

**PRESS RELEASE**

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Non-financial accounts of the institutional sectors - third quarter 2021

- Household saving rate falls back sharply as household consumption recovers
- The July flooding compensation have triggered a further deterioration of the general government financing balance

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) |
| 2019 | I | 12.4 | 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 | 42.9 | 27.4 | -6.6 |
| | II | 25.9 | 8.2 | 41.0 | 25.9 | -15.9 |
| | III | 15.3 | 9.6 | 42.6 | 26.9 | -6.1 |
| | IV | 22.3 | 9.5 | 42.8 | 27.7 | -8.5 |
| 2021 | I | 19.7 | 10.1 | 45.0 | 27.9 | -5.0 |
| | II | 18.3 | 10.1 | 45.1 | 27.5 | -5.8 |
| | III | 13.5 | 10.2 | 45.8 | 26.0 | -6.6 |

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

Household saving rate continues to fall

Household disposable income rose by 1.3 % over the third quarter of 2021. This increase stems largely from compensation of employees, as well as the gross operating surplus and gross mixed income of self-employed workers, while the other components of disposable income exerted a negative effect on it.

At the same time, final consumption expenditure continued to rise, posting a 7.3 % increase on the second quarter, as the pandemic-related restrictions were relaxed.

This resulted in a sharp fall in the household saving rate, which worked out at 13.5 % in the third quarter of 2021, compared to 18.3 % in the previous quarter. The level thus reached is quite close to its long-term average.

Household investment rate remains stable

During the third quarter of 2021, the household investment rate (which comprises construction and renovation of housing and gross fixed capital formation of self-employed workers and non-profit institutions serving households) remained stable at 10.2 %, almost exactly the same as the rate observed in the two previous quarters (10.1 %).

Profit share of non-financial corporations continues its upward trend

The profit share of non-financial corporations was up in the third quarter of 2021, at 45.8 %, compared to 45.1 % in the second quarter.

The gross operating surplus generated by non-financial corporations effectively rose by 6.1 %, a growth rate well above that for value added (+4.5 %).

Investment rate of non-financial corporations drops

The investment rate of non-financial corporations came to 26.0 % of value added during the third quarter, down on the previous quarter (27.5 %). The combined effect of rising value added (+4.5 %) and falling investment (-1.0 %) explains the sharp drop in the investment rate.

General government balance deteriorates

During the course of the third quarter, the general government balance deteriorated once again, posting a deficit of 6.6% of GDP, compared to 5.8 % in the previous three-month period.

Both revenue and expenditure were down (as percentage of GDP). On the spending side, the effects of certain measures taken to curb the pandemic faded in view of the continuing recovery of economic activity, while capital transfers increased considerably as a result of the compensation due from the regions to victims of the floods in July (these amount to 0.9 % of GDP).

Methodology and definitions

- The sector accounts are compiled at current prices and according to ESA 2010.
- 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 third 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 December 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 third quarter of 2021 incorporate the latest available data on the quarterly national accounts and the labour market, published on 11 January 2022 on [NBB.stat](#).