WEEKLY ECONOMY NEWS REPORT

April 28 — May 4, 2018

⇒ Portugal improved its position in the ranking of the OECD countries with the heaviest tax burden on workers, but is still among those where labour taxation went up the most and remained high even in the period after the European debt crisis. In 2017, the average tax burden on a single Portuguese worker was 27,5%, the 16th highest among western economies. In 2016, Portugal was ranked 15th, with a tax burden of 27,75% on the same kind of taxpayer. The average tax burden on the Portuguese remains 2 percentage points above the OECD average.

⇒ The global deficit of public administrations was 377 million euros until March comparing to the same period of last year, according to the summary of budgetary execution released by the Finance Ministry on Thursday, April 26. The deficit improvement is explained by a higher increase of income (3,5%) than of expenditure (3,4%). This evolution is aligned with the forecasts of the State Budget for 2018.

⇒ In the first quarter of the year, Galp increased its gains in 74%, to 135 million euros, which compares to 77 million euros recorded in the same period of last year. According to Galp, the main input for this increase came from the last floating unit that started operating in Brazil. The company has now its seven units in Brazil operating in their full capacity, making up for production decrease in Angola.

⇒ TAP and the board of the Civil Aviation Captains' Union reached a salary agreement that assures five years of social peace within the airline. The proposal, which came for the CEO of the company, Antonoaldo Neves, entails a salary update of 15% until 2022, plus the correction of the inflation rate. With this agreement, the salaries of TAP's captains will go up 5% this year, 5% in 2019, 3%

in 2020, 1% in 2021 and 1% in 2022, in a total of 15%. In return, there will be no strikes during this period.

⇒ Portuguese exports are growing, as well as the ones from the manufacturing industry, but the ones from the fashion key-sector, such as shoes and clothing, are decreasing 1,7% and 2,7%, respectively. 14 million euros were lost in the clothing industry, whose exports reached 530 million euros, and 6 million euros in shoes, which sold only 357 million euros. The retraction of the Spanish market, which absorbs one third of the national exports and which has been slowing down in the last months, is concerning the Portuguese Textile and Clothing Association.

⇒ According to data released on Monday, April 30, by the National Bureau of Statistics (INE), inflation decreased in Portugal. The yearly variation of the consumer price index reached 0,4% in April, a decrease when compared to the 0,7% recorded in March.

⇒ Portugal is one of the developed countries where economy most depends on tourism: 9%. According to the World Tourism Organization (WTO), only in Spain does tourism has a more direct importance on the Gross Domestic Product (GDP): 11%. The Portuguese tourism is worth 20% of the country's exports and 58% of the exports in the area of services. WTO underlines that tourism is very important for the recovery of many European economies, especially in the south of Europe, such as Portugal, contributing for employment creation and a more solid trade balance.

⇒ The National Bureau of Statistics revealed on Monday, April 30, that the unemployment rate in February fell to 7,6%, 0,3 percentage points less than in January and 2,3 percentage points less than in the same month of last year. This is the lowest figure since April 2004. In February, there were 395,1 thousand unemployed and 4.783,4 thousand employed people. The provisional estimation for the unemployment rate in March is 7,4%.

⇒ During the celebration of the Worker's day, CTGP claimed the increase of the national minimum wage to 650 euros form January 2019 on. UGT, on the other hand, reaffirmed the 615 already announced in January. Both figures are above the Government's proposal: 600 euros. The Communist Party said that 600 euros are not acceptable and warned that there is no prior support to the 2019 State Budget.

⇒ According to the Eurostat, the growth of the Gross Domestic Product (GDP) of the Eurozone slowed down, between January and March, to 2,5%, which compares to 2,8% of the same period of 2017. In the chain variation, the GDP of the Eurozone went up 0,4%, less than the 0,7% recorded between October and December 2017. In the European Union, the GDP went up 2,4% in yearly terms and 0,4% in comparison to the last quarter of 2017, below the performances of 2,7% and 0,8%, respectively.

⇒ According to the National Bureau of Statistics (INE), housing prices in Portugal went up 7,6% in the lend of last year. The price per square meter is now in average 932 euros, 66 euros more than in the last quarter of 2016. Lisboa (2.438 euros per square meter) and Porto (1.307 euros per square meter) were the cities where prices increased the most, 18,1% and 17,6%, respectively.

⇒ In Vila Real, there are at least 14 million tons of one of the minerals from which lithium is extracted, the largest reserve in Western Europe. The discovery was announced yesterday by the British company Savannah Resources.

⇒ The Portuguese economy is expected to grow 2,3% this year and record a public deficit around 0,9% of the Gross Domestic Product, the European Commission announced on Thursday, May 3. The deficit estimation is higher than the Government's: 0,7%.

⇒ All the Eurozone countries will decrease their budgetary deficits to less than 3% in 2018, an historic benchmark. The European Commissioner for Economic and Financial Affairs, Pierre Moscovici, praised the European economic recovery and said that Europe's economic indicators are now better than before the crisis. Not only is Europe in a recovery phase, but it is also expanding.

⇒ In March 2018, the public debt in Portugal stood in 245,9 thousand million euros, decreasing 0,2 thousand million euros in comparison to the end of February.