



## PRESS RELEASE

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### **Economic growth weighs in at 0.5 % in the first quarter of 2017**

#### **Over the year 2016 as a whole, GDP was up by 1.2 %**

The National Accounts Institute (NAI) disseminates in this press release the result of the flash estimate of economic growth for the first quarter of 2017. At the same time, it is publishing an update of the quarterly accounts for 2016, which includes recently issued figures for general government accounts and the balance of payments.

In order to meet the European best practice requirements, the NAI has decided to review the [general government](#) accounts from the last three years for which annual figures have already been published. These changes are recorded in this publication of the quarterly accounts.

#### 1. Flash estimate of economic growth in the first quarter of 2017

According to the flash estimate for seasonally and calendar adjusted gross domestic product (GDP) in volume terms, economic activity in the first quarter of 2017 grew by 0.5 % compared with the previous quarter. In comparison to the first quarter of 2016, GDP was up by 1.5 %.

#### 2. Accounts for the fourth quarter of 2016

In the last quarter of 2016, seasonally and calendar adjusted GDP by volume rose by 0.4 % compared with the previous quarter. On an annual basis, this works out at a growth rate of 1.1 % against 1.2% in the third quarter.

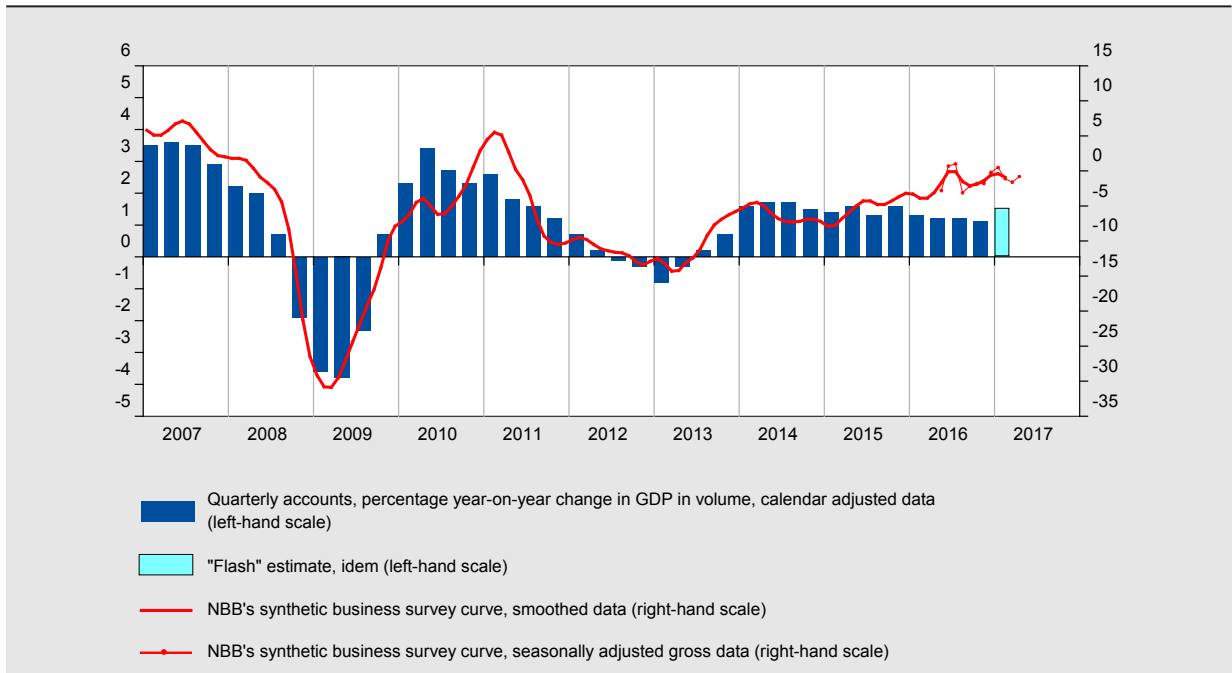
Compared to the previous quarter, value added rose in the services sector (+0.5 %), stabilised in industry (0.0 %) and declined slightly in construction (-0.1 %).

All components of domestic demand showed an increase. Households raised their consumption expenditure (+0.2 %) and their investment in residential buildings (+0.5 %). Likewise, government expenditure was up, as was public consumption (+0.4 %) and investment (+1.6 %). Companies boosted their gross fixed capital formation by a strong 5.6 % overall. But this was in part attributable to the acquisition by a pharmaceuticals company of R&D services abroad.

The exceptional increase in business investment was offset by higher imports of goods and services (+2.6 %). Exports of goods and services were also up, albeit to a lesser extent (+1.4 %), so the contribution of net exports to economic growth turned out to be negative (-1.0 percentage point).

Domestic employment rose by 0.1 % from the previous quarter, mainly due to the positive trend in employment of wage-earners in the health care and social services sector as well as self-employment. The volume of labour among wage-earners rose by 0.8 % from the previous quarter.

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
2014 I	1.6	0.5
II	1.7	0.4
III	1.7	0.3
IV	1.5	0.3
2015 I	1.4	0.4
II	1.6	0.6
III	1.3	0.1
IV	1.6	0.5
2016 I	1.3	0.1
II	1.2	0.5
III	1.2	0.1
IV	1.1	0.4
<b>2017 I</b>	<b>1.5</b>	<b>0.5</b>

### MAIN COMPONENTS

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

	2015				2016			
	I	II	III	IV	I	II	III	IV
<b>1. Value added</b>								
Industry	1.4	1.0	0.8	1.2	0.5	-0.3	0.0	0.0
Construction	0.9	1.8	0.6	1.0	1.5	0.7	-0.1	-0.1
Services	0.1	0.4	-0.1	0.3	-0.1	0.6	0.1	0.5
<b>2. Expenditure</b>								
Private consumption expenditure (1)	0.6	0.6	-0.3	0.1	0.4	0.6	0.4	0.2
Final consumption expenditure of general government	-0.2	-0.1	-0.3	0.0	0.2	-0.3	0.0	0.4
Total gross fixed capital formation	9.6	-10.2	2.1	1.8	1.1	1.2	-1.5	4.0
Business	14.3	-13.9	2.7	1.8	1.3	1.1	-2.2	5.6
Housing	-0.1	-2.1	-0.1	3.4	0.6	2.2	0.3	0.5
Public administration	1.1	-1.0	2.8	-1.3	0.9	-0.6	-0.7	1.6
Domestic demand (excluding inventories)	2.5	-2.2	0.3	0.5	0.5	0.5	-0.1	1.1
Change in inventories (2)	-0.5	0.8	0.0	-0.1	-0.4	0.2	0.2	0.3
Exports of goods and services	1.0	1.1	0.3	2.0	0.5	3.1	1.7	1.4
Imports of goods and services	2.9	-1.3	0.5	1.7	0.5	3.4	1.8	2.6
Net exports of goods and services (2)	-1.6	2.0	-0.2	0.2	-0.1	-0.2	0.0	-1.0
<b>3. Labour market</b>								
Total number of workers	0.2	0.3	0.3	0.2	0.3	0.5	0.5	0.1
Number of hours worked by employees	0.7	-0.1	0.0	0.6	0.5	0.2	0.2	0.8

(1) Including non-profit institutions serving households.

(2) Contribution to the change in GDP.

### 3. Accounts for the full year of 2016

Over the year 2016 as a whole, calendar adjusted GDP in volume terms rose by 1.2 %, after having grown by 1.5 % in 2015.

Value added expanded in services by 0.8 %, just like in 2015. In industry the pace of growth slowed down from 4.0 % in 2015 to 1.8 % in 2016, while the pace of growth in the construction industry in 2016 was up by 3.5 %, compared with 3.2 % in 2015.

Domestic demand (excluding inventories) grew by 1.0 % in 2016. This increase was based, on the one hand, on household consumption expenditure (+1.2 %) and investment (+4,5 %) and on the other hand, on business investment, which posted a growth rate of 1.2 %. Public investment also rose (+0.7 %), while public consumption dropped slightly by 0.1 %. Gross fixed capital formation grew at a rate of 1.9 %.

Foreign demand was higher in 2016 too. Exports of goods and services grew by 6.0 %, and imports of goods and services also posted a 6.0 % growth rate in 2016.

Changes in inventories contributed 0.1 of a percentage point to GDP growth in 2016, down from a 0.3 percentage point in 2015.

During the year 2016 as a whole, domestic employment rose by 1.3 % (+59 200 persons), up on the 0.9 % growth (+42 100 persons) recorded in 2015. The number of hours worked by wage-earners increased by 1.4 % in 2016, following an increase of 0.6 % the year before.

## **ANNUAL AGGREGATES**

### **GDP, ANNUAL GROWTH IN VOLUME**

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

2013	-0.1
2014	1.6
2015	1.5
<b>2016</b>	<b>1.2</b>

### **MAIN COMPONENTS**

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

	2013	2014	2015	2016	pm 2016 gross (3)
<b>1. <u>Value added</u></b>					
Industry	0.6	3.9	4.0	1.8	1.8
Construction	-1.7	1.5	3.2	3.5	3.5
Services	0.0	1.2	0.8	0.8	0.8
<b>2. <u>Expenditure</u></b>					
Private consumption expenditure (1)	0.7	0.6	1.1	1.2	1.2
Final consumption expenditure of general government	0.1	1.5	0.3	-0.1	-0.1
Total gross fixed capital formation	-1.6	5.0	2.5	1.9	1.9
Business	-0.3	5.6	3.1	1.2	1.2
Housing	-3.9	4.7	0.8	4.5	4.5
Public administration	-4.5	2.1	2.8	0.7	0.7
Domestic demand (excluding inventories)	0.1	1.8	1.2	1.0	1.0
Change in inventories (2)	-0.6	0.4	0.3	0.1	0.1
Exports of goods and services	0.8	5.1	4.3	6.0	6.0
Imports of goods and services	0.3	5.9	4.3	6.0	6.0
Net exports of goods and services (2)	0.4	-0.6	0.0	0.1	0.1
<b>3. <u>Labour market</u></b>					
Total number of workers	-0.3	0.4	0.9	1.3	1.3
Number of hours worked by employees	-0.7	0.1	0.6	1.4	1.4

(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 2016

The sector accounts are compiled in current prices and in accordance with ESA 2010.

In the fourth quarter of 2016, household disposable income was up by 0.4 %, while their final consumption rose by 0.5 %. The gross savings ratio was consequently less than in the previous quarter, coming down to 11.4 % of disposable income.

For the year 2016 taken as a whole, the savings ratio also worked out at 11.4 %, 0.1 of a percentage point lower than in 2015.

While the value added generated by non-financial corporations during the quarter under review was up by 1.0 %, their investment grew by as much as 6.5 %. So, the investment rate of non-financial corporations was also higher than in the previous three-month period, rising to 26.2 %.

Over the year 2016 as a whole, non-financial corporations recorded an average investment rate of 25.3 % of value added, against 25.6 % in 2015.

By the end of the fourth quarter of 2016, the general government financing balance as calculated on the basis of ESA 2010 came to -1.3 % of GDP, compared with -3.0 % in the previous quarter.

Government revenue was positively influenced by the upward trend in fiscal and parafiscal revenues. In addition, other revenues were up sharply thanks to the claw-back of part of the tax benefits granted to companies under the system of excess profit rulings. The growth of public expenditure was thus slowed down once again by the moderate increase in most categories of spending. As a result, the overall government balance improved during the last quarter of the year.

Over the full year 2016, the general government budget deficit widened to 2.6 % of GDP, compared with 2.5 % of GDP in 2015.

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

		Households <sup>1</sup>		Non-financial corporations	
		Saving rate (in %)	Investment rate (in %)	Profit share (in %)	Investment rate (in %)
2014		11.9	9.9	40.6	25.5
2015		11.5	9.9	41.9	25.6
2016		11.4	10.2	42.7	25.3
2014	I	11.9	9.7	40.3	24.7
	II	11.7	9.9	40.7	24.8
	III	11.7	10.0	40.6	27.5
	IV	12.5	10.0	40.7	25.0
2015	I	11.9	10.0	41.3	28.7
	II	10.8	9.8	41.7	24.2
	III	11.1	9.8	42.0	24.6
	IV	12.0	10.0	42.3	24.8
2016	I	11.4	10.1	42.2	25.1
	II	11.1	10.2	42.9	25.3
	III	11.5	10.2	42.8	24.8
	IV	11.4	10.3	43.1	26.2

<sup>1</sup> Including non-profit institutions (NPIs) serving households.