



## NOVEMBER 2011 ECONOMIC OUTLOOK FOR PORTUGAL: ANSWERS FROM AIP AND CIP

### MAIN FORECAST

Annual % change	2011	2012
Real GDP growth	-1,9	-2,8
Consumer price inflation	3,5	3,1
Unemployment rate	12,5	13,4
Employment growth	-1,5	-1,0
government net lending (% of GDP)	-5,9	-4,5
gross public debt (% of GDP)	101,9	110,5
current account balance (% of GDP)	-7,9	-3,9

### Components of aggregate demand - in real terms

Annual % change		
Private consumption	-3,5	-4,8
Public consumption	-5,2	-6,2
Investment (Gross Fixed Capital Formation)	-10,6	-9,5
Private non-residential investment	0,0	0,0
Exports	6,7	4,8
Imports	-4,5	-4,3

### ECONOMIC SENTIMENT

	<i>Positive</i>	<i>Negative</i>	<i>Unchanged</i>		
<b>Trend in business climate over the next 6 months</b>		Industry Services			
<b>Trend in profitability over the next 6 months</b>		Industry Services			
<b>Investment intentions over the next 6 months</b>	<i>Increase (faster pace)</i>	<i>Increase (slower pace)</i>	<i>Unchanged</i>	<i>Decrease (slower pace)</i> Industry	<i>Decrease (faster pace)</i> Services
<b>Influence on companies' investment decisions</b>	<i>Global demand</i>	<i>Domestic demand</i>	<i>Cost of finance</i>	<i>Availability of finance</i>	<i>Company Profitability</i> <i>Capacity Utilisation</i>
	neutral	negative	negative	negative	negative   neutral
<b>Driving force behind investment decisions in the next 6 months</b>	<i>Replacement</i>	<i>Extension</i>	<i>Rationalisation</i>	<i>Innovation</i>	
	positive	neutral	positive	positive	
<b>Overall trend in employment</b>		<i>Industry: past 6 months</i> <i>Industry: next 6 months</i> <i>Services: past 6 months</i> <i>Services: next 6 months</i>			
	Same	Down	Same	Down	



**ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH**

<b>Compared to 6 months ago, cost/access to finance has been...</b>	<b>sharply up / restrained</b>	<b>up / more difficult</b>	<b>same</b>	<b>down / easier</b>
<i>for SMEs</i>	Cost Access			
<i>for larger companies (&gt;250 employees)</i>		Cost		
	Access			

<b>Over the next 6 months, cost /access to finance will be...</b>	<b>sharply up / restrained</b>	<b>up / more difficult</b>	<b>same</b>	<b>down / easier</b>
<i>for SMEs</i>	Access	Cost		
<i>for larger companies (&gt;250 employees)</i>		Cost		
	Access			

	<b>Consolidation of banking sector balance sheets</b>	<b>Access to capital markets</b>	<b>Encouraging equity financing through tax reforms</b>	<b>Better use of existing EU instruments (including EIB)</b>	<b>Greater potential for Public-Private-Partnerships</b>
<b>Measures to alleviate current financial difficulties for SMEs</b>	Very important effect	Important effect	Important effect	Important effect	Very limited effect
	<b>Consolidation of banking sector balance sheets</b>	<b>Access to capital markets</b>	<b>Encouraging equity financing through tax reforms</b>	<b>Better use of existing EU instruments (including EIB)</b>	<b>Greater potential for Public-Private-Partnerships</b>
<b>Measures to alleviate current financial difficulties for midsize and large companies</b>	Very important effect	Very important effect	Important effect	Important effect	Very limited effect



**POLICY MIX**

	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate</i> yes	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>
<i>Monetary policy is...</i>					
<i>Consistency between fiscal and monetary policies</i>	<i>adequate</i> yes	<i>inadequate</i>			
<i>Regarding the sustainability of public</i>	excellent commitment	satisfactory commitment yes	neither satisfactory nor unsatisfactory	unsatisfactory commitment	no clear commitment creating an extremely
<i>Exit Strategies</i>	excessive focus	sufficient focus	satisfactory nor unsufficier	unsufficient focus	so far ignored
<i>Tight fiscal rules and more effective institutions</i>		yes			
<i>Greater efficiency of public</i>				yes	
<i>Credible cost-cutting measures</i>			yes		
<i>Increased scope of public-private</i>			yes		
<i>Reform of pension systems</i>		yes			
<i>Improved efficiency of healthcare sector</i>		yes			
<i>Entry Strategies</i>	excessive focus	sufficient focus	satisfactory nor unsufficier	unsufficient focus	so far ignored
<i>More and better-targeted education and training</i>			yes		
<i>More and better targeted R&amp;D and</i>			yes		
<i>Prioritisation of infrastructure investments</i>			yes		
<i>Growth enhancing tax reforms</i>				yes	
<i>In 2015, the government deficit will...</i>	respect the 3% limit yes	be in balance no			