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## PRESS RELEASE

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### Non-financial accounts of the institutional sectors – Q2 2024<sup>1</sup>

- The household saving rate picked up.
- The corporate investment rate rose sharply, while the household investment rate fell slightly.
- The general government budget deficit widened.

#### KEY INDICATORS

(data adjusted for seasonal and calendar effects)

		Households <sup>1</sup>		Non-financial corporations		General government
		Saving rate (%)	Investment rate (%)	Profit share (%)	Investment rate (%)	Budget balance (% of GDP)
2021	I	20.3	9.8	44.8	27.0	-6.1
	II	17.6	10.0	43.4	27.2	-6.0
	III	15.4	9.9	43.3	26.0	-6.5
	IV	13.5	9.8	43.7	25.3	-3.2
2022	I	12.0	10.0	44.3	26.2	-1.9
	II	14.4	9.4	45.3	25.7	-3.9
	III	13.4	9.4	45.7	26.1	-4.8
	IV	11.0	9.4	45.4	26.5	-3.7
2023	I	14.6	9.1	43.0	26.9	-5.0
	II	14.5	9.1	42.6	28.0	-3.8
	III	14.2	8.9	42.2	28.8	-3.7
	IV	13.2	8.7	41.9	25.9	-4.3
2024	I	13.2	8.7	42.1	27.0	-3.2
	II	14.8	8.5	41.9	28.4	-5.0

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

#### **Household saving rate picks up**

The household saving rate picked up in the second quarter of 2024, rising to 14.8%.

Household disposable income continued to rise (+2.0%), while final consumption expenditure remained relatively stable (+0.1%), pushing up the savings rate.

<sup>1</sup> The sector accounts for Q2 2024 incorporate the latest available data on the quarterly national accounts and the labour market, published on [NBB.stat](#) on 29 October 2024.

The main factor behind the increase in household disposable income was the compensation of employees, with a contribution of 1.2 percentage points. Net social benefits and taxes on income also made positive contributions to the growth in disposable income, of 0.3 percentage points each.

### ***Household investment rate drops***

In the second 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) fell to 8.5%, compared with 8.7% in the last quarter.

### ***Corporate profit share falls***

The profit share of non-financial corporations declined slightly in the second quarter of 2024, to 41.9%, compared with 42.1% in the preceding quarter.

While value added increased by 1.2%, the compensation of employees grew by 1.5%, which led to a more moderate rise in the gross operating surplus (0.8%) and negatively affected the profit share of non-financial corporations.

### ***Corporate investment rate rises sharply***

The investment rate of non-financial companies stood at 28.4% of value added in the second quarter of 2024, a clear increase on the last quarter (27.0%). The growth in investment (+6.3%) continues to far outstrip that of value added (+1.2%).

### ***General government budget deficit widens***

The general government budget balance worsened in the second quarter of 2024, posting a deficit of 5.0% of GDP, compared with 3.2% in the last quarter.

Revenue fell slightly, mainly as a result of a drop in direct household taxes.

Expenditure climbed due to increases in social benefits, intermediate consumption expenditure and capital transfers.

#### Methodology and definitions

- The 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 saving divided by gross disposable income, with the latter being adjusted for the change in household pension entitlements. Gross saving is the share of gross disposable income that is not spent in the form of final consumption. 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 companies is gross fixed capital formation divided by gross value added.
- The profit share of companies is the 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 need. 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 need) 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.