

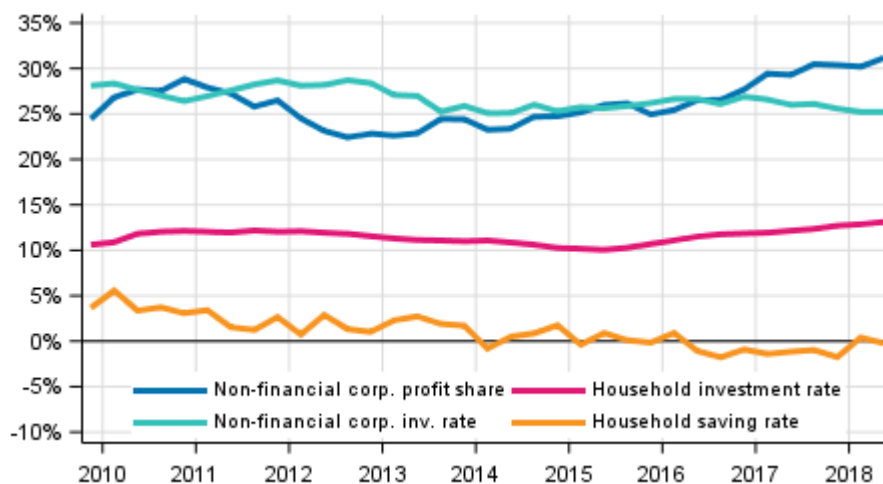
Quarterly sector accounts

2018, 2nd quarter

Non-financial corporations sector's profits growing in the second quarter of 2018

Households' saving rate weakened slightly in April to June from the previous quarter. The saving rate was slightly negative, because consumption expenditure increased more than disposable income. Households' investment rate continued growing. The profit share of the non-financial corporations sector improved compared to the previous quarter as the sector's value added grew faster than compensation of employees paid. The investment rate of non-financial corporations, in turn, remained on level with the previous quarter. These data derive from Statistics Finland's quarterly sector accounts.

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



In April to June, households' saving rate diminished by 0.6 percentage points to -0.2 per cent. The saving rate refers to the share of households' savings of disposable income. Households' investment rate increased slightly and stood at 13 per cent. Most of households' investments are investments in dwellings. Households' adjusted disposable income grew from the corresponding quarter of the previous year by 2.8 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.

In the second quarter of 2018, the profit share of non-financial corporations, or the share of operating surplus describing profits in value added, grew to 31.2 per cent from 30.2 per cent in the previous quarter. The investment rate of non-financial corporations, or the proportion of investments in value added, remained on level with the previous quarter at 25.2 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.

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Sector-specific review on the data for the second quarter of 2018

Households

The disposable income of households grew in the second quarter of 2018 by around four per cent (close on EUR 1.2 billion) compared to the corresponding quarter of the previous year. 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 individual 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 0.9 billion in received compensation of employees, an estimated increase of around EUR 0.1 billion in entrepreneurial income and also an increase of EUR 0.1 billion in property income, whereas social benefits received in practice remained on level with the previous year. Concerning expenses, no major changes in either direction took place, but both income taxes paid and social security contributions as well as property expenditure were almost on the same level as in the corresponding quarter of the previous year. Consumption expenditure grew by nearly EUR 700 million compared to the figures one year ago.

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 second quarter of 2018, adjusted disposable income grew at current prices by 3.6 per cent and adjusted for price changes by 2.8 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 -0.2 per cent in the second quarter of 2018. In the previous quarter, the saving rate stood at 0.4 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 13.1 per cent of disposable income in the second quarter of 2018, which was nearly the same as the corresponding data of the previous quarter (12.9%). Most of households' investments are investments in dwellings.

Compensation of employees paid by non-profit institutions serving households remained on level with the quarter 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. Net data are used in these statistics, that is, when consumption of fixed capital is taken into account, the saving rate decreases and the investment rate increases.

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

In the second quarter of 2018, the seasonally adjusted profit share of non-financial corporations grew to 31.2 per cent from the previous quarter's 30.2 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 strongly than compensation of employees paid. The level of compensation of employees was to some extent affected by the cut in employers' social insurance contributions that entered into force at the beginning of the year. The investment rate of non-financial corporations, or the proportion of fixed capital investments in value added, stood at 25.2 per cent, as in the quarter before.

Profits of financial and insurance corporations on level with the previous year

The value added in the sector fell in the second quarter by around six per cent from the corresponding quarter of last year, while intermediate consumption grew by close on six per cent and output remained unchanged. The operating surplus describing profits in the sector remained unchanged and was EUR 583 million. Compensation of employees also remained unchanged compared with the corresponding quarter. Value added and operating surplus describe the income that is generated from providing financial services to the public. It does not include property income or holding gains of securities.

Financial position of general government weakened from last year

In April to June 2018, consolidated total general government revenue fell by EUR 310 million from the corresponding quarter of the previous year. Consolidated expenditure increased by EUR 640 million. The difference between revenue and expenditure, that is, the deficit (net borrowing) of general government weakened by around EUR one billion. Of the sub-sectors, the financial position of central government weakened somewhat, while the financial position of local government weakened clearly. The financial position of social security funds also weakened slightly. The figures are calculated based on time series unadjusted for seasonal variation. 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: [General government revenue and expenditure by quarter](#).

Trade in goods and services showed a surplus in the second quarter of 2018

Exports of goods at current prices from Finland abroad amounted to EUR 16.0 billion in the second quarter of 2018. Exports of goods increased by EUR 0.9 billion (5.7 per cent) from the corresponding quarter of the year before. Exports of services amounted to EUR 6.7 billion, which was EUR 0.4 billion more than one year ago. Imports of goods to Finland at current prices were EUR 15.0 billion. Compared to the quarter one year ago, the value of imports of goods increased by EUR 0.4 billion (3.1 per cent). Imports of services amounted to EUR 7.5 billion, which was EUR 0.5 billion more than one year ago. The balance of goods and services showed a surplus of EUR 0.3 billion. The current account was EUR 2.1 billion in deficit in the second quarter of 2018.

Property income received from abroad was around EUR 2.0 billion lower than property income paid abroad. Property income includes dividends, interests and reinvested earnings. Current transfers paid abroad from Finland were around EUR 0.6 billion higher than current transfers paid from abroad to Finland. The most significant current transfer item is the GNI payment paid by the state to the EU. Regarding previous years, Property income received from abroad or paid abroad have not been updated in this statistics.

Data and methods used

The quarterly data become revised as source data are updated. The biggest revisions 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 14 September 2018. The data for 1999 to 2017 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 indicator 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	24.7	25.4	0.0	10.9
2011Q2	27.1	27.5	7.1	11.2
2011Q3	21.5	29.8	-0.1	14.3
2011Q4	33.3	28.6	1.2	11.8
2012Q1	20.6	26.3	-5.6	11.0
2012Q2	22.3	28.1	9.2	11.4
2012Q3	18.7	30.3	0.9	13.9
2012Q4	30.5	28.6	0.3	11.1
2013Q1	18.6	25.4	-1.2	10.2
2013Q2	22.9	26.6	7.5	10.9
2013Q3	20.3	26.9	0.8	13.0
2013Q4	31.4	26.1	1.0	10.4
2014Q1	19.0	23.6	-4.5	10.0
2014Q2	22.6	24.9	5.8	10.9
2014Q3	21.4	27.5	-0.7	12.4
2014Q4	31.9	25.3	0.8	9.6
2015Q1	21.2	24.2	-3.8	9.2
2015Q2	25.0	25.5	5.8	10.2
2015Q3	22.7	27.4	-1.3	11.8
2015Q4	32.3	26.1	-1.0	9.9
2016Q1	21.6	25.1	-2.7	10.1
2016Q2	26.5	26.3	3.6	11.7
2016Q3	22.9	27.5	-2.7	13.4
2016Q4	33.9	27.2	-1.5	10.9
2017Q1	26.7	24.7	-4.0	10.9
2017Q2	29.3	25.7	3.8	12.4
2017Q3	26.7	27.9	-2.1	14.0
2017Q4	36.1	25.9	-3.4	11.8
2018Q1	27.2	23.3	-1.4	11.9
2018Q2	30.4	25.2	4.1	13.6

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	27.2	27.6	1.5	12.0
2011Q3	25.8	28.2	1.2	12.2
2011Q4	26.5	28.7	2.7	12.0
2012Q1	24.5	28.1	0.7	12.1
2012Q2	23.1	28.2	2.9	11.9
2012Q3	22.4	28.7	1.3	11.8
2012Q4	22.8	28.4	1.0	11.5
2013Q1	22.6	27.1	2.3	11.3

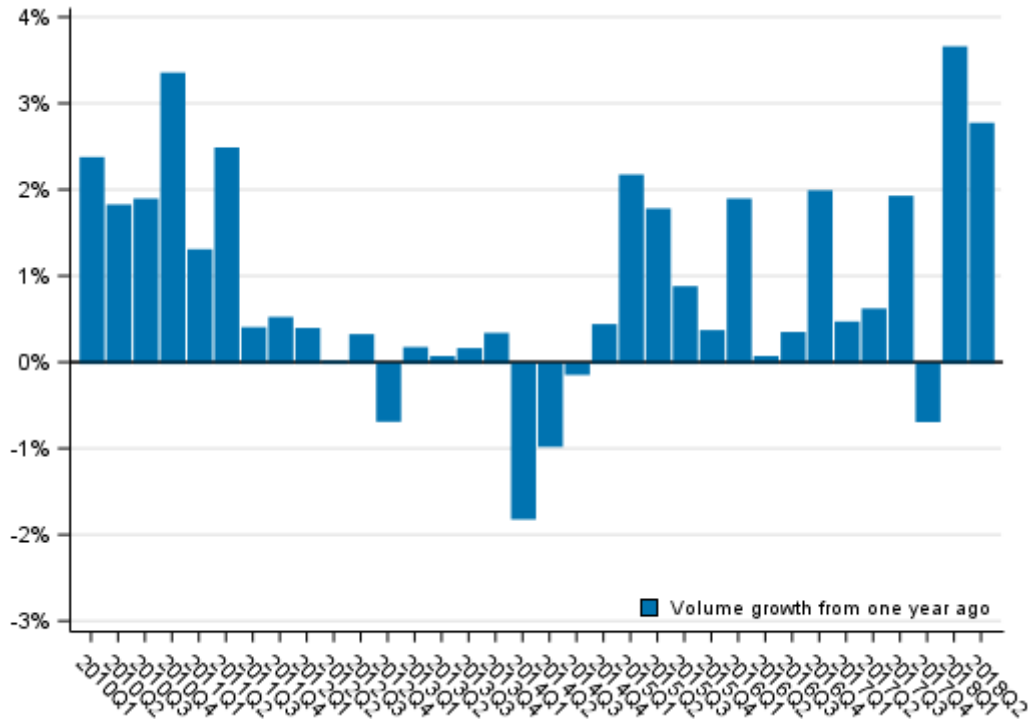
	Non-financial corporations (S11) profit share, %	Non-financial corporations (S11) investment rate, %	Household (S14) saving rate, %	Household (S14) investment rate, %
2013Q2	22.9	27.0	2.7	11.1
2013Q3	24.4	25.2	1.9	11.1
2013Q4	24.4	25.9	1.7	11.0
2014Q1	23.3	25.1	-0.8	11.1
2014Q2	23.4	25.1	0.5	10.9
2014Q3	24.7	26.0	0.9	10.6
2014Q4	24.7	25.3	1.8	10.3
2015Q1	25.2	25.7	-0.4	10.2
2015Q2	26.0	25.6	0.9	10.1
2015Q3	26.2	25.9	0.1	10.3
2015Q4	24.9	26.2	-0.2	10.7
2016Q1	25.4	26.6	0.9	11.1
2016Q2	26.5	26.6	-1.1	11.5
2016Q3	26.5	26.1	-1.8	11.8
2016Q4	27.7	26.9	-0.9	11.9
2017Q1	29.4	26.6	-1.4	11.9
2017Q2	29.3	26.0	-1.2	12.2
2017Q3	30.5	26.1	-1.0	12.3
2017Q4	30.4	25.6	-1.8	12.7
2018Q1	30.2	25.2	0.4	12.9
2018Q2	31.2	25.2	-0.2	13.1

Appendix table 3. Volume development of household adjusted disposable income

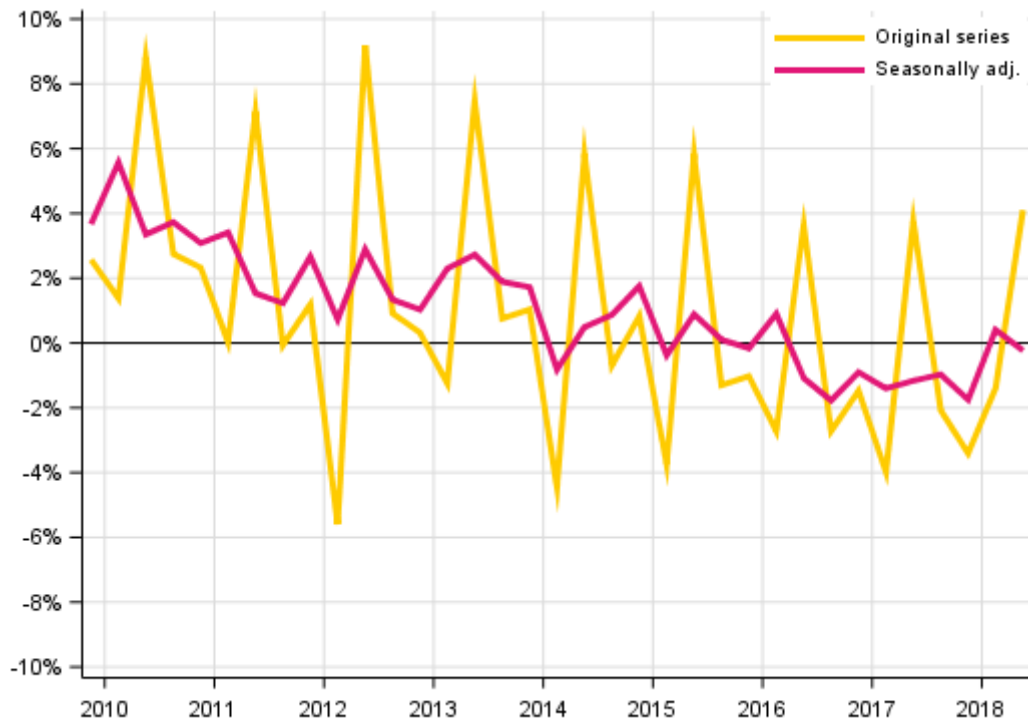
	Household adjusted disposable income, EUR bil.	Change in value from one year ago, %	Volume indicator (1999=100)	Change in volume from one year ago, %
2011Q1	32.0	4.5	123.9	1.3
2011Q2	36.8	6.0	141.1	2.5
2011Q3	34.1	4.2	130.4	0.4
2011Q4	36.4	4.0	138.3	0.5
2012Q1	33.2	3.5	124.4	0.4
2012Q2	38.0	3.3	141.1	0.0
2012Q3	35.3	3.6	130.8	0.3
2012Q4	37.2	2.3	137.4	-0.7
2013Q1	34.1	2.8	124.6	0.2
2013Q2	38.9	2.5	141.2	0.1
2013Q3	36.2	2.5	131.0	0.2
2013Q4	38.2	2.7	137.8	0.3
2014Q1	34.1	0.0	122.4	-1.8
2014Q2	39.0	0.3	139.9	-1.0
2014Q3	36.6	1.1	130.8	-0.1
2014Q4	38.8	1.6	138.4	0.4
2015Q1	35.0	2.6	125.0	2.2
2015Q2	39.9	2.3	142.4	1.8
2015Q3	37.0	1.1	132.0	0.9
2015Q4	39.1	0.6	138.9	0.4
2016Q1	35.7	2.1	127.4	1.9
2016Q2	40.1	0.5	142.5	0.1
2016Q3	37.3	0.8	132.4	0.3
2016Q4	39.9	2.3	141.7	2.0
2017Q1	36.2	1.4	128.0	0.5
2017Q2	40.7	1.4	143.4	0.6
2017Q3	38.3	2.7	135.0	1.9
2017Q4	40.0	0.2	140.8	-0.7
2018Q1	37.8	4.3	132.7	3.7
2018Q2	42.1	3.6	147.3	2.8

Appendix figures

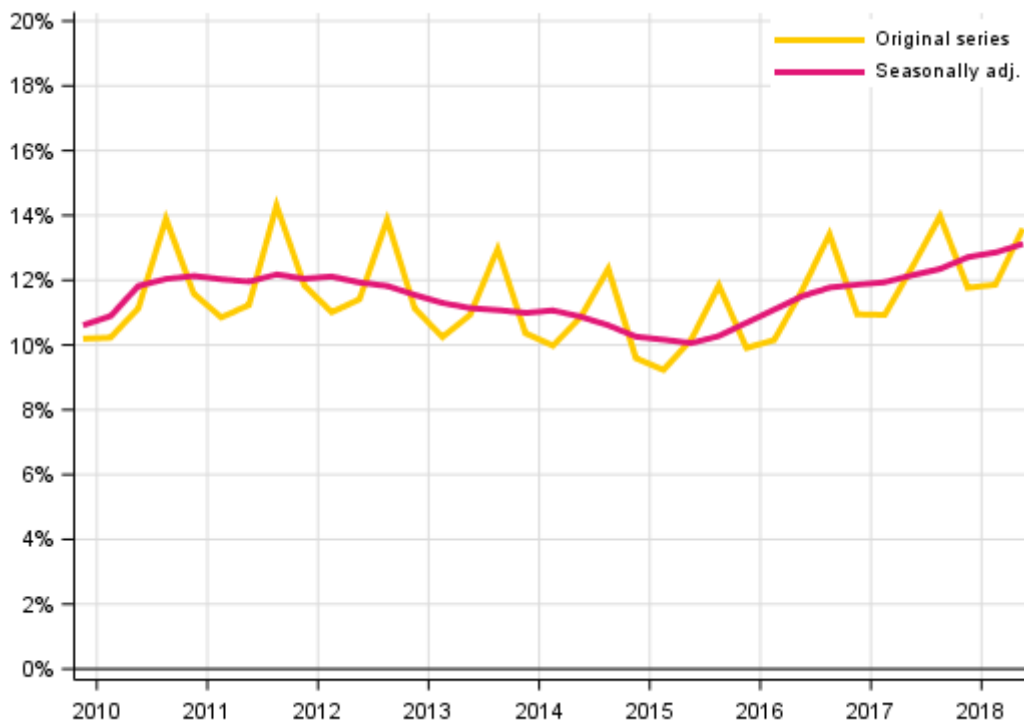
Appendix figure 1. Volume development of households' adjusted disposable income



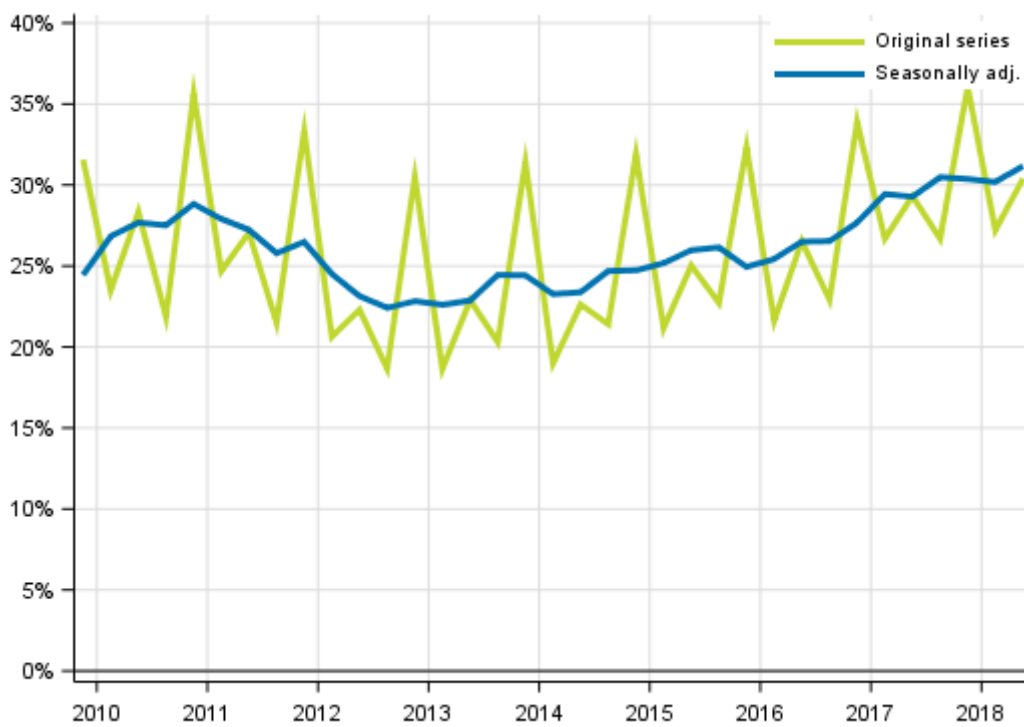
Appendix figure 2. Households' saving rate



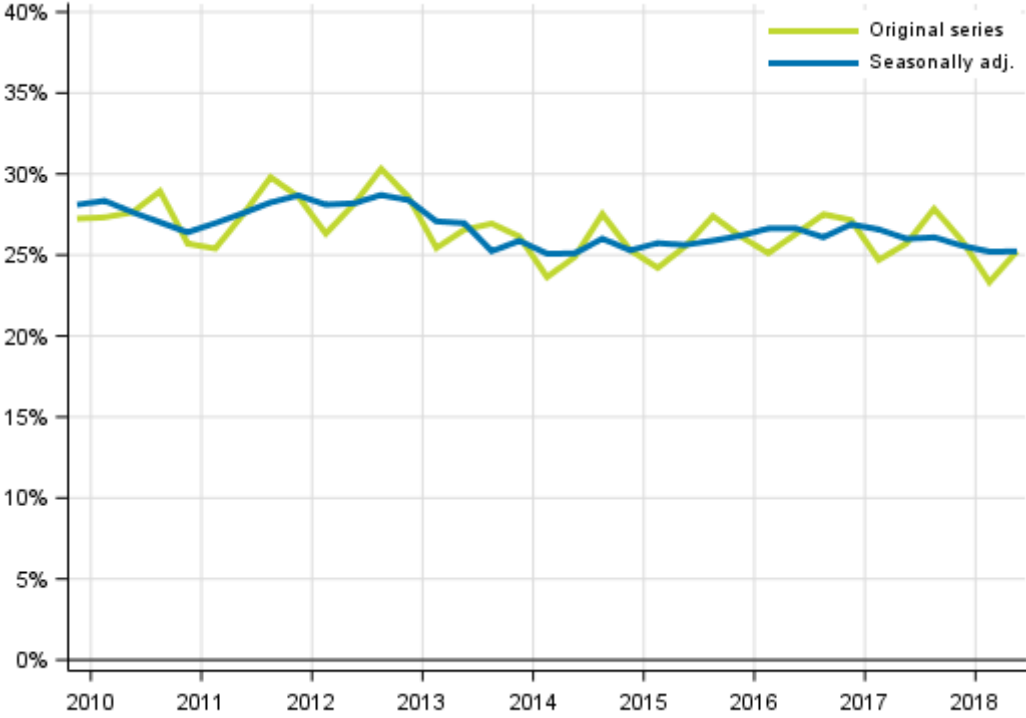
Appendix figure 3. Households' investment rate



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 (21.09.2018) (%)	Revision (% pts)
Non-financial corporations (S11) profit share	2017Q2	28.9	29.3	0.4
	2017Q3	31.1	30.5	-0.6
	2017Q4	29.6	30.4	0.8
	2018Q1	30.0	30.2	0.2
Non-financial corporations (S11) investment rate	2017Q2	28.8	26.0	-2.8
	2017Q3	28.6	26.1	-2.5
	2017Q4	27.4	25.6	-1.8
	2018Q1	28.6	25.2	-3.4
Household (S14) saving rate	2017Q2	-2.2	-1.2	1.0
	2017Q3	-1.3	-1.0	0.3
	2017Q4	-2.0	-1.8	0.2
	2018Q1	0.5	0.4	-0.1
Household (S14) investment rate,	2017Q2	12.5	12.2	-0.3
	2017Q3	12.2	12.3	0.1
	2017Q4	12.7	12.7	0.0
	2018Q1	13.0	12.9	-0.1

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