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## PRESS RELEASE

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### **Economic growth of 0.4 % in the first quarter of 2018**

- **GDP up by 1.7 % over 2017 as a whole**

In this publication the National Accounts Institute (NAI) is circulating the results of the “flash estimate” of economic growth in the first quarter of 2018. At the same time it is publishing an updated version of the 2017 quarterly accounts which now incorporate the recently published data on the government accounts and the balance of payments.

In order to conform to European best practice, the [government](#) accounts for the past three years for which annual figures have 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 2018

According to the flash estimate of gross domestic product (GDP) by volume, after adjustment for seasonal and calendar effects, economic activity expanded by 0.4 % in the first quarter of 2018 compared to the previous quarter. Against the first quarter of 2017, GDP was up by 1.6 %.

#### 2. Accounts for the fourth quarter of 2017

In the fourth quarter of 2017, after adjustment for seasonal and calendar effects, real GDP was 0.5 % up against the previous quarter. That amounts to growth of 1.9 % year-on-year, compared to 1.6 % in the third quarter.

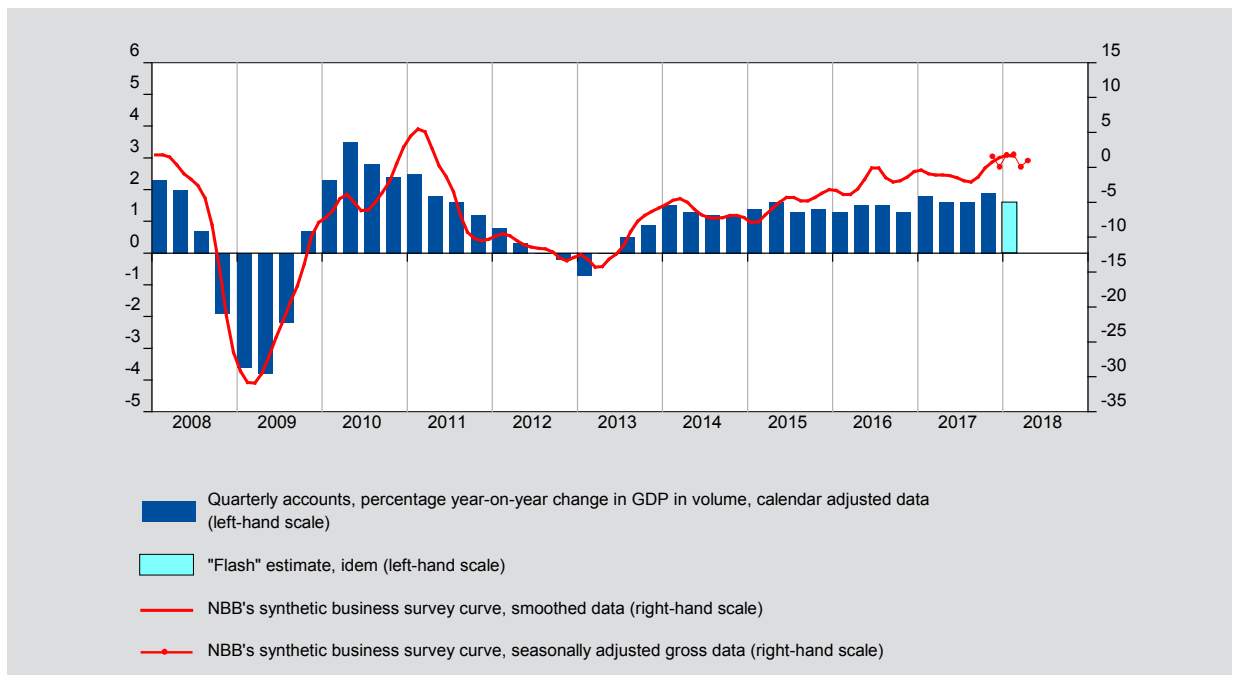
Compared to the previous quarter, value added increased by 0.2 % in industry, 0.1 % in construction and 0.6 % in services.

Domestic demand picked up. The government increased its consumption expenditure and investment by 0.3 % and 0.8 % respectively. Business investment was also up (+1.2 %). In contrast, household consumption expenditure was stable against the previous quarter, while household investment in housing declined by 0.6 %.

Both exports and imports of goods and services increased. However, exports (+2.8 %) were up by a little more than imports (+2.7 %), so that net exports of goods and services made a positive contribution to GDP growth (+0.2 percentage point).

Domestic employment expanded by 0.2 % against the previous quarter, mainly on account of the rise in the employment of salaried workers in health care and social services, plus the increase in self-employed activity. The volume of labour of employees was 0.5 % higher than in 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
2015 I	1.4	0.4
II	1.6	0.5
III	1.3	0.1
IV	1.4	0.5
2016 I	1.3	0.3
II	1.5	0.7
III	1.5	0.1
IV	1.3	0.3
2017 I	1.8	0.7
II	1.6	0.5
III	1.6	0.2
IV	1.9	0.5
<b>2018 I</b>	<b>1.6</b>	<b>0.4</b>

### MAIN COMPONENTS

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

	2016				2017			
	I	II	III	IV	I	II	III	IV
<b>1. Value added</b>								
Industry	0.0	0.3	-0.3	-0.1	0.1	-0.1	-0.1	0.2
Construction	1.0	0.1	-0.8	-1.0	2.7	0.1	-0.8	0.1
Services	0.1	0.8	0.3	0.4	0.7	0.7	0.3	0.6
<b>2. Expenditure</b>								
Private consumption expenditure (1)	0.6	0.7	0.3	0.0	0.6	0.4	0.3	0.0
Final consumption expenditure of general government	0.1	-0.4	0.3	0.7	-0.1	0.6	0.6	0.3
Total gross fixed capital formation	1.7	0.8	7.7	-5.8	0.4	1.0	0.0	0.8
Business	2.4	0.6	11.6	-8.2	0.3	1.5	-0.2	1.2
Housing	-0.2	2.0	-0.1	-0.4	0.8	-0.7	0.2	-0.6
Public administration	1.5	-1.0	-1.1	-0.3	1.4	1.5	0.6	0.8
Domestic demand (excluding inventories)	0.7	0.4	2.1	-1.3	0.4	0.6	0.3	0.3
Change in inventories (2)	-0.2	0.5	-0.1	0.3	0.0	-0.2	0.0	0.1
Exports of goods and services	-0.8	5.8	0.9	2.9	0.6	-0.3	-0.4	2.8
Imports of goods and services	-0.6	6.1	3.1	1.4	0.2	-0.4	-0.3	2.7
Net exports of goods and services (2)	-0.2	-0.2	-1.8	1.3	0.4	0.1	-0.1	0.2
<b>3. Labour market</b>								
Total number of workers	0.2	0.4	0.5	0.3	0.4	0.4	0.2	0.2
Number of hours worked by employees	0.4	0.3	0.2	0.6	0.3	0.5	0.3	0.5

(1) Including non-profit institutions serving households.

(2) Contribution to the change in GDP.

### 3. Accounts for 2017 as a whole

Over the year 2017 as a whole, the calendar adjusted volume of GDP was up by 1.7 %, following a rise of 1.4 % in 2016.

Value added in services recorded an increase of 2.2 %, against 1.4 % in 2016. In industry, the pace of growth slowed in the most recent years and value added contracted in 2017 (-0.2 %), while in construction the pace of growth accelerated from 0.3 % in 2016 to 1.2 % in 2017.

Domestic demand excluding inventories increased by 1.2 % in 2017. That rise was supported by households' consumption expenditure (+1.3 %) and investment (+0.3 %), and also by business investment, which was up by 0.7 %. Public investment also expanded (+2.0 %), as did public consumption (+1.3 %). Total gross investment in fixed assets recorded growth of 0.7 %.

Foreign demand likewise picked up in 2017. Exports of goods and services grew by 4.9 %, while imports of goods and services were up by 4.4 % in 2017. The contribution of net exports to GDP growth thus came to 0.5 percentage point in 2017, compared to -0.6 percentage point in 2016.

During 2017, domestic employment expanded by 1.4 % (+65 300 persons), after growth of 1.3 % (+57 700 persons) in 2016. The number of hours worked by employees increased by 1.6 % in 2017, following a rise of 1.2 % in 2016.

## ANNUAL AGGREGATES

### GDP, ANNUAL GROWTH IN VOLUME

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

2014	1.3
2015	1.4
2016	1.4
<b>2017</b>	<b>1.7</b>

### MAIN COMPONENTS

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

	2014	2015	2016	2017	pm 2017 gross (3)
<b>1. <u>Value added</u></b>					
Industry	4.1	3.3	0.8	-0.2	-0.2
Construction	0.8	2.1	0.3	1.2	1.2
Services	0.8	1.0	1.4	2.2	2.2
<b>2. <u>Expenditure</u></b>					
Private consumption expenditure (1)	0.6	0.9	1.7	1.3	1.3
Final consumption expenditure of general government	0.6	0.4	0.2	1.3	1.3
Total gross fixed capital formation	5.7	2.7	3.8	0.7	0.7
Business	6.4	3.5	4.9	0.7	0.7
Housing	5.7	1.0	2.6	0.3	0.3
Public administration	1.4	1.1	-1.5	2.0	2.0
Domestic demand (excluding inventories)	1.7	1.2	1.8	1.2	1.2
Change in inventories (2)	0.3	0.2	0.2	0.1	0.1
Exports of goods and services	5.2	3.3	7.5	4.9	4.9
Imports of goods and services	6.2	3.3	8.4	4.4	4.4
Net exports of goods and services (2)	-0.8	0.0	-0.6	0.5	0.5
<b>3. <u>Labour market</u></b>					
Total number of workers	0.4	0.9	1.3	1.4	1.4
Number of hours worked by employees	0.2	0.6	1.2	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 2017

The sector accounts are compiled at current prices.

In the fourth quarter of 2017, household disposable income was up by 1.0 % against the previous quarter. Final consumption expenditure increased by 0.4 %. Consequently, the gross saving rate was higher than in the previous period, amounting to 11.7 % of disposable income.

Over 2017 as a whole, the saving rate came to 11.3 %, up by 0.1 percentage point against 2016.

While the gross value added of non-financial corporations grew by 0.8 % during the quarter considered, their investment expanded by 1.5 %. Compared to the previous quarter, the investment rate of non-financial corporations therefore increased, namely from 25.9 % to 26.1 % of value added.

Over 2017 as a whole, the investment rate of non-financial corporations averaged 26.0 % of value added, compared to 26.4 % in 2016.

At the end of the fourth quarter of 2017, the balance of general government stood at -1.2 % of GDP, compared to -0.8 % in the previous quarter.

Revenue was down and expenditure was up against the third quarter of 2017. The expenditure growth was attributable mainly to social benefits and other income transfers. This rise in expenditure outpaced the decline in revenue resulting from changes in taxes on income and capital.

Over 2017 as a whole, the government deficit showed a marked improvement: down to 1.0 % of GDP in 2017, against 2.5 % of GDP in 2016.

**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 %)
2015		11.9	10.0	42.0	25.6
2016		11.2	10.0	43.0	26.4
2017		11.3	9.9	43.1	26.0
2015	I	12.3	10.1	41.4	28.7
	II	11.8	9.9	41.9	24.1
	III	11.5	9.9	42.4	24.7
	IV	12.0	10.0	42.3	24.8
2016	I	11.6	10.0	42.3	25.4
	II	10.5	10.1	43.3	25.4
	III	11.1	10.0	43.2	28.8
	IV	11.5	10.0	43.2	26.1
2017	I	10.7	10.1	43.7	25.9
	II	11.6	9.9	43.0	26.1
	III	11.2	9.9	42.9	25.9
	IV	11.7	9.8	43.0	26.1

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