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**PRESS RELEASE**

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## Non-financial accounts of the institutional sectors – Q4 2022

- The household saving rate fell significantly in the fourth quarter of 2022. For the year as a whole, it stood at 12.5%, close to its level before the health crisis.
- The profit share of corporations fell again in the fourth quarter. For the year as a whole, it stood at 43.8%, below the record level of 2021 but still high by historical standards.
- The general government deficit narrowed slightly. For 2022 as a whole, it amounted to 3.9% of GDP.

**KEY INDICATORS**

(data adjusted for seasonal and calendar effects)

Households <sup>1</sup>				Non-financial corporations		General government
		Saving rate (%)	Investment rate (%)	Profit share (%)	Investment rate (%)	Budget balance (% of GDP)
2020		20.5	9.2	42.7	27.6	-9.0
2021		17.0	9.9	44.2	26.9	-5.5
2022		12.5	10.3	43.8	26.4	-3.9
2020	I	17.9	9.3	43.9	27.4	-6.9
	II	25.1	8.3	40.7	26.3	-14.4
	III	16.0	9.5	42.9	27.6	-6.8
	IV	23.1	9.5	43.0	28.9	-8.6
2021	I	20.5	9.7	44.5	27.9	-5.7
	II	18.8	9.9	43.8	27.9	-6.4
	III	15.8	9.9	44.4	26.4	-6.7
	IV	13.1	10.2	44.2	25.6	-3.3
2022	I	11.6	10.7	44.1	26.3	-2.1
	II	14.4	10.2	44.2	25.9	-4.4
	III	13.1	10.2	43.8	26.3	-4.7
	IV	10.8	10.1	43.1	27.2	-4.4

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

### ***Household saving rate falls significantly***

The saving rate fell to 10.8% in the fourth quarter of 2022, from 13.1% the previous quarter.

While household disposable income increased (+1.0%), final consumption expenditure increased even more strongly (+3.7%), which negatively impacted the saving rate.

The most significant contributors to disposable income growth in the fourth quarter were compensation of employees and mixed income of the self-employed, by 1.6 and 0.6 percentage point(s), respectively. Conversely, current taxes on income and wealth accounted for a negative contribution of -1.3 percentage points.

Over 2022 as a whole, household disposable income increased considerably (+7.2%). The main contributor to this growth was employee compensation, to the tune of 7.9 percentage points. Mixed income of the self-employed as well as property income and other net current transfers also made a positive contribution, albeit to a lesser extent, i.e. by 1.9 and 0.9 percentage point(s), respectively. On the other hand, the fall in net social benefits and the rise in taxes on income and wealth negatively affected disposable income growth, by -0.6 and -2.9 percentage point(s), respectively.

In 2022, a sharp rise in final consumption expenditure was reported (+13.1%), well in excess of the increase in household disposable income (+7.2%). This weighed heavily on the household saving rate, which stood at 12.5% for 2022, very close to its pre-pandemic level (12.4% in 2019).

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

In the fourth quarter of 2022, the household investment rate (which includes housing construction and renovation and gross fixed capital formation of the self-employed and NPIs serving households) remained relatively stable at 10.1%.

On average, for the year as a whole, the household investment rate was 10.3%, up from 9.9% in 2021.

### ***The profit share of non-financial corporations is trending downwards again***

The profit share of non-financial corporations fell again in the fourth quarter of 2022, to 43.1%, compared with 43.8% in the previous quarter. The gross operating surplus of non-financial corporations contracted by 0.8%, while value added grew by 0.7%.

For the year as a whole, the profit share of non-financial corporations stood at 43.8%. This is lower than the record level of 44.2% reached in 2021, but still high by historical standards.

The profit share presented here represents the average for the entire non-financial corporate sector.

One limitation of this indicator is that it does not reflect heterogeneity within the sector.

### ***The investment rate of non-financial corporations continues to rise***

The investment rate of non-financial corporations reached 27.2% of value added in the fourth quarter, up from 26.3% in the previous quarter. Growth in investment by non-financial corporations (+4.0%) was indeed well above growth in value added (+0.7%).

However, for the year as a whole, the investment rate of non-financial corporations stood at 26.4%, down from 26.9% in 2021.

### ***The general government financing balance is slightly improved***

In the fourth quarter of 2022, the general government balance recovered modestly, displaying a deficit of 4.4% of GDP (compared with 4.7% in the third quarter).

Revenue growth was mainly due to an increase in direct taxes.

On the expenditure side, employee compensation and intermediate consumption were the main contributors to growth.

For 2022 as a whole, the deficit came in at 3.9% of GDP, compared to 5.5% the previous year.

### **Methodology and definitions**

The non-institutional sector accounts are compiled at current prices and in accordance with ESA 2010.

The rates considered fluctuate widely from quarter to quarter. In order to detect more fundamental trends, they are presented after adjustment for seasonal and calendar effects.

The gross saving rate 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 share of gross disposable income which is not spent. The saving rate therefore increases when gross disposable income grows faster than final consumption expenditure.

The gross investment rate 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 expenditure on housing construction and renovation as well as investments in fixed capital by self-employed persons and NPISHs.

The investment rate of companies is gross fixed capital formation divided by gross value added.

The profit share 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 the payment of employee compensation and taxes on production (net of subsidies).

The government budget balance measures the government's lending capacity or borrowing need. A positive balance (lending capacity) means that, after taking into account all revenue and expenditure, the government is able to increase its financial assets and/or reduce its financial liabilities. Conversely, a negative balance (borrowing need) 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.