

SPRING 2008 ECONOMIC OUTLOOK FOR PORTUGAL: ANSWERS FROM AIP AND CIP

MAIN FORECAST						
		2007	2008	2009		
Real GDP growth		1.9	2.0	2.3		
Consumer price inflation		2.4	2.4	2.0		
Unemployment rate		8.0	8.0	7.7		
Employment growth		0.2	0.5	1.0		
Components of aggregate demand						
Annual % change		2007	2008	2009		
Private consumption		1.5	1.1	1.6		
Public consumption		0.3	0.0	0.4		
Investment (Gross fixed capital formation)		3.2	3.3	3.1		
Exports		7.1	4.9	6.0		
Imports		5.4	2.9	3.7		
ECONOMIC SENTIMENT						
Trend in business climate over the next 6 months	<i>Positive</i>	<i>Negative</i>	<i>Unchanged</i>			
	Industry					
	Services					
Trend in profitability over the next 6 months	<i>Positive</i>	<i>Negative</i>	<i>Unchanged</i>			
	Industry					
	Services					
Investment intentions over the next 6 months	<i>Increase (faster pace)</i>	<i>Increase (slower pace)</i>	<i>Unchanged</i>	<i>Decrease (slower pace)</i>	<i>Decrease (faster pace)</i>	
	Industry					
	Services					
Driving force behind investment decisions in the next 6 months	<i>Replacement</i>	<i>Extension</i>	<i>Rationalisation</i>	<i>Innovation</i>		
	Up	Up	Up	Up		
Trend in consumer confidence over the next 6 months	<i>Positive</i>	<i>Negative</i>	<i>Unchanged</i>			
			yes			
Overall trend in employment	<i>Industry: past 6 months</i>	<i>Industry: next 6 months</i>	<i>Services: past 6 months</i>	<i>Services: next 6 months</i>		
	Down	Same	Up	Same		
Over the next 6 months, cost/access to finance will be...	<i>Higher / more difficult</i>	<i>Same</i>	<i>Lower / less difficult</i>			
	Cost					
	Access					
	<i>to a large extent</i>	<i>to some extent</i>	<i>to a limited extent</i>	<i>not at all</i>		
Financial market turmoil has affected companies' investment decisions negatively ...			yes			
EXCHANGE RATE DEVELOPMENTS						
		<i>Dollar per euro</i>				
Where will the EUR/USD stand in October 2008 ?		1.40				
POLICY MIX						
	<i>Not necessary, situation is satisfactory</i>	<i>Excellent</i>	<i>Satisfactory</i>	<i>Neither satisfactory nor unsatisfactory</i>	<i>Unsatisfactory</i>	<i>Deteriorating</i>
Progress towards medium-term budgetary objective is...			yes			
Monetary policy is...	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate</i>	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>	
			yes			
Focus on elements of the ECB analysis underlying its current policy stance is...	<i>Above-target inflation</i>	<i>Downside risks to growth over medium term</i>	<i>Inflation pressures from high oil and commodity prices</i>	<i>Upside risks to wage inflation</i>	<i>Risks related to credit market turbulences</i>	<i>Risks of further euro appreciation</i>
	appropriate	insufficient	appropriate	appropriate	appropriate	insufficient
Consistency between fiscal and monetary policies	<i>Adequate</i>	<i>Inadequate</i>				
	yes					