

WEEKLY ECONOMY NEWS REPORT

February 22 — 28, 2020

- ⇒ The International Monetary Fund (IMF) considered that the outbreak of the new coronavirus puts in risk the world economic recovery and is available to help financially the poorest and most vulnerable countries. The IMF managing director said that, above all, the virus is a human tragedy, but it will also have a negative economic impact. Even if the virus is quickly restrained, the economic growth in China and in the rest of the world will be affected.
- ⇒ The extraordinary European Council in Brussels dedicated to the multiannual Budget of the Union for 2021-2027 ended without consensus, only 20 minutes after the leaders gathered to debate the new proposal on the table.
- ⇒ Prime-Minister António Costa said that the rejection of the budget proposal is not a surprise and he hopes it serves as a lesson, for one cannot build consensus from minority positions. Considering that the basis for these negotiations was a bad one, Costa said that the method was not the best one, for it tried to address a minority of four Member-States, when the consensuses are built from majority, rather than minority positions.
- ⇒ Millennium BCP recorded profits of 302 million euros in 2019, an increase of 0,3% (900 thousand euros) compared to 301,1 million euros in 2018. The CEO of the bank, Miguel Maya, referred that these are the best results of the last 12 years.
- ⇒ Four of the largest banks operating in Portugal — Caixa Geral de Depósitos, Santander, BPI and Millennium BCP — closed their activity last year with profits of 1.933,2 million euros, an increase of 8,1% (145,4 million euros) when

compared to 2018. Accounts made, they profited 5,29 million euros per day, in great part due to the sale of assets and the increase in commissions.

- ⇒ TAP Group recorded losses of 105,6 million euros in 2019, an improvement of 12,4 million euros comparing to the losses of 118 million recorded in 2018. The company headed by Antonoaldo Neves refers that in 2019 it was penalized in between 30 million to 35 million euros because of the inefficiency and the lack of investment in the capacity of the Lisbon Airport and because of the airspace congestion.
- ⇒ The Minister of State Modernization and of Public Administration, Alexandra Leitão, said that during the current legislature all civil servants will be entitled to annual salary raises in line with the inflation of December of the previous year. For the first time since 2009, there is this year a general update indexed to the inflation in all salaries of the public administration and the Minister guaranteed clearly that this is something to keep throughout the entire legislature. The Government already announced that in 2021 the salary rises will be of at least 1%, even if inflation is lower. The Minister added the Government values the social peace, but underlined that the Government has to take responsible steps from the financial and budgetary point of view. This year's 0,3% salary raise has a cost of about 70 million euros.
- ⇒ EDP Renováveis had profits of 475 million euros in 2019, an increase of 52% when compared to 2018, according to information the company sent to the Portuguese Securities Market Commission (CMVM). The CEO of the company, João Manso Neto, is very happy with the results and with the fact that the company was able to increase its revenue and extend its operation geographically. The company, headquartered in Madrid, but listed in the Lisbon stock exchange, increased in 13% the number of employees, from 1.338 in the end of 2018 to 1.566 in the end of 2019.

- ⇒ The exports of the Portuguese wine sector went up 0,3% in 2019 to about 296 million liters when compared to 2018, whereas the amount went up 2,5% to about 820 million euros. According to the Ministry of the Sea, which refers to data released by the National Bureau of Statistics (INE), 2019 was a positive year for the exports of Portuguese wine. In 2018, the exported wine costed an average of 2,71 euros per liter and in 2019 the price went up to 2,77 euros per liter.
- ⇒ The National Bureau of Statistics (INE) revealed that the indicator of economic activity stabilized in December, whereas the economic climate indicator went up. The most recent statistics show that the exports of goods recorded a year-on-year variation of 7,5% in December and the imports 3%. The private consumption recorded a slowdown. In the last quarter of 2019, the unemployment rate stood at 6,7%, an increase of 0,6% comparing to the quarter before.
- ⇒ According to the Eurobarometer released by the European Commission, 54% of the Portuguese continue to consider that the economic situation is bad, but Portugal is the EU Member-State that recorded a more positive evolution in the last year and where there is more optimism for the next year. when compared to the Spring of 2019, the perceptions on the national economy deteriorated in 16 countries and improved in only seven, being Portugal the second of this last group. A year ago, 61% of the Portuguese considered that the situation was bad and only 37% that it was good, which compares to 54% negative assessments and 44% positive ones. In the overall EU, the opinion of the national economy in each Member-State regressed and currently only 47% evaluate the economy in a positive way and 50% in a negative way (against 47% last Spring). Besides this, 31% of the Portuguese believe that the situation at work will improve in a near future, the highest percentage within the EU average of 21%.

- ⇒ Galp's profit fell 21% to 560 million euros in 2019 when compared to the year before. In the fourth quarter of 2019, the profits had gone up 44% in a year-on-year comparison to 157 million euros.

- ⇒ According to the Tourism Barometer, tourism in Portugal is likely to grow or to remain this year in the levels achieved in 2019. In the next six months, the tax burden, private investment and employment are the indicators expected to record a better performance. 41% of the enquired expect that the national tourism will have global results like the ones of 2019. On the other hand, 39% believe the sector will grow, whereas 20% believe that it will perform worse than last year. In February, the average confidence level in the tourism performance reached 79,5 points, another 1,6 points more than the last record dated September of 2019.

- ⇒ Portugal is among the European Union countries where the levels of financial opacity are one of the highest, according to an indicator calculated by the Tax Justice Network, an institutional network dedicated to the investigation and "lobby" on international taxation and financial regulation. Portugal has a secrecy level of 54 out of 100, being the 10th most opaque member among the 27 EU Member-States, only after the Netherlands, Romania, Malta, Cyprus, Latvia, Austria, Poland, Luxemburg and the Czech Republic. The organization analyses 20 indicators on four main areas: the registration of company ownership, the country's legal transparency, the integrity of the tax and financial regulation and the fulfillment of international standards.

- ⇒ The Prime-Minister reiterated his opposition to the European Union budget proposal for not matching the needs of Europe and not entailing a suitable and fair financing for Portugal. António Costa said that the proposal does not match the need to preserve a cohesion policy and does not enable Portugal to pursue a recovery path of its economy, where EU funds play an absolutely vital role.

- ⇒ Mota-Engil signed a contract for the construction of a hydroelectric power plant in Colombia. According to information sent to the Securities Market Commission (CMVM), the contract, with a global construction amount of about 270 million euros, is estimated to last 46 months and entails the construction of the plant to Talasa ProjectCo SAS, mainly held by the Chinese of CCCC (China Communications Construction Company) and CTG (China Three Gorges Corporation). In a press release, Mota-Engil also refers the recent signature of a contract for the construction of a 24 kilometer road section in Mexico for about 45 million euros.
- ⇒ The metal sector recorded a new export high in 2019 of 19.590 million euros, the Association of Metallurgical, Metalworking and Related Industries in Portugal announced. The association referred that the sector that contributes the most to the Portuguese GDP shows once again its vitality. As far as the exports destinations are concerned, the main ones were Spain, Germany and France, with 4.723 million, 3.265 million and 3.034 million euros, respectively. Regarding growth, in a year-on-year comparison, exports to Germany were the ones that went up the most (about 11,2%), followed by Spain (8,8%) and France (4,9%).