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PRESS RELEASE

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Non-financial accounts of the institutional sectors – Q1 2024¹

- **The household saving rate fell.**
- **The corporate profit share rose.**
- **The general government budget deficit narrowed slightly to 4.5% of GDP.**

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)
2021	I	20.8	9.6	45.1	27.7	-5.6
	II	18.3	9.8	44.6	27.5	-5.6
	III	16.2	9.7	44.8	26.1	-7.1
	IV	13.3	9.8	45.0	25.2	-3.3
2022	I	11.8	10.0	45.5	26.1	-2.2
	II	14.4	9.4	45.1	25.8	-4.2
	III	13.3	9.4	44.4	26.5	-4.5
	IV	11.6	9.2	43.5	27.1	-3.4
2023	I	13.3	9.1	42.6	27.6	-4.1
	II	14.6	8.9	42.2	28.7	-4.1
	III	15.1	8.6	41.5	29.4	-4.4
	IV	15.1	8.4	41.3	26.7	-5.2
2024	I	14.0	8.5	43.0	27.5	-4.5

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

Household saving rate falls

The saving rate fell to 14.0% in Q1 2024.

Household disposable income shrank by 0.5% while final consumption expenditure rose by 0.8%, which combined to push down the saving rate.

The main factor behind the drop in household disposable income was the compensation of employees, with a contribution of -1.1 percentage points. This downward trend represents a normalisation after the high level recorded last quarter, which was influenced by the payment of purchasing power bonuses.

¹ The sector accounts for Q1 2024 incorporate the latest available data on the quarterly national accounts and the labour market, published on [NBB.stat](#) on 28 June 2024.

Mixed income of the self-employed and net taxes on income contributed positively to growth in disposable income, in the amount of 0.5 and 0.3 percentage points, respectively. Conversely, property income and other net current transfers had a negative impact, of -0.3 percentage points.

Household investment remains relatively stable

In the first quarter of 2024, the household investment rate (which includes housing construction and renovation as well as gross fixed capital formation by the self-employed and NPISHs) stood at 8.5%, compared with 8.4% in the last quarter.

Corporate profit share rises

The profit share of non-financial corporations climbed sharply to 43.0%, compared with 41.3% in the preceding quarter. While value added grew by 0.5%, the compensation of employees fell markedly (-2.4%), leading to a 4.7% increase in operating surplus, which had a positive impact on the profit share of non-financial corporations. As mentioned above, the drop in employee compensation in the first quarter of 2024 was primarily due to the payment of purchasing power bonuses in the fourth quarter of 2023.

Investment rate of non-financial corporations recovers

The investment rate of non-financial corporations stood at 27.5% of value added in the first quarter of 2024, up from the last quarter (26.7%). Value added rose by 0.5%, while investment increased by 3.2%.

General government budget balance improves

In the first quarter of 2024, the general government deficit improved slightly to 4.5%, compared with 5.2% of GDP the preceding quarter. Revenue remained stable while – mainly capital – expenditure fell.

Methodology and definitions

- The institutional 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 savings divided by gross disposable income, with the latter being adjusted for the change in household pension entitlements. Gross savings 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 household pension entitlements. 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 corporations is gross fixed capital formation divided by gross value added.
- The profit share of corporations is 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 requirement. 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 requirement) 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.