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PRESS RELEASE

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Economic activity was up by 0.4 % in the third quarter of 2018

- **In the second quarter of 2018 GDP picked up by 0.3 %**
- **Domestic employment expanded at the same pace**

In this publication the National Accounts Institute (NAI) announces the results of the flash estimate of economic growth for the third quarter of 2018.

At the same time, the NAI publishes the quarterly series updated on the basis of the national annual accounts released on 19 October 2018, and a more extended version of the accounts for the second quarter of 2018.

1. Economic growth and employment in the second quarter of 2018

In the second quarter of 2018, **real** GDP adjusted for seasonal and calendar effects was 0.3 % up against the previous quarter, representing annual GDP growth of 1.4 %.

Value added increased in services (+0.5 %) and in construction (+0.6 %). In industry it was down by 0.5 %.

Growth was supported by domestic spending (excluding inventories), which was up by 0.3%: the consumption expenditure of households and government increased by 0.3 % and 0.4 % respectively, and there was also a rise in the gross fixed capital formation of households (+0.3 %) and government (+0.8 %). In contrast, business investment dipped by 0.1 %, owing to the sale of a ship to a foreign buyer. Without that exceptional transaction, business investment would have grown by roughly 1.0 %.

The sale of the ship to a foreign buyer gave an additional boost to exports of goods and services, resulting in a 0.9 % rise; imports expanded more slowly (+0.5 %), so that net exports made a positive contribution to growth (+0.4 percentage point).

In the second quarter of 2018, domestic employment, in number of persons, expanded by 0.3 % against the preceding quarter. That growth was attributable mainly to job creation in services, and especially in the business services and health and welfare branches. The volume of labour of wage-earners was also up by 0.2 %.

2. Economic growth for the third quarter of 2018 – flash estimate

According to the flash estimate of gross domestic product (GDP), economic activity picked up in the third quarter of 2018. **Real** GDP adjusted for seasonal and calendar effects increased by 0.4 % against the previous quarter. Year-on-year GDP growth came to 1.7 %.

3. Non-financial accounts of the institutional sectors in the second quarter of 2018

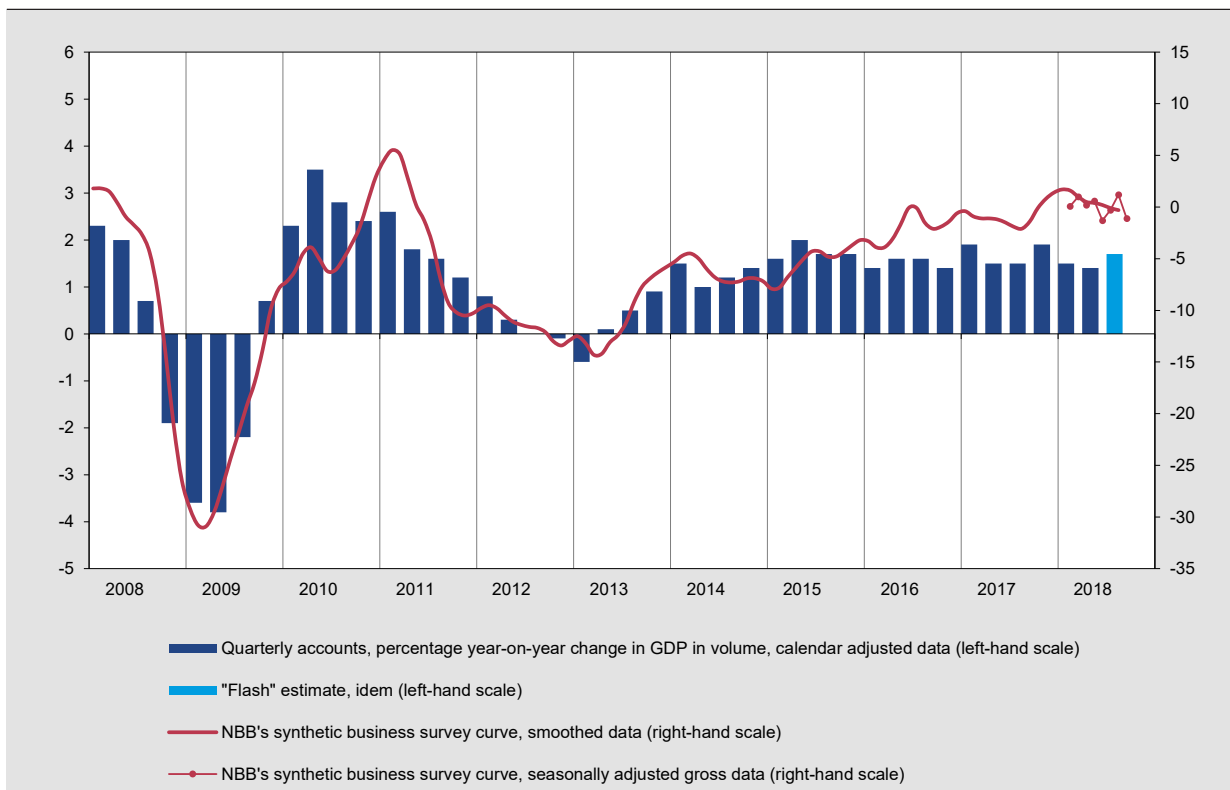
The sector accounts are drawn up in **current prices**.

In the second quarter of 2018, household disposable incomes increased by 0.8 %, keeping pace with final consumption. The gross savings rate therefore remained unchanged compared to the previous quarter, namely 11.7 % of disposable income. The household investment rate was also stable at 10.1 %.

The profit share of non-financial corporations came to 42.5 %, compared to 42.8 % in the first quarter, as wages rose more strongly (+0.8 %) than value added (+0.5 %). The investment rate of non-financial corporations remained virtually stable at around 26.2 %.

At the end of the second quarter of 2018, the general government budget balance stood at 0.7 % of GDP, compared to -0.1 % of GDP in the preceding quarter. Revenues came to 52.9 % of GDP, against 52.2 % of GDP in the preceding quarter, while expenditure amounted to 52.2 % of GDP, against 52.3 % of GDP in the preceding quarter.

GRAPH 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
2016 I	1.4	0.2
II	1.6	0.7
III	1.6	0.2
IV	1.4	0.3
2017 I	1.9	0.7
II	1.5	0.4
III	1.5	0.2
IV	1.9	0.7
2018 I	1.5	0.3
II	1.4	0.3
III	1.7	0.4

MAIN COMPONENTS

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

	2016		2017				2018	
	III	IV	I	II	III	IV	I	II
1. Value added								
Industry	-0.3	-0.1	0.8	-0.6	0.2	1.2	0.0	-0.5
Construction	-0.6	-1.5	1.9	-0.5	-1.9	0.4	0.8	0.6
Services	0.3	0.5	0.5	0.7	0.3	0.6	0.2	0.5
2. Expenditure								
Private consumption expenditure (1)	0.4	0.4	0.2	0.6	-0.2	0.0	0.5	0.3
Final consumption expenditure of general government	0.1	0.7	-0.4	0.4	0.1	0.3	0.1	0.4
Total gross fixed capital formation	7.9	-6.4	2.0	1.0	-0.2	0.5	0.6	0.1
Business	11.8	-9.1	2.7	1.5	-0.5	0.8	0.6	-0.1
Housing	0.5	-0.6	0.6	-0.9	0.1	-1.3	1.0	0.3
Public administration	-1.1	0.4	0.4	1.5	1.1	2.0	0.0	0.8
Domestic demand (excluding inventories)	2.1	-1.2	0.5	0.6	-0.1	0.2	0.4	0.3
Change in inventories (2)	-0.1	0.3	-0.3	-0.3	0.2	0.4	-0.4	-0.4
Exports of goods and services	0.9	2.7	0.7	-0.2	-0.3	2.9	0.1	0.9
Imports of goods and services	3.0	1.2	0.1	-0.3	-0.3	2.8	-0.1	0.5
Net exports of goods and services (2)	-1.8	1.2	0.5	0.1	0.0	0.1	0.2	0.4
3. Labour market								
Total number of workers	0.4	0.3	0.4	0.4	0.2	0.3	0.3	0.3
Number of hours worked by employees	0.2	0.8	0.1	0.5	0.5	0.4	0.3	0.2

(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)

		Households ¹		Non-financial corporations		Government
		Saving rate (in %)	Investment rate (in %)	Profit share (in %)	Investment rate (in %)	Budget balance (in %)
2015	I	12.4	10.2	41.5	28.7	-3.4
	II	11.7	9.9	42.0	24.1	-2.9
	III	11.2	10.0	42.6	24.6	-1.5
	IV	11.9	10.0	42.5	24.6	-2.1
2016	I	11.4	10.0	42.4	25.1	-3.4
	II	11.0	10.2	43.3	25.1	-2.3
	III	11.6	10.2	43.1	28.5	-2.7
	IV	11.2	10.2	43.3	25.6	-1.3
2017	I	11.0	10.2	43.8	26.0	-0.9
	II	11.5	10.1	42.9	26.3	-1.2
	III	11.4	10.1	42.8	26.0	-0.6
	IV	12.1	9.9	42.6	26.1	-0.8
2018	I	11.7	10.1	42.8	26.3	-0.1
	II	11.7	10.1	42.5	26.2	0.7

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