

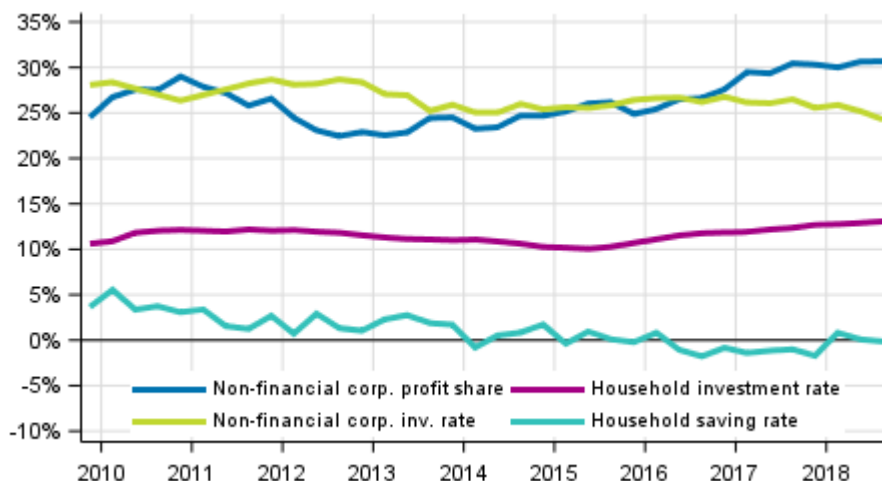
Quarterly sector accounts

2018, 3rd quarter

Profit share of the non-financial corporations sector remained unchanged and the saving rate of the households sector fell in the third quarter of 2018

Households' saving rate weakened slightly in July to September from the previous quarter. The saving rate was slightly negative, because consumption expenditure was unchanged, but disposable income diminished slightly from the previous quarter. Households' investment rate continued growing. The profit share of the non-financial corporations sector remained on level with the previous quarter, because the sector's value added and compensation of employees grew by almost equally much. The investment rate of non-financial corporations in turn diminished. 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 0.2 percentage points to -0.1 per cent. The saving rate refers to the share of households' savings in disposable income. Households' investment rate grew slightly and stood at 13 per cent. Most of households' investments were investments in dwellings. Households' adjusted disposable income grew from the corresponding quarter in 2017 by 1.6 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 2018, the profit share of non-financial corporations, or the share of profits in value added, remained on level with the previous quarter, at 30.7 per cent. The investment rate of non-financial corporations, or the proportion of investments in value added, continued falling and was 24.3 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 2018

Households

The disposable income of households grew in the third quarter of 2018 by good three per cent (close on EUR one billion) compared to the corresponding quarter in 2017. 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 nearly EUR one billion in compensation of employees received and to an estimated increase of good EUR 0.1 billion in entrepreneurial income. Property income and social benefits received were in practice on level with one year before. Income taxes paid were nearly EUR 0.2 billion higher than in the third quarter of the year before. Both social security contributions paid and property expenditure were nearly on level with the previous year's corresponding quarter. Consumption expenditure grew by nearly EUR 600 million from the year before.

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 2018, adjusted disposable income grew at current prices by 3.2 per cent and adjusted for price changes by 1.6 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 -0.1 per cent in the third quarter of 2018. In the previous quarter, the saving rate stood at 0.1 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 third quarter of 2018, which was nearly the same as in the corresponding data of the previous quarter (12.9%). Most of households' investments were investments in dwellings.

Compensation of employees paid by non-profit institutions serving households was in practice on level 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, the saving rate decreases and the investment rate increases.

Profit share of the non-financial corporations sector on level with the previous quarter

In the third quarter of 2018, the seasonally adjusted profit share of non-financial corporations remained at the previous quarter's 30.7 per cent. The profit share refers to the share of the operating surplus in value added. The profit share remained unchanged, because the non-financial corporations sector's value added and compensation of employees paid grew more or less by the same amount. The cut in employers' social insurance contributions in effect at the beginning of the year had some effect on the level of compensation of employees. The investment rate of non-financial corporations, or the proportion of fixed capital investments in value added, fell for the third quarter in a row. From the previous quarter the investment rate fell by 0.9 percentage points to 24.3 per cent.

Profits of financial and insurance corporations grew from the corresponding quarter of the previous year

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 intermediate consumption went up by six per cent and output by around five per cent. The operating surplus describing profits in the sector grew by nearly eight per cent and was EUR 683 million. Compensation of employees fell by nearly two per cent from the figures of the 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 July to September 2018, consolidated total general government revenue grew by EUR 780 million from the respective quarter of the previous year. Consolidated expenditure increased by EUR 600 million. The difference between revenue and expenditure, that is, the deficit (net borrowing) of general government rate declined by EUR 180 million. Of the sub-sectors, the financial position of central government improved, while the financial position of local government weakened. The financial position of social security funds also weakened slightly. The figures are calculated from 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](#).

Goods and service trade in deficit in the third quarter of 2018

Exports of goods abroad from Finland amounted to EUR 15.2 billion in the third quarter of 2018. Exports of goods increased by EUR 0.5 billion or 3.1 per cent from the corresponding quarter of the year before. Exports of services amounted to EUR 6.7 billion, which was EUR 0.3 billion more than one year ago. Imports of goods to Finland amounted to EUR 15.4 billion. Compared to one year ago, the value of imports of goods increased by EUR 1.1 billion (8.4 per cent). Imports of services amounted to EUR 7.2 billion, which was EUR 0.6 billion more than one year ago. The balance of goods and services showed a deficit of 0.7 billion.

Property income received from abroad was around EUR 0.3 billion higher than property income paid abroad. Property income includes dividends, interests and reinvested earnings. Current transfers paid abroad from Finland were around EUR 0.5 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 deficit in the third quarter of 2018.

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 12 December 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	24.6	25.4	0.0	10.9
2011Q2	27.0	27.5	7.1	11.2
2011Q3	21.5	29.8	-0.1	14.3
2011Q4	33.4	28.6	1.2	11.8
2012Q1	20.5	26.4	-5.6	11.0
2012Q2	22.3	28.1	9.2	11.4
2012Q3	18.7	30.3	0.9	13.9
2012Q4	30.6	28.5	0.3	11.1
2013Q1	18.5	25.5	-1.2	10.2
2013Q2	22.9	26.6	7.5	10.9
2013Q3	20.3	26.9	0.8	13.0
2013Q4	31.5	26.1	1.0	10.4
2014Q1	18.9	23.7	-4.5	10.0
2014Q2	22.7	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	21.1	24.2	-3.7	9.2
2015Q2	25.1	25.5	5.8	10.2
2015Q3	22.7	27.4	-1.3	11.8
2015Q4	32.3	26.2	-1.0	9.9
2016Q1	21.6	25.3	-2.7	10.2
2016Q2	26.6	26.5	3.6	11.7
2016Q3	23.0	27.7	-2.7	13.4
2016Q4	33.8	26.7	-1.5	10.9
2017Q1	26.6	24.5	-4.0	10.9
2017Q2	29.3	25.9	3.8	12.4
2017Q3	26.8	28.3	-2.1	14.0
2017Q4	36.0	25.5	-3.4	11.8
2018Q1	26.7	24.3	-1.0	11.8
2018Q2	29.5	25.4	4.3	13.3
2018Q3	28.0	25.8	-0.6	14.6

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	26.6	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	22.5	28.7	1.3	11.8
2012Q4	22.9	28.4	1.0	11.5

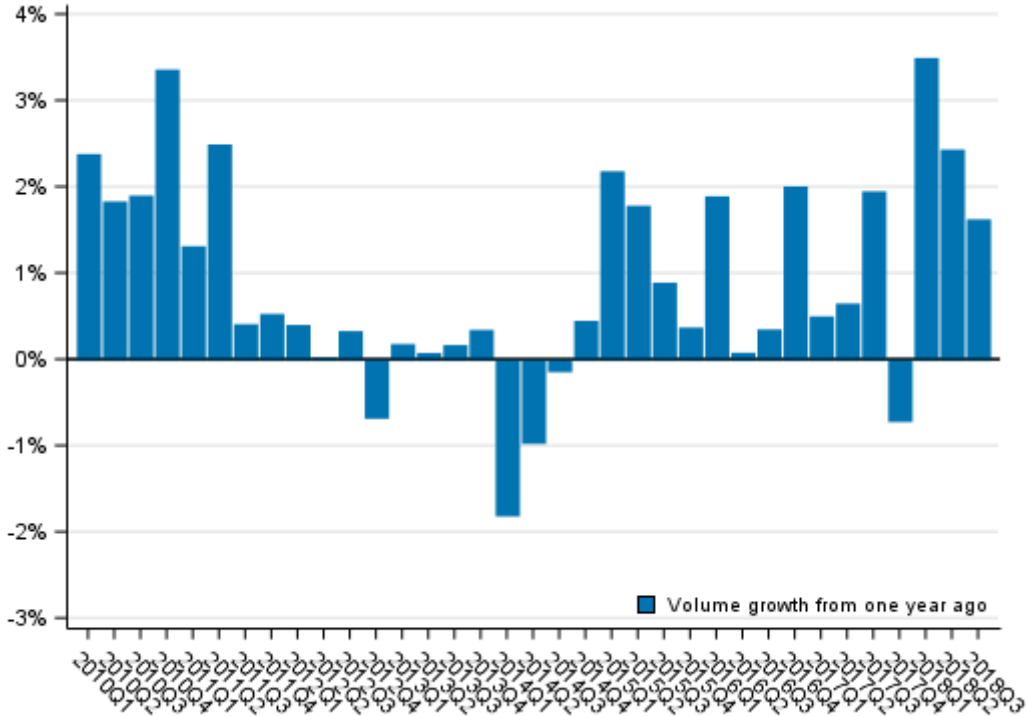
	Non-financial corporations (S11) profit share, %	Non-financial corporations (S11) investment rate, %	Household (S14) saving rate, %	Household (S14) investment rate, %
2013Q1	22.5	27.1	2.3	11.3
2013Q2	22.8	27.0	2.8	11.1
2013Q3	24.5	25.2	1.9	11.1
2013Q4	24.5	25.9	1.7	11.0
2014Q1	23.3	25.0	-0.8	11.1
2014Q2	23.4	25.0	0.5	10.9
2014Q3	24.7	26.0	0.8	10.6
2014Q4	24.7	25.4	1.7	10.3
2015Q1	25.2	25.6	-0.4	10.2
2015Q2	26.0	25.5	0.9	10.1
2015Q3	26.2	25.8	0.1	10.3
2015Q4	24.9	26.4	-0.2	10.7
2016Q1	25.4	26.6	0.8	11.1
2016Q2	26.5	26.7	-1.1	11.5
2016Q3	26.6	26.2	-1.8	11.8
2016Q4	27.6	26.8	-0.8	11.8
2017Q1	29.5	26.1	-1.4	11.9
2017Q2	29.3	26.1	-1.1	12.2
2017Q3	30.4	26.5	-1.0	12.4
2017Q4	30.3	25.6	-1.7	12.7
2018Q1	30.0	25.9	0.8	12.8
2018Q2	30.7	25.2	0.1	12.9
2018Q3	30.7	24.3	-0.1	13.1

Appendix table 3. Volume development of household adjusted disposable income

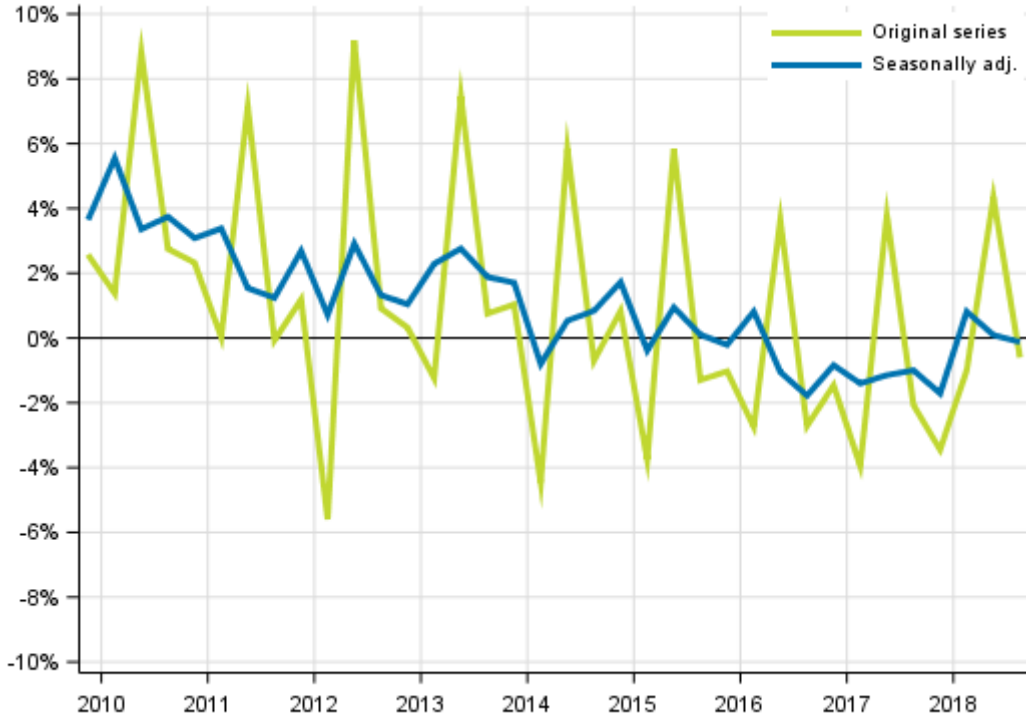
	Household adjusted disposable income, EUR bil.	Change in value from one year ago, %	Volume indicator (1999=100)	Change in volume from one year ago, %
2011Q1	32.0	4.5	123.9	1.3
2011Q2	36.8	6.0	141.1	2.5
2011Q3	34.1	4.2	130.4	0.4
2011Q4	36.4	4.0	138.3	0.5
2012Q1	33.2	3.5	124.4	0.4
2012Q2	38.0	3.3	141.1	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	40.0	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	140.7	-0.7
2018Q1	37.8	4.4	132.5	3.5
2018Q2	42.2	3.7	146.9	2.4
2018Q3	39.5	3.2	137.2	1.6

Appendix figures

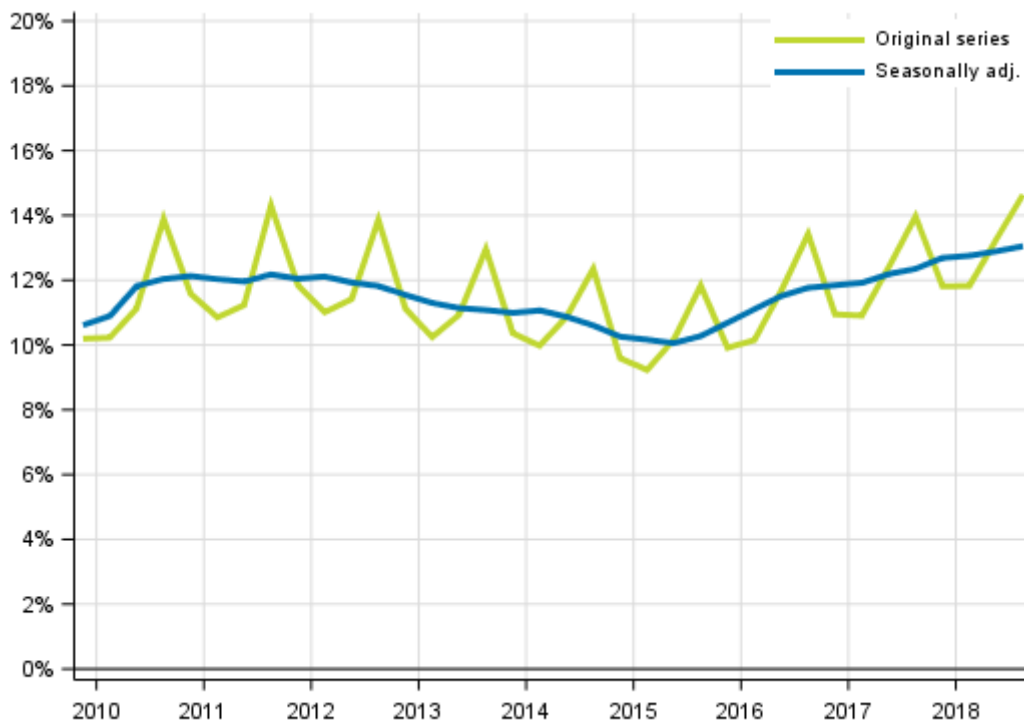
Appendix figure 1. Volume development of households' adjusted disposable income



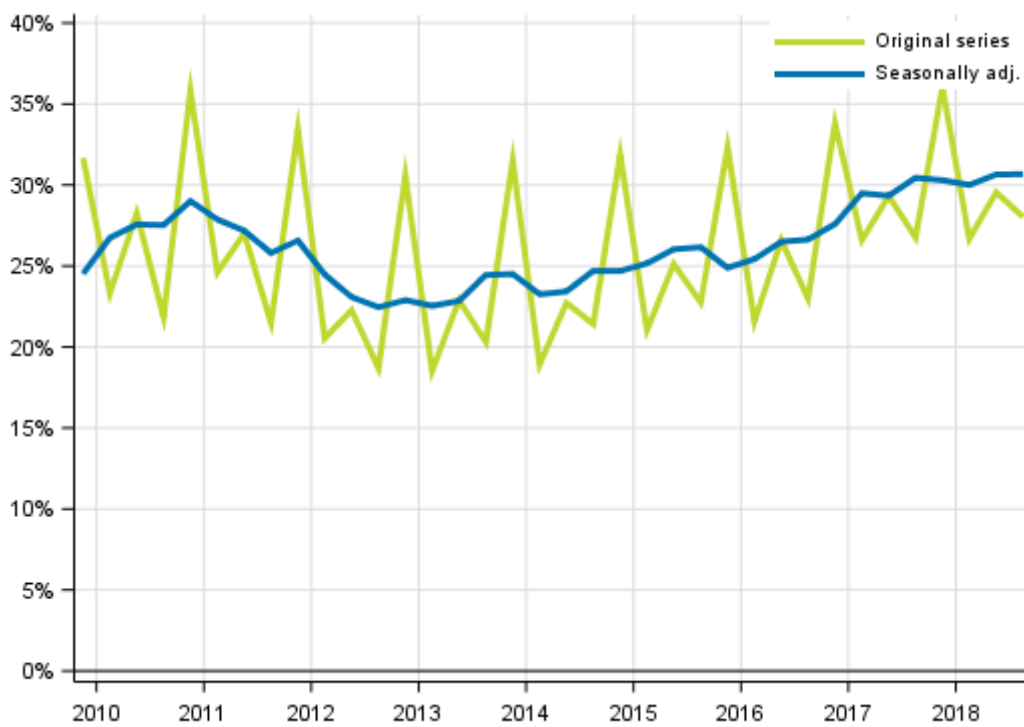
Appendix figure 2. Households' saving rate



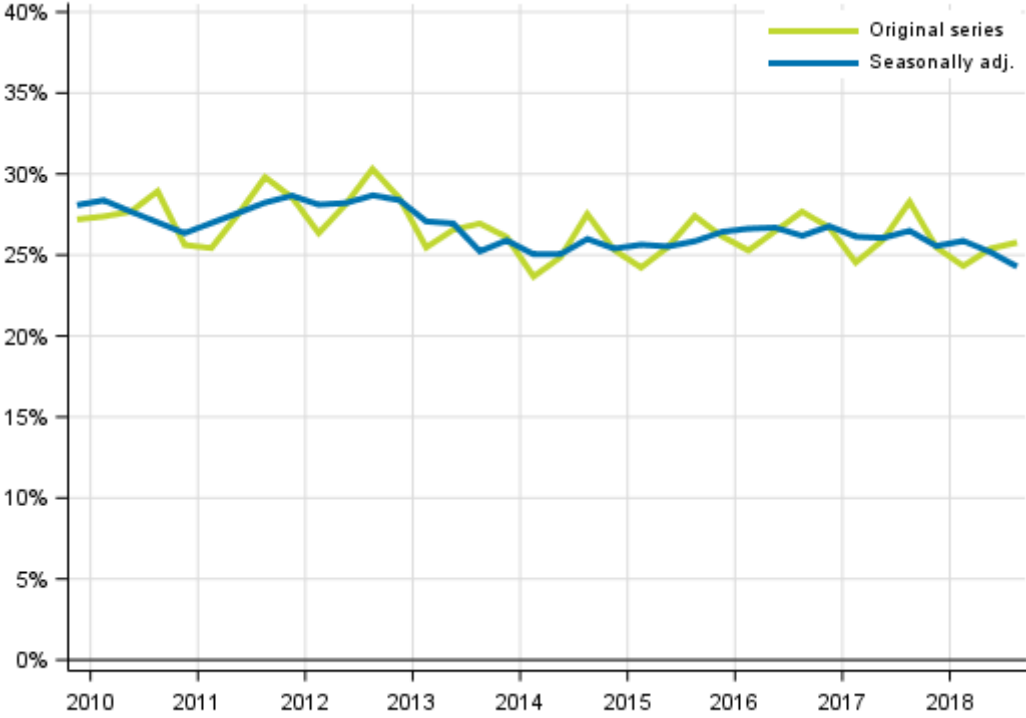
Appendix figure 3. Households' investment rate



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 (20.12.2018) (%)	Revision (% pts)
Non-financial corporations (S11) profit share	2017Q3	31.1	30.4	-0.7
	2017Q4	29.6	30.3	0.7
	2018Q1	30.0	30.0	0.0
	2018Q2	31.2	30.7	-0.5
Non-financial corporations (S11) investment rate	2017Q3	28.6	26.5	-2.1
	2017Q4	27.4	25.6	-1.8
	2018Q1	28.6	25.9	-2.7
	2018Q2	25.2	25.2	0.0
Household (S14) saving rate	2017Q3	-1.3	-1.0	0.3
	2017Q4	-2.0	-1.7	0.3
	2018Q1	0.5	0.8	0.3
	2018Q2	-0.2	0.1	0.3
Household (S14) investment rate,	2017Q3	12.2	12.4	0.2
	2017Q4	12.7	12.7	0.0
	2018Q1	13.0	12.8	-0.2
	2018Q2	13.1	12.9	-0.2

Inquiries

Jarkko Kaunisto 029 551 3551

Katri Soinne 029 551 2778

Director in charge:

Ville Vertanen

kansantalous.suhdanteet@stat.fi

www.stat.fi

Source: Sector accounts, Statistics Finland