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PRESS RELEASE

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

- The household saving ratio continued to fall in the fourth quarter. Over 2021 as a whole, it dropped to 16.4 %, after having reached a historic peak of 20.1 % in 2020.
- Corporate profit margins remained high in the fourth quarter, whereas corporate investment rates were down. Over 2021 as a whole, profit margins reached a record 45.3 %.
- The general government budget balance recovered in the fourth quarter of 2021. Over 2021 as a whole, the deficit came to 5.5 % of GDP.

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		12.3	9.8	42.1	27.2	-2.0
2020		20.1	9.2	42.5	27.0	-9.0
2021		16.4	10.1	45.3	26.5	-5.5
2019	I	12.3	9.8	42.2	27.2	-2.3
	II	13.4	9.7	42.1	27.1	-2.2
	III	11.3	9.8	42.1	27.3	-1.8
	IV	12.3	9.8	42.0	27.3	-1.5
2020	I	17.5	9.4	43.1	27.4	-6.4
	II	25.5	8.3	41.1	25.9	-15.7
	III	15.1	9.6	42.7	26.9	-5.9
	IV	22.4	9.5	43.0	27.7	-8.9
2021	I	20.4	10.0	44.8	27.8	-5.6
	II	18.7	10.0	44.9	27.5	-5.6
	III	14.3	10.0	45.2	26.0	-6.9
	IV	12.5	10.2	46.1	24.8	-4.0

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

The household saving ratio continues to fall

Household disposable income was down by 0.9 % in the fourth quarter of 2021. Compensation of employees and gross mixed income of self-employed workers made a positive contribution to the growth of disposable income of 1.5 and 0.3 percentage points respectively. However, these positive effects were more than offset by the decline in net social transfers and by a rise in taxes on income and wealth amounting to -1.3 and -2.0 percentage points respectively. Over 2021 as a whole, household disposable income increased by 4.0 %. Compensation of employees and - to a lesser extent - mixed income of self-employed workers made the principal positive contribution to that growth, at 5.0

and 1.4 percentage points respectively. The decline in net social transfers and the rise in taxes on income and wealth had a negative impact on the growth of disposable income, at -1.4 and -1.1 percentage points respectively.

Final consumption expenditure continued to rise but at a more moderate pace, with an increase of 1.2 % compared to the third quarter.

Consequently, the household saving ratio maintained its downward trend, reaching 12.5 % in the fourth quarter of 2021, down from 14.3 % in the previous quarter.

For the whole year 2021, the saving ratio amounted to 16.4 %, which represents a clear decline from the historically high level reached in 2020 (20.1%).

The household investment ratio remains fairly stable

During the fourth quarter of 2021, the household investment ratio (which comprises the construction and renovation of housing plus the gross fixed capital formation of self-employed workers and NPIs serving households) edged up very slightly to 10.2 % after being stable at 10 % for three quarters.

On average over the whole of 2021, the household investment ratio came to 10.1 %, an increase compared to the year 2020 (9.2 %).

The profit margin of non-financial corporations continues to expand

The profit margin of non-financial corporations recorded a further rise in the fourth quarter of 2021 at 46.1 %, compared to 45.2 % in the preceding quarter.

The operating surplus of non-financial corporations increased by 6.1 %, which is a considerably higher growth rate than that of the value added (+4.1 %).

Over 2021 as a whole, the profit margin of non-financial corporations came to 45.3 %, compared to 42.5 % in 2020, representing a historical record. It was mainly the industrial and manufacturing branches that recorded a sharp rise in profit margins, according to the currently available indicators.

The investment ratio of non-financial corporations is still falling

During the fourth quarter the investment ratio of non-financial corporations amounted to 24.8 % of value added, down from the previous quarter (26.0 %). The continuing fall in the investment ratio is due to the combined effect of higher value added (+4.1 %) and lower investment (-0.9 %).

For 2021 as a whole, the investment ratio of non-financial corporations averaged 26.5 % of value added, down from 27.0% in 2020.

The general government balance improved considerably

During the fourth quarter of 2021, the general government balance recovered strongly, with a deficit of 4.0 % of GDP compared to 6.9 % in the preceding quarter.

Both revenue and expenditure contributed to this improvement. The favourable trend in direct taxes was the main factor influencing revenue, while the fall in social benefits in cash favoured the decline in expenditure.

For 2021 as a whole, the economic recovery and the reduced support measures in the wake of the pandemic helped to bring down the public deficit, which stands at 5.5 % 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 four quarters 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 6 April 2022. 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 fourth quarter of 2021 incorporate the latest available data on the quarterly national accounts and the labour market, published on 22 April 2022 on [NBB.stat](#).