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PRESS RELEASE

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Economic activity up by 0.2% in the third quarter of 2016

Today, Friday 28th October 2016, the National Accounts Institute (NAI) publishes the result of the flash estimate of economic growth for the third quarter of 2016.

At the same time, the NAI is publishing the quarterly series updated on the basis of the national annual accounts circulated on 20 October 2016 and a fuller version of the accounts for the second quarter of 2016.

1. Flash estimate of economic growth for the third quarter of 2016

According to the flash estimate of gross domestic product (GDP), economic activity strengthened slightly in the third quarter of 2016. Adjusted for seasonal and calendar effects, the volume of GDP was 0.2 % higher than in the previous quarter. Compared to the corresponding quarter of 2015, GDP increased by 1.2 %.

2. Accounts for the second quarter of 2016

In the second quarter of 2016, the volume of GDP adjusted for seasonal and calendar effects was 0.5 % higher than in the previous quarter. That implies year-on-year GDP growth of 1.2 %, compared to 1.3 % in the first quarter of 2016.

The increase in value added was noticeable in construction (+0.5 %) and in services (+0.6 %). In industry, value added was down by 0.2 %.

Growth was bolstered by domestic spending (excluding inventories), which expanded by 0.6%. Fixed capital formation by businesses was 1.8% higher; for the government the increase was 0.1%. Households also stepped up both their investment in housing (+2.4 %), and their consumption expenditure (+0.4 %). Conversely, public consumption was down slightly (-0.2 %).

Exports of goods and services expanded by 0.9 %, while import growth was slightly lower (+0.6 %), so that net exports made a positive contribution to growth (+ 0.2 percentage point).

Compared to the previous quarter, domestic employment increased by 0.4 % in the second quarter of 2016. The volume of labour of employees was also 0.1 % higher.

3. Non-financial accounts of the institutional sectors in the first quarter of 2016

The sector accounts are drawn up at current prices and in accordance with the ESA 2010.

In the second quarter of 2016, the disposable income increased by 0.9 %, while the final consumption of households grew by 1.2 %. The gross savings ratio decreased by 0.3 % percentage point in relation to the previous quarter, and reached 12.7 % of disposable income.

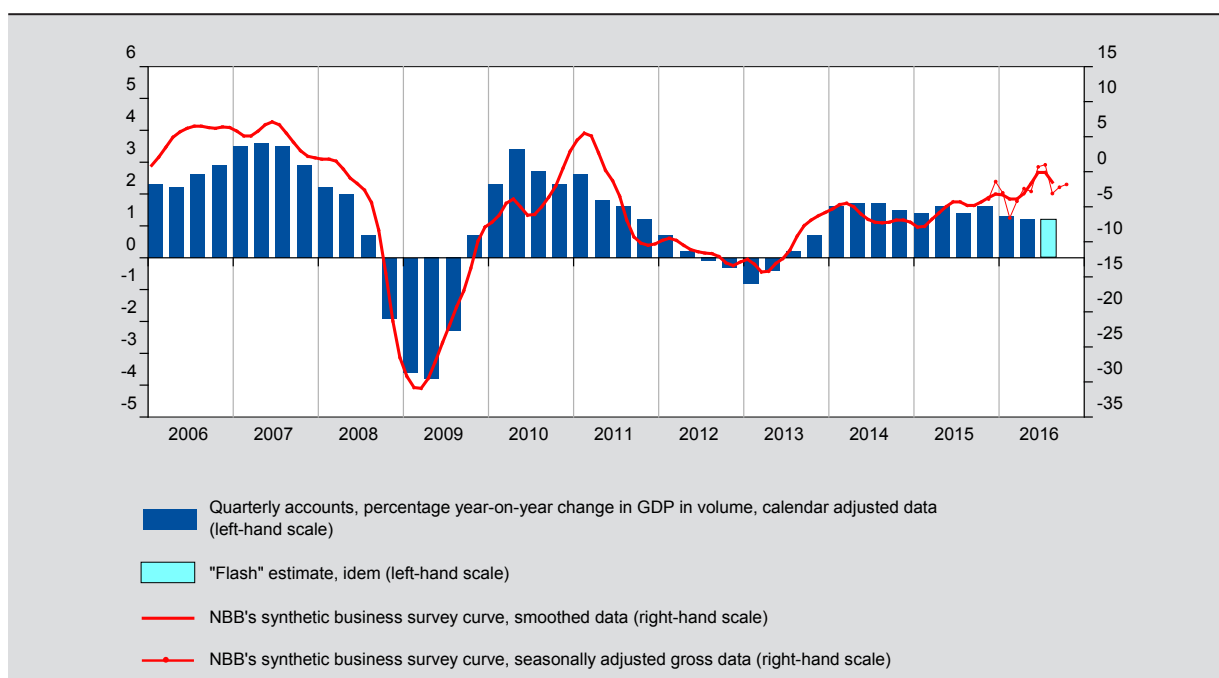
While the gross value added of non-financial corporations increased by 1.0 % during the quarter under review, their investments were up by 2.2 %. The investment rate of non-financial corporations therefore increased against the previous quarter, to reach 25.7 %.

At the end of the second quarter of 2016, the ESA 2010 general government balance stood at -3.4 % of GDP, compared to -3.6 % of GDP in the previous quarter.

Revenues adjusted for seasonal and calendar effects were positively affected by the movement in indirect taxes and non-fiscal and non-parafiscal revenues. All items of public expenditures went up.

As a result of these developments, the general government balance slightly improved during the quarter under review.

CHART 1 GDP AND THE ECONOMIC CYCLE



Source: NAI.

QUARTERLY AGGREGATES

GDP, QUARTERLY GROWTH IN VOLUME

(data adjusted for seasonal and calendar effects)

	Percentage change compared to	
	corresponding quarter of the previous year	previous quarter
2014 I	1.6	0.5
II	1.7	0.4
III	1.7	0.4
IV	1.5	0.3
2015 I	1.4	0.4
II	1.6	0.6
III	1.4	0.1
IV	1.6	0.5
2016 I	1.3	0.1
II	1.2	0.5
III	1.2	0.2

MAIN COMPONENTS

(percentage change in volume compared to the preceding period, data adjusted for seasonal and calendar effects)

	2014		2015				2016	
	III	IV	I	II	III	IV	I	II
1. Value added								
Industry	0.8	0.7	1.4	1.0	0.8	1.2	0.0	-0.2
Construction	0.0	1.2	0.9	1.8	0.6	1.0	1.5	0.5
Services	0.3	0.1	0.1	0.4	-0.1	0.3	0.0	0.6
2. Expenditure								
Private consumption expenditure (1)	-0.1	0.0	0.6	0.6	-0.3	0.1	0.0	0.4
Final consumption expenditure of general government	0.7	0.3	-0.1	0.0	-0.3	0.0	0.2	-0.2
Total gross fixed capital formation	6.9	-5.0	9.6	-10.2	2.1	1.8	2.1	1.8
Business	10.2	-7.8	14.3	-13.9	2.7	1.8	2.5	1.8
Housing	0.8	0.9	-0.1	-2.1	-0.1	3.4	1.1	2.4
Public administration	-0.5	1.1	0.7	-1.3	2.6	-1.4	1.4	0.1
Domestic demand (excluding inventories)	1.7	-1.1	2.5	-2.2	0.3	0.5	0.5	0.6
Change in inventories (2)	0.6	-0.2	-0.5	0.8	0.0	-0.1	-0.5	-0.3
Exports of goods and services	0.7	1.4	1.0	1.1	0.3	2.0	1.0	0.9
Imports of goods and services	3.0	-0.5	2.9	-1.3	0.5	1.7	0.9	0.6
Net exports of goods and services (2)	-2.0	1.6	-1.6	2.0	-0.2	0.2	0.1	0.2
3. Labour market								
Total number of workers	0.1	0.3	0.2	0.3	0.3	0.2	0.3	0.4
Number of hours worked by employees	0.1	-0.1	0.7	-0.1	0.0	0.6	0.5	0.1

(1) Including non-profit institutions serving households.

(2) Contribution to the change in GDP.

KEY INDICATORS FROM SECTOR ACCOUNTS*(data in value adjusted for seasonal and calendar effects)*

Households¹				Non-financial corporations	
		Saving rate (in %)	Investment rate (in %)	Profit share (in %)	Investment rate (in %)
2013	I	12.3	9.6	40.1	24.7
	II	12.4	9.5	39.9	24.6
	III	12.8	9.5	40.0	24.8
	IV	11.8	9.5	40.1	24.4
2014	I	12.0	9.7	40.3	24.7
	II	11.8	9.9	40.6	24.8
	III	11.9	10.0	40.6	27.5
	IV	12.5	10.0	40.7	25.0
2015	I	12.1	10.0	41.2	28.7
	II	11.1	9.8	41.7	24.2
	III	11.5	9.8	42.2	24.6
	IV	12.1	10.0	42.5	24.8
2016	I	12.4	10.1	42.3	25.3
	II	12.1	10.2	43.3	25.7

¹ Including non-profit institutions (NPIs) serving households.