

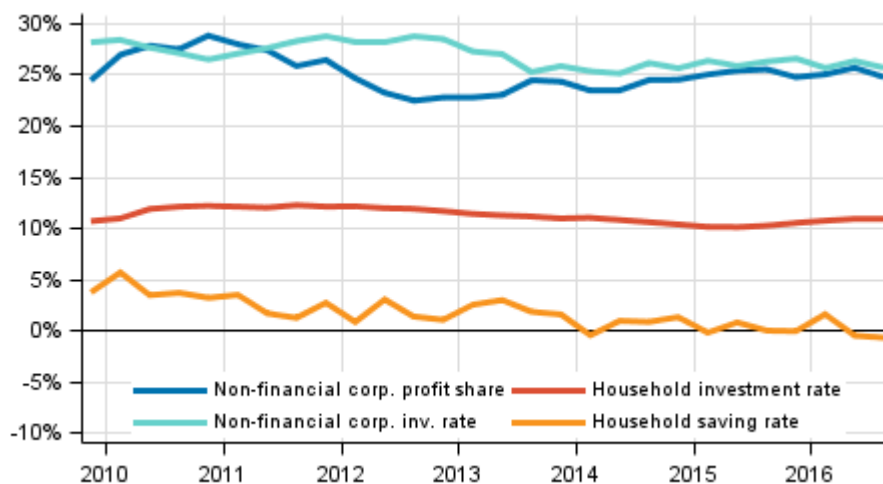
Quarterly sector accounts

2016, 3rd quarter

The saving rate of the households sector was negative in the third quarter of 2016

The saving rate of the households sector weakened in the third quarter compared with the second quarter and was negative. The weakening of the saving rate was mainly caused by growing consumption expenditure, because households' disposable income also increased in the third quarter. The profit share of the non-financial corporations sector fell slightly compared to the previous quarter as compensation of employees paid by the sector grew faster than value added. The investment rate of non-financial corporations also weakened from the previous quarter. These data derive from Statistics Finland's quarterly sector accounts.

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



In the third quarter of 2016, the profit share of non-financial corporations, or the share of profits in value added, went down by 0.9 percentage points to 24.7 per cent. The investment rate of non-financial corporations, or the proportion of investments in value added, weakened by 0.7 percentage points to 25.6 per cent. The key figures were calculated from seasonally adjusted time series.

In July to September, households' saving rate declined by 0.2 percentage points to -0.8 per cent. The saving rate refers to the proportion of savings in disposable income. Households' saving rate evened out to 10.8 per cent after four successive quarters of growth. Most of households' investments were investments in dwellings.

Households' adjusted disposable income grew from the corresponding quarter in 2015 by 0.8 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.

Contents

1. Sector-specific review on the data for the third quarter of 2016.....	4
1.1 Households' consumption expenditure was higher than their income.....	4
1.2 Profits and investments in the non-financial corporations sector fell from the previous quarter.....	4
1.3 Profits of financial and insurance corporations remained nearly unchanged.....	5
1.4 Financial position of general government improved from last year.....	5
1.5 International trade of goods decreased somewhat in the third quarter of 2016.....	5
1.6 Data and methods used.....	5

Tables

Appendix tables

Appendix table 1. Key indicators from sector accounts.....	7
Appendix table 2. Key indicators from sector accounts (seasonally adjusted).....	7
Appendix table 3. Volume development of household adjusted disposable income.....	9

Figures

Appendix figures

Appendix figure 1. Volume development of households' adjusted disposable income.....	10
Appendix figure 2. Households' saving rate.....	10
Appendix figure 3. Households' investment rate.....	11
Appendix figure 4. Non-financial corporations' profit share.....	11
Appendix figure 5. Non-financial corporations' investment rate.....	12

Revisions in these statistics.....	13
------------------------------------	----

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

1.1 Households' consumption expenditure was higher than their income

The disposable income of households grew in the third quarter of 2016 by 2.1 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 nearly EUR 0.7 billion in wages and salaries, EUR 0.2 billion in social benefits received, and around EUR 0.2 billion in entrepreneurial income. Of actual expenses, income taxes paid grew by slightly under EUR 0.4 billion and social contributions paid by close on EUR 0.4 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 third quarter of 2016, adjusted disposable income grew at current prices by 1.7 per cent and adjusted for price changes by 0.8 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 -0.8 per cent in the third quarter of 2016. In the previous quarter, the saving rate stood at -0.6 per cent. The saving rate is derived by deducting consumption expenditure from disposable income. The saving rate is negative if households' consumption expenditure is higher than their disposable income. Households' seasonally adjusted investment rate was 10.8 per cent of disposable income in the third quarter of 2016, which was practically the same as the corresponding data of the previous quarter. Most of households' investments were investments in dwellings.

Compensation of employees paid by non-profit institutions serving households increased by 1.6 per cent compared with the quarter of one year ago.

In these statistics, the households sector covers only 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 Profits and investments in the non-financial corporations sector fell from the previous quarter

In the third quarter of 2016, the seasonally adjusted profit share of non-financial corporations fell by 0.9 percentage points and was 24.7 per cent. The profit share refers to the share of the operating surplus in value added. The profit share fell, because compensation of employees paid by the non-financial corporations sector grew more than value added. The investment rate of non-financial corporations, or the proportion of fixed capital investments in value added, has been even since 2014. In the third quarter of 2016, the investment rate weakened by 0.7 percentage points from the previous quarter to 25.6 per cent.

1.3 Profits of financial and insurance corporations remained nearly unchanged

The sector's value added grew in the third quarter of the year by close on three per cent from the corresponding quarter of the previous year as output went up by 3.8 per cent and intermediate consumption by 4.9 per cent. The operating surplus describing profits in the sector remained almost unchanged and was EUR 518 million. The operating surplus was influenced by a growth of around four per cent in compensation of employees compared to the corresponding quarter of last year. Net lending that describes the financial position of the sector was in line with the year before, when both property income and property expenditure fell. 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 third quarter of 2016, consolidated total general government revenue grew by EUR 720 million from the respective quarter of the previous year. Consolidated expenditure increased by EUR 560 million. The difference between revenue and expenditure, that is, the deficit (net borrowing) of general government improved by EUR 160 million. Of the sub-sectors, particularly the financial position of central government improved, while the financial position of social security funds weakened slightly. 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. More detailed statistics, where the sub-sectors are specified, are published in the quarterly sector accounts of general government: [the quarterly sector accounts of general government](#).

1.5 International trade of goods decreased somewhat in the third quarter of 2016

Exports of goods from Finland to abroad amounted to EUR 13.0 billion in the third quarter of 2016, which went down by EUR 0.1 billion (0.8 per cent) from the corresponding quarter of the previous year. Exports of services amounted to EUR 5.3 billion, which was 0.2 billion (3.4 per cent) lower than one year ago. Imports of goods amounted to EUR 12.8 billion, and the value of goods imports declined by EUR 0.3 billion (2.1 per cent) from the previous year's corresponding quarter. Exports of services amounted to EUR 5.9 billion, which was 0.2 billion more than one year ago.

The balance of goods and services showed a deficit of EUR 0.4 billion in the third quarter of 2016. Property income received from abroad went down by EUR 0.1 billion and property income paid abroad was almost on level with one year ago. Current transfers paid abroad and received from abroad increased 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 was nearly in balance in the third quarter of 2016, while one year ago, the surplus was EUR 0.4 billion.

1.6 Data and methods used

The quarterly data become revised as source data are updated. The biggest revision take place for the last two to three years, because 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 12 December 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	21.8	29.7	0.0	14.3
2011Q4	32.9	28.7	1.2	11.8
2012Q1	20.3	26.3	-5.7	11.0
2012Q2	22.8	28.0	9.2	11.4
2012Q3	19.1	30.3	1.0	13.9
2012Q4	30.0	28.7	0.3	11.2
2013Q1	18.3	25.5	-1.4	10.3
2013Q2	23.5	26.6	7.6	11.0
2013Q3	20.6	26.9	0.8	13.0
2013Q4	30.9	26.1	1.0	10.2
2014Q1	18.7	23.7	-4.5	9.9
2014Q2	23.2	24.9	5.9	10.7
2014Q3	21.6	27.6	-0.6	12.3
2014Q4	31.2	25.7	0.7	9.7
2015Q1	20.3	24.5	-3.9	9.1
2015Q2	24.9	25.8	5.5	10.1
2015Q3	22.5	27.8	-1.1	11.7
2015Q4	31.8	26.6	-0.9	9.8
2016Q1	20.4	23.8	-3.5	9.9
2016Q2	26.2	26.3	3.1	10.9
2016Q3	21.2	27.2	-1.9	12.3

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	27.3	27.5	1.6	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	0.8	12.1
2012Q2	23.2	28.1	3.0	11.9
2012Q3	22.4	28.7	1.3	11.8
2012Q4	22.7	28.4	1.0	11.6
2013Q1	22.7	27.2	2.5	11.3
2013Q2	23.0	27.0	2.9	11.2
2013Q3	24.4	25.2	1.8	11.1
2013Q4	24.3	25.8	1.5	10.9
2014Q1	23.4	25.3	-0.5	11.0
2014Q2	23.4	25.1	0.9	10.7
2014Q3	24.4	26.1	0.8	10.5
2014Q4	24.5	25.6	1.2	10.3
2015Q1	25.0	26.3	-0.3	10.1

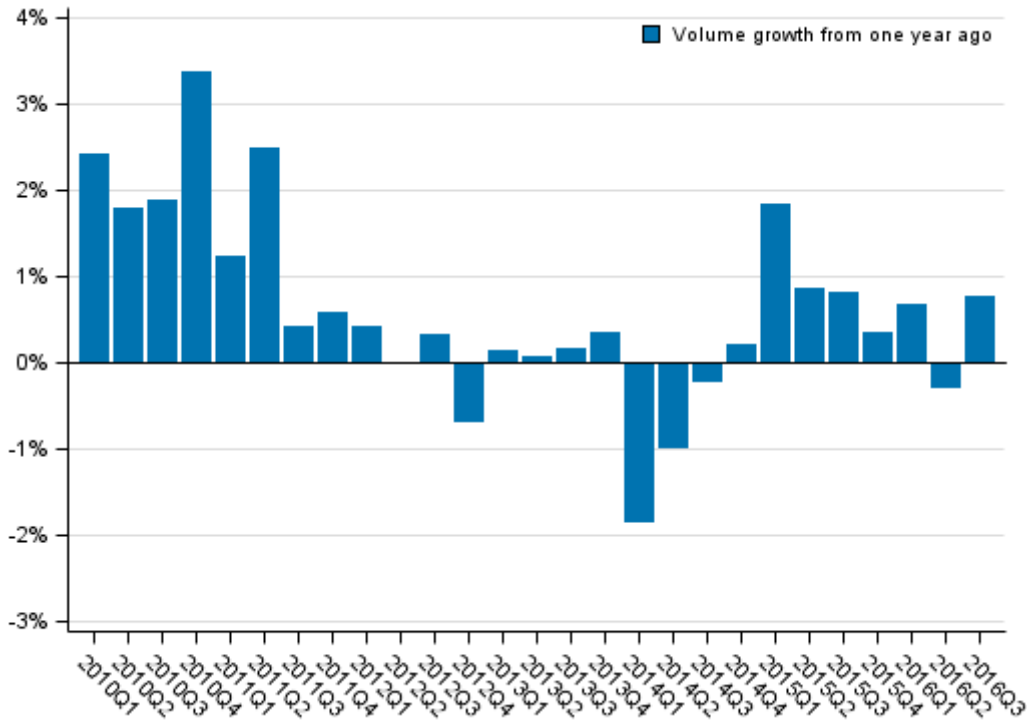
	Non-financial corporations (S11) profit share, %	Non-financial corporations (S11) investment rate, %	Household (S14) saving rate, %	Household (S14) investment rate, %
2015Q2	25.3	25.8	0.7	10.0
2015Q3	25.5	26.2	-0.1	10.2
2015Q4	24.7	26.5	-0.1	10.4
2016Q1	25.0	25.6	1.5	10.7
2016Q2	25.6	26.3	-0.6	10.8
2016Q3	24.7	25.6	-0.8	10.8

Appendix table 3. Volume development of household adjusted disposable income

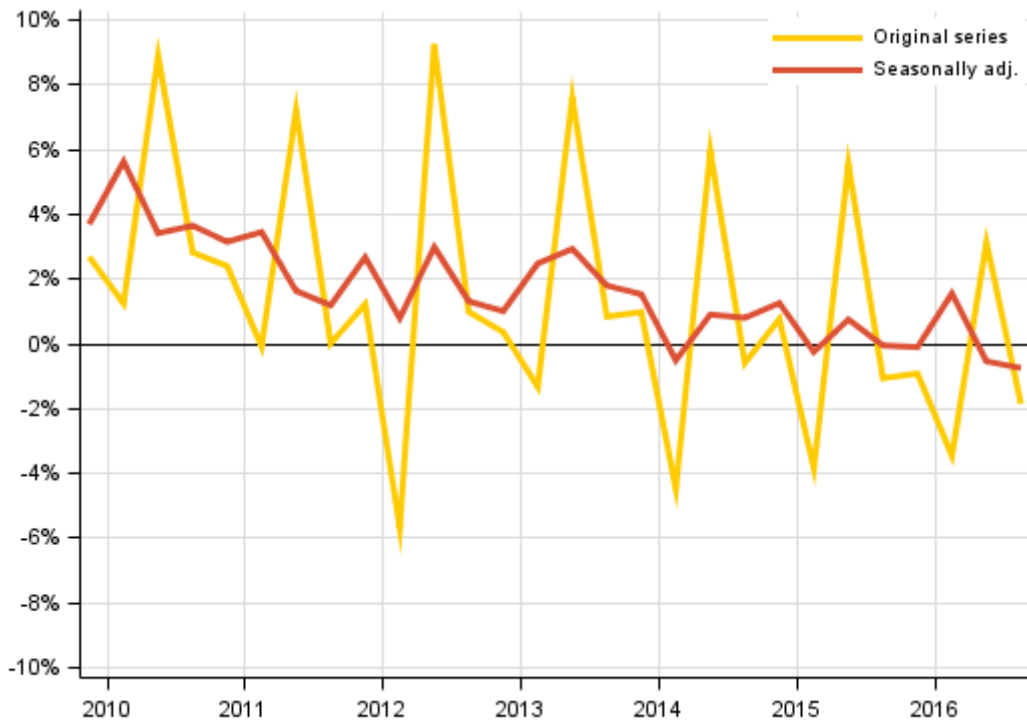
	Household adjusted disposable income, EUR bil.	Change in value from one year ago, %	Volume indicator (1999=100)	Change in volume from one year ago, %
2011Q1	32.0	4.4	123.8	1.2
2011Q2	36.8	6.0	141.2	2.5
2011Q3	34.1	4.2	130.5	0.4
2011Q4	36.4	4.0	138.1	0.6
2012Q1	33.1	3.5	124.3	0.4
2012Q2	38.0	3.3	141.2	0.0
2012Q3	35.4	3.5	130.9	0.3
2012Q4	37.2	2.3	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	2.5	131.1	0.2
2013Q4	38.2	2.7	137.7	0.4
2014Q1	34.1	0.0	122.2	-1.8
2014Q2	39.1	0.3	139.9	-1.0
2014Q3	36.6	1.1	130.8	-0.2
2014Q4	38.7	1.4	138.0	0.2
2015Q1	34.8	2.3	124.5	1.8
2015Q2	39.6	1.4	141.2	0.9
2015Q3	37.0	1.0	131.9	0.8
2015Q4	38.9	0.6	138.5	0.4
2016Q1	35.3	1.3	125.3	0.7
2016Q2	39.9	0.5	140.8	-0.3
2016Q3	37.6	1.7	132.9	0.8

Appendix figures

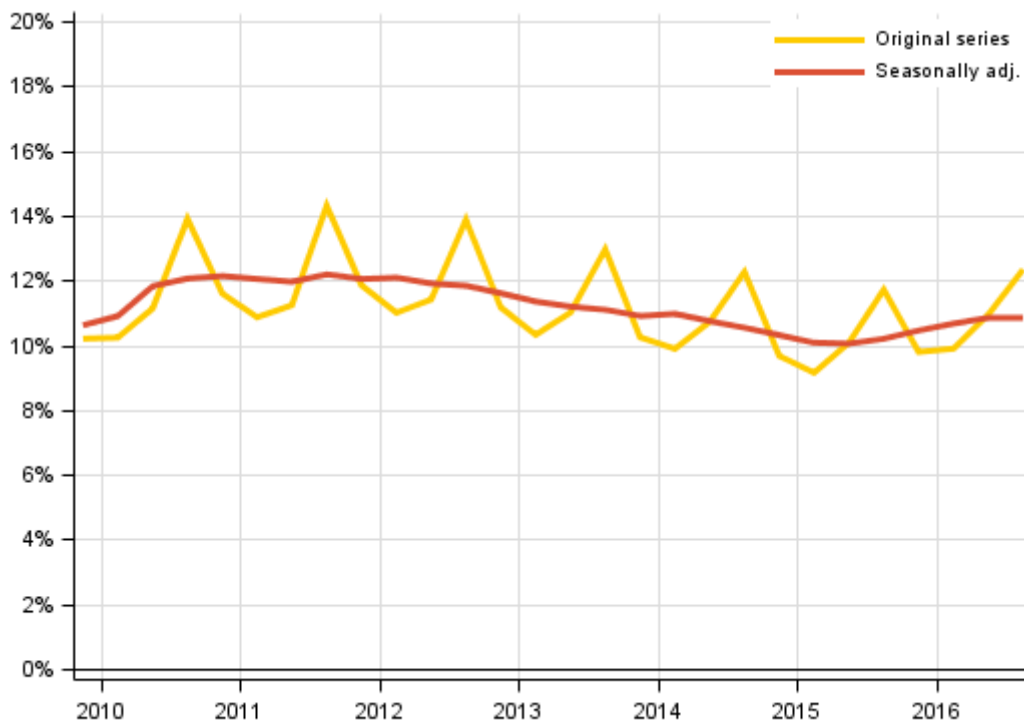
Appendix figure 1. Volume development of households' adjusted disposable income



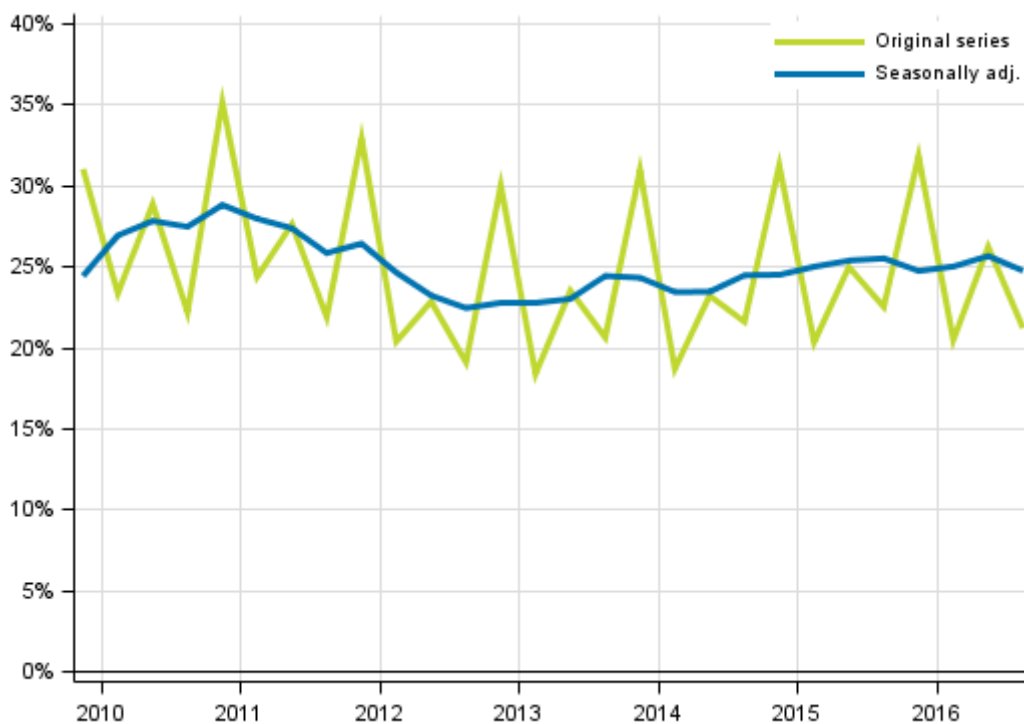
Appendix figure 2. Households' saving rate



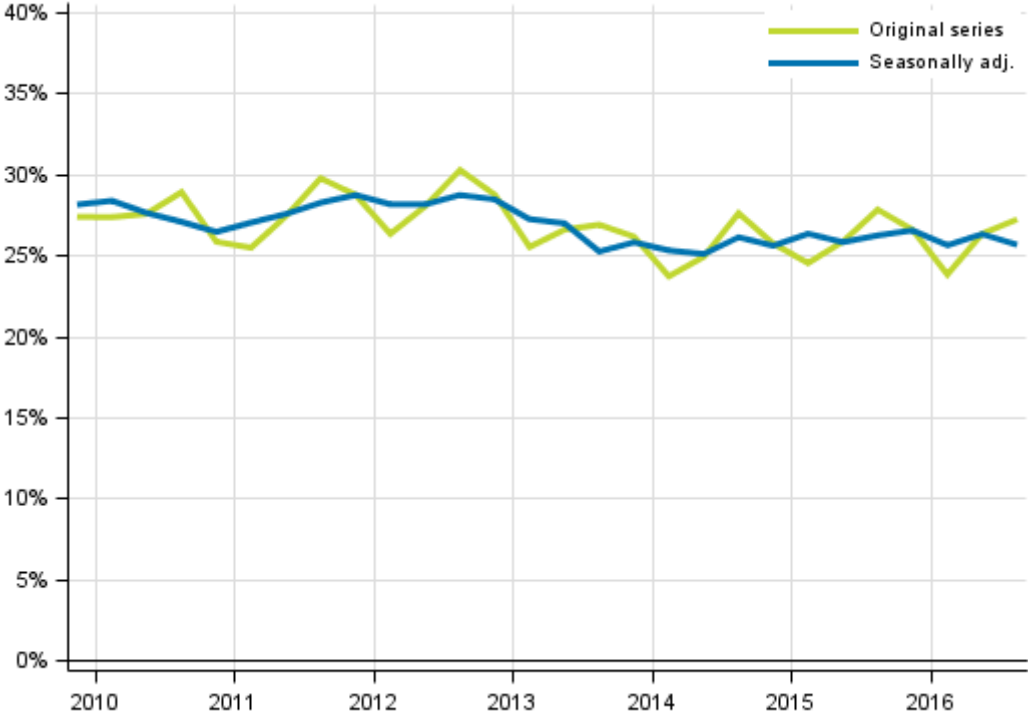
Appendix figure 3. Households' investment rate



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 (20.12.2016) (%)	Revision (% pts)
Non-financial corporations (S11) profit share	2015Q3	22.3	25.5	3.2
	2015Q4	22.0	24.7	2.7
	2016Q1	23.3	25.0	1.7
	2016Q2	26.6	25.6	-1.0
Non-financial corporations (S11) investment rate	2015Q3	24.8	26.2	1.4
	2015Q4	26.6	26.5	-0.1
	2016Q1	25.3	25.6	0.3
	2016Q2	26.7	26.3	-0.4
Household (S14) saving rate	2015Q3	-0.2	-0.1	0.1
	2015Q4	-0.4	-0.1	0.3
	2016Q1	2.2	1.5	-0.7
	2016Q2	0.0	-0.6	-0.6
Household (S14) investment rate,	2015Q3	10.2	10.2	0.0
	2015Q4	10.4	10.4	0.0
	2016Q1	10.9	10.7	-0.2
	2016Q2	11.2	10.8	-0.4

Inquiries

Pekka Tamminen 029 551 2460

Juha Martikainen 029 551 3225

Director in charge:

Ville Vertanen

kansantalous.suhdanteet@stat.fi

www.stat.fi

Source: Sector accounts, Statistics Finland