

PRESS RELEASE

Links:

[NBB.stat](#)

[General information](#)

Non-financial accounts of the institutional sectors – Q1 2023¹

- Influenced by annual wage indexation, the household saving rate rose while the corporate profit share recorded a marked decline.
- The government budget balance is deteriorating.

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	17.9	9.3	43.9	27.4	-6.9
	II	25.2	8.3	40.7	26.3	-14.4
	III	16.0	9.5	42.9	27.6	-6.8
	IV	23.1	9.5	42.9	28.9	-8.6
2021	I	20.5	9.7	44.5	27.8	-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	-2.2
	II	14.4	10.2	44.3	25.9	-4.4
	III	13.1	10.2	43.8	26.3	-4.7
	IV	10.8	10.1	43.1	27.2	-4.2
2023	I	13.9	9.8	40.9	28.0	-5.0

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

Household saving rate rises

The saving rate climbed back to 13.9% in the first quarter of 2023, making up for the sharp fall recorded in the previous quarter, when it dropped to 10.8%.

Household disposable income rose markedly (+4.9%), while final consumption expenditure increased less significantly (+1.2%), pushing up the saving rate.

As a result of annual wage indexation, which affects a large segment of the workforce in the first quarter, employee compensation contributed 3.8 percentage points to the strong growth in disposable income. Net social benefits contributed 1.0 percentage point, while the contribution of other components of disposable income was insignificant.

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 investment rate falls slightly

In the first 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) fell to 9.8%, compared with 10.1% in the previous quarter.

Profit share of non-financial corporations declines noticeably

In the first quarter of 2023, non-financial corporations recorded a marked decline in their profit share, which dropped to 40.9% from 43.1% the previous quarter. It has thus returned to a level close to its long-term average (40.6% on average over the period 2010-2019, before the pandemic).

While value added grew by 1.4%, annual wage indexation led to a 5.7% increase in employee compensation, resulting in a sharp contraction in gross operating surplus (-3.7%), which had a negative impact on the profit share of non-financial corporations.

Investment rate of non-financial corporations continues to rise

The investment rate of non-financial corporations stood at 28.0% of value added in the first quarter of 2023, up from the previous quarter (27.2%). Growth in investment by non-financial corporations (+4.3%) is still far in excess of growth in value added (+1.4%).

Government budget balance deteriorates

In the first quarter of 2023, the general government balance deteriorated, posting a deficit of 5.0% of GDP, compared with 4.2% of GDP in the previous quarter.

Revenue is falling overall, as the increase in indirect tax revenue is insufficient to offset the significant fall in direct tax revenue.

Expenditure growth is being driven mainly by an increase in social benefits in cash.

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, 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.