13, the negotiations on the national minimum wage for 2019. There are currently 764,2 thousand workers earning the minimum wage, from which 80 thousand are civil servants. The Government plans to spend around 17 million euros with the update of this salary for its employees. The calculations were made taking into consideration a 5% increase, which would bring the minimum wage up to 600 euros. Anyhow, the impact of the spending with the increase of the minimum wage in 2019 will be lower than the one recorded this year (20 million euros), due to the fact that thousands of civil servants had their careers unfrozen, no longer earning the minimum wage, but rather 635 euros.

- ⇒ The Minister for Planning and Infrastructures, Pedro Marques, said that Infraestruturas de Portugal already invested until September more than in the whole year of 2017. The planned investment for 2018 is 290 million euros and 400 million euros for 2019.

- ⇒ The four largest banks operating in Portugal — BCP, BPI, Caixa Geral de Depósitos and Santander Totta, recorded altogether profits of 1,54 thousand million euros in the first nine months of the year. This is more than three times more than the 441 million euros obtained in the same period of 2017. The results of Novo Banco, which had losses of 231 million euros in the first half of the year, have not been announced yet.

- ⇒ The Economic and Social Council (CES) considered that the macroeconomic scenario presented in the State Budget proposal for 2019 is not ambitious enough regarding the results to be obtained. For CES, an economic growth nearly aligned with the average of the European Union does not match the convergence need that was supposed to be resumed in 2017, after being interrupted due to the crisis. The Council called for a real growth of at least 3%, based on investment, consumption and external demand and urged the Portuguese economy to have a more competitive profile.

- ⇒ The world economy is giving signs of a slowdown and Portugal is not an exception. The composite indicators released by the Organization for Economic Cooperation and Development (OECD) show a global deceleration trend. The indicator for Portugal fell slightly in September to 99,60 points (99,68 points in August), but this was enough to bring this indicator to the lowest figure since September 2013. Furthermore, the indicator has been below 100 points for nine months in a row.

- ⇒ The Government wants to place Portugal as a hotspot country for the location of investments and development of new businesses, also in tourism. Therefore, Ana Mendes Godinho, the Secretary of State for Tourism, announced that the Government wants to accelerate, at least, 450 tourism startups. Turismo de Portugal will reinforce from 1 to 1,5 million euros the acceleration program for 2019.

- ⇒ In the Autumn Economic Forecasts, Brussels is aligned with the forecasts of the Government regarding this year's deficit: 0,7% (in the Spring Forecasts, Brussels was anticipating 0,9%). For 2019, Brussels expects the deficit to come down only one tenth, to 0,6%, whereas the Government kept its estimation of 0,2%. According to the document, Portugal will only reach a deficit of 0,2% in 2020, in a scenario of unchanged policies. The European Commission admits the existence of risks of aggravation of these amounts associated to the impact of new supports to the banks.

- ⇒ The investment resulting of the attribution of golden visas doubled in October, when compared to September, to 74 million euros, according to data of the Immigration and Border Services (SEF). 125 golden visas were granted in October: 118 via property acquisition and 7 via the transfer of capital). By nationalities, China leads the attribution of golden visas, followed by Brazil, South Africa, Turkey and Russia.

- ⇒ According to the National Bureau of Statistics (INE), the imports of goods grew more than the exports in the third quarter of the year: 7,3% against 6,1%, respectively. The same occurred also in accumulated terms (from January until September), with the imports going up 7,8% and the exports 6,7%. The deficit of the trade balance was 1.203 million euros in September, 49 million euros less than in the same period of last year.

- ⇒ Although the official numbers will only be released this week, the economists consulted by *Expresso* consider that the Portuguese economy was in a clear slowdown in the third quarter of the year. BPI, Millennium BCP and Santander Totta estimate that the national GDP grew in average 2,1% in the third quarter.

- ⇒ Siemens Portugal will invest another 20 million euros in digitalization until 2020, from which 15 million in the expansion of the IT competence centre and in the creation of 400 jobs. This investment completes the 5 million euros that the company had announced in June to boost digitalization in Portugal, which sums a total investment of 25 million euros in this area. Currently, the Lisbon Tech Hub employs 600 people with a special focus on cybersecurity, artificial intelligence and robotics.

- ⇒ The profits of Corticeira Amorim increased 4% to 58,6 million euros in the first nine months of the year in a yearly comparison. The sales went up 9,8% to 583,8 million euros, the company announced.

- ⇒ The unemployment rate of the third quarter of the year remained the same as in the previous quarter: 6,7%, according to the National Bureau of Statistics (INE). This is the lowest figure since January 2011, when the data for this series started to be collected. When compared to the same period of last year, unemployment rate fell 1,8%.