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PRESS RELEASE

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Non-financial accounts of the institutional sectors – first quarter of 2022

- Corporate profit margins continue to rise
- The general government budget balance is deteriorating

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	12.3	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	19.7	10.1	44.8	27.9	-5.2
	II	18.9	10.0	44.8	27.6	-5.8
	III	14.5	10.0	45.0	26.1	-7.0
	IV	12.8	10.2	45.7	24.9	-4.1
2022	I	15.7	10.0	46.7	25.4	-5.2

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

The household savings ratio is up after the previous quarter's decline

The savings ratio is rising, and reached 15.7 % in the first quarter of 2022, compared to 12.8 % in the previous quarter.

Household disposable income in fact increased strongly by 6.8% in the first quarter of 2022, far outpacing the growth of final consumption expenditure (+3.2 %).

The reduction in taxes on income and assets is the main reason for the income growth, contributing 3.8 percentage points. It offsets a relatively big increase in those same taxes in the fourth quarter of 2021, which had weighed heavily on households' disposable income (and their savings ratio) at that time. These marked changes from one quarter to the next are due mainly to fluctuations in personal tax assessments.

Compensation of employees and gross mixed incomes of self-employed persons also contributed to the growth of disposable income in the first quarter of 2022 at a rate of 1.8 and 0.7 percentage points respectively.

The household investment ratio is practically stable

In the first quarter of 2022, the household investment ratio (which comprises housing construction and renovation and the gross fixed capital formation of self-employed persons and NPIs serving households) dipped very slightly, at 10.0 % against 10.2 % in the previous quarter.

The profit margin of non-financial corporations continues to rise

The profit margin of non-financial corporations was up again in the first quarter of 2022, at 46.7 % of value added compared to 45.7 % in the previous quarter. The increase in the gross operating surplus of non-financial corporations (+5.4 %) once again significantly outpaced the rise in their value added (+3.3 %).

According to the available indicators on the evolution of wages and value added, this renewed rise in the profit margin was concentrated in industrial branches of activity, including the energy production and distribution branch.

The investment ratio of non-financial corporations is rising

The investment ratio of non-financial corporations came to 25.4 % of value added in the first quarter, an increase against the previous quarter (24.9 %). The investment growth of non-financial corporations (+5.2 %) exceeded the increase in their value added (+3.3 %).

The general government budget balance is deteriorating

The general government budget balance showed a deficit of 5.2 % of GDP in the first quarter of 2022, against 4.1 % in the previous quarter.

Revenues were influenced mainly by developments in fiscal and parafiscal revenue. The reduction in households' direct taxes as a result of negative personal income tax assessments leading to refunds outweighed the rise in indirect taxes and social contributions.

Expenditure is more or less stable although its components exhibit a mixed picture. Remuneration and social benefits in cash are up, notably as a result of their indexation, whereas intermediate consumption, transfers to the rest of the world and investment are down against the previous quarter's high levels.

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 first quarter of 2022 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 21 June 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 first quarter of 2022 incorporate the latest available data on the quarterly national accounts and the labour market, published on 30 June 2022 on [NBB.stat](#).