



PRESS RELEASE

Links: [Publication](#) [NBB.Stat](#) [General information](#)

Second quarter of 2020 saw economic activity contract by 11.8 %

- **Domestic employment fell by 0.8 %**
- **The household savings ratio shot up, whereas the government budget balance slumped**

In this publication, the National Accounts Institute (NAI) is releasing the revised economic growth figures for the second quarter of 2020.

At the same time, it publishes the quarterly series which have been updated on the basis of the national accounts published on 19 October 2020.

Economic growth

In the second quarter of 2020, the COVID-19 crisis caused **real** gross domestic product (GDP) adjusted for seasonal and calendar effects to shrink by 11.8 % on the previous quarter, with the annualised drop in GDP growth working out at 13.9 %.

Value added was down by 12.7 % in industry, by 13.4 % in construction and by 11.3 % in services.

Households cut their consumption expenditure and investments by 11.6 % and 14.6 % respectively. Meanwhile, government also consumed 5.9 % less, mainly as a result of lower spending on non-urgent activities in the health care sector (surgeries, consultations, etc.) in the first five weeks of the quarter. Its investments also dropped by 7.8 %. Business investment was down by 20.1 %.

COVID-19 also had a distorting effect on international trade and thus on Belgium's import and export flows. Exports of goods and services tumbled by 14.2 %, while imports recorded a drop of 14.3 %.

Employment

Despite the COVID-19 crisis, domestic employment shrank by only 0.8 % (37 300 persons) in the second quarter of 2020 compared to the previous quarter, while the volume of work by employees fell by 11.7 %. Employees in temporary unemployment are still ranked among those in work, whereas their performance fell because of the health crisis. The observed reduction in domestic employment is explained by the highly temporary contracts not being extended, e.g. for agency workers, casual workers, those on flexible contracts and student workers. The hardest-hit sectors were the hotel and catering industry and business services (which includes temping agencies).

Non-financial accounts of institutional sectors

The sector accounts are compiled in **current prices**.

The second quarter of 2020 saw household disposable income drop by 2.3 % and household consumer expenditure by 11.7 %. This pronounced fall in consumer expenditure, coupled with a more modest drop in disposable income, pushed up the gross savings ratio to 26.6 % of disposable income, a 7.7 percentage point jump on the previous quarter. The household investment ratio decreased by 1.2 percentage points to 8.0 % of disposable income.

The profit margin of non-financial corporations declined to 40.2 % of value added in the second quarter of 2020, as the operating surplus (down by 19.2 %) contracted more sharply than value added (down by 17.2 %). Non-financial corporations' investment ratio also came down to 26.3 % of value added, compared with 27.3 % in the first quarter, caused by a steep drop in investment (-20.3 %).

As the second quarter of 2020 progressed, the general government overall balance recorded a negative 14.1 % of GDP, compared with -5.5 % of GDP in the previous quarter. Government revenues worked out at 52.3 % of GDP, while public expenditure was sharply up to 66.3 % of GDP.

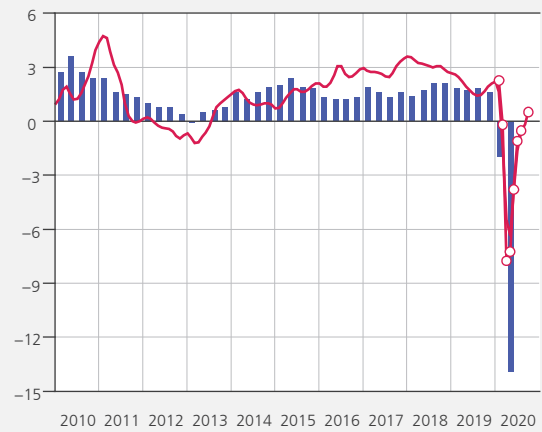
The main administrative data were available for this publication as is customary, with uncertainties stemming from the pandemic in the area of non-market production and the components of the expenditure approach, as well as in estimates of certain transfers between sectors. For the seasonal adjustment of the data series, the recent [Eurostat guidance](#) has been followed in order to estimate the impact of COVID-19 as accurately as possible.

GDP, QUARTERLY GROWTH IN VOLUME

(data adjusted for seasonal and calendar effects)

	Percentage change compared to	
	corresponding quarter of the previous year	previous quarter
2018 I	1.4	0.4
II	1.7	0.5
III	2.1	0.3
IV	2.1	0.9
2019 I	1.8	0.2
II	1.7	0.3
III	1.8	0.5
IV	1.6	0.6
2020 I	-2.0	-3.4
II	-13.9	-11.8

GDP AND THE ECONOMIC CYCLE



■ GDP growth in volume (percentage change compared to the corresponding quarter of the previous year)

— Business survey (smoothed data, right-hand scale)

○ Business survey (gross data, right-hand scale)

MAIN COMPONENTS

(percentage change in volume compared to the preceding period, data adjusted for seasonal and calendar effects)

	2018		2019				2020	
	III	IV	I	II	III	IV	I	II
1. Value added								
Industry	-0.1	1.0	0.9	0.1	1.2	0.2	-1.8	-12.7
Construction	1.7	1.3	0.8	-0.1	1.4	2.2	-5.1	-13.4
Services	0.4	0.9	0.0	0.3	0.3	0.5	-3.1	-11.3
P.m. GDP	0.3	0.9	0.2	0.3	0.5	0.6	-3.4	-11.8
2. Expenditure								
Private consumption expenditure (1)	0.0	0.4	0.0	0.6	0.8	0.6	-6.7	-11.6
Final consumption expenditure of general government	-0.1	0.4	0.4	0.6	0.6	0.7	-2.2	-5.9
Total gross fixed capital formation	0.8	2.8	0.3	0.1	0.3	0.6	-4.4	-17.7
Business	0.4	2.7	-0.2	0.4	0.6	1.6	-3.9	-20.1
Housing	2.7	3.1	1.7	0.9	-1.9	0.7	-5.4	-14.6
Public administration	0.1	3.2	1.2	-3.6	3.1	-6.1	-5.2	-7.8
Domestic demand (excluding changes in inventories)	0.2	1.0	0.2	0.5	0.6	0.6	-5.1	-11.7
Change in inventories (2)	0.5	-0.2	-0.5	0.2	-0.6	0.1	0.8	-0.4
Exports of goods and services	0.3	1.0	0.2	-0.1	0.2	1.1	-1.5	-14.2
Imports of goods and services	0.7	0.8	-0.4	0.4	-0.3	1.3	-2.5	-14.3
Net exports of goods and services (2)	-0.3	0.1	0.5	-0.4	0.4	-0.1	0.7	-0.1
3. Labour market								
Total number of workers	0.3	0.4	0.5	0.4	0.4	0.4	-0.2	-0.8
Number of hours worked by employees	0.3	0.3	0.6	0.2	0.1	0.4	-3.0	-11.7

(1) Including non-profit institutions serving households.

(2) Contribution to the change in GDP.

KEY INDICATORS FROM SECTOR ACCOUNTS*(data in value adjusted for seasonal and calendar effects)*

		Households (1)		Non-financial corporations		Government
		Saving rate (in %)	Investment rate (in %)	Profit share (in %)	Investment rate (in %)	Budget balance (in %)
2018	I	11.4	9.2	41.6	26.7	-0.4
	II	11.4	9.2	41.4	26.8	0.0
	III	11.5	9.4	41.8	26.7	-0.7
	IV	12.1	9.7	42.3	27.0	-2.1
2019	I	13.1	9.8	42.0	27.0	-1.9
	II	13.6	9.8	41.7	27.0	-2.2
	III	13.0	9.7	41.5	27.0	-1.7
	IV	12.5	9.8	41.1	27.3	-1.9
2020	I	18.9	9.2	41.2	27.3	-5.5
	II	26.6	8.0	40.2	26.3	-14.1

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