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## PRESS RELEASE

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### Non-financial accounts of the institutional sectors – second quarter of 2022 <sup>1</sup>

- The household savings rate fell sharply.
- The general government budget balance improved

#### KEY INDICATORS

(data adjusted for seasonal and calendar effects)

Households <sup>1</sup>				Non-financial corporations		General government
		Saving ratio (in %)	Investment ratio (in %)	Profit margin (in %)	Investment ratio (in %)	Budget balance (in % of GDP)
2019	I	12.2	9.8	42.1	27.3	-2.2
	II	13.5	9.7	42.2	27.2	-2.2
	III	11.6	9.8	42.3	27.4	-1.8
	IV	12.0	9.9	42.1	27.4	-1.5
2020	I	17.5	9.3	43.3	27.4	-6.2
	II	25.9	8.2	42.1	26.3	-15.7
	III	15.8	9.5	42.8	27.6	-6.1
	IV	23.0	9.5	42.5	29.0	-8.7
2021	I	20.1	9.8	44.3	27.8	-5.3
	II	19.6	9.8	43.9	27.8	-7.3
	III	16.3	9.9	44.1	26.4	-6.8
	IV	12.2	10.4	44.3	25.6	-3.0
2022	I	16.9	10.1	44.8	26.2	-5.1
	II	13.7	10.3	45.2	25.7	-4.0

<sup>1</sup> Including non-profit institutions (NPIs) serving households.

#### The household savings rate falls sharply

The savings rate dropped noticeably to 13.7% in the second quarter of 2022, down from 16.9% the previous quarter.

This decline is attributable to both a contraction in household disposable income (-1.0%) and an increase in final consumption expenditure (+2.7%).

Employee compensation and gross mixed income of the self-employed contributed positively to disposable income growth in the second quarter of 2022, by 1.7% and 0.2%, respectively. However, this positive effect was more than offset by the rise in taxes on income and wealth, which negatively affected disposable income growth, by -3.7%. The tax increase counteracts the relatively large decrease in these same taxes in the first quarter of 2022. These pronounced quarter-on-quarter changes are mainly linked to fluctuations in the personal income tax rolls.

<sup>1</sup> The quarterly sectoral accounts for the second quarter of 2022 incorporate the latest available data on the quarterly national accounts and the labour market, published on 19 October 2022 on [NBB.stat](https://nbb.stat)

### ***The household investment rate remains relatively stable***

In the second quarter of 2022, the household investment rate (which includes the construction and renovation of housing as well as gross fixed capital formation of independent contractors and NPISH) rose very slightly to 10.3%, up from 10.1% the previous quarter.

### ***The profit margin of non-financial corporations continues to rise***

The profit margin of non-financial corporations rose yet again to 45.2% of value added, compared with 44.8% the previous quarter.

Once again, growth in the gross operating surplus of non-financial corporations (+4.0%) outpaced that in value added (+3.0%).

According to the available indicators on wage developments and value added, this increase remains concentrated in the industrial sectors.

### ***The investment rate of non-financial corporations falls***

The investment rate of non-financial corporations fell to 25.7% of value added in the second quarter of 2022, compared with 26.2% the previous quarter. The growth in investment by non-financial corporations (+1.0%) was more moderate than that in value added (+3.0%).

### ***The general government budget balance recovers***

In the second quarter of 2022, the general government budget balance improved, with a deficit of 4.0% of GDP, compared with 5.1% in the first quarter.

Revenue increased, mainly due to a rise in tax and incidental tax revenue, in particular from direct taxes on households and companies.

Government spending is also on the rise, mainly influenced by growth in social assistance benefits in cash and current transfers to the rest of the world.

#### **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.