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PRESS RELEASE

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Non-financial accounts of the institutional sectors in the first quarter of 2017

On 4 July 2017, the NAI published its estimate for the quarterly non-financial accounts of the institutional sectors for the first quarter of 2017. The sectoral accounts are drawn up at current prices and in accordance with the ESA 2010.

KEY INDICATORS

(data adjusted for seasonal and calendar effects)

		Households ¹		Non-financial corporations	
		Saving rate (in %)	Investment rate (in %)	Profit share (in %)	Investment rate (in %)
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	42.3	25.1
	II	11.0	10.2	43.0	25.3
	III	11.5	10.2	42.9	24.8
	IV	11.3	10.3	43.3	26.2
2017	I	10.9	10.1	44.1	25.6

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

Fall in the household saving rate

In the first quarter of 2017, household disposable income was up by 1.1 %, while final consumption expenditure increased by 1.5 %. The gross saving rate therefore declined against the previous quarter, to come back down to 10.9 % of disposable income.

The rise in household disposable income can be explained by the positive contribution made by almost all the income components (compensation of employees, self-employed incomes, rental incomes, net social benefits, property incomes and other net current transfers). However, the rise in current taxes had a negative impact on disposable income growth.

Drop in the household investment rate

During this first quarter, the household investment rate (construction and renovation of housing and gross fixed capital formation of self-employed workers and NPISHs) dropped back by 0.2 of a percentage point from the previous quarter, coming back down from 10.3 to 10.1 % of disposable income.

Increase in the profit share of non-financial corporations

During the quarter under review, the gross value added of non-financial corporations grew by 1.5 % compared with the preceding quarter. Compensation of employees and taxes net of subsidies on production remained stable. These trends had a positive impact on the gross operating surplus, which was up by 3.5 %. Since the gross operating surplus increased faster than gross value added, the profit share of non-financial corporations improved by 0.8 of a percentage point against the previous quarter to reach 44.1 %.

Fall in the investment rate of non-financial corporations

While the gross value added of non-financial corporations grew by 1.5 % during the first quarter, their investment contracted by 0.7 %. Consequently, the investment rate of non-financial corporations dropped back from the previous quarter's level, coming down from 26.2 to 25.6 % of value added.

Improvement in the balance of general government

At the end of the first quarter of 2017, the balance of general government established in accordance with the ESA 2010 worked out at -1.1 % of GDP, compared to -1.5 % of GDP in the previous quarter. In comparison to the last three months of 2016, both revenue and expenditure were down. This decline was nevertheless more pronounced on the expenditure side and comes in the wake of the big increase recorded in the previous quarter, itself due to an exceptional contribution to the EU budget. These developments led to a recovery of the general government balance during the quarter under review.

Definitions

- The gross saving rate of households (household saving rate) is defined as gross saving divided by gross disposable income, with the latter including the change in the net equity of households in pension funds reserves. Gross saving is the part of the gross disposable income which is not spent as final consumption expenditure. Therefore, the saving rate increases when gross disposable income grows at a higher rate than final consumption expenditure.
- The gross investment rate of households (household investment rate) is defined as 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 funds reserves. Household investment consists of the purchase and renovation of dwellings, as well as investments by self-employed workers and NPISH's
- The profit share of non-financial corporations (business profit share) is defined as gross operating surplus divided by gross value added. This profitability-type indicator shows the share of the value added kept by non-financial corporations after the payment for wage costs (plus taxes less subsidies on production).
- The gross investment rate of non-financial corporations (business investment rate) is defined as gross fixed capital formation divided by gross value added. This ratio relates the investment of non-financial businesses in fixed assets (buildings, machinery etc.) to the value added created during the production process.
- The final balancing items by sector show the net lending / net borrowing of each of the big sectors of the economy (households, corporations, government). A net lending means that taking accounts of all receipts and expenses, a sector can increase its financial assets and/or decrease its financial liabilities. In the opposite, a net borrowing implies that the sector has to sell some assets or to increase its debt in order to finance its non-financial operations.
- The considered rates show high fluctuations from a quarter to another. In order to draw more fundamental developments, these series are all presented after correction for seasonal and calendar effects.