WEEKLY ECONOMY NEWS REPORT

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⇒ Israel announced that the Palestinian farmers are no longer allowed to export their products through the Allenby Bridge in the framework of a trade war that has intensified after the announcement of the American plan to solve the Israeli-Palestinian conflict. This measure is a consequence of the Palestinian boycott of the calves, which harmed severely the Israeli farmers, who accuse the Palestinians of stopping to import the animals five months ago.

⇒ According to the International Trade Statistics released by the National Bureau of Statistics (INE), in December of last year, the exports and imports of goods recorded nominal year-on-year rises of 5,4% and 1,2%, respectively (+8,4% and +1% in November of 2019). In the exports, INE highlights the increase in fuel and lubricants, which went up 38,5%, especially in the transformed products and mainly to Morocco. On the other hand, there has been a significant decrease in the export of vehicles. The increase of 6,2% in the exports from Spain is the most relevant. In the overall of 2019, the exports and imports of goods went up 3,6% and 6,6%, respectively (+5,1% and +8,1% in 2018).

⇒ The budgetary surplus of 1.590 million euros accumulated between January and September of 2019 by the public administration sector is a new record since at least 1995, according to the Portuguese Public Finance Council (CFP). This amount is equivalent to 1% of the GDP generated in this period. According to the institution headed by Nazaré Costa Cabral, this result is achieved despite the negative impact on the balance of Novo Banco's recapitalization operation (1.149 million euros) that took place in the second quarter of the year. Excluding the effect of that measure, the budgetary surplus would have been 1,7% of the GDP, a better result than the annual estimation of the Finance Ministry in the State Budget proposal for 2020.

⇒ After a general strike of the Public Administration that took place on January 31st, the representatives of the civil servants go back to the negotiations table because the Government declares that there is a budgetary margin to debate salary rises above the 0,3% already established. Initially, when the Government announced that the salary updates in the public administration would be 0,3% in 2020, the three unions that negotiate on behalf of the workers considered that the proposal was unacceptable and provocative, mainly because the civil servants do not have salary rises since 2009. In this meeting, the Government is expected to propose an increase of 7 euros to the civil servants with salaries of up to 690 euros per month.

⇒ The Parliament approved on February 6th the proposal for the 2020 State Budget, in final global voting, with favourable votes only from the PS. Bloco de Esquerda, the Communist Party, PAN, PEV and MP Joacine Katar Moreira abstained, whereas PSD, CDS-PP and the MPs from Iniciativa Liberal and Chega voted against the Government's proposal.

⇒ ANA Aeroportos, the company that manages the Portuguese airports, continues to be a good financial source for the French of Vinci. In 2019, it was accountable for 39% of Vinci's profits. ANA recorded a revenue of 894,54 million euros, an increase of 7% comparing to the year before. Since it acquired ANA six years ago, Vinci gained 4,2 thousand million euros with the national airports.

⇒ According to data released by the National Bureau of Statistics (INE), the unemployment rate fell to 6,5% in the whole of last year, 0,5% less than in 2018, but even so slightly above the Government's target of 6,4%. The unemployed population, 339,5 thousand people, decreased 7,32% (26,2 thousand) when compared to 2018, whereas the employed population, 4.913,1 thousand people, went up 1% (46,4 thousand).

⇒ The Forum for Competitiveness estimates that the Portuguese economy expanded between 1,7% and 1,9% in the fourth quarter of 2019 in yearly terms and between 0,2% and 0,4% when compared to the quarter before, ending the year with an overall growth of 1,9%. In its January conjuncture note and referring to the several warnings of the last weeks about the State Budget for 2020, the Forum says that it is not true that there is a reinforcement in the health sector. On its turn, the European Commission continues to point to a significant risk of deviation and asks the Government to implement budgetary reforms.

⇒ According to data released by the European Trade Union Confederation, between 2010 and 2019, the salary packages adjusted to the inflation (including the deductions for the Social Security and the payment of subsidies) decreased in average in six EU Member-States and in other three the salaries remained basically unchanged in the last decade. Comparing to 2010, the salary packages in 2019 were 15% lower in Greece, 7% in Cyprus, 5% in Croatia, 4% in Portugal and Spain, and 2% in Italy. The Confederation says that the workers in these six countries are now in a worse situation than they were ten years ago.

⇒ Fattal Group, the largest hotel chain in Israel, bought an old building in Lisbon to turn it into a four-start hotel. The hotel will be named Leonardo Hotel, will have

130 rooms and be located downtown. This will be the first hotel of the group in Portugal. Fattal already has more than 200 hotels in 18 countries, with 180 units in several European countries.