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- ⇒ Mário Centeno resigned from his position as Ministry of Finance last week. He will be replaced by João Lobo, who was until now the Secretary of State for Budget. The new Finance Minister and his team (António Mendonça Mendes as his Deputy, Cláudia Joaquim with the Budget portfolio, João Nuno Mendes with Finance and Miguel Cruz with Treasury) will take office today, March 15th. Prime-Minister António Costa explained he understood Centeno's resignation after almost five years as Minister and respected his decision to open "a new cycle in his life". Despite the change, the slogan in the Ministry of Finance is continuity. The transition will be smooth and there will be no change in the budgetary policy.
- ⇒ After his resignation, Mário Centeno also announced he will leave the Eurogroup presidency on July 13th, the end of his term. Centeno will now start to call for candidates and outline the process for the election of a new president of the Eurogroup.
- ⇒ The Supplementary Budget, which reflects the Economic and Social Stabilization Program approved last week, foresees a deficit of 6,3% of the GDP in 2020. When the initial State Budget was drafted, the Government estimated to end the year with a surplus of 2% of the GDP. The discussion and voting of the document will take place at the Parliament between June 16th and July 3rd.
- ⇒ After the pandemic placed Portugal's inflation on negative ground in April, in May this figure fell even further. According to data released by the National Bureau of Statistics (INE), the year-on-year inflation rate fell to -0,7% in May, which compares to -0,2% in April. Transport, clothing and footwear stand out as the items that contributed negatively to the inflation year-on-year change. On the other hand, food, non-alcoholic beverages, restaurants and hotels gave a positive contribution.

- ⇒ According to *Mercer 2020 Cost of Living Ranking*, Lisbon is the 106th most expensive city in the world in terms of cost of living, dropping eleven places in the ranking, from 95th last year, ahead of cities like Luanda (115th), which was in the first place in 2017. Tel Aviv is the 12th most expensive city in the world (last year, it was ranked 15th). This year's ranking is headed by Hong Kong, Ashgabat, Tokyo, Zurich and Singapore. The survey includes more than 500 cities around the world and looks at and compares the costs of more than 200 items in each location, including housing, transportation, food, clothing, household goods and entertainment.

- ⇒ After contracting 4,9% in the first quarter of the year, national exports fell again in April. With the country confined and most of Portugal's trade partners also struggling with the pandemic, exports recorded an unprecedented drop of 39,8%. Imports showed practically the same negative variation: 39,1%. Almost all product categories recorded significant decreases, mainly the exports and imports of transport equipment, which fell 77,6% and 75,2%, respectively. Food and beverages were the only major product category to record an increase in exports (+0,3%) in April.

- ⇒ According to Fitch rating agency, the ratio of the Portuguese debt in percentage of the Gross Domestic Product (GDP) is expected to be higher in 2020 than in 2014. The agency, however, pointed out the tolerance of the markets due to several years of fiscal consolidation. Fitch estimates that the Portuguese public debt will stand at 133,4% of the GDP in 2020 and 130,2% in 2021. The agency warns that the uncertain duration and intensity of the pandemic means that the negative risks are substantial, but believes that the Portuguese authorities will maintain their prudent fiscal policy after the coronavirus crisis and that public debt will return to its downward trajectory, even though beginning from a higher starting point.

- ⇒ The Portuguese economy contracted 2,3% in the first quarter of the year, when compared to the same period of last year, as a result of the crisis caused by the

Covid-19 pandemic. It is the eighth sharpest fall among the EU countries, the same as the one recorded in Germany, but much less significant than the decelerations reported by Spain (-4,1%), France (-5%) or Italy (-5,4%), for example. In average, the Eurozone countries saw their economies sinking by 3,1%.

- ⇒ The Supplementary Budget for 2020 foresees a maximum of 1,2 billion euros to help TAP. This amount includes two scenarios: a baseline scenario, which is expected to be the case in the coming months, and another scenario to cope with the uncertainty due to the worldwide situation of the aviation sector. This process is not concluded yet, for it still needs the approval of the European Commission.

- ⇒ Turismo de Portugal will launch today, June 15th, a campaign to mobilize domestic tourism, mitigate the sector's losses and recover the activity after the negative impact caused by the Covid-19 outbreak. The official presentation will be hosted by the Prime-Minister, the Minister of State, Economy and Digital Transition, the Secretary of State for Tourism and the president of Turismo de Portugal.