

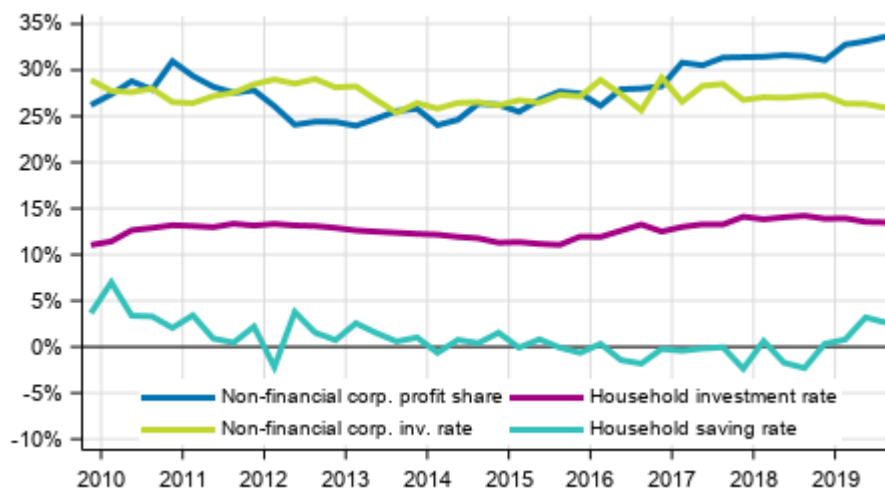
Quarterly sector accounts

2019, 3rd quarter

Profit share of the non-financial corporations sector continued growing in the third quarter of 2019

The profit share of the non-financial corporations sector grew from the previous quarter and stood at 33.6 per cent. The investment rate of non-financial corporations continued declining. Households' saving rate decreased from the previous quarter. The saving rate calculated from seasonally adjusted data decreased as disposable income grew relatively more than consumption expenditure. Households' investment rate did not change. These data derive from Statistics Finland's quarterly sector accounts.

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



In July to September, households' saving rate decreased from the previous quarter by 0.6 percentage points to 2.6 per cent. The saving rate refers to the share of households' savings of disposable income. Households' investment rate was the same as last year, 13.5 per cent. Most of households' investments are investments in dwellings. Households' adjusted disposable income adjusted for price changes grew by 6.8 per cent from the corresponding quarter in 2018. The clear growth in adjusted disposable income was especially affected by a change in the tax rebate policy so that payment of tax rebates started gradually in July. 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 third quarter of 2019, the profit share of non-financial corporations, or the share of profits in value added, grew from the previous quarter by 0.5 percentage points to 33.6 per cent. The investment rate of non-financial corporations, or the proportion of investments in value added, fell by 0.4 percentage points to 25.9 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.

You can read more about sector-specific development in the statistical review:

http://stat.fi/til/sekn/kat_en.html

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Sector-specific review on the data for the third quarter of 2019

Households

Compared with the corresponding quarter last year, households' disposable income increased by as much as 9.6 per cent in the third quarter of 2019. The key components of disposable income on the income side are wages and salaries received, entrepreneurial and property income, and social benefits received. The biggest individual expense items are taxes paid and social contributions. The extreme increase in households' disposable income is primarily the result of a change in the tax rebate policy: previously all tax rebates were paid in December but starting from 2019, the tax rebates are paid gradually to households starting from July. Because tax rebates are taken into account as deductions in paid taxes, the taxes paid by households decreased by good EUR 1.6 billion from the corresponding quarter in 2018. The change in the tax rebate policy will also be visible in the last quarter of 2019 when the taxes paid by households will increase considerably compared to the corresponding quarter last year, which in turn, will decrease households' disposable income correspondingly. Such a big increase in households' disposable income is an exception that is likely to have an opposite effect in the next quarter and will then even out in coming years if the tax rebates are paid gradually also in future.

Compared to the figures one year ago, disposable income grew mainly due to a growth of nearly EUR 0.8 billion in compensation of employees received and a decrease of good EUR 1.6 billion in taxes paid due to the reasons explained above. There was not much changes in property income, entrepreneurial income and social contributions received from the corresponding quarter of the previous year. Both social security contributions paid, and property expenditure were practically on level with the previous year's corresponding quarter. Consumption expenditure is estimated to have grown by good EUR 900 million compared with the figures in 2018.

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 2019, adjusted disposable income grew at current prices by 8.2 per cent (in nominal terms) and adjusted for price changes by 6.8 per cent (in real terms) from the corresponding quarter of the year before. The change in the tax rebate policy that affected the growth in disposable income is also reflected in the change in adjusted disposable income. 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 2.6 per cent in the third quarter of 2019, which was 0.6 percentage points higher than in the previous quarter. The saving rate is derived by deducting consumption expenditure from disposable income. The saving rate is positive if households' consumption expenditure is lower than their disposable income. Like in previous quarter, households' seasonally adjusted investment rate was 13.5 per cent of disposable income in the third quarter of 2019. Most of households' investments are investments in dwellings.

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

In this 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. Net data are used in these statistics, that is, when consumption of fixed capital is considered, the saving rate decreases and the investment rate increases.

Non-financial corporations sector's profits still growing

In the third quarter of 2019, the seasonally adjusted profit share of non-financial corporations grew by 0.5 percentage points to 33.6 per cent. The profit share of non-financial corporations has long been on the rise. In the third quarter of 2018, the profit share was 31.5 per cent. The profit share refers to the share of the operating surplus in value added. The growth in the profit share is explained by a considerable increase in output. The investment rate of non-financial corporations, or the proportion of fixed capital investments in value added declined slightly from the previous quarter to 25.9 per cent.

The financial surplus or net lending calculated from figures unadjusted for seasonal variation improved by EUR 3.3 billion from the corresponding quarter in 2018 and amounted to EUR 4.8 billion. The significant increase in inventories seen in the third quarter last year affected the growth in the financial surplus.

Profits of financial and insurance corporations decreased

The seasonally adjusted value added of the sector decreased by 3.1 per cent in the third quarter from the corresponding quarter in 2018. Output went up by 7.7 per cent and intermediate consumption by 18.0 per cent. The changes compared to the values one year ago are largely explained by international group changes in the sector. The operating surplus describing profits in the sector declined by 11.8 per cent from EUR 808 million in the corresponding quarter one year ago to EUR 713 million. Compensations of employees, in turn, went up by 2.7 per cent from the respective quarter of the year before. 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 clearly from a year ago

In July to September 2019, consolidated total general government revenue declined by EUR 1,140 million from the respective quarter of the previous year. Consolidated expenditure increased by EUR 850 million. The difference between revenue and expenditure, that is, the deficit (net borrowing) of general government weakened by close on EUR two billion and amounted to almost EUR three billion. Of the sub-sectors, employment pension funds and other social security funds were in surplus. The financial surplus of employment pension funds grew clearly and that of other social security funds contracted slightly. Central and local government, in turn, were in deficit. The deficit in both sectors grew year-on-year, especially that of local government whose surplus was EUR 1.9 billion higher than in the third quarter of 2018. The growth in local government surplus is explained by the change in the tax rebate policy and also by increased expenditure from service acquisitions and higher investments. Consolidated total revenue and expenditure are figures in which flows between the general government sub-sectors have been eliminated.

The statistics on quarterly sector accounts examines general government as a whole. More detailed information on quarterly sector accounts of general government can be found in the statistics on general government revenue and expenditure where the sub-sectors are specified:

http://www.stat.fi/til/jtume/index_en.html

Current account in surplus in the third quarter of

Exports of goods abroad from Finland amounted to EUR 15.4 billion in the third quarter of 2019. Exports of the goods were nearly on level with the corresponding quarter in 2018. Exports of services amounted to EUR 7.9 billion, which was 17.1 per cent more than one year ago. Imports of goods to Finland amounted to EUR 15.5 billion. Compared to one year ago, the value of imports of goods decreased by EUR 0.2 billion (1.0 per cent). Imports of services amounted to EUR 7.6 billion, which was 6.5 per cent more than one year ago. The balance of goods and services showed a surplus of EUR 0.2 billion.

Property income received from abroad was around EUR 1.1 billion higher 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.

The current account was EUR 0.8 billion in surplus in the third quarter of 2019.

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 13 December 2019. The data for 1999 to 2018 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	25.9	25.3	-0.6	11.9
2011Q2	28.4	26.7	6.5	12.1
2011Q3	23.0	28.7	-0.9	15.6
2011Q4	34.8	28.7	1.4	12.9
2012Q1	22.1	27.9	-7.5	12.3
2012Q2	23.8	28.1	9.2	12.6
2012Q3	20.3	30.2	0.6	15.3
2012Q4	32.0	28.6	0.2	12.4
2013Q1	20.2	27.2	-2.0	11.5
2013Q2	24.3	26.4	6.7	12.2
2013Q3	21.7	26.2	-0.4	14.5
2013Q4	32.8	26.9	0.7	11.5
2014Q1	20.4	24.7	-5.0	11.0
2014Q2	24.0	26.1	5.8	11.9
2014Q3	22.8	27.3	-0.8	13.7
2014Q4	32.9	26.7	1.1	10.5
2015Q1	21.8	25.5	-4.2	10.3
2015Q2	26.2	26.2	5.6	11.4
2015Q3	24.2	28.0	-1.4	12.9
2015Q4	34.1	27.9	-0.7	10.8
2016Q1	22.7	27.5	-3.0	10.7
2016Q2	27.7	27.2	3.7	13.0
2016Q3	24.2	26.2	-3.2	15.5
2016Q4	34.6	30.0	-1.2	11.1
2017Q1	27.1	25.1	-3.3	11.7
2017Q2	30.2	28.2	4.9	13.6
2017Q3	28.2	29.2	-1.3	15.2
2017Q4	37.5	27.5	-3.9	13.0
2018Q1	27.6	25.5	-1.9	12.9
2018Q2	31.1	26.9	2.6	14.3
2018Q3	28.8	27.9	-2.5	15.7
2018Q4	37.3	28.0	-1.5	13.0
2019Q1	29.3	24.8	-2.6	13.1
2019Q2	32.7	26.3	6.1	13.9
2019Q3	31.1	26.6	3.6	14.9

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	29.4	26.4	3.4	13.1
2011Q2	28.2	27.2	0.9	13.0
2011Q3	27.5	27.5	0.5	13.3
2011Q4	27.8	28.5	2.2	13.1

	Non-financial corporations (S11) profit share, %	Non-financial corporations (S11) investment rate, %	Household (S14) saving rate, %	Household (S14) investment rate, %
2012Q1	26.1	29.0	-2.2	13.3
2012Q2	24.1	28.5	3.8	13.2
2012Q3	24.4	29.0	1.5	13.1
2012Q4	24.4	28.1	0.7	12.9
2013Q1	24.0	28.2	2.6	12.6
2013Q2	24.7	26.8	1.5	12.5
2013Q3	25.6	25.4	0.6	12.4
2013Q4	25.8	26.4	1.0	12.2
2014Q1	24.0	25.8	-0.7	12.2
2014Q2	24.6	26.4	0.8	11.9
2014Q3	26.4	26.5	0.4	11.8
2014Q4	26.2	26.2	1.5	11.3
2015Q1	25.5	26.7	-0.1	11.4
2015Q2	26.8	26.5	0.8	11.2
2015Q3	27.7	27.3	-0.1	11.1
2015Q4	27.5	27.2	-0.7	12.0
2016Q1	26.1	28.9	0.3	11.9
2016Q2	27.9	27.4	-1.4	12.6
2016Q3	28.0	25.6	-1.8	13.3
2016Q4	28.3	29.2	-0.2	12.5
2017Q1	30.8	26.6	-0.4	13.0
2017Q2	30.5	28.3	-0.2	13.3
2017Q3	31.4	28.5	0.0	13.3
2017Q4	31.4	26.8	-2.4	14.1
2018Q1	31.4	27.1	0.6	13.8
2018Q2	31.6	27.0	-1.7	14.0
2018Q3	31.5	27.2	-2.3	14.2
2018Q4	31.1	27.3	0.3	13.9
2019Q1	32.8	26.4	0.8	13.9
2019Q2	33.1	26.3	3.2	13.5
2019Q3	33.6	25.9	2.6	13.5

Appendix table 3. Volume development of household adjusted disposable income

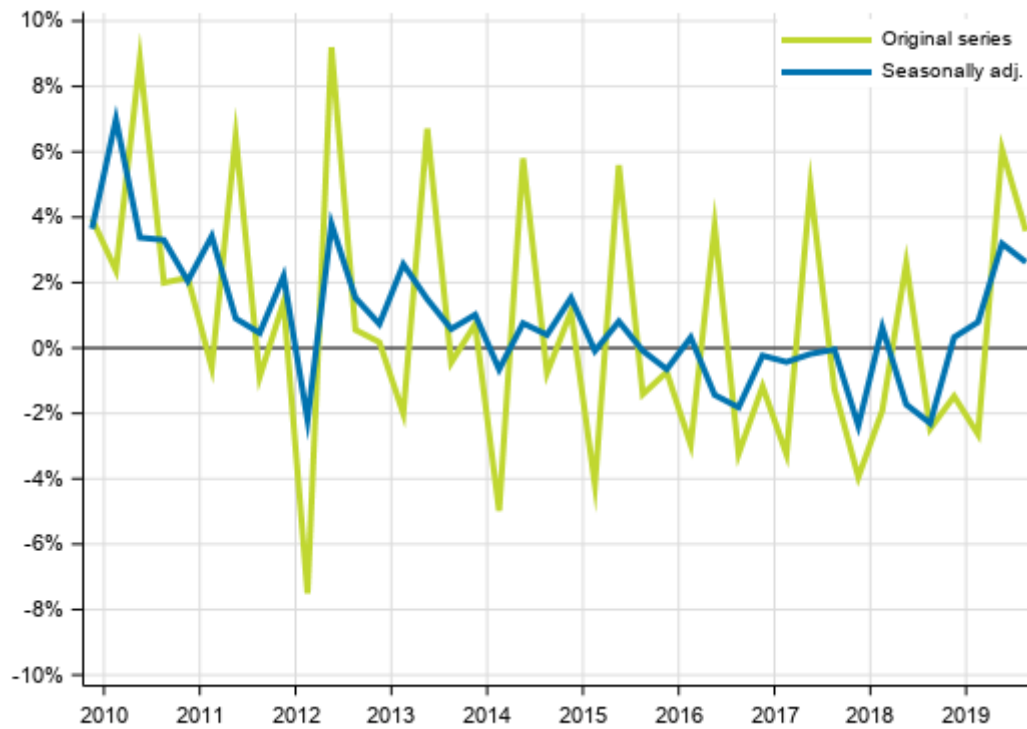
	Household adjusted disposable income, EUR bil.	Change in value from one year ago, %	Volume indicator (1999=100)	Change in volume from one year ago, %
2011Q1	31.5	3.7	122.3	0.6
2011Q2	36.2	5.3	139.5	1.7
2011Q3	33.6	4.0	129.0	0.2
2011Q4	36.0	4.2	137.4	0.7
2012Q1	32.3	2.8	121.7	-0.5
2012Q2	37.6	3.8	140.3	0.6
2012Q3	34.9	4.0	129.9	0.7
2012Q4	36.7	2.1	136.3	-0.8
2013Q1	33.6	4.0	123.3	1.3
2013Q2	38.3	1.7	139.5	-0.6
2013Q3	35.5	1.6	129.1	-0.6
2013Q4	37.5	2.1	136.0	-0.3
2014Q1	33.6	-0.1	121.1	-1.8
2014Q2	38.4	0.5	138.4	-0.7
2014Q3	36.1	1.7	129.8	0.5
2014Q4	38.2	1.9	137.2	0.9
2015Q1	34.4	2.5	123.7	2.1
2015Q2	39.3	2.3	141.1	1.9
2015Q3	36.5	1.3	131.2	1.1
2015Q4	38.6	0.9	138.2	0.7
2016Q1	35.3	2.7	127.6	3.1
2016Q2	39.8	1.3	143.2	1.5
2016Q3	36.9	0.9	132.5	1.0
2016Q4	39.5	2.4	141.4	2.3
2017Q1	35.8	1.5	128.5	0.7
2017Q2	40.5	1.6	144.7	1.1
2017Q3	37.9	2.9	135.7	2.4
2017Q4	39.3	-0.5	140.1	-0.9
2018Q1	37.1	3.6	132.1	2.8
2018Q2	41.3	1.9	145.8	0.7
2018Q3	38.9	2.4	136.9	0.9
2018Q4	41.1	4.5	144.3	3.0
2019Q1	37.9	2.0	132.3	0.2
2019Q2	43.2	4.8	150.6	3.3
2019Q3	42.0	8.2	146.2	6.8

Appendix figures

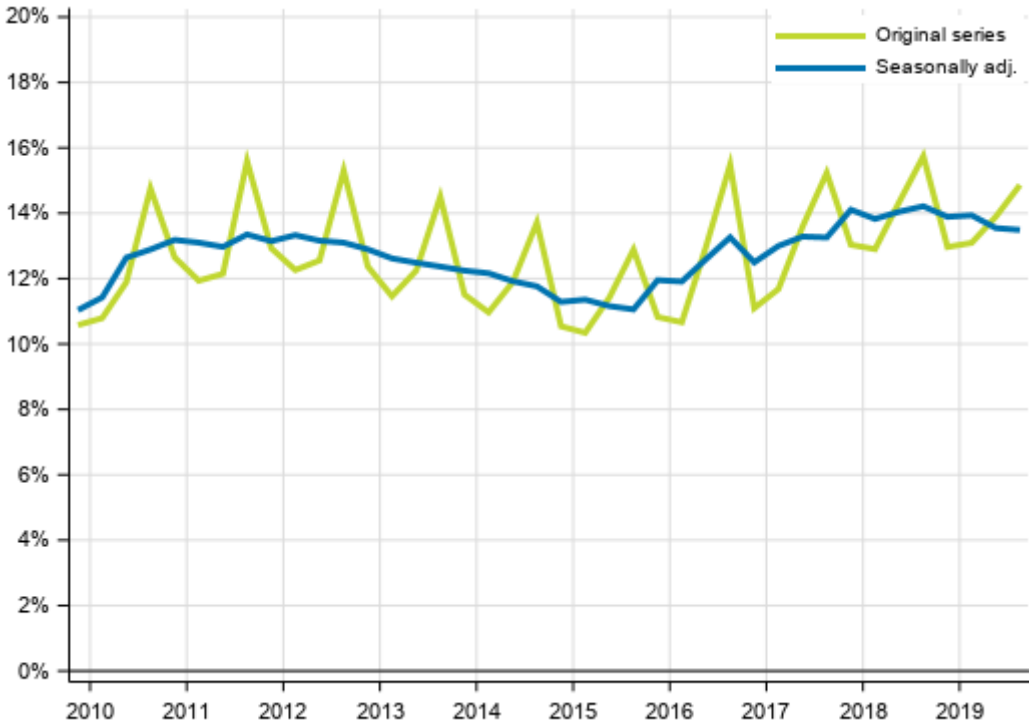
Appendix figure 1. Volume development of households' adjusted disposable income



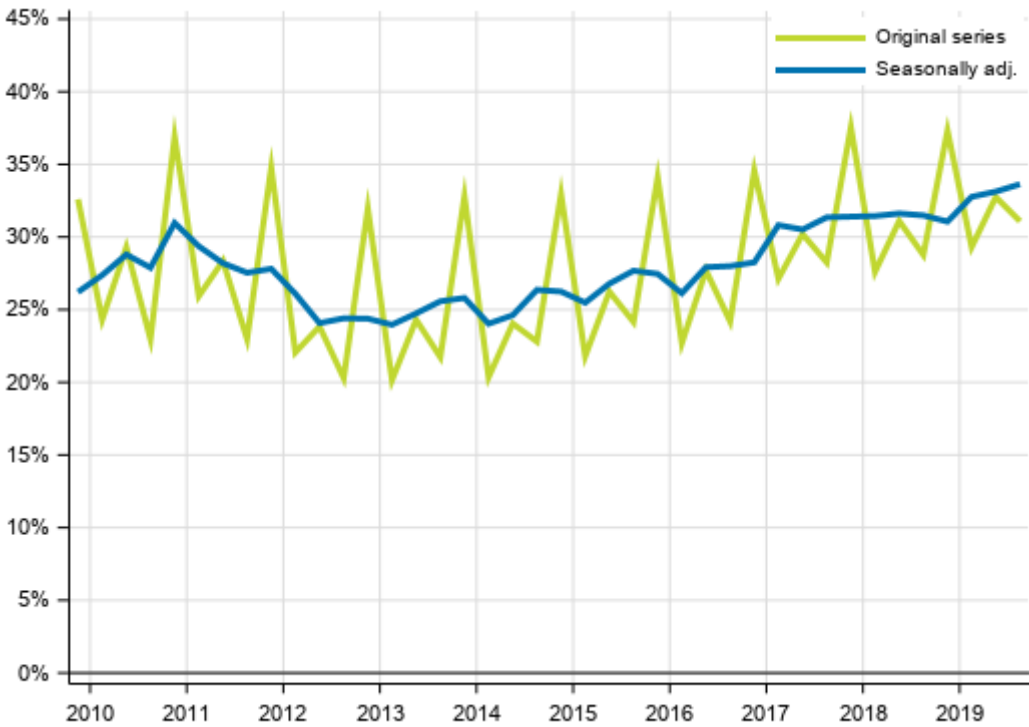
Appendix figure 2. Households' saving rate



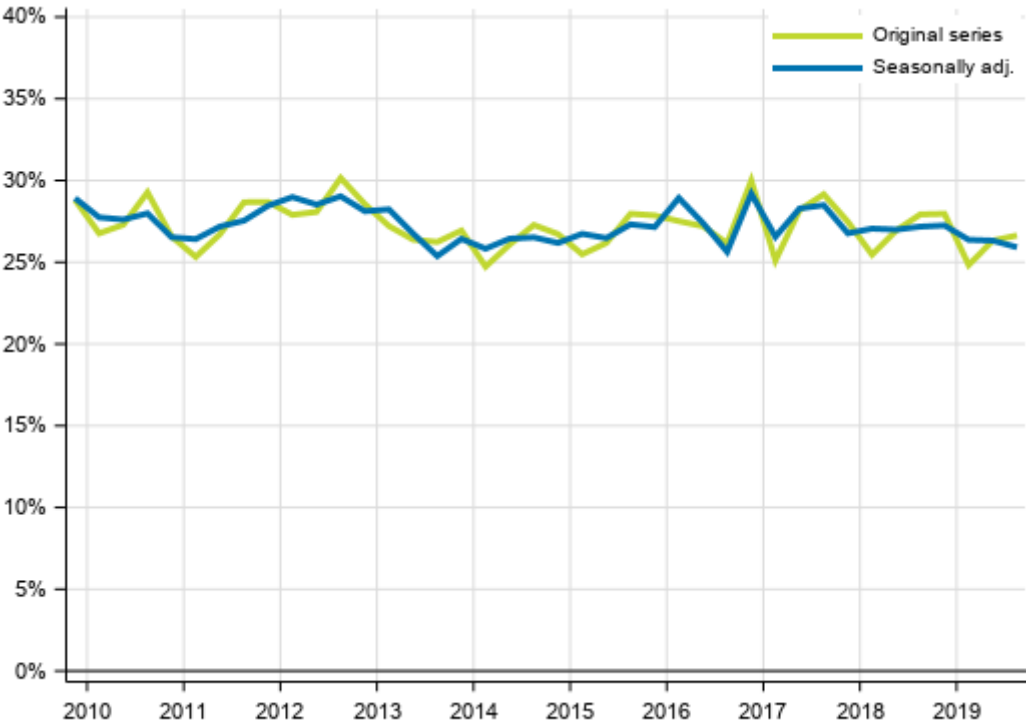
Appendix figure 3. Households' investment rate



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 (20.12.2019) (%)	Revision (% pts)
Non-financial corporations (S11) profit share	2018Q3	30.7	31.5	0.8
	2018Q4	30.7	31.1	0.4
	2019Q1	31.7	32.8	1.1
	2019Q2	32.7	33.1	0.4
Non-financial corporations (S11) investment rate	2018Q3	24.3	27.2	2.9
	2018Q4	25.6	27.3	1.7
	2019Q1	26.1	26.4	0.3
	2019Q2	26.3	26.3	0.0
Household (S14) saving rate	2018Q3	-0.1	-2.3	-2.2
	2018Q4	0.7	0.3	-0.4
	2019Q1	1.2	0.8	-0.4
	2019Q2	1.9	3.2	1.3
Household (S14) investment rate,	2018Q3	13.1	14.2	1.1
	2018Q4	13.1	13.9	0.8
	2019Q1	12.8	13.9	1.1
	2019Q2	14.0	13.5	-0.5

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Source: Sector accounts, Statistics Finland