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PRESS RELEASE

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

- Household saving rate drops back, although remains at a high level
- General government balance deteriorates

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	41.4	26.8	-0.7
	II	10.9	9.2	41.3	26.6	0.0
	III	11.2	9.4	41.5	26.6	-0.9
	IV	12.7	9.6	42.1	26.7	-1.7
2019	I	12.3	9.8	42.1	27.2	-2.2
	II	13.6	9.6	42.1	27.1	-2.1
	III	11.5	9.8	42.1	27.3	-1.9
	IV	12.0	9.9	42.0	27.3	-1.5
2020	I	17.4	9.4	43.0	27.4	-6.6
	II	25.9	8.2	41.0	25.9	-15.9
	III	15.4	9.6	42.6	26.9	-6.1
	IV	22.3	9.5	42.8	27.7	-8.5
2021	I	19.4	10.2	44.7	27.9	-4.8
	II	18.2	10.1	45.6	27.5	-6.0

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

Fall in the household saving rate

Household disposable income rose by 2.7 % during the second quarter of 2021. This growth is largely due to compensation of employees, which made a 2.2 percentage point contribution to the growth in disposable income. The other components of disposable income also contributed positively to the increase, with the exception of net social transfers.

At the same time, final consumption expenditure registered a sharp increase, up 4.2 % on the first quarter, thanks to the gradual relaxation of the pandemic-related restrictions.

These trends resulted in a fall in the household saving rate, which came to 18.2 % in the second quarter of 2021, against 19.4 % in the previous quarter.

Household investment rate remains stable

During the second quarter of 2021, the household investment rate (construction and renovation of housing and gross fixed capital formation of self-employed workers and NPISHs) worked out at 10.1 %, a similar level to the rate observed in the first three months of the year (10.2 %).

Profit share of non-financial corporations continues to rise

The profit share of non-financial corporations was up again in the second quarter of 2021, to reach 45.6 %, compared to 44.7 % in the previous quarter.

The gross operating surplus generated by non-financial corporations effectively increased by 6.7 %, a growth rate well above that for value added (+4.5 %).

Slight fall in the investment rate of non-financial corporations

The investment rate of non-financial corporations came to 27.5 % of value added during the course of the second quarter, down on the previous quarter (27.9 %). Growth in non-financial corporations' investment (+2.9 %) in fact turned out to be lower than the rise in value added.

General government balance worsens

The balance of general government deteriorated over the second quarter of 2021, leaving a budget deficit of 6.0 % of GDP, compared to 4.8 % in the previous quarter.

Revenue, notably fiscal and parafiscal receipts, declined while expenditure rose, still under the influence of the effects of certain measures put in place to limit the impact of the coronavirus pandemic.

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 second 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 7 October 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 second quarter of 2021 incorporate the latest available data on the quarterly national accounts and the labour market, published on 18 October 2021 on [NBB.stat](#).