

**JUNE 2010 ECONOMIC OUTLOOK FOR PORTUGAL: ANSWERS FROM AIP AND CIP**

<b>MAIN FORECAST</b>						
<i>Annual % change</i>		<b>2010</b>	<b>2011</b>			
Real GDP growth		0,5	0,7			
Consumer price inflation		1,0	1,4			
Unemployment rate		9,9	9,9			
Employment growth		-0,5	0,0			
government net lending (% of GDP)		-7,3	-4,6			
gross public debt (% of GDP)		85,9	89,4			
current account balance (% of GDP)		-10,1	-10,0			
<b>Components of aggregate demand - in real terms</b>						
<i>Annual % change</i>		<b>2010</b>	<b>2011</b>			
Private consumption		1,0	0,0			
Public consumption		-0,3	-0,2			
Private non-residential investment (*)		-4,2	-0,6			
Exports		3,8	4,4			
Imports		1,1	1,5			
(*) Data refers to total gross fixed capital formation						
<b>ECONOMIC SENTIMENT</b>						
	<b>Positive</b>	<b>Negative</b>	<b>Unchanged</b>			
<b>Trend in business climate over the next 6 months</b>			Industry			
			Services			
	<b>Positive</b>	<b>Negative</b>	<b>Unchanged</b>			
<b>Trend in profitability over the next 6 months</b>			Industry			
			Services			
	<b>Global demand</b>	<b>Domestic demand</b>	<b>Cost of finance</b>	<b>Availability of finance</b>	<b>Company Profitability</b>	<b>Capacity Utilisation</b>
<b>Influence on companies' investment decisions</b>	negative	negative	negative	negative	negative	negative
	<b>Replacement</b>	<b>Extension</b>	<b>Rationalisation</b>	<b>Innovation</b>		
<b>Driving force behind investment decisions in the next 6 months</b>	neutral	neutral	positive	positive		
	<b>Industry: past 6 months</b>	<b>Industry: next 6 months</b>	<b>Services: past 6 months</b>	<b>Services: next 6 months</b>		
<b>Overall trend in employment</b>	Down	Down	Same	Down		



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



ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH				
<b>Compared to 6 months ago, cost/access to finance has been...</b>				
<i>for SMEs</i>	<b>sharply up / restrained</b>	<b>up / more difficult</b>	<b>same</b>	<b>down / easier</b>
			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>				
<i>for SMEs</i>	<b>sharply up / restrained</b>	<b>up / more difficult</b>	<b>same</b>	<b>down / easier</b>
		Cost		
			Access	
<i>for larger companies (&gt;250 employees)</i>		Cost		
			Access	