

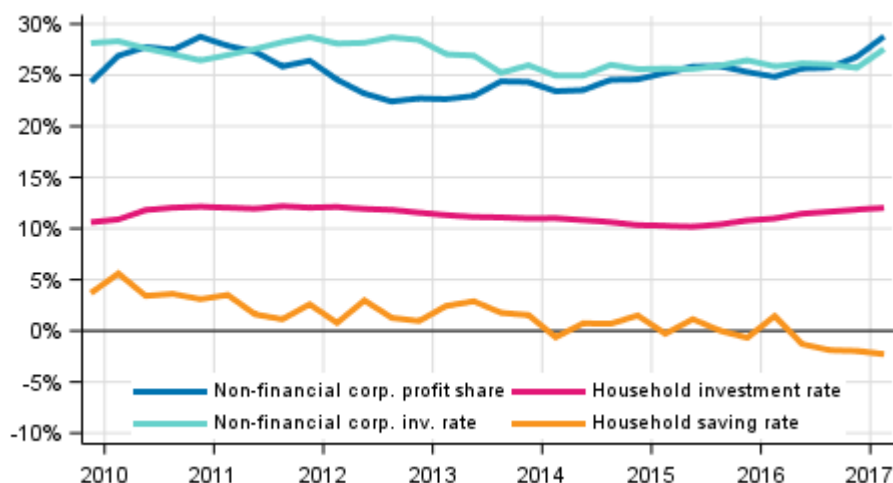
Quarterly sector accounts

2017, 1st quarter

Saving rate of the household sector was clearly negative in the first quarter of 2017

The saving rate of the household sector weakened further in January to March and was now -2.3 per cent. The fall of the saving rate was mainly caused by heavy growth in consumption expenditure, because households' disposable income also increased but clearly slower than consumption expenditure. The saving rate refers to the proportion of savings in disposable income. The profit share of the non-financial corporations sector rose compared to the previous quarter as the sector's value added grew strongly. The investment rate of non-financial corporations also grew 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 January to March, households' saving rate fell by 0.3 percentage points to -2.3 per cent. Households' investment rate continued growing and rose by 0.1 percentage points to 12 per cent. Most of households' investments are investments in dwellings. Households' adjusted disposable income grew from the corresponding quarter in 2016 by 0.3 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.

In the first quarter of 2017, the profit share of non-financial corporations, or the share of profits in value added, grew by 2.0 percentage points to 28.8 per cent. The investment rate of non-financial corporations, or the proportion of investments in value added, rose by 1.8 percentage points to 27.5 per cent.

The key figures were calculated from seasonally adjusted time series. 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

Sector-specific review on the data for the first quarter of 2017.....	4
Households' consumption expenditure again bigger than income.....	4
Profits and investments in the non-financial corporations sector grew from the previous quarter.....	4
Profits of financial and insurance grew from the previous quarter.....	4
Financial position of general government improved from last year.....	5
Exports and imports of goods increased strongly in the first quarter of 2017.....	5
Data and methods used.....	5

Tables

Appendix tables

Appendix table 1. Key indicators from sector accounts (time series unadjusted for seasonal variation).....	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
------------------------------------	----

Sector-specific review on the data for the first quarter of 2017

Households' consumption expenditure again bigger than income

The disposable income of households grew in the first quarter of 2017 by 1.4 per cent compared to the corresponding quarter in 2016. 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, EUR 0.2 billion in social benefits received, and to an estimated increase of around EUR 0.2 billion in entrepreneurial income. Of actual expenses, income taxes paid grew by nearly EUR 0.3 billion, while no significant changes took place in the other expense items compared to the corresponding quarter of the previous year. Interest income decreased further, but interest expenses grew slightly – for the first time in two years.

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 2017, adjusted disposable income grew at current prices by 1.1 per cent and adjusted for price changes by 0.3 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 -2.3 per cent in the first quarter of 2017. In the previous quarter, the saving rate stood at -2.0 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 12.0 per cent of disposable income in the first quarter of 2017, which was nearly the same as the corresponding data of the previous quarter (11.9%). Most of households' investments were investments in dwellings.

Compensation of employees paid by non-profit institutions serving households decreased by three 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.

Profits and investments in the non-financial corporations sector grew from the previous quarter

In the first quarter of 2017, the seasonally adjusted profit share of non-financial corporations grew by two percentage points and was 28.8 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 clearly and compensation of employees paid stayed more or less unchanged. The investment rate of non-financial corporations, or the proportion of fixed capital investments in value added, grew to a 1.8 percentage-point higher level than in the previous quarter to 27.5 per cent.

Profits of financial and insurance grew from the previous quarter

The sector's value added grew in the first quarter of the year by 18 per cent from the corresponding quarter of the previous year as output went up by around four per cent and intermediate consumption went down

by nearly six per cent. Due to international group changes in the sector, the operating surplus describing profits in the sector grew significantly and was EUR 708 million. Compensation of employees remained in line with the previous year's corresponding quarter. 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.

Financial position of general government improved from last year

In January to March 2017, consolidated total general government revenue grew by EUR 225 million from the respective quarter of the previous year. Consolidated expenditure decreased by EUR 495 million. The difference between revenue and expenditure, that is, the deficit (net borrowing) of general government improved by EUR 720 million. Of the sub-sectors, particularly the financial position of central government improved, while the financial position of local government and 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: [Quarterly non-financial accounts for general government](#).

Exports and imports of goods increased strongly in the first quarter of 2017

Exports of goods at current prices from Finland to abroad amounted to EUR 14.5 billion in the first quarter of 2017. Exports of goods increased by EUR 2.2 billion or 19.6 per cent from the respective quarter of the year before. Exports of services amounted to EUR 5.9 billion, which was EUR 0.2 billion more than one year ago. Imports of goods to Finland at current prices were EUR 14.0 billion. Compared to one year ago, the value of imports of goods increased by EUR 1.6 billion (12.7 per cent). Imports of services amounted to EUR 6.3 billion, which was 0.2 per cent lower than one year ago.

The balance of goods and services showed a surplus of EUR 0.1 billion in the first quarter of 2017. Property income received from abroad was around EUR 0.8 billion higher than property income paid abroad. Property income includes such as dividends and interests. 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 surplus of EUR 0.5 billion in the first quarter of 2017, while one year ago, the deficit was EUR 0.8 billion.

Data and methods used

The quarterly data become revised as source data are updated. The biggest revision will 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 15 June 2017. The data for 1999 to 2016 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 publication. This volume index is calculated using the price data of the statistics on quarterly national 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 (time series unadjusted for seasonal variation)

	Non-financial corporations (S11) profit share, %	Non-financial corporations (S11) investment rate, %	Household (S14) saving rate, %	Household (S14) investment rate, %
2011Q1	24.3	25.5	-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	1.2	11.8
2012Q1	20.4	26.3	-5.7	11.0
2012Q2	22.8	28.0	9.2	11.4
2012Q3	19.1	30.2	1.0	13.9
2012Q4	29.9	28.7	0.3	11.1
2013Q1	18.3	25.5	-1.3	10.2
2013Q2	23.4	26.5	7.6	10.9
2013Q3	20.6	26.9	0.8	13.0
2013Q4	31.0	26.2	1.0	10.4
2014Q1	18.7	23.7	-4.5	10.0
2014Q2	23.2	24.7	5.9	10.8
2014Q3	21.7	27.5	-0.6	12.4
2014Q4	31.4	25.5	0.8	9.6
2015Q1	20.6	24.4	-4.0	9.3
2015Q2	25.3	25.6	5.8	10.3
2015Q3	22.9	27.5	-1.1	12.0
2015Q4	32.4	26.0	-1.2	10.0
2016Q1	20.7	24.9	-3.2	10.2
2016Q2	26.2	26.1	2.8	11.7
2016Q3	22.2	27.5	-2.7	13.3
2016Q4	32.7	25.3	-0.9	10.8
2017Q1	25.9	26.3	-6.6	11.2

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	3.5	12.0
2011Q2	27.3	27.6	1.6	12.0
2011Q3	25.9	28.2	1.1	12.2
2011Q4	26.4	28.7	2.6	12.0
2012Q1	24.6	28.1	0.8	12.1
2012Q2	23.2	28.2	3.0	11.9
2012Q3	22.4	28.7	1.3	11.8
2012Q4	22.7	28.4	1.0	11.5
2013Q1	22.7	27.0	2.4	11.3
2013Q2	23.0	26.9	2.9	11.1
2013Q3	24.4	25.2	1.8	11.1
2013Q4	24.3	26.0	1.5	11.0
2014Q1	23.4	24.9	-0.6	11.0
2014Q2	23.5	24.9	0.7	10.8

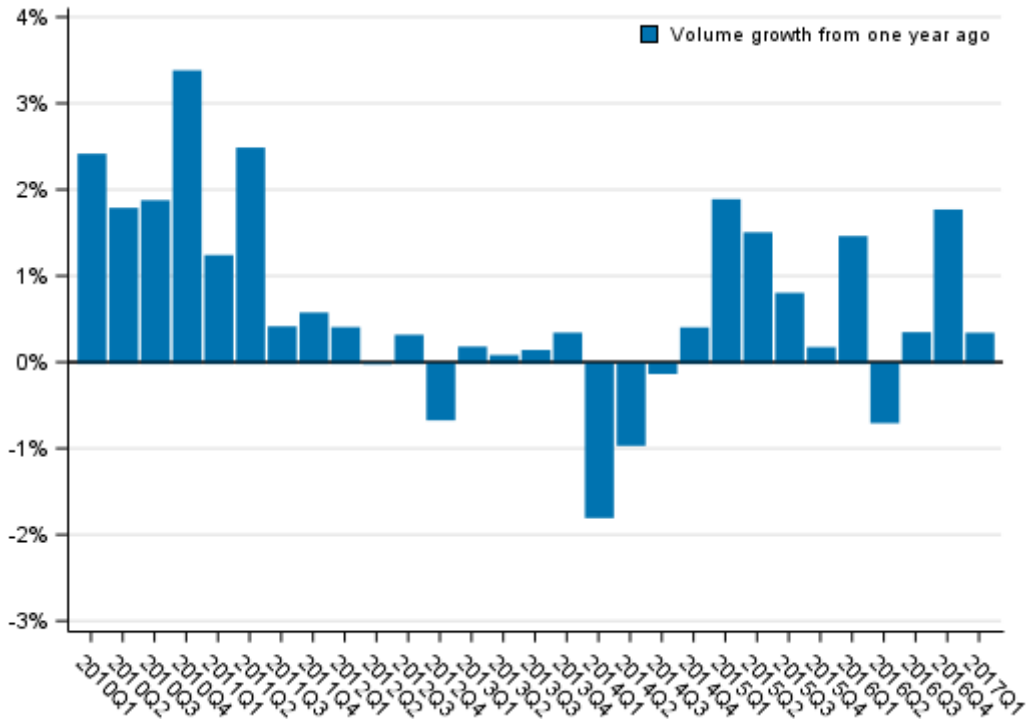
	Non-financial corporations (S11) profit share, %	Non-financial corporations (S11) investment rate, %	Household (S14) saving rate, %	Household (S14) investment rate, %
2014Q3	24.5	26.0	0.7	10.6
2014Q4	24.6	25.6	1.5	10.3
2015Q1	25.2	25.6	-0.3	10.3
2015Q2	25.8	25.6	1.1	10.2
2015Q3	25.9	25.9	0.0	10.4
2015Q4	25.3	26.5	-0.7	10.8
2016Q1	24.8	25.9	1.4	11.0
2016Q2	25.7	26.1	-1.3	11.4
2016Q3	25.7	26.0	-1.9	11.6
2016Q4	26.8	25.7	-2.0	11.9
2017Q1	28.8	27.5	-2.3	12.0

Appendix table 3. Volume development of household adjusted disposable income

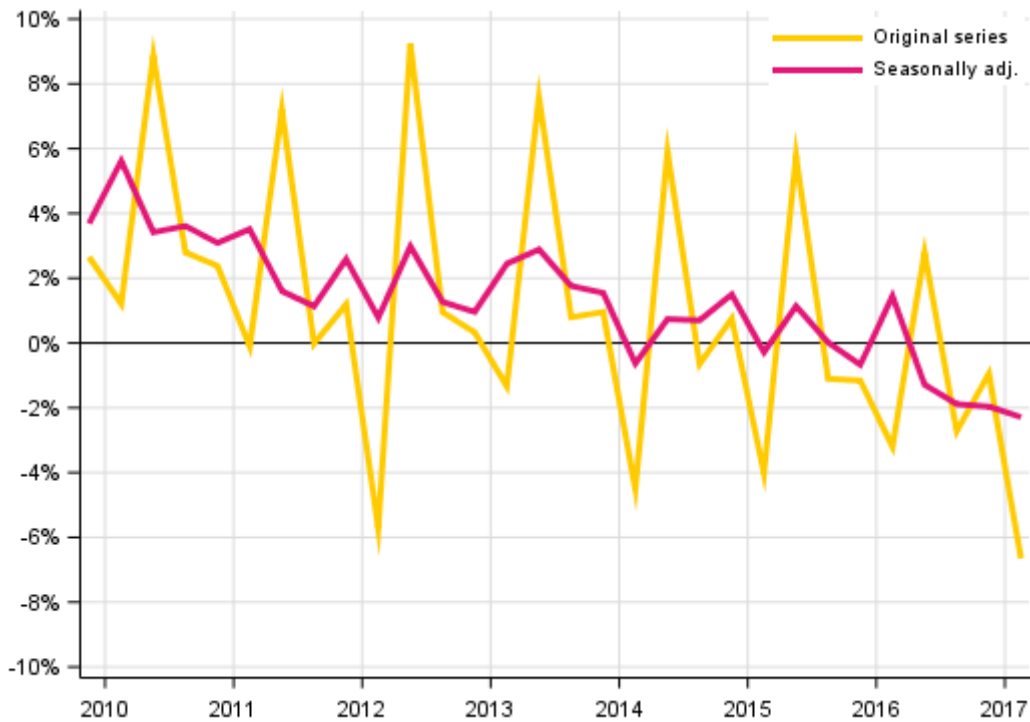
	Household adjusted disposable income, EUR bil.	Change in value from one year ago, %	Volume indicator (1999=100)	Change in volume from one year ago, %
2011Q1	32.0	4.4	123.8	1.2
2011Q2	36.8	6.0	141.2	2.5
2011Q3	34.1	4.2	130.5	0.4
2011Q4	36.4	4.0	138.1	0.6
2012Q1	33.1	3.5	124.3	0.4
2012Q2	38.0	3.3	141.2	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	2.4	131.1	0.1
2013Q4	38.2	2.7	137.7	0.3
2014Q1	34.1	0.0	122.3	-1.8
2014Q2	39.1	0.3	140.0	-0.9
2014Q3	36.6	1.1	130.9	-0.1
2014Q4	38.8	1.5	138.3	0.4
2015Q1	34.9	2.4	124.6	1.9
2015Q2	39.9	2.1	142.1	1.5
2015Q3	37.0	1.1	132.0	0.8
2015Q4	39.0	0.5	138.5	0.2
2016Q1	35.6	2.1	126.4	1.5
2016Q2	39.9	0.1	141.1	-0.7
2016Q3	37.5	1.2	132.5	0.3
2016Q4	39.9	2.4	140.9	1.8
2017Q1	36.0	1.1	126.8	0.3

Appendix figures

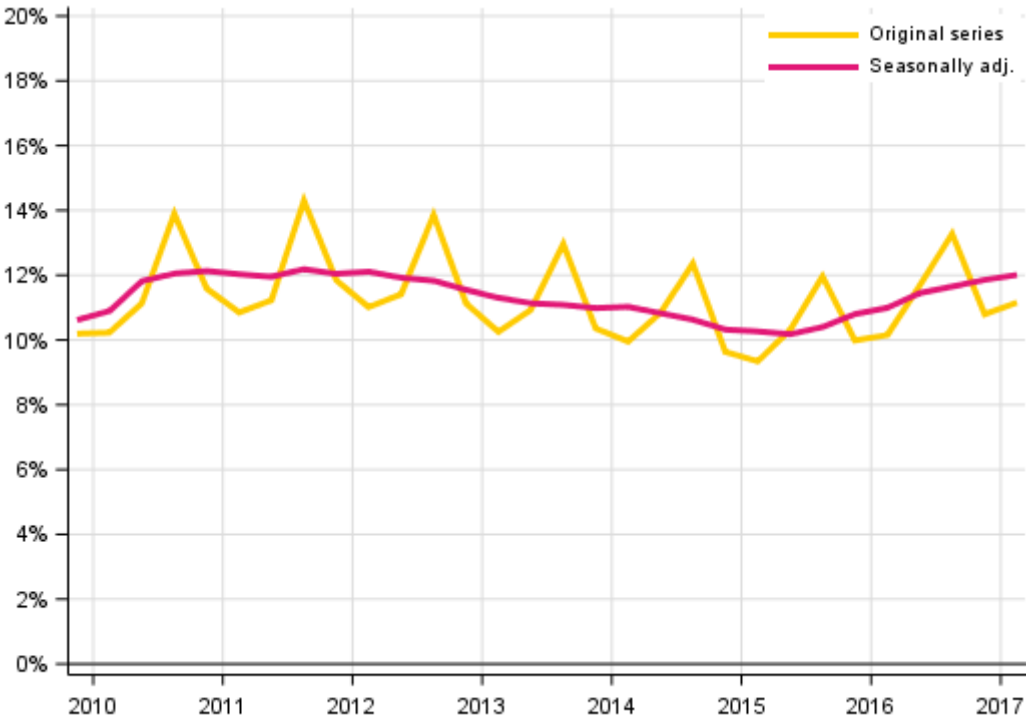
Appendix figure 1. Volume development of households' adjusted disposable income



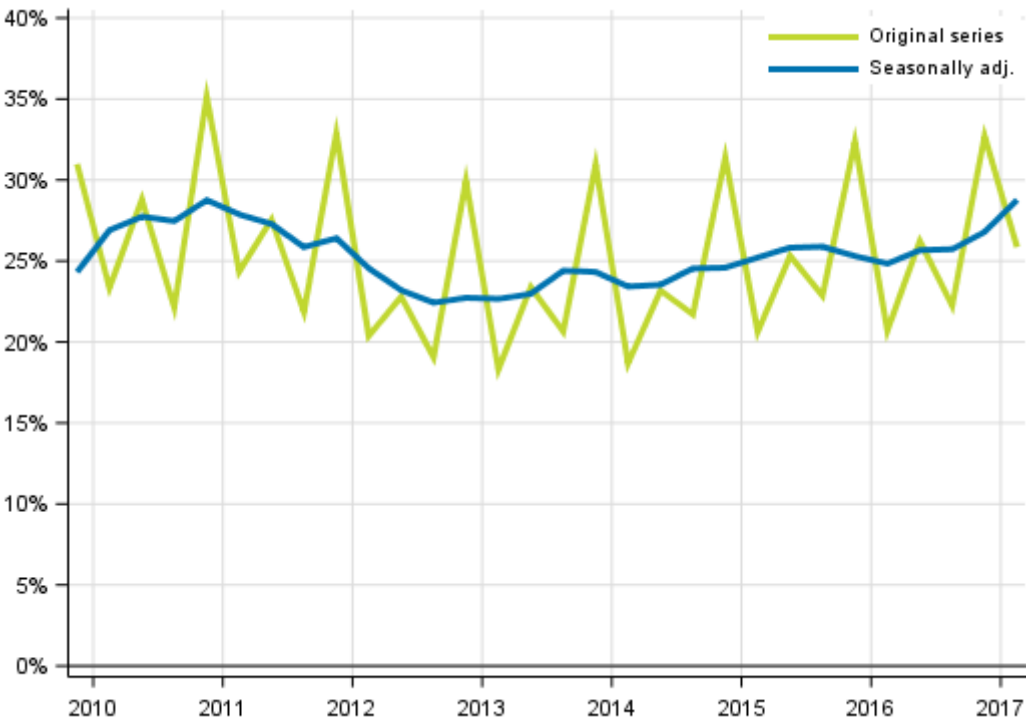
Appendix figure 2. Households' saving rate



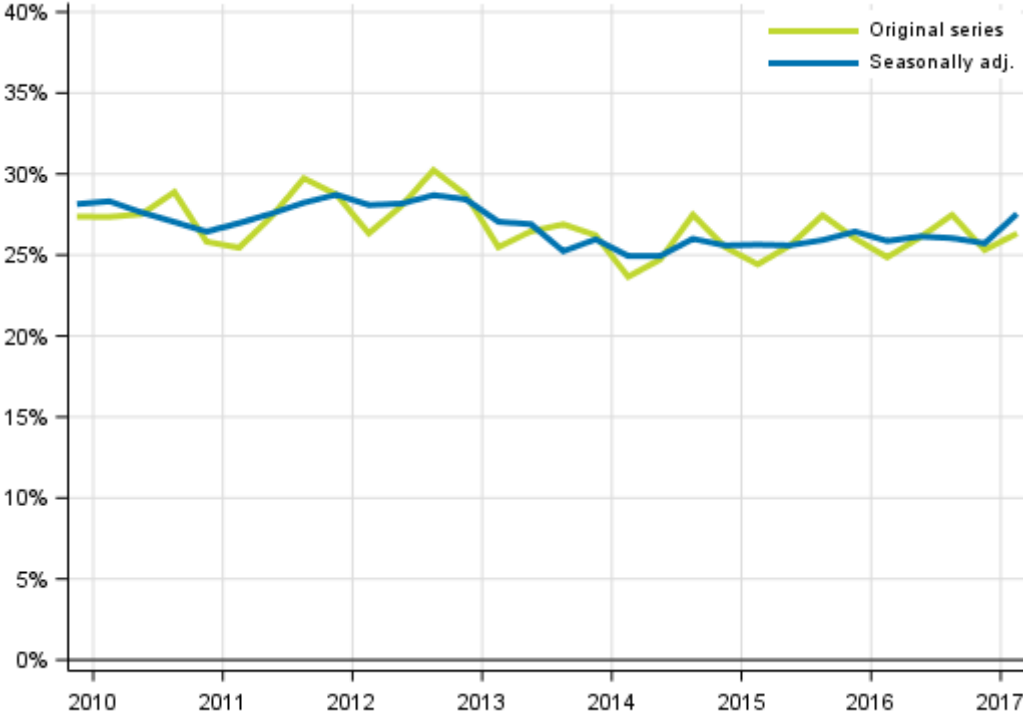
Appendix figure 3. Households' investment rate



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 (22.06.2017) (%)	Revision (% pts)
Non-financial corporations (S11) profit share	2016Q1	23.3	24.8	1.5
	2016Q2	26.6	25.7	-0.9
	2016Q3	24.7	25.7	1.0
	2016Q4	26.1	26.8	0.7
Non-financial corporations (S11) investment rate	2016Q1	25.3	25.9	0.6
	2016Q2	26.7	26.1	-0.6
	2016Q3	25.6	26.0	0.4
	2016Q4	27.5	25.7	-1.8
Household (S14) saving rate	2016Q1	2.2	1.4	-0.8
	2016Q2	0.0	-1.3	-1.3
	2016Q3	-0.8	-1.9	-1.1
	2016Q4	-1.8	-2.0	-0.2
Household (S14) investment rate,	2016Q1	10.9	11.0	0.1
	2016Q2	11.2	11.4	0.2
	2016Q3	10.8	11.6	0.8
	2016Q4	11.8	11.9	0.1

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