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PRESS RELEASE

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Economic growth came to 0.2 % in the first quarter of 2019

- **Over 2018 as a whole, GDP was up by 1.4 %**

In this publication the National Accounts Institute (NAI) is circulating the result of the “flash estimate” of economic growth in the first quarter of 2019. At the same time, it is publishing an updated version of the 2018 quarterly accounts which now incorporate the recently published data on the government accounts and the balance of payments.

In accordance with best European practice, the [government](#) accounts for the past three years for which annual figures had already been published were revised. Those changes are included in this publication of the quarterly accounts.

1. Flash estimate of economic growth in the first quarter of 2019

According to the flash estimate of gross domestic product (GDP) by volume after adjustment for seasonal and calendar effects, economic activity in the first quarter of 2019 was 0.2 % up against the previous quarter. Compared to the first quarter of 2018, GDP growth came to 1.1 %.

2. Accounts for the fourth quarter of 2018

In the fourth quarter of 2018, gross domestic product (GDP) by volume adjusted for seasonal and calendar effects increased by 0.4 % against the previous quarter. On an annual basis, that represented 1.2 % growth compared to 1.5 % in the third quarter.

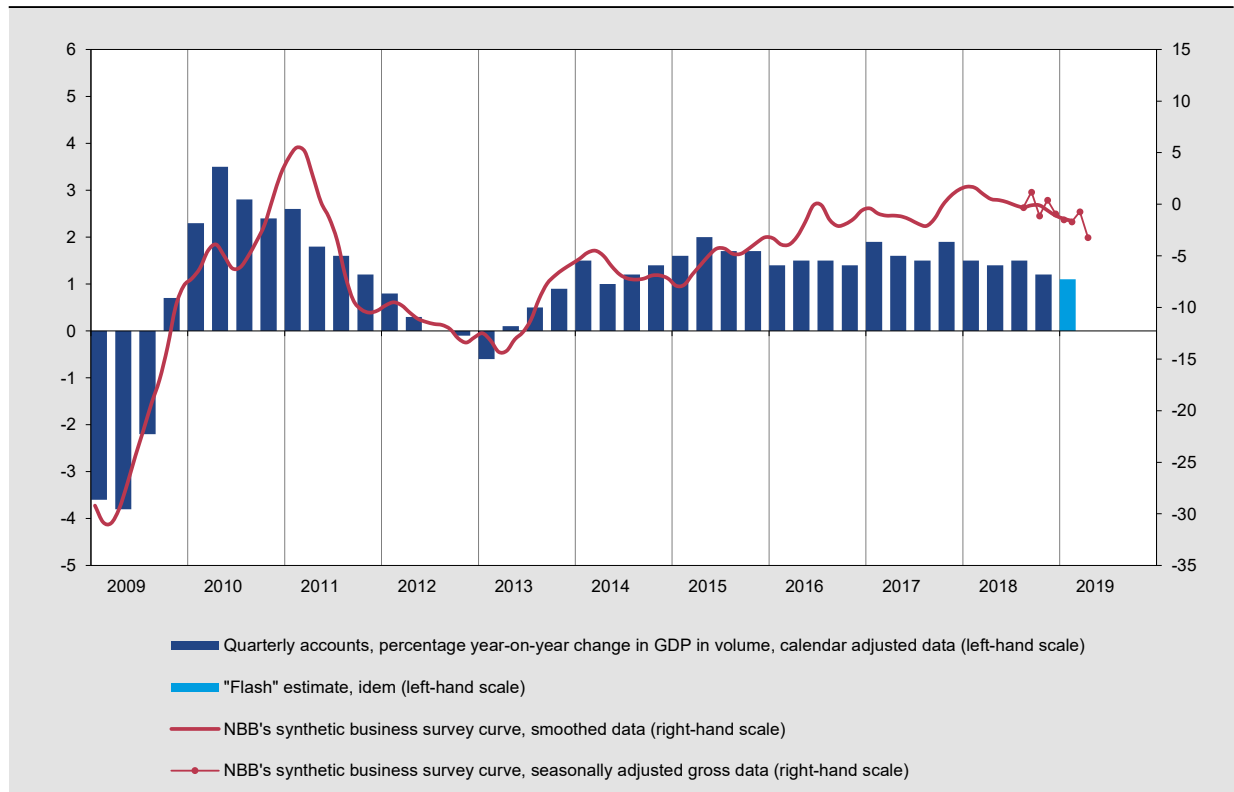
Compared to the previous quarter, value added was up by 1.5 % in industry and 1.1 % in construction, while in services the figure remained stable.

Domestic demand gained momentum. Firms and households stepped up their investment by 3.9 % and 2.9 % respectively, with business investment once again being influenced by a number of specific transactions relating to sales and purchases of ships to and from foreign countries. Government investment (+1.6 %) and consumption expenditure (+0.1 %) also increased. In contrast, household consumption expenditure remained stable in relation to the previous quarter.

Both exports and imports of goods and services increased. However, imports (+1.8 %) rose more steeply than exports (+1.1 %), so that the contribution of net exports of goods and services to GDP growth was negative (-0.5 percentage point).

Domestic employment expanded by 0.4 % against the previous quarter, mainly as a result of the growth of salaried employment in health care and social services, and the rise in self-employed activity. The volume of labour of employees was 0.3 % higher than in the previous quarter.

GRAPH 1 GDP AND THE ECONOMIC CYCLE



Source: NAI.

QUARTERLY AGGREGATES

GDP, QUARTERLY GROWTH IN VOLUME

(data adjusted for seasonal and calendar effects)

	Percentage change compared to	
	corresponding quarter of the previous year	previous quarter
2016 I	1.4	0.2
II	1.5	0.7
III	1.5	0.2
IV	1.4	0.3
2017 I	1.9	0.7
II	1.6	0.4
III	1.5	0.2
IV	1.9	0.7
2018 I	1.5	0.3
II	1.4	0.3
III	1.5	0.3
IV	1.2	0.4
2019 I	1.1	0.2

MAIN COMPONENTS

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

	2017				2018			
	I	II	III	IV	I	II	III	IV
<u>1. Value added</u>								
Industry	0.8	-0.6	0.2	1.2	-0.1	-0.2	0.4	1.5
Construction	1.9	-0.5	-1.9	0.4	1.1	0.7	0.3	1.1
Services	0.5	0.7	0.3	0.6	0.2	0.4	0.2	0.0
p.m. GDP	0.7	0.4	0.2	0.7	0.3	0.3	0.3	0.4
<u>2. Expenditure</u>								
Private consumption expenditure (1)	0.2	0.6	-0.2	0.0	0.8	0.2	-0.1	0.0
Final consumption expenditure of general government	-0.5	0.3	0.1	0.3	0.3	0.2	0.0	0.1
Total gross fixed capital formation	2.0	1.0	-0.1	0.5	1.3	-0.1	0.5	3.4
Business	2.7	1.5	-0.5	0.8	1.2	-0.5	0.4	3.9
Housing	0.6	-0.9	0.1	-1.3	1.6	0.5	0.5	2.9
Public administration	0.1	1.8	1.6	2.3	1.4	1.8	0.9	1.6
Domestic demand (excluding inventories)	0.4	0.6	-0.1	0.2	0.8	0.1	0.0	0.9
Change in inventories (2)	-0.2	-0.3	0.2	0.4	-0.5	-0.2	0.1	0.1
Exports of goods and services	0.7	-0.2	-0.3	2.9	0.2	0.5	1.4	1.1
Imports of goods and services	0.1	-0.3	-0.3	2.8	0.3	0.0	1.3	1.8
Net exports of goods and services (2)	0.5	0.1	0.0	0.1	-0.1	0.4	0.1	-0.5
<u>3. Labour market</u>								
Total number of workers	0.4	0.4	0.2	0.3	0.4	0.3	0.4	0.4
Number of hours worked by employees	0.1	0.5	0.4	0.4	0.4	0.3	0.3	0.3

(1) Including non-profit institutions serving households.

(2) Contribution to the change in GDP.

3. Accounts for 2018 as a whole

Over 2018 as a whole, the calendar-adjusted volume of GDP increased by 1.4 %, following 1.7 % growth in 2017.

In services, value added was up by 1.4 %, after having risen by 2.2 % in 2017. In industry, growth accelerated from 0.5 % in 2017 to 1.1 % in 2018. Construction also posted positive growth in 2018 (+1.2 %), whereas a decline of 0.8 % was recorded in 2017.

Domestic demand excluding inventories was up by 1.4 % in 2018. That rise was attributable to higher household consumption expenditure (+1.0 %) and the 2.7 % increase in business investment. Public investment was also up (+6.8 %), as were public consumption (+0.9 %) and household investment in housing (+1.8 %). Total gross investment in fixed assets recorded 2.9 % growth.

Foreign demand increased, too, in 2018. Exports of goods and services expanded by 3.6 %, while imports of goods and services also recorded a 3.3 % rise. The contribution of net exports to GDP growth thus came to 0.3 percentage point in 2018, compared to 0.6 percentage point in 2017.

During 2018, domestic employment grew by 1.3 % (+61 700 persons), following a rise of 1.4 % (+64 500 persons) in 2017. The number of hours worked by employees increased by 1.6 % in 2018 following a similar rise in 2017.

ANNUAL AGGREGATES

GDP, ANNUAL GROWTH IN VOLUME

(percentage changes, data adjusted for seasonal and calendar effects)

2015	1.7
2016	1.5
2017	1.7
2018	1.4

MAIN COMPONENTS

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

	2015	2016	2017	2018	pm 2018 gross (3)
1. Value added					
Industry	2.8	0.5	0.5	1.1	1.1
Construction	1.7	-0.1	-0.8	1.2	1.2
Services	1.5	1.6	2.2	1.4	1.4
2. Expenditure					
Private consumption expenditure (1)	0.9	1.7	1.1	1.0	1.0
Final consumption expenditure of general government	0.3	0.0	0.4	0.9	0.9
Total gross fixed capital formation	2.7	3.8	1.8	2.9	2.9
Business	3.6	4.7	2.3	2.7	2.7
Housing	1.0	3.7	0.0	1.8	1.8
Public administration	1.1	-2.1	2.3	6.8	6.8
Domestic demand (excluding inventories)	1.2	1.8	1.1	1.4	1.4
Change in inventories (2)	0.4	0.2	0.0	-0.3	-0.3
Exports of goods and services	3.5	7.6	5.0	3.6	3.6
Imports of goods and services	3.4	8.5	4.3	3.3	3.3
Net exports of goods and services (2)	0.1	-0.5	0.6	0.3	0.3
3. Labour market					
Total number of workers	0.9	1.3	1.4	1.3	1.3
Number of hours worked by employees	0.6	1.4	1.6	1.6	1.6

(1) Including non-profit institutions serving households.

(2) Contribution to the change in GDP.

(3) Gross: data not adjusted for seasonal and calendar effects

4. Non-financial accounts of the institutional sectors in the fourth quarter of 2018

The sector accounts were drawn up at current prices.

In the fourth quarter of 2018, household disposable income was up by 1.7 % against the previous quarter. Consumption expenditure grew by 0.7 %. The saving rate consequently increased by almost 1 percentage point against the preceding quarter, amounting to 12.2 % of disposable income.

Over 2018 as a whole, the household saving rate stood at 11.7 %, compared to 11.4 % in 2017.

The investment rate of non-financial corporations increased against the previous quarter from 26.3 % to 27.1 % of value added. In the fourth quarter, the investment of non-financial corporations grew by 4.3 %, outpacing the growth of their gross value added (+1.2 %).

Over 2018 as a whole, the investment rate of non-financial corporations averaged 26.5 % of value added, compared to 26.1 % in 2017.

During the fourth quarter of 2018, the general government budget balance came to -1.5 % of GDP, compared to -0.7 % in the previous quarter. The deterioration in the balance at the end of the year is attributable to the decline in revenues combined with the increased expenditure. The expenditure growth is due mainly to civil service pay and social benefits. The decline in direct taxation is the main reason for the fall in revenue.

The quarterly profile of the general government balance is consistent with the annual estimate already announced by the NAI on 18 April this year: over 2018 as a whole, the government budget deficit hardly improved at all compared to the previous year and amounted to 0.7 % of GDP.

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

	Households ¹		Non-financial corporations		General government	
	Saving rate (in %)	Investment rate (in %)	Profit share (in %)	Investment rate (in %)	Balance (in %)	
2016	11.3	10.1	43.0	26.1	-2.4	
2017	11.4	10.1	43.1	26.1	-0.8	
2018	11.7	10.2	42.5	26.5	-0.7	
2016	I	11.4	10.0	42.3	25.1	-3.5
	II	11.0	10.2	43.2	25.1	-2.4
	III	11.7	10.1	43.1	28.5	-2.7
	IV	11.0	10.2	43.3	25.6	-1.1
2017	I	11.0	10.2	43.8	26.0	-0.8
	II	11.2	10.1	43.1	26.3	-1.2
	III	11.9	10.1	42.9	26.1	-0.9
	IV	11.7	10.0	42.7	26.1	-0.5
2018	I	11.4	10.1	42.8	26.5	-0.6
	II	11.7	10.1	42.3	26.3	0.0
	III	11.3	10.2	42.4	26.3	-0.7
	IV	12.2	10.4	42.6	27.1	-1.5

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