

WEEKLY ECONOMY NEWS REPORT

May 5 — 11, 2018

⇒ The European Commission released its Spring forecasts and warned that Portugal needs to make a significant budgetary adjustment. Although the country has no longer an excessive deficit, it has to reduce the debt from the current 122% of the GDP to 60%, in order to comply with the Stability and Growth Pact.

⇒ Still according to the European entities, Portugal will continue to be a relatively cheap economy from the labour force point of view, therefore creating more jobs and decreasing unemployment even if at a slower pace. Brussels estimates that the unemployment rate will go down from 9% in 2017 to 7,7% in 2018 and 6,8% in 2019.

⇒ The secretary-general of the Communist Party, Jerónimo de Sousa, insisted that the Socialist Government is not a left-wing Government and did not break with the right-wing policy. He defended a global and effective response to the problems of the micro, small and medium enterprises. Jerónimo de Sousa accused the Government of halting policies that contribute to the promotion of the economy and the domestic market, leaving the privileges of the big capital untouched.

⇒ The President of the Republic admitted, in an interview to Público newspaper, that he might call for early elections if António Costa's Government is not able to approve the State Budget for next year.

⇒ The Prime-Minister hopes that the negotiations about the European Budget reach a positive conclusion. The European Commission proposed an EU budget that entails cuts of 5% in the Cohesion Policy and the Common Agricultural Policy.

António Costa considered that this is a bad starting point and appealed to the good sense of Brussels.

⇒ REN — Redes Eléctricas Nacionais has got 400 million euros to make investments until 2021. There are three main projects in the company's agenda: renewable energy, interconnection with Morocco and the expansion of the railway network.

⇒ In the last day of the Prime-Minister's official visit to Canada, the Minister of Economy, Manuel Caldeira Cabral, identified business opportunities in sectors like aeronautics industry, information technologies and startups. The Minister said that the free trade agreement (CETA) will increase the profit margins of the exports to Canada and considered that the country is a gateway to the wide North-American market.

⇒ The Communist Party decided to schedule by its own initiative for May 18 the proposal that guarantees 35 weekly working hours for all workers, both from the public and the private sectors. MP Rita Rato said that this is a contribution in the context of valuing workers' rights but also of creating jobs, which according to her, can be up to 440 thousand.

⇒ Hundreds of businessmen, politicians and experts from all over the world were gathered between Saturday, May 5, and Tuesday, May 8, at the Horasis Global Meeting, an event that intends to be the "new Davos" by bringing together 600 worldwide known personalities to debate ideas about a sustainable future. For the third year in a row, the conference takes place in Cascais. According to the organization, Portugal is the ideal place to host the meeting, for it is the cradle of emerging technology in Europe and the new world global dialogue centre due to its excellent geographic position between East and West.

⇒ The Prime-Minister warned this week that the budgetary margin cannot be totally spent in the salaries of those who are already within the public

administration. António Costa added that there have to be means to hire more staff to the services in need.

⇒ The main shareholders of Millennium BCP proposed the election of Miguel Maya, who is currently Deputy CEO, to CEO of the bank and the appointment of Nuno Amado as Chairman of the Board. The main shareholder of the bank is the Chinese group Fosun, with 27,06% of the capital, and the second main is the Angolan oil company Sonangol, with 19,49% of the capital. EDP group holds 2,11% of the capital. Altogether, these three entities have more than 48% of the voting rights.

⇒ Physicians started on Tuesday, April 8, a three-day strike. They claim a better progression in salaries, the reduction of additional work and less hours in emergency room. In spite of that, physicians' salaries have increased between 400 to 500 euros in the last two years, due to the salary reposition. This is a 15% to 20% individual salary increase.

⇒ According to information sent to the Portuguese Securities Market Commission (CMVM), the EBIDTA (earnings before interest, taxes, depreciation and amortization) of EDP Renováveis totaled 381 million euros in the first quarter of the year, 2% more than in the same period of 2017, benefitting from the positive income performance and the operational efficiency. EDP Renováveis, whose main shareholder is EDP SA, had a profit of 276 million euros in 2017, an increase of 390% in comparison to 2016.

⇒ The volume of new credits for house acquisition achieved in March the highest figure since July 2010, summing 876 million euros, at an average interest rate of 1,49%, according to data released by the Portuguese Central Bank.

⇒ Católica Lisbon School of Business and Economics launched on Tuesday, May 8, the Center for Technological Innovation and Entrepreneurship (CTIE), with the

sponsorship of Patrick and Lina Drahi Foundation. The foundations of the center are excellence, methodological innovation and knowledge dissemination in the areas of technological innovation and entrepreneurship. The purpose of CTIE is to create a link between academia and the business world.

⇒ ANA Aeroportos will hand in this week to the Government the environmental impact study for the project of the future Lisbon complementary airport, which does not point out any obstacle and considers that most part of the analyzed impacts are not significant.

⇒ According to the report "Statutory minimum wages 2018" of the Eurofund (European Foundation for the Improvement of Living and Working Conditions), Portugal is one of the countries in Europe with the highest percentage (23%) of workers earning the minimum wage. Lately, the salary has increased more but in eight years it only valued 9,1% in real terms, below the European average.

⇒ The National Bureau of Statistics (INE) announced on Wednesday, May 9, that the unemployment rate in the first three months of the year decreased to 7,9%. This figure is lower than in the quarter before and in the same period of last year. Youth unemployment rate also came down to 21,9%.

⇒ Pedro Veiga, coordinator of the National Cybersecurity Center since 2016, resigned on Thursday, May 9. The announcement was made in the first day of the first cybersecurity national drill that will test the preparedness level of several public and private entities to a cyber-attack in the fields of energy, transports, banking, health and water treatment and distribution. The lack of financing to hire experts and to purchase equipment is believed to have been the cause of Pedro Veiga's resignation.

⇒ In a time when the Government is preparing a mini labour reform with a set of measures intended to reduce the precariousness level in the labour market, the

indicators collected by the National Bureau of Statistics (INE) confirm the diagnosis of the last years: precariousness is here to stay. In the first quarter of this year, 21,7% of the jobs were precarious, either with fixed-term contracts or with other atypical contractual links.

⇒ According to the CEO of EDP Renováveis, João Manso Neto, offshores will have an increasingly higher weight in the production of renewable electricity in the next years. The company has plans to build several plants in the seas of Portugal, France, Scotland and the United States and its strongest bet is on floating devices. In Portugal, EDP Renováveis is part of Windplus consortium that is in charge of Windfloat project, an offshore wind power plant off of Viana do Castelo, which shall start operating in 2019.

⇒ The Portuguese and Moroccan Governments signed an agreement that mandates REN — Redes Eléctricas Nacionais and its Moroccan homologue, ONEE, to present a draft proposal for the construction and financing model of the Portugal — Morocco electric energy interconnection. Both companies have until the end of the year to present their business proposal for the construction of a 200 kilometer submarine cable between the Algarve and the north of Africa with an estimated cost of 700 million euros. The Secretary of State of Energy, Jorge Seguro Sanches, and the Moroccan Minister of Energy, Aziz Rabbah, signed the document on Wednesday, May 9, in Rabat.

⇒ National exports fell 5,7% in March when compared to March of last year to 4.944 million euros. In February, they went up 5,8%. On the other hand, imports of goods went up 0,1%, which corresponds to a deceleration against the 8,1% of growth recorded in February. In the global quarter, exports and imports went up, respectively, 2,7% and 6,3% in yearly terms and stood in 14.322 million euros and 17.725 million euros. The trade deficit was 1.207 million euros in March, an increase of 306 million euros comparing to the same month of 2017.

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⇒ Caixa Geral de Depósitos went from losses to profits, the public bank announced yesterday profits of 68 million euros in the first three months of the year, after recording losses of 39 million euros a year ago. This is the most recent hint that banks are overcoming the crisis. BPI also went from losses to gains and Santander Totta and BCP increased their profits. In overall, and excluding Novo Banco, which did not release its accounts yet, the four largest financial institutions had an accumulated profit of 494,1 million euros, 37 times more than the 13,4 million euros recorded in the same period of last year.

⇒ The Portuguese Public Finances Council (CFP) considers that the 2018-2022 Stability Program has a good starting point as far as the budgetary policy is concerned. However, the entity headed by Teodora Cardoso warns that the outlined strategy is insufficient, namely regarding the international framework and the need to pursue internally the efforts of public and private structural and financial adjustment.

⇒ The President of the Republic participated this week in the annual conference organized by the European University Institute, in Florence, about "Solidarity in Europe", and called for a more ambitious and fairer post-2020 EU budget than the one proposed by the European Commission. Marcelo Rebelo de Sousa considered that Europe has now a unique opportunity to take decisions that were postponed, among which the approval of the 2021-2027 budget. Concerning Portugal, the President expects the country finds "allies" in the negotiations.

⇒ The European Commissioner Carlos Moedas announced on Thursday, May 10, at the Parliament the launch of Horizon Europe program with a budget of 100 million euros, allocated to the areas of innovation and science. In the scope of the definition of the new community multiannual framework, the European Commission also intends to launch a 12 million euro program dedicated to digital transformation.

⇒ According to the Immigration and Borders Service, the investment from the golden visas fell 18,4% in April against the same month of 2017, to 63,6 million euros. When compared to March, investment fell 38,4%. The acquisition of property was accountable for most part of the investment, followed by the transfer of capital. In April, 109 visas were granted, 100 of which via property purchase, 8 via money transfer and 1 via the creation of, at least, ten jobs. In the first four months of the year, the investment attracted through golden visas totaled 358 million euros, a 30% decrease when compared to the 511 million euros recorded between January and April of 2017.