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PRESS RELEASE

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Non-financial accounts by institutional sector – Q3 2023¹

- Profit share of non-financial corporations declined further while their investment rate continued to rise.
- Household savings rate and general government deficit remained relatively stable.

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)
2020	I	18.2	9.3	44.2	27.1	-6.8
	II	24.8	8.3	41.0	26.0	-13.5
	III	16.2	9.4	43.0	27.2	-7.0
	IV	22.5	9.6	43.3	28.4	-8.8
2021	I	20.9	9.6	45.2	27.7	-5.6
	II	18.3	9.8	44.6	27.5	-5.6
	III	16.3	9.7	44.8	26.1	-6.9
	IV	13.2	9.8	44.9	25.2	-3.5
2022	I	12.0	10.0	45.4	26.0	-2.1
	II	14.3	9.4	45.0	25.8	-3.8
	III	13.5	9.3	44.3	26.5	-4.3
	IV	11.7	9.2	43.8	27.1	-4.0
2023	I	13.4	9.1	42.6	27.7	-3.7
	II	14.7	8.8	42.2	28.8	-4.0
	III	14.8	8.6	41.7	29.5	-4.1

¹ Including not-for-profit institutions serving households (NPISH).

Household savings rate remains stable

The household savings rate stood at 14.8% in the third quarter of 2023, compared with 14.7% in the previous quarter.

Household disposable income rose by 1.5%, while final consumption expenditure increased by 1.4%, leaving the savings rate essentially stable.

¹ The sector accounts for the third quarter of 2023 incorporate the latest available quarterly data on the national accounts and labour

The most significant contributors to growth in disposable income were employee compensation and net social benefits, by 1.6 and 0.4 percentage points respectively. Conversely, property income and other net current transfers accounted for a negative contribution of -0.9 percentage points.

Household investment rate continues to fall

In the third 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 NPISH) stood at 8.6%, compared with 8.8% in the previous quarter.

Profit share of non-financial corporations still in decline

The profit share of non-financial corporations continued to decline in the third quarter of 2023, falling to 41.7% from 42.2% in the previous quarter.

The value added of non-financial corporations rose by 1.0%, while the gross operating surplus fell by 0.1%, which has a negative impact on the profit share. The fall in gross operating surplus was mainly due to a 2.2% rise in employee compensation, following the discontinuation of measures to reduce employers' contributions in the first two quarters of 2023, as part of a drive to boost competitiveness.

Investment rate of non-financial corporations rises further

The investment rate of non-financial corporations stood at 29.5% of value added in the third quarter of 2023, up for the fifth consecutive quarter. Growth in investment (+3.5%) was still far outstripping growth in value added (+1.0%).

General government balance remains stable

In the third quarter of 2023, the general government balance remained relatively stable, with a deficit of 4.1% of GDP, compared with 4.0% in the previous quarter.

A slight fall in revenue, mainly from direct taxes, exceeded the drop in current expenditure.

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 NPISH.
- The investment rate of corporations is gross fixed capital formation divided by gross value added.
- The profit share of corporations 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 requirement. 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 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.