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PRESS RELEASE

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Non-financial accounts of the institutional sectors, third quarter of 2018

- **Household saving and investment ratios more or less stable**
- **Profit margins and investment ratios of non-financial corporations down slightly**
- **General government budget balance lower but still positive**

On 8 January 2019 the NAI is publishing the estimate of the quarterly non-financial accounts of the institutional sectors for the third quarter of 2018. The sector 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 | | General government |
|------|-----|-------------------------|-------------------------|----------------------------|-------------------------|------------------------------|
| | | Saving ratio (in %) | Investment ratio (in %) | Profit margin (in %) | Investment ratio (in %) | Budget balance (in % of GDP) |
| 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 | -2.0 |
| 2016 | I | 11.4 | 10.0 | 42.4 | 25.1 | -3.4 |
| | II | 11.0 | 10.2 | 43.3 | 25.1 | -2.4 |
| | III | 11.7 | 10.1 | 43.1 | 28.5 | -2.7 |
| | IV | 11.2 | 10.2 | 43.3 | 25.6 | -1.3 |
| 2017 | I | 10.9 | 10.3 | 43.7 | 26.0 | -0.9 |
| | II | 11.4 | 10.1 | 42.9 | 26.3 | -1.2 |
| | III | 11.6 | 10.1 | 42.8 | 26.0 | -0.6 |
| | IV | 12.1 | 10.0 | 42.6 | 26.1 | -0.8 |
| 2018 | I | 11.6 | 10.1 | 42.8 | 26.3 | -0.1 |
| | II | 11.5 | 10.1 | 42.5 | 26.2 | +0.8 |
| | III | 11.4 | 10.2 | 42.3 | 26.0 | +0.4 |

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

Household saving ratio more or less stable

In the third quarter of 2018, household disposable income was 0.3 % up against the previous quarter, mainly as a result of the rise in compensation of employees and, to a lesser extent, self-employed incomes and rental incomes. The other components of disposable income (property incomes, other current net transfers and current taxes on income) made a limited negative contribution to the change in disposable income.

As households increased their consumption expenditure by 0.5 %, their saving ratio dipped very slightly compared to the previous quarter, from 11.5 % to 11.4 % of disposable income.

Household investment ratio more or less stable

During the third quarter, household investment expenditure (construction and renovation of housing and gross fixed capital formation of self-employed persons and NPIs serving households) was 0.9 % higher than in the previous quarter. Expressed as a percentage of disposable income, investment increased to 10.2 % compared to 10.1 % a quarter earlier.

Slight fall in the profit margin of non-financial corporations

During the quarter under review, the gross value added of non-financial corporations expanded by 0.7 % compared to the previous quarter. Compensation of employees and taxes net of subsidies on production recorded a rise of 1.0 %. The gross operating surplus increased by 0.3 %. The profit margin of non-financial corporations therefore dropped to 42.3 %, compared to 42.5 % in the second quarter.

Slight fall in the investment ratio of non-financial corporations

The investment of non-financial corporations remained virtually stable in the third quarter. As their value added increased (+0.7 %), the investment ratio of non-financial corporations declined from 26.2 % in the second quarter to 26.0 % in the third quarter.

General government budget balance deteriorating but still positive

During the third quarter of 2018, the general government budget balance determined according to the ESA 2010 stood at +0.4 % of GDP, compared to +0.8 % of GDP in the previous quarter. Revenue was down from 52.9 % of GDP to 52.5 % of GDP, while expenditure was stable at 52.1 % of GDP.

Definitions

- ∅ The ratios considered fluctuate widely from one quarter to the next. In order to detect more fundamental trends, these series are all presented after adjustment for seasonal and calendar effects.
- ∅ The gross saving ratio of households is gross saving divided by gross disposable income, which is adjusted for the change in the net equity of households in pension fund reserves. Gross saving is the part of gross disposable income which is not spent on final consumption. The saving ratio therefore increases when gross disposable income grows faster than final consumption expenditure.
- ∅ The gross investment ratio of households is 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 fund reserves. Gross fixed capital formation covers household expenditure on construction and renovation of housing, and investments in fixed capital by self-employed persons and by NPIs serving households.
- ∅ The investment ratio of companies is gross fixed capital formation divided by gross value added.
- ∅ The profit margin of companies is the gross operating surplus divided by gross value added. This indicator measures the percentage of value added retained by non-financial corporations after paying compensation of employees and taxes on production (net of subsidies).
- ∅ The general government budget balance measures the government's financing capacity or requirement. A positive balance (financing capacity) means that, after taking account of all its resources and expenditure, the government is able to increase its financial assets and/or reduce its financial liabilities. Conversely, a negative balance (financing requirement) indicates that the sector needs to sell some of its assets and/or take on more debt in order to fund its non-financial operations. The budget balance is expressed here as a percentage of GDP.