

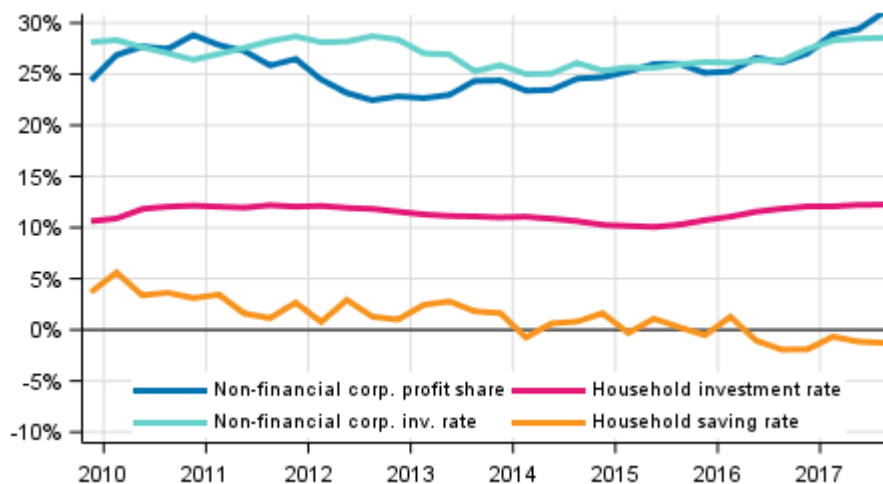
Quarterly sector accounts

2017, 3rd quarter

Non-financial corporations sector's profits grew in the third quarter of 2017

The profit share of the non-financial corporations sector grew compared to the previous quarter as the sector's value added grew and compensation of employees paid remained almost unchanged. Non-financial corporations' investment rate also continued to grow. Households' saving rate weakened in July to September from the previous quarter. The saving rate fell, because consumption expenditure increased faster than disposable income. Households' investment rate 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 July to September, households' saving rate declined by 0.1 percentage points to -1.3 per cent. The saving rate refers to the share of households' savings in disposable income. Households' investment rate was unchanged and stood at 12.2 per cent. Most of households' investments were investments in dwellings. Households' adjusted disposable income grew from the corresponding quarter in 2016 by 2.2 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 third quarter of 2017, the profit share of non-financial corporations, or the share of profits in value added, grew to 31.1 per cent from 29.4 per cent in the previous quarter. The investment rate of non-financial corporations, or the proportion of investments in value added, rose by 0.1 percentage points to 28.6 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 third quarter of 2017

Saving rate of the households sector was negative in the third quarter of 2017

The disposable income of households grew in the third quarter of 2017 by 3.3 per cent (around EUR 900 million) 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 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 EUR 0.3 billion in social benefits received and an estimated increase of around EUR 0.3 billion in entrepreneurial income, while property income diminished by about EUR 0.1 billion from one year ago. Of expenses, income taxes paid fell 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 diminished further, but interest expenses grew somewhat. Consumption expenditure grew by nearly EUR 900 million compared with the corresponding quarter last year.

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 2017, adjusted disposable income grew at current prices by 2.5 per cent and adjusted for price changes by 2.2 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 -1.3 per cent in the third quarter of 2017. In the previous quarter, the saving rate stood at -1.2 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 12.2 per cent of disposable income in the third quarter of 2017, which was 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 decreased by around four 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. Net data are used in these statistics, that is, when consumption of fixed capital is taken into account, saving and investment rates decrease.

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

In the third quarter of 2017, the seasonally adjusted profit share of non-financial corporations grew to 31.1 per cent from the previous quarter's 29.4 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 nearly unchanged. The cut in employers' social insurance contributions has had an effect on the level of compensation of employees from the beginning of 2017. The investment rate of non-financial corporations, or the proportion of fixed capital investments in value added, grew to a 0.1 percentage point higher level than in the previous quarter to 28.6 per cent.

Profits of financial and insurance corporations grew from one year back

The sector's value added grew in the third quarter by five per cent from the corresponding quarter of the previous year, while output remained unchanged and intermediate consumption fell by around five per cent. Due to international group changes in the sector, the operating surplus describing profits in the sector grew significantly and was EUR 768 million. 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 weakened slightly from a year ago

In July to September 2017, consolidated total general government revenue grew by EUR 200 million from the respective quarter of the previous year. Consolidated expenditure increased by EUR 300 million. The difference between revenue and expenditure, that is, the deficit (net borrowing) of general government declined by EUR 100 million. Of the sub-sectors, the financial position of central government improved somewhat, 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](#).

Current account clearly in surplus in the third quarter of 2017

Exports of goods at current prices from Finland to abroad amounted to EUR 14.4 billion in the third quarter of 2017. Exports of goods increased by EUR 1.3 billion or 10.3 per cent from the respective quarter of the year before. Exports of services amounted to EUR 6.3 billion, which was EUR 0.5 billion more than one year ago. Imports of goods to Finland at current prices were EUR 13.7 billion. Compared to one year ago, the value of imports of goods increased by EUR 0.9 billion (6.7 per cent). Imports of services amounted to EUR 6.5 billion, which was on level with one year ago. The balance of goods and services showed a surplus of EUR 0.4 billion in the third quarter of 2017.

Property income received from abroad was around EUR 1.2 billion higher than property income paid abroad. Property income includes dividends, interests and reinvested earnings. Current transfers paid abroad from Finland were around EUR 0.4 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 showed a surplus of EUR 1.4 billion in the third quarter of 2017, while one year ago, the surplus was EUR 0.2 billion.

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 December 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 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	24.6	25.4	-0.1	10.9
2011Q2	27.2	27.4	7.2	11.2
2011Q3	21.6	29.8	0.0	14.3
2011Q4	33.1	28.7	1.2	11.8
2012Q1	20.7	26.3	-5.7	11.0
2012Q2	22.4	28.1	9.2	11.4
2012Q3	18.8	30.3	1.0	13.9
2012Q4	30.2	28.7	0.3	11.1
2013Q1	18.6	25.4	-1.3	10.2
2013Q2	23.0	26.5	7.6	10.9
2013Q3	20.4	26.9	0.8	13.0
2013Q4	31.2	26.2	1.0	10.4
2014Q1	19.0	23.6	-4.6	10.0
2014Q2	22.7	24.8	5.9	10.9
2014Q3	21.5	27.5	-0.7	12.4
2014Q4	31.7	25.4	0.8	9.6
2015Q1	21.1	24.3	-3.9	9.2
2015Q2	25.1	25.5	5.9	10.2
2015Q3	22.8	27.4	-1.0	11.8
2015Q4	32.4	26.1	-1.2	9.9
2016Q1	21.4	24.8	-3.1	10.2
2016Q2	26.6	26.1	3.1	11.8
2016Q3	22.7	27.5	-2.8	13.5
2016Q4	33.3	27.6	-1.3	11.0
2017Q1	26.2	26.7	-4.5	11.1
2017Q2	29.0	28.3	2.9	12.6
2017Q3	27.2	30.3	-2.4	14.0

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	27.8	27.0	3.4	12.0
2011Q2	27.3	27.6	1.6	12.0
2011Q3	25.8	28.2	1.1	12.2
2011Q4	26.5	28.7	2.7	12.0
2012Q1	24.5	28.1	0.8	12.1
2012Q2	23.2	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	22.7	27.0	2.4	11.3
2013Q2	23.0	26.9	2.8	11.1
2013Q3	24.3	25.3	1.8	11.1
2013Q4	24.4	25.9	1.6	11.0

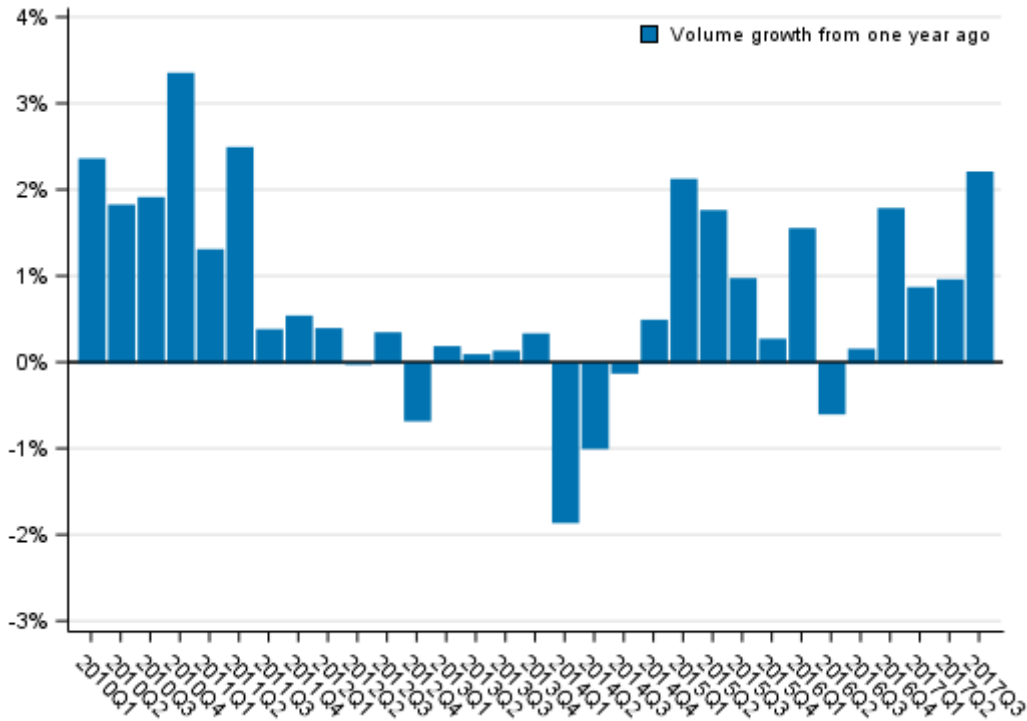
	Non-financial corporations (S11) profit share, %	Non-financial corporations (S11) investment rate, %	Household (S14) saving rate, %	Household (S14) investment rate, %
2014Q1	23.4	25.0	-0.7	11.1
2014Q2	23.5	25.0	0.6	10.9
2014Q3	24.5	26.1	0.8	10.6
2014Q4	24.7	25.4	1.6	10.3
2015Q1	25.3	25.7	-0.3	10.2
2015Q2	26.0	25.6	1.1	10.1
2015Q3	26.0	26.0	0.2	10.3
2015Q4	25.1	26.2	-0.5	10.7
2016Q1	25.3	26.1	1.3	11.1
2016Q2	26.6	26.3	-1.1	11.6
2016Q3	26.2	26.3	-1.9	11.8
2016Q4	27.0	27.5	-1.9	12.1
2017Q1	28.9	28.3	-0.7	12.1
2017Q2	29.4	28.5	-1.2	12.2
2017Q3	31.1	28.6	-1.3	12.2

Appendix table 3. Volume development of household adjusted disposable income

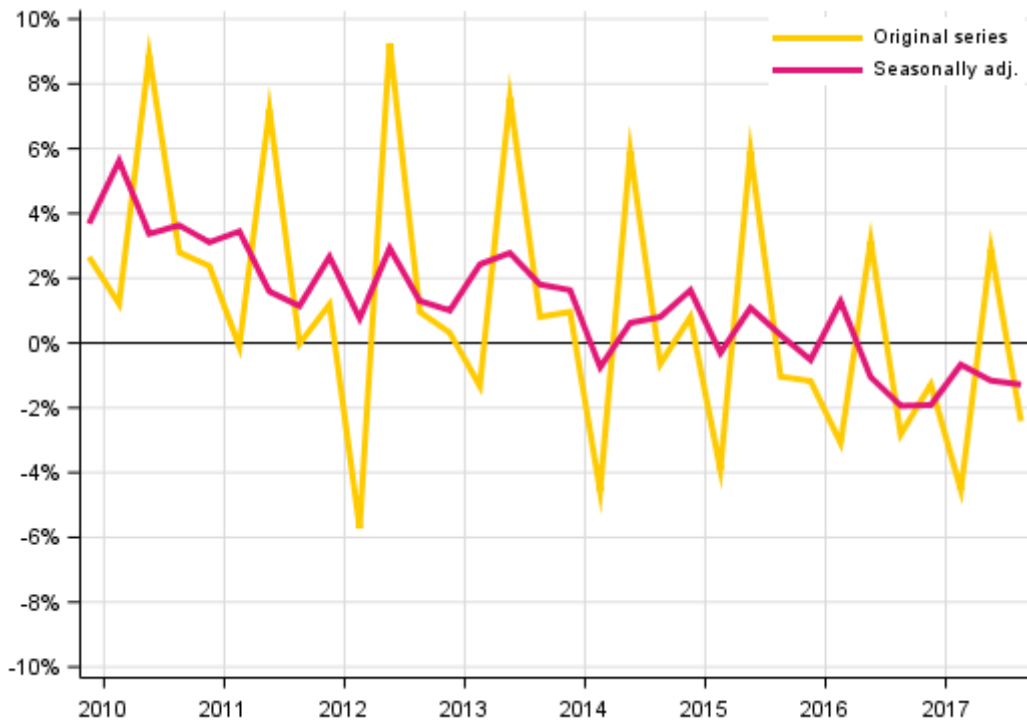
	Household adjusted disposable income, EUR bil.	Change in value from one year ago, %	Volume indicator (1999=100)	Change in volume from one year ago, %
2011Q1	32.0	4.5	123.9	1.3
2011Q2	36.8	6.0	141.1	2.5
2011Q3	34.1	4.2	130.3	0.4
2011Q4	36.4	4.0	138.3	0.5
2012Q1	33.2	3.5	124.4	0.4
2012Q2	38.0	3.3	141.1	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	2.4	131.0	0.1
2013Q4	38.2	2.6	137.8	0.3
2014Q1	34.1	-0.1	122.3	-1.8
2014Q2	39.0	0.2	139.8	-1.0
2014Q3	36.6	1.1	130.8	-0.1
2014Q4	38.8	1.6	138.5	0.5
2015Q1	35.0	2.6	124.9	2.1
2015Q2	39.9	2.3	142.3	1.8
2015Q3	37.1	1.3	132.1	1.0
2015Q4	39.1	0.6	138.9	0.3
2016Q1	35.7	2.1	126.9	1.6
2016Q2	40.0	0.2	141.5	-0.6
2016Q3	37.4	1.0	132.3	0.2
2016Q4	40.0	2.5	141.4	1.8
2017Q1	36.1	1.2	128.0	0.9
2017Q2	40.5	1.2	142.8	1.0
2017Q3	38.3	2.5	135.2	2.2

Appendix figures

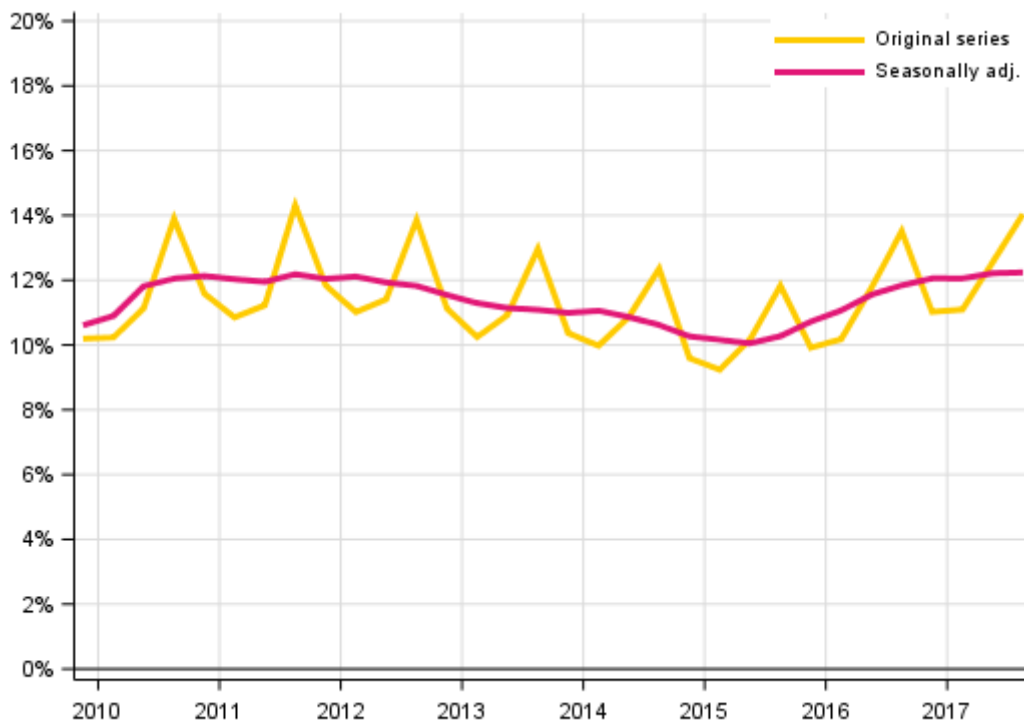
Appendix figure 1. Volume development of households' adjusted disposable income



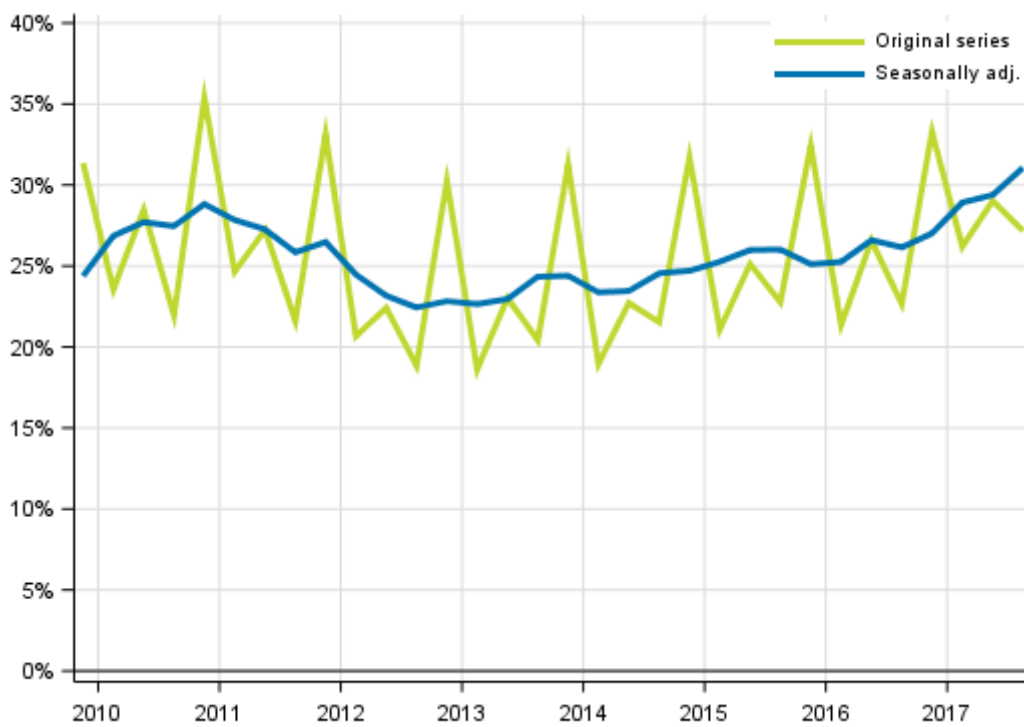
Appendix figure 2. Households' saving rate



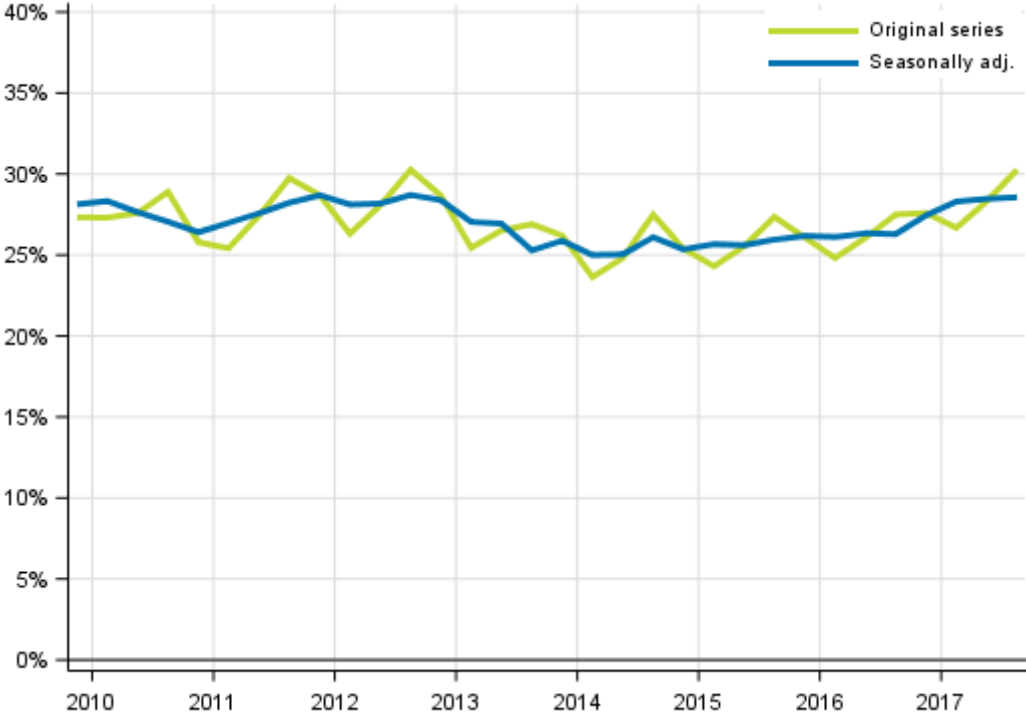
Appendix figure 3. Households' investment rate



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 (20.12.2017) (%)	Revision (% pts)
Non-financial corporations (S11) profit share	2016Q3	24.7	26.2	1.5
	2016Q4	26.1	27.0	0.9
	2017Q1	28.8	28.9	0.1
	2017Q2	28.9	29.4	0.5
Non-financial corporations (S11) investment rate	2016Q3	25.6	26.3	0.7
	2016Q4	27.5	27.5	0.0
	2017Q1	27.5	28.3	0.8
	2017Q2	28.8	28.5	-0.3
Household (S14) saving rate	2016Q3	-0.8	-1.9	-1.1
	2016Q4	-1.8	-1.9	-0.1
	2017Q1	-2.3	-0.7	1.6
	2017Q2	-2.2	-1.2	1.0
Household (S14) investment rate,	2016Q3	10.8	11.8	1.0
	2016Q4	11.8	12.1	0.3
	2017Q1	12.0	12.1	0.1
	2017Q2	12.5	12.2	-0.3

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