

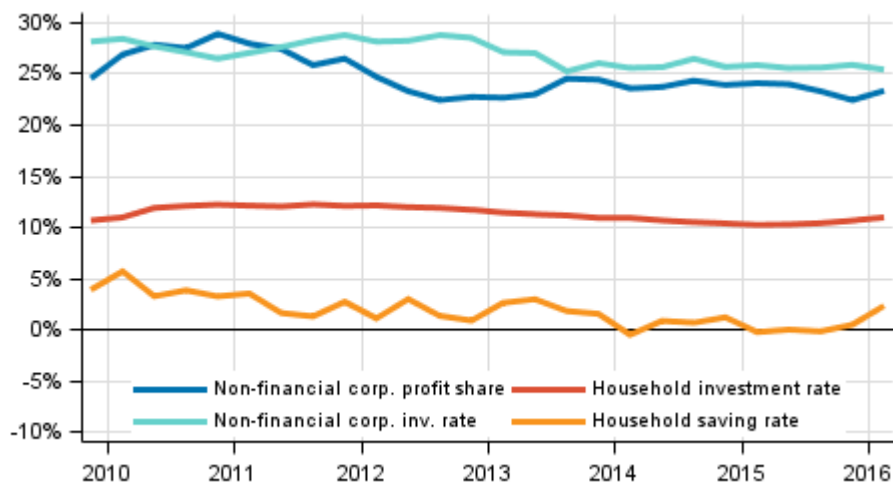
Quarterly sector accounts

2016, 1st quarter

Households' saving and investment rates are growing

The saving rate of the household sector grew in the first quarter of 2016 as income grew faster than consumption. Households' investment rate also continued to grow. Adjusted disposable income describing households' economic well-being grew year-on-year. The profit share of the non-financial corporations sector grew compared with the previous quarter but the investment rate fell slightly. These data derive from Statistics Finland's quarterly sector accounts.

Key indicators for households and non-financial corporations, seasonally adjusted



In the first quarter of 2016, the profit share of non-financial corporations, or the share of profits in value added, grew by 0.9 percentage points to 23.3 per cent. The investment rate of non-financial corporations, or the proportion of investments in value added, decreased by 0.5 per cent to 25.3 per cent. The key figures were calculated from seasonally adjusted time series.

In January to March, households' saving rate grew by 1.8 percentage points to 2.2 per cent. The saving rate refers to the proportion of savings in disposable income. The investment rate of households grew by 0.3 percentage points and was 10.9 per cent of their disposable income. Households' seasonally adjusted investment rate has now grown during three quarters. Most of households' investments were investments in dwellings.

Households' adjusted disposable income grew from the corresponding quarter in 2015 by 1.4 per cent adjusted for price changes. Adjusted income is the indicator recommended by the OECD for evaluating the economic well-being of households. Adjusted disposable income is derived by adding individual services produced by the public sector, such as education, health and social services, to the disposable income of households.

Sector accounts are calculated only at current prices. However, a volume indicator describing the development adjusted for price changes is calculated for households' adjusted disposable income in a separate Appendix table. The profit share, saving rate and investment rate are calculated from net figures, which means that consumption of fixed capital is taken into account. Households do not include non-profit institutions serving households.

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1. Sector-specific review on the data for the first quarter of 2016

1.1 Households' income slightly bigger than consumption expenditure

The disposable income of households grew in the first quarter of 2016 by 2.8 per cent compared to the corresponding quarter in 2015. The key components of disposable income on the income side are wages and salaries received, entrepreneurial income and property income, and social benefits received. The biggest expense items are taxes paid and social contributions.

Compared to the figures one year ago, disposable income grew mainly due to a growth of good EUR 0.4 billion in wages and salaries and of good EUR 0.2 billion in social benefits received. Property income grew by good EUR 0.1 billion, mainly due to the increase in dividend income, and entrepreneurial income was estimated to have grown by around EUR 0.2 billion. On the expense side, income taxes paid grew by good EUR 0.1 billion and social contributions paid by around EUR 0.2 billion, while no significant changes took place in the other expense items compared to the corresponding quarter of the previous year. Both interest income and interest expenditure still diminished slightly.

When received social benefits in kind are added to the disposable income of households, the household adjusted disposable income is derived, which is the indicator recommended by the OECD for measuring economic well-being. Social benefits in kind refer to education, health and social services produced by general government and non-profit institutions serving households. In the first quarter of 2016, adjusted disposable income grew at current prices by 1.9 per cent and adjusted for price changes by 1.4 per cent from the corresponding quarter of the year before. The volume indicator describing the development of adjusted disposable income adjusted for price changes can be found in Appendix table 3 of this publication.

Households' seasonally adjusted saving rate was 2.2 per cent in the first quarter of 2016. In the previous quarter, it stood at 0.4 per cent. The saving rate is derived by deducting consumption expenditure from disposable income. The saving is positive if households' disposable income is greater than households' consumption expenditure. Households' seasonally adjusted investment rate was 10.9 per cent of disposable income in the first quarter of 2016, which was slightly higher than the corresponding data of the previous quarter that stood at 10.6 per cent. Most of households' investments were investments in dwellings.

Compensation of employees paid by non-profit institutions serving households increased by 1.3 per cent compared with the quarter of one year ago.

In these statistics, the households sector only covers the actual households sector S14. Sector S15, non-profit institutions serving households, is calculated and published separately. In Eurostat's publication, the households sector also includes the data for sector S15. Another difference to Eurostat's publication is in how consumption of fixed capital is taken into account: Eurostat publishes investment and saving rates as gross figures, i.e. including consumption of fixed capital. Net data are used in these statistics, that is, when consumption of fixed capital is taken into account, saving and investment rates decrease.

1.2 Profit share of the non-financial corporations sector grew from the previous quarter

In the first quarter of 2016, the seasonally adjusted profit share of non-financial corporations grew by 0.9 percentage points and was 23.3 per cent. The profit share refers to the share of the operating surplus in value added. The profit share grew because value added in the non-financial corporations sector grew more than compensation of employees paid. The investment rate of non-financial corporations, or the proportion of fixed capital investments in value added, has been declining in the long term but the drop seems to have levelled out during 2014 and 2015. In the first quarter of 2016, the investment rate, however, fell by 0.5 percentage points from the previous quarter and was 25.3 per cent.

1.3 Profits of financial and insurance corporations fell from the corresponding quarter in 2015

The value added in the sector fell by one per cent from the corresponding quarter of last year, while output rose by 0.2 per cent and intermediate consumption grew by 1.3 per cent. The operating surplus describing profits in the sector declined from EUR 540 million one year ago to EUR 500 million. Profits were lowered by increase in compensation of employees and a slight downturn in value added. Net lending that describes the financial position of the sector was in line with last year, when both property income and property expenditure grew somewhat. Value added and operating surplus describe the income that is generated from providing financial services to the public. They do not include property income or holding gains of securities.

1.4 Financial position of general government improved from last year

In the first quarter of 2016, consolidated total general government revenue grew by EUR 850 million from the respective quarter of the previous year. Correspondingly, consolidated expenditure decreased by EUR 60 million. The difference between revenue and expenditure, that is, the deficit (net borrowing) of general government improved by EUR 910 million. General government is comprised of central government, local government and social security funds. Consolidated total revenue and expenditure are figures in which flows between the general government sub-sectors have been eliminated.

Of the sub-sectors, the financial position of central government and social security funds improved, while the financial position of local government weakened slightly. More detailed statistics, where the sub-sectors are specified, are published in the [quarterly sector accounts of general government](#).

1.5 Exports and imports of goods diminished in the first quarter of 2016

Exports of goods at current prices from Finland to abroad amounted to EUR 12.3 billion in the first quarter of 2016. Exports of goods decreased by EUR 1.1 billion or 8.0 per cent from the respective quarter of the year before. Exports of services amounted to EUR 5.4 billion, which is equal to one year earlier. Imports of goods to Finland at current prices were EUR 12.5 billion. Compared to one year ago, the value of imports of goods decreased by EUR 0.9 billion (6.6 per cent). Imports of services amounted to EUR 5.8 billion, which is 1.6 per cent lower than one year ago.

The balance of goods and services showed a deficit of EUR 0.5 billion in the first quarter of 2016. Property income received and paid abroad was on level with the previous year. Current transfers paid abroad from Finland diminished compared with the quarter last year. The most significant current transfer item is the GNI payment paid by the state to the EU, which may vary by quarter due to technical recording reasons. The current account showed a deficit of EUR 0.3 billion in the first quarter of 2016, while one year ago, the deficit was EUR 0.7 billion.

1.6 New seasonal adjustment software taken into use

In connection with the release of 22 June 2016, the statistics on quarterly sector accounts have adopted new seasonal adjustment software JDemetra+. The software change does not affect the used seasonal adjustment method. The change does not influence the interpretation or use of the time series either. You can read more about the implementation of the new seasonal adjustment software in [Statistics Finland's separate press release](#).

In connection with the adoption of the new seasonal adjustment software, the seasonal adjustment models of the time series were also updated. Due to the updating of the models, the seasonally adjusted series and the trend series changed slightly. As a rule, changes caused by the updating of the models were minor.

1.7 Data and methods used

The quarterly data become revised as source data are updated. The biggest revisions will take place for the latest two to three years, because then the data in the annual accounts are still preliminary. Examined by quarter, the biggest revisions occur in the release for the second quarter at the turn of September and October and in the release for the fourth quarter at the turn of March and April. These revisions are caused by updated annual national accounts data. The data in the publication are based on the data sources available by 15 June 2016. The data for 1999 to 2015 mainly correspond with the annual sector accounts of the national accounts, although the updating of source data may cause differences to the previous annual accounts release.

The saving rate, profit share and investment rate in the quarterly publication of sector accounts are net amounts, i.e. consumption of fixed capital has been removed from the figures. The key indicators in these statistics were calculated as follows:

Households' saving rate = $B8N / (B6N + D8R)$

Households' investment rate = $P51K / (B6N + D8R)$

Profit share of non-financial corporations = $B2N / B1NPH$

Investment rate of non-financial corporations = $P51K / B1NPH$

The volume indicator, measuring the development of households' adjusted disposable income, adjusted for price changes and its change percentages can be found in Appendix table 3 of this release. This volume index is calculated using the price data of the statistics on quarterly accounts, with which the components of adjusted disposable income are deflated. Households' disposable income is deflated with the implicit price index of household consumption expenditure. Price data are also available for the consumption of non-profit institutions serving households. As a methodological shortcoming, general government individual consumption expenditure has to be deflated with the total general government consumption expenditure for lack of more accurate data. The volume time series was formed with the annual overlap method.

Appendix tables

Appendix table 1. Key indicators from sector accounts

	Non-financial corporations (S11) profit share, %	Non-financial corporations (S11) investment rate, %	Household (S14) saving rate, %	Household (S14) investment rate, %
2011Q1	24.3	25.4	-0.1	10.9
2011Q2	27.6	27.4	7.2	11.2
2011Q3	21.9	29.7	0.0	14.3
2011Q4	32.9	28.7	1.3	11.8
2012Q1	20.4	26.3	-5.7	11.0
2012Q2	22.8	28.0	9.2	11.4
2012Q3	19.0	30.3	1.0	13.9
2012Q4	29.9	28.7	0.3	11.2
2013Q1	18.3	25.4	-1.3	10.3
2013Q2	23.4	26.5	7.6	11.0
2013Q3	20.6	26.9	0.8	13.0
2013Q4	31.0	26.3	0.9	10.2
2014Q1	18.9	24.0	-4.7	9.8
2014Q2	23.4	25.3	5.9	10.6
2014Q3	21.4	28.0	-0.7	12.1
2014Q4	30.6	25.7	0.6	9.6
2015Q1	19.4	24.3	-4.0	9.3
2015Q2	23.4	25.3	4.7	10.3
2015Q3	20.5	27.1	-0.8	11.8
2015Q4	29.5	25.8	-0.7	9.8
2016Q1	18.4	23.9	-3.5	10.1

Appendix table 2. Key indicators from sector accounts (seasonally adjusted)

	Non-financial corporations (S11) profit share, %	Non-financial corporations (S11) investment rate, %	Household (S14) saving rate, %	Household (S14) investment rate, %
2011Q1	27.9	27.0	3.4	12.0
2011Q2	27.4	27.5	1.5	12.0
2011Q3	25.8	28.2	1.2	12.2
2011Q4	26.4	28.7	2.6	12.0
2012Q1	24.6	28.1	1.0	12.1
2012Q2	23.2	28.2	2.9	11.9
2012Q3	22.4	28.7	1.3	11.8
2012Q4	22.7	28.4	0.8	11.6
2013Q1	22.6	27.0	2.5	11.4
2013Q2	22.9	27.0	2.9	11.2
2013Q3	24.5	25.2	1.7	11.1
2013Q4	24.4	26.0	1.5	10.9
2014Q1	23.5	25.5	-0.6	10.8
2014Q2	23.6	25.6	0.8	10.6
2014Q3	24.3	26.4	0.6	10.4
2014Q4	23.8	25.6	1.1	10.3
2015Q1	24.0	25.8	-0.3	10.2
2015Q2	23.9	25.5	-0.1	10.2
2015Q3	23.2	25.5	-0.2	10.3

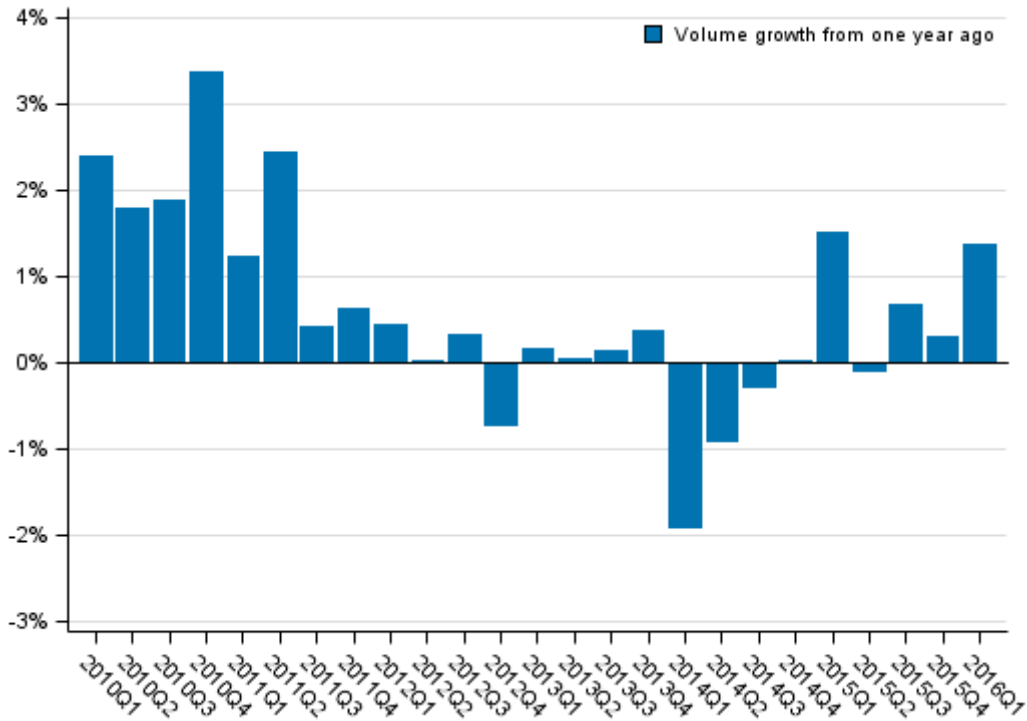
	Non-financial corporations (S11) profit share, %	Non-financial corporations (S11) investment rate, %	Household (S14) saving rate, %	Household (S14) investment rate, %
2015Q4	22.4	25.8	0.4	10.6
2016Q1	23.3	25.3	2.2	10.9

Appendix table 3. Volume development of household adjusted disposable income

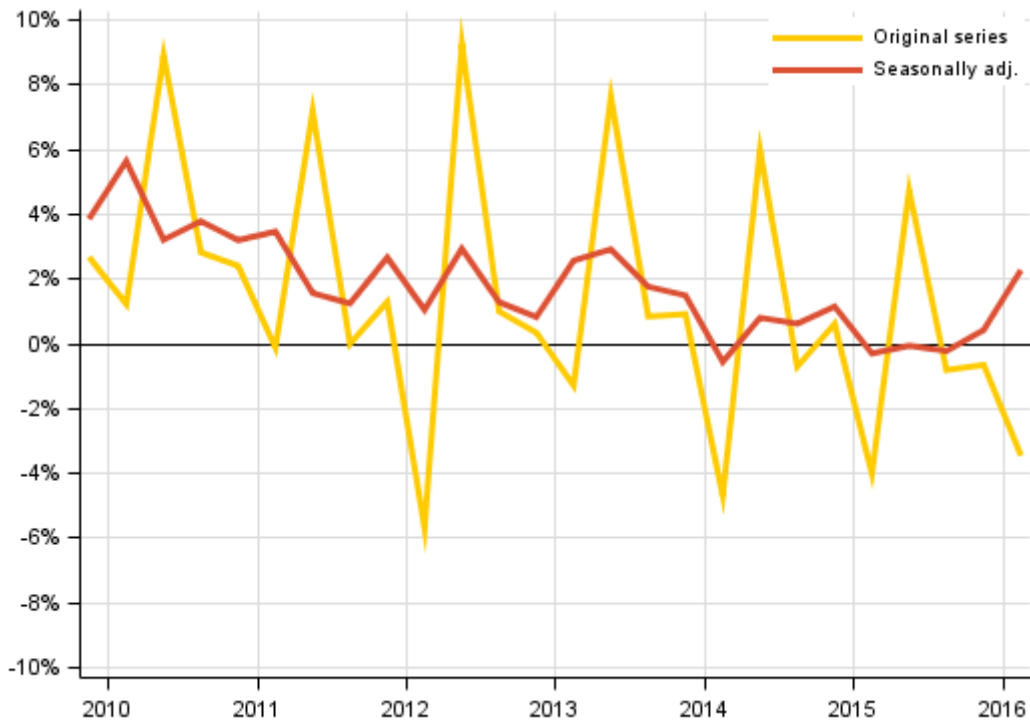
	Household adjusted disposable income, EUR bil.	Change in value from one year ago, %	Volume indicator (1999=100)	Change in volume from one year ago, %
2011Q1	32.0	4.4	123.8	1.2
2011Q2	36.8	5.9	141.2	2.4
2011Q3	34.1	4.2	130.5	0.4
2011Q4	36.4	4.1	138.2	0.6
2012Q1	33.1	3.5	124.3	0.4
2012Q2	38.0	3.3	141.2	0.0
2012Q3	35.4	3.5	130.9	0.3
2012Q4	37.2	2.2	137.2	-0.7
2013Q1	34.1	2.8	124.5	0.2
2013Q2	39.0	2.5	141.3	0.1
2013Q3	36.2	2.4	131.1	0.1
2013Q4	38.2	2.7	137.7	0.4
2014Q1	34.1	0.0	122.1	-1.9
2014Q2	39.2	0.5	140.0	-0.9
2014Q3	36.6	1.1	130.7	-0.3
2014Q4	38.7	1.3	137.8	0.0
2015Q1	34.8	2.1	124.0	1.5
2015Q2	39.3	0.5	139.9	-0.1
2015Q3	37.0	1.0	131.6	0.7
2015Q4	38.9	0.6	138.2	0.3
2016Q1	35.5	1.9	125.7	1.4

Appendix figures

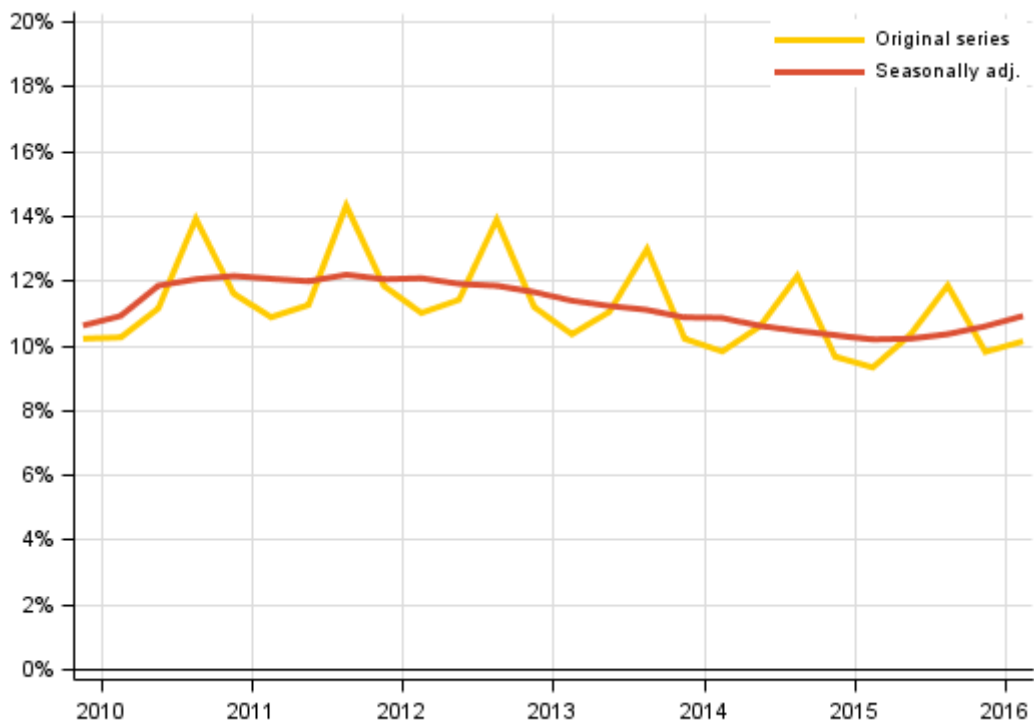
Appendix figure 1. Volume development of households' adjusted disposable income



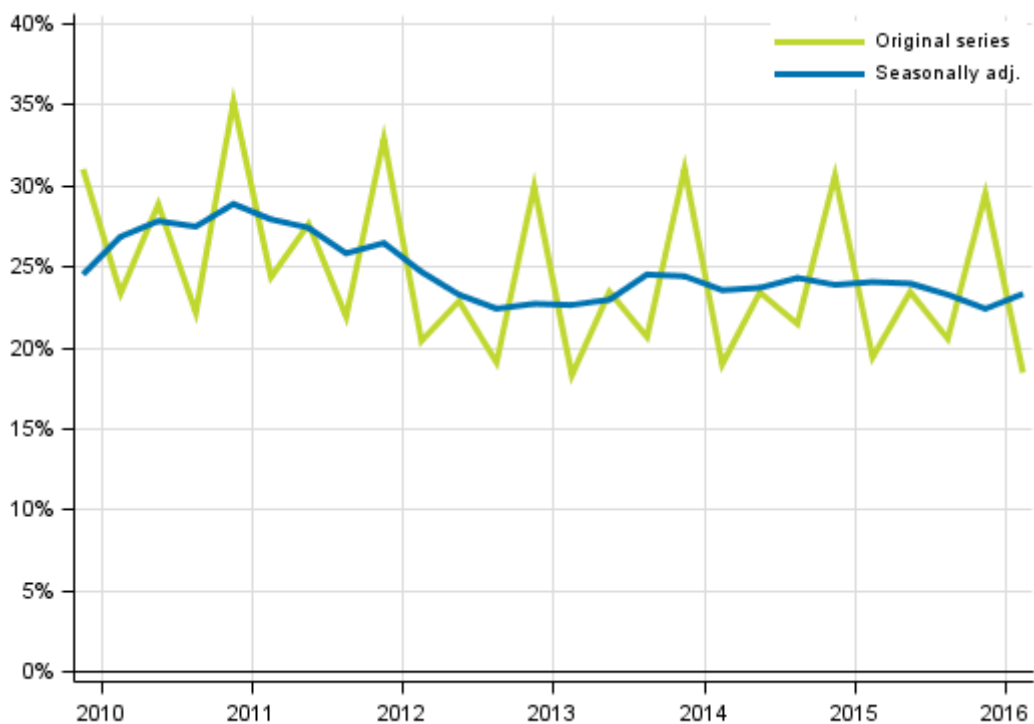
Appendix figure 2. Households' saving rate



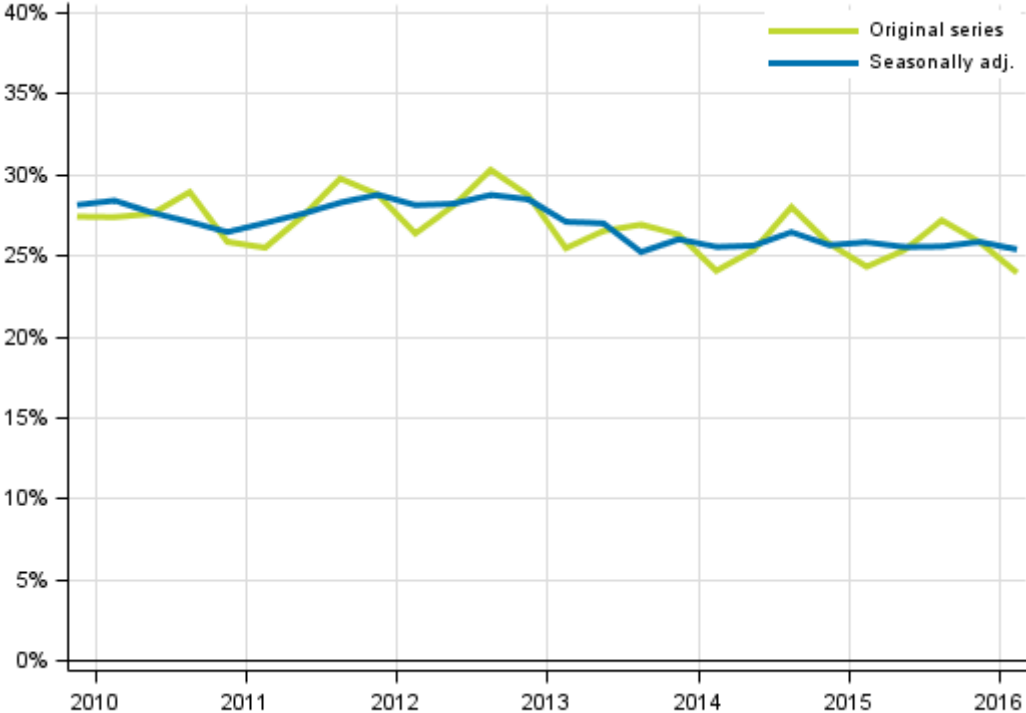
Appendix figure 3. Households' investment rate



Appendix figure 4. Non-financial corporations' profit share



Appendix figure 5. Non-financial corporations' investment rate



Revisions in these statistics

Revisions to the latest quarters' seasonally adjusted key indicators since their initial publications.

		1st release (%)	Latest release (22.06.2016) (%)	Revision (% pts)
Non-financial corporations (S11) profit share	2015Q1	21.2	24.0	2.8
	2015Q2	23.0	23.9	0.9
	2015Q3	22.3	23.2	0.9
	2015Q4	22.0	22.4	0.4
Non-financial corporations (S11) investment rate	2015Q1	23.5	25.8	2.3
	2015Q2	24.6	25.5	0.9
	2015Q3	24.8	25.5	0.7
	2015Q4	26.6	25.8	-0.8
Household (S14) saving rate	2015Q1	-0.3	-0.3	0.0
	2015Q2	0.1	-0.1	-0.2
	2015Q3	-0.2	-0.2	0.0
	2015Q4	-0.4	0.4	0.8
Household (S14) investment rate,	2015Q1	10.6	10.2	-0.4
	2015Q2	10.4	10.2	-0.2
	2015Q3	10.2	10.3	0.1
	2015Q4	10.4	10.6	0.2

Inquiries

Pekka Tamminen 029 551 2460

Katri Soinne 029 551 2778

Director in charge:

Ville Vertanen

kansantalous.suhdanteet@stat.fi

www.stat.fi

Source: Sector accounts, Statistics Finland