National Accounts Institute

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PRESS RELEASE

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Non-financial accounts of the institutional sectors – Q4 2023[1]

- **The household saving rate stabilised in the fourth quarter of 2023. For 2023 as a whole, it stood at 14.5%.**
- **The corporate profit share fell slightly. For 2023 as a whole, it stood at 41.9%, well below the historically high level seen in the previous two years.**
- **The government budget deficit widened. For 2023 as a whole, it amounted to 4.4% of GDP.**

KEY INDICATORS

(data adjusted for seasonal and calendar effects)

		Households[1]		Non-financial corporations		General government
		Saving rate (%)	Investment rate (%)	Profit share (%)	Investment rate (%)	Budget balance (% of GDP)
2021		17.1	9.7	44.9	26.6	-5.4
2022		12.7	9.5	44.6	26.4	-3.6
2023		14.5	8.7	41.9	28.1	-4.4
2021	I	20.8	9.6	45.1	27.7	-5.6
	II	18.3	9.8	44.6	27.5	-5.6
	III	16.2	9.7	44.8	26.1	-7.1
	IV	13.3	9.8	45.0	25.2	-3.3
2022	I	11.8	10.0	45.5	26.1	-2.2
	II	14.4	9.4	45.1	25.8	-4.2
	III	13.3	9.4	44.4	26.5	-4.5
	IV	11.5	9.2	43.5	27.1	-3.4
2023	I	13.3	9.1	42.5	27.6	-4.1
	II	14.6	8.9	42.2	28.7	-4.1
	III	15.1	8.6	41.5	29.4	-4.4
	IV	15.1	8.4	41.4	26.7	-5.2

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

Household saving rate holds steady

The saving rate held steady at 15.1% in the fourth quarter of 2023.

[1] The sector accounts for the first quarter of 2023 incorporate the latest available data on the quarterly national accounts and the labour market, published on *NBB.stat* on 30 June 2023.

Household disposable income rose slightly (+0.5%) at the same rate as household final consumption expenditure, causing the saving rate to remain unchanged.
The compensation of employees and social benefits contributed 1.2 and 0.3 percentage points, respectively, to growth in household disposable income. Conversely, both current taxes on income and wealth and net property income made a negative contribution, of -0.5 percentage points each.

Over 2023 as a whole, household disposable income rose considerably (+9.2%). This growth was driven mainly by the compensation of employees, in the amount of 7 percentage points. Mixed income of the self-employed, property income and other net current transfers, as well as net social benefits, also made a positive contribution, but to a lesser degree (1.5, 1.1 and 0.4 percentage points, respectively). Conversely, taxes on income and wealth had a negative impact on growth in disposable income, to the tune of -0.9 percentage points.

Final consumption expenditure increased by 6.9% in 2023, thus at a more moderate pace than disposable income. This had a positive impact on the household saving rate, which stood at 14.5% for 2023, close to its long-term average (15.6%).

Household investment rate continues to contract

In the fourth quarter of 2023, the household investment rate (which includes housing construction and renovation as well as gross fixed capital formation by the self-employed and NPISHs) continued to contract, settling at 8.4% compared with 8.6% in the previous quarter.

For 2023 as a whole, the household investment rate averaged 8.7%, down from its 2022 level (9.5%).

Profit share of non-financial corporations falls slightly

The profit share of non-financial corporations fell again in the fourth quarter of 2023, to 41.4%, down from 41.5% in the previous quarter. Their value added increased by 1.0%, while their operating surplus rose by a more moderate 0.7%.

For 2023 as a whole, the profit share for non-financial corporations stood at 41.9%. This is well below the historically high levels recorded in the previous two years (44.9% in 2021 and 44.6% in 2022).

Investment rate of non-financial corporations is declining

The investment rate of non-financial corporations stood at 26.7% of value added in the fourth quarter of 2023, down sharply from the previous quarter (29.4%). Value added rose by 1.0%, while investment fell by 8.0%, mainly due to a number of specific transactions relating to the sale of ships abroad.

For 2023 as a whole, however, the investment rate rose, to 28.1%, compared with 26.4% for 2022.

Government budget balance deteriorates

In the fourth quarter of 2023, the government budget balance deteriorated to a deficit of 5.2% of GDP (compared with 4.4% of GDP in the third quarter).

The widening of the deficit was due to an increase in spending, mainly on social benefits and capital transfers. Revenue was stable.

For 2023 as a whole, the budget deficit was 4.4% of GDP, compared with 3.6% the previous year..

Methodology and definitions

- The 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, with the latter being adjusted for the change in household pension entitlements. Gross saving is the share of gross disposable income that is not spent in the form of final consumption. 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 household pension entitlements. 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.