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PRESS RELEASE

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Non-financial accounts of the institutional sectors in the third quarter of 2017

On 9 January 2018, the NAI published its estimate for the quarterly non-financial accounts of the institutional sectors for the third quarter of 2017. The sectoral accounts are drawn up at current prices and in accordance with the ESA 2010.

KEY INDICATORS

(data adjusted for seasonal and calendar effects)

Households ¹				Non-financial corporations	
		Saving rate (in %)	Investment rate (in %)	Profit share (in %)	Investment rate (in %)
2014	I	12.2	9.7	40.3	24.6
	II	12.3	10.0	40.7	24.8
	III	12.0	10.1	40.6	27.7
	IV	12.9	10.1	40.7	25.3
2015	I	12.3	10.1	41.5	28.7
	II	11.8	9.9	42.0	24.1
	III	11.4	9.9	42.5	24.7
	IV	11.9	10.0	42.4	24.8
2016	I	11.6	10.0	42.3	25.4
	II	10.5	10.1	43.2	25.4
	III	11.1	10.0	43.2	28.7
	IV	11.6	10.0	43.3	26.1
2017	I	10.9	10.1	43.8	25.8
	II	11.5	9.9	43.3	26.0
	III	11.5	9.8	43.2	26.2

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

Household saving rate stabilises

In the third quarter of 2017, household disposable income was up by 0.3 % on the previous quarter. Final consumption expenditure increased by 0.3 % as well. The gross saving rate therefore stabilised against the previous quarter, holding steady at 11.5 % of disposable income.

The rise in household disposable income can be explained by the positive contribution made by almost all the income components (compensation of employees, self-employed incomes, rental incomes and income tax). However, the trend in property incomes and other current net transfers had a negative impact on the growth of disposable income.

Household investment rate levels out

During this third quarter, the household investment rate (construction and renovation of housing and gross fixed capital formation of self-employed workers and NPISHs) worked out at 9.8 % of disposable income, a figure virtually unchanged from the previous quarter.

Profit share of non-financial corporations also stable

During the quarter under review, the gross value added of non-financial corporations grew by 0.6 % compared with the preceding quarter. Compensation of employees and taxes net of subsidies on production picked up by 0.9 %. These trends had a marginally positive impact on the gross operating surplus, which rose by 0.2 %. The profit share of non-financial corporations thus came to 43.2 %, practically the same rate as in the previous quarter.

Increase in the investment rate of non-financial corporations

While the gross value added of non-financial corporations grew by 0.6 % during the third quarter, their investment expanded by 1.3 %. As a result, the investment rate of non-financial corporations was up on the second quarter of 2017, climbing from 26.0 to 26.2 % of value added.

Net improvement in the balance of general government

At the end of the first quarter of 2017, the balance of general government established in accordance with the ESA 2010 worked out at -0.2 % of GDP, compared to -0.8 % of GDP in the previous quarter. Compared with the second quarter of the year, revenue was up and expenditure down. This drop in spending was a lot more pronounced than the increase in revenue, and mainly concerned interest charges and other expenditure. These developments led to a clear recovery in the general government balance during the quarter under review.

Definitions

- The gross saving rate of households (household saving rate) is defined as gross saving divided by gross disposable income, with the latter including the change in the net equity of households in pension funds reserves. Gross saving is the part of the gross disposable income which is not spent as final consumption expenditure. Therefore, the saving rate increases when gross disposable income grows at a higher rate than final consumption expenditure.
- The gross investment rate of households (household investment rate) is defined as gross fixed capital formation divided by gross disposable income, with the latter being adjusted for the change in the net equity of households in pension funds reserves. Household investment consists of the purchase and renovation of dwellings, as well as investments by self-employed workers and NPISH's
- The profit share of non-financial corporations (business profit share) is defined as gross operating surplus divided by gross value added. This profitability-type indicator shows the share of the value added kept by non-financial corporations after the payment for wage costs (plus taxes less subsidies on production).
- The gross investment rate of non-financial corporations (business investment rate) is defined as gross fixed capital formation divided by gross value added. This ratio relates the investment of non-financial businesses in fixed assets (buildings, machinery etc.) to the value added created during the production process.
- The final balancing items by sector show the net lending / net borrowing of each of the big sectors of the economy (households, corporations, government). A net lending means that taking accounts of all receipts and expenses, a sector can increase its financial assets and/or decrease its financial liabilities. In the opposite, a net borrowing implies that the sector has to sell some assets or to increase its debt in order to finance its non-financial operations.
- The considered rates show high fluctuations from a quarter to another. In order to draw more fundamental developments, these series are all presented after correction for seasonal and calendar effects.