National Accounts Institute

30-06-2021

PRESS RELEASE

Links:	[NBB.stat]	[General information]

Non-financial accounts of the institutional sectors – first quarter of 2021

- **The household savings rate is down slightly, though still high**
- **The general government budget balance is improving significantly thanks to the marked rise in fiscal and parafiscal revenues combined with lower expenditure**

The sector accounts are drawn up at current prices and in accordance with 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)
2018	I	11.4	9.2	41.7	26.7	-0.6
	II	11.4	9.2	41.5	26.8	-0.1
	III	11.5	9.4	41.7	26.7	-0.8
	IV	12.1	9.7	42.1	27.0	-1.8
2019	I	13.1	9.8	41.7	27.0	-1.9
	II	13.4	9.9	41.5	27.0	-2.0
	III	13.0	9.7	41.5	27.0	-1.6
	IV	12.3	9.8	41.6	27.3	-2.0
2020	I	19.1	9.2	42.4	27.5	-7.1
	II	28.1	8.0	38.0	26.3	-15.1
	III	16.8	9.4	40.8	27.3	-6.6
	IV	23.5	9.4	42.2	28.1	-9.5
2021	I	21.0	9.9	43.6	28.3	-6.0

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

Slight dip in the household savings rate

In the first quarter of 2021, household disposable income was down by 1.5 % against the previous quarter. The only positive contributors to the growth of disposable income in the first quarter were the mixed income of self-employed persons and rents, at 0.8 and 0.2 percentage points respectively. All the other components of disposable income – namely compensation of employees, current transfers and net social transfers, property incomes and current taxes on income and wealth - had a negative impact on its growth. In this connection it should be noted that, in some branches of activity, compensation of employees had been driven up in the fourth quarter of 2020, partly by the award of special bonuses (such as the bonuses granted to care workers) and partly by the maintenance of year-end bonuses for staff temporarily laid off.

At the same time, final consumption expenditure rebounded by 1.7 % compared to the fourth quarter of 2020.

The result was a dip in the gross household savings ratio, which stood at 21.0 % in the first quarter of 2021 compared to 23.5 % in the previous quarter.

Increase in the household investment rate

During the first quarter of 2021, the household investment rate (construction and renovation of housing and gross fixed capital formation of self-employed persons and NPIs serving households) came to 9.9 %, against 9.4 % in the fourth quarter of 2020, thus maintaining the rise which had begun in the second half of 2020.

Continuing rise in both the profit margins and the investment rate of non-financial corporations

In the first quarter of 2021, the profit margins of non-financial corporations recorded a further rise, reaching 43.6% compared to 42.2 % in the previous quarter. The operating surplus of non-financial corporations in fact expanded by 5.7 %, considerably outpacing the growth of value added (+2.3 %).

At the same time, the investment rate of non-financial corporations came to 28.3 % of value added in the first quarter, an increase against the previous quarter (28.1 %). Corporate investment growth (+3.1 %) has thus outpaced the growth in value added

Marked improvement in the general government budget balance

In the first quarter of 2021, the general government finances showed a marked improvement, with a deficit of 6.0 % of GDP, against 9.5 % in the fourth quarter of 2020.

The growth of fiscal and parafiscal revenues had a favourable impact on revenue. There was a marked increase in direct taxes levied on households and companies, including the taxes collected via assessments and advance payments. The revival of economic activity boosted the collection of indirect taxes, particularly VAT.

Expenditure was down, mainly because of the fall in social benefits (reduction in the numbers entitled to temporary lay-off benefits and the bridging allowance) and in current transfers and capital spending.

Communication
National Bank of Belgium Ltd.

boulevard de Berlaimont 14
BE-1000 BRUXELLES

phone + 32 2 221 46 28
www.nbb.be

VAT BE 0203.201.340
RLP Brussels

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.

Warning

The sectoral accounts for the first quarter of 2021 reflect the disruption due to the COVID-19 crisis and take account of the effects of the economic policy measures introduced to limit the repercussions of the pandemic, on the basis of the information available on 22 June 2021. The main administrative data were available as usual for this publication. However, the accurate measurement of the macroeconomic aggregates during this pandemic is subject to great uncertainty. That uncertainty concerns non-market production and the components of the expenditure approach, and the estimation of certain transfers between sectors and general government revenue and expenditure items directly connected with the pandemic. Consequently, the results published today are liable to be revised subsequently to a greater extent than usual.

In regard to the seasonal adjustment of the series, the recent Eurostat guidelines on the subject were followed in order to obtain the most accurate possible estimate of the impact of COVID-19.

The quarterly sectoral accounts for the first quarter of 2021 incorporate the latest available data on the quarterly national accounts and the labour market, published on 30 June 2021 on NBB.stat.