

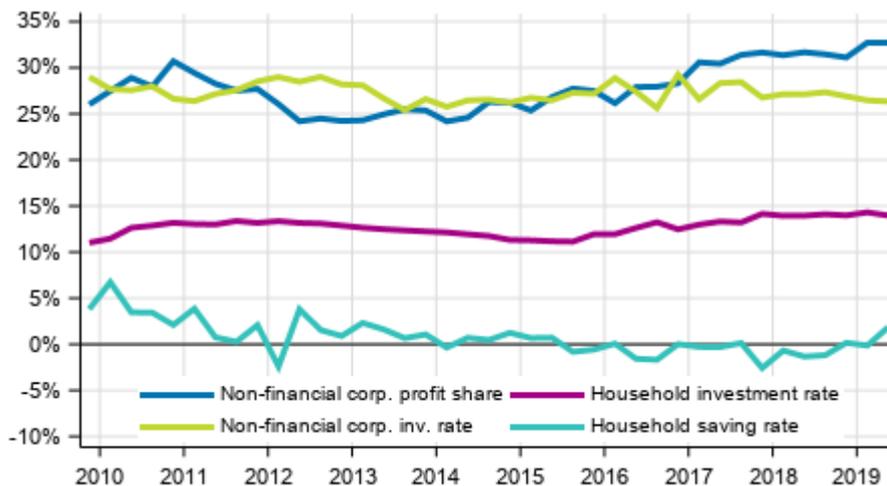
Quarterly sector accounts

2019, 2nd quarter

Profit share of non-financial corporations sector remained on level with the previous quarter in the second quarter of 2019

The profit share of the non-financial corporations sector remained on level with the previous quarter and the investment rate continued growing. Households' saving rate improved slightly in April to June from the previous quarter. The saving rate calculated from seasonally adjusted data improved, even though consumption expenditure increased, as disposable income increased more compared with the previous quarter. Households' investment rate decreased slightly. 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 grew by 2.0 percentage points to 1.9 per cent. The saving rate refers to the share of households' savings of disposable income. Households' investment rate decreased slightly and stood at 14.0 per cent. Most of households' investments are investments in dwellings. Households' adjusted disposable income adjusted for price changes grew by 2.7 per cent from the corresponding quarter in 2018. 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 2019, the profit share of non-financial corporations, or the share of operating surplus describing profits in value added, stood at 32.7 per cent, which was the same as in the previous quarter. The investment rate of non-financial corporations, or the proportion of investments in value added, fell by 0.2 percentage points to 26.3 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.

The level revised time series of the national accounts released on 20 September also affect the quarterly figures of the national accounts. The effects are primarily visible as level changes but in some cases also in the quarterly distribution of a particular year.

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

Households

Compared with the corresponding quarter last year, households' disposable income increased by 4.2 per cent in the second 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.

Compared to the figures one year ago, disposable income grew mainly due to a growth of almost EUR 0.7 billion in received compensations of employees, an increase of good EUR 0.7 billion in property income, and of around EUR 0.2 billion in entrepreneurial income. There was not much changes in social contributions received from the corresponding quarter of the previous year. On the expense side, the largest increase was seen in social contributions paid, which increased by close on EUR 0.5 billion. Both property expenditure and paid taxes were nearly on level with the previous year's corresponding quarter. Consumption expenditure is estimated to have grown by around EUR 400 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 second quarter of 2019, adjusted disposable income grew at current prices by 3.4 per cent (in nominal terms) and adjusted for price changes by 2.7 per cent (in real terms) 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 1.9 per cent in the second quarter of 2019. 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 14.0 per cent of disposable income in the second quarter of 2019, which was 0.3 percentage points lower than the corresponding data of the previous quarter. Most of households' investments are investments in dwellings.

Compensation of employees paid by non-profit institutions serving households increased by good two 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 considered, the saving rate decreases and the investment rate increases.

Non-financial corporations sector's profits on level with the previous quarter

In the second quarter of 2019, the seasonally adjusted profit share of non-financial corporations remained at the previous quarter's level, at 32.7 per cent. The profit share of non-financial corporations has long been on the rise. In the second quarter of 2018, the profit share was 31.7 per cent. The profit share refers to the share of the operating surplus in value added. The profit share did not change from the previous quarter because the non-financial corporations sector's value added and compensation of employees increased in relative terms by equal amounts. The investment rate of non-financial corporations, or the proportion of fixed capital investments in value added declined slightly from the previous quarter to 26.3 per cent.

Profits of financial and insurance corporations decreased

The seasonally adjusted value added of the sector increased by 0.2 per cent in the second quarter from the corresponding quarter in 2018. Output went up by 7.1 per cent and intermediate consumption by 13.6 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 8.4 per cent from EUR 739 million in the corresponding quarter one year ago to EUR 677 million. Compensations of employees, in turn, went up by 2.5 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 slightly from a year ago

In April to June 2019, consolidated total general government revenue grew by EUR 740 million from the corresponding quarter of the previous year. Consolidated expenditure increased by EUR 940 million. The difference between revenue and expenditure, that is, the surplus (net lending) of general government weakened by EUR 200 million and amounted to EUR 1.8 billion. Of the sub-sectors, the financial surplus of social security funds improved considerably year-on-year while the surplus seen in the local government sector last year turned to deficit. 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](#).

Dividends paid pushed the current account into deficit

Exports of goods abroad from Finland amounted to EUR 16.4 billion in the second quarter of 2019. Exports of the goods were nearly on level with the corresponding quarter in 2018. Exports of services amounted to EUR 7.2 billion, which was EUR 0.8 billion more than one year ago. Imports of goods to Finland amounted to EUR 16.1 billion. Compared to one year ago, the value of imports of goods increased by EUR 0.6 billion (4.2 per cent). Imports of services amounted to EUR 7.9 billion, which was EUR 0.5 billion more than one year ago. The balance of goods and services showed a deficit of 0.3 billion.

Property income includes dividends, interests and reinvested earnings. A considerable amount of dividends were paid from Finland to abroad in the second quarter of 2019, and thus property income paid abroad were some EUR 2.8 billion higher than property income received from abroad. 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 3.6 billion in deficit in the second 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 13/09/2019. 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	1.5	11.7
2011Q2	28.3	26.7	6.0	12.2
2011Q3	22.9	28.7	-1.9	15.7
2011Q4	34.8	28.7	0.9	13.0
2012Q1	22.0	27.9	-7.6	12.3
2012Q2	23.9	28.1	9.2	12.6
2012Q3	20.4	30.1	0.6	15.3
2012Q4	31.9	28.6	0.3	12.4
2013Q1	20.5	27.1	-2.1	11.5
2013Q2	24.4	26.3	6.7	12.2
2013Q3	21.7	26.3	-0.4	14.5
2013Q4	32.5	27.1	0.7	11.5
2014Q1	20.5	24.7	-2.7	10.7
2014Q2	24.0	26.1	5.5	11.9
2014Q3	22.7	27.3	-1.7	13.8
2014Q4	33.0	26.7	0.4	10.6
2015Q1	21.6	25.5	-1.5	10.1
2015Q2	26.3	26.2	5.6	11.4
2015Q3	24.2	27.9	-3.8	13.2
2015Q4	34.2	27.8	-0.8	10.8
2016Q1	22.7	27.5	-2.9	10.7
2016Q2	27.7	27.2	3.8	13.0
2016Q3	24.1	26.2	-3.2	15.5
2016Q4	34.6	30.0	-1.2	11.1
2017Q1	26.9	25.2	-3.1	11.7
2017Q2	30.2	28.2	5.1	13.6
2017Q3	28.3	29.1	-1.2	15.2
2017Q4	37.7	27.4	-4.4	13.1
2018Q1	27.7	25.6	-3.7	13.1
2018Q2	31.1	27.1	4.0	14.1
2018Q3	28.7	28.2	-2.3	15.7
2018Q4	37.4	27.5	-1.5	12.9
2019Q1	29.8	25.0	-3.3	13.6
2019Q2	31.9	26.3	6.6	14.2

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	29.4	26.4	3.9	13.0
2011Q2	28.3	27.2	0.8	13.0
2011Q3	27.5	27.6	0.3	13.4
2011Q4	27.7	28.5	2.1	13.2
2012Q1	26.0	29.0	-2.4	13.4

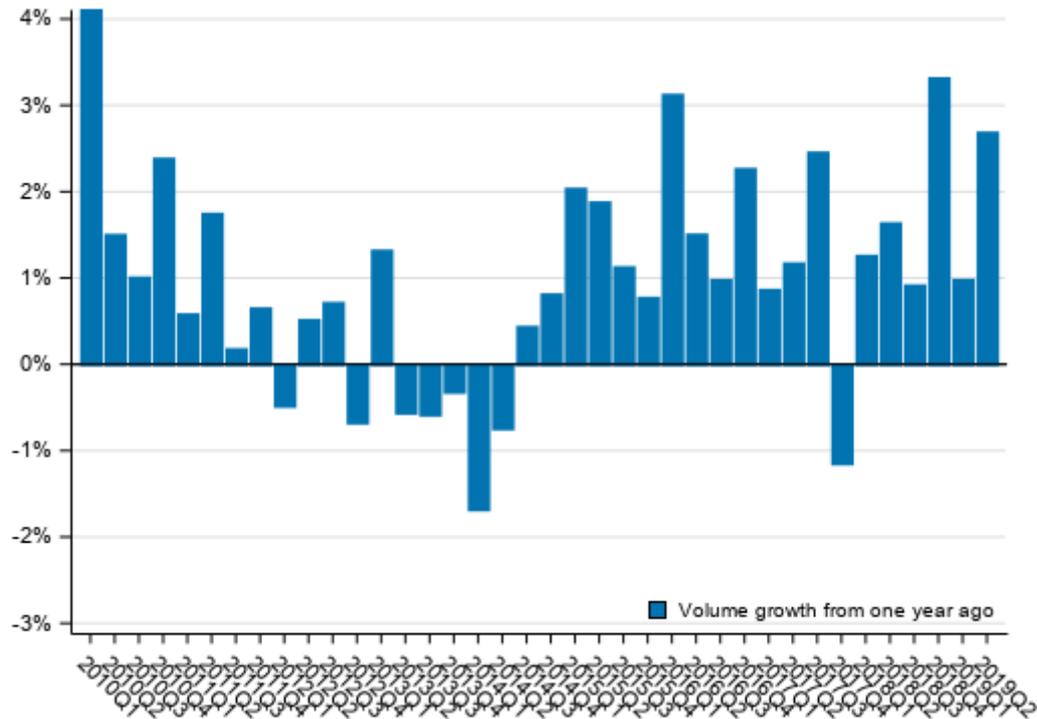
	Non-financial corporations (S11) profit share, %	Non-financial corporations (S11) investment rate, %	Household (S14) saving rate, %	Household (S14) investment rate, %
2012Q2	24.2	28.5	3.8	13.2
2012Q3	24.5	29.0	1.5	13.1
2012Q4	24.2	28.2	0.9	12.9
2013Q1	24.3	28.1	2.3	12.6
2013Q2	24.9	26.7	1.6	12.5
2013Q3	25.5	25.4	0.7	12.4
2013Q4	25.4	26.6	1.1	12.2
2014Q1	24.2	25.8	-0.4	12.1
2014Q2	24.6	26.5	0.7	11.9
2014Q3	26.3	26.5	0.5	11.7
2014Q4	26.2	26.2	1.2	11.3
2015Q1	25.4	26.7	0.7	11.3
2015Q2	26.8	26.5	0.7	11.2
2015Q3	27.7	27.3	-0.8	11.1
2015Q4	27.5	27.2	-0.6	11.9
2016Q1	26.2	28.9	0.1	11.9
2016Q2	27.9	27.4	-1.6	12.6
2016Q3	27.9	25.6	-1.7	13.2
2016Q4	28.3	29.3	0.0	12.5
2017Q1	30.6	26.6	-0.3	13.0
2017Q2	30.4	28.3	-0.3	13.3
2017Q3	31.4	28.4	0.1	13.2
2017Q4	31.7	26.8	-2.6	14.1
2018Q1	31.4	27.1	-0.7	13.9
2018Q2	31.7	27.1	-1.3	13.9
2018Q3	31.5	27.3	-1.2	14.1
2018Q4	31.1	26.9	0.2	14.0
2019Q1	32.7	26.5	-0.1	14.3
2019Q2	32.7	26.3	1.9	14.0

Appendix table 3. Volume development of household adjusted disposable income

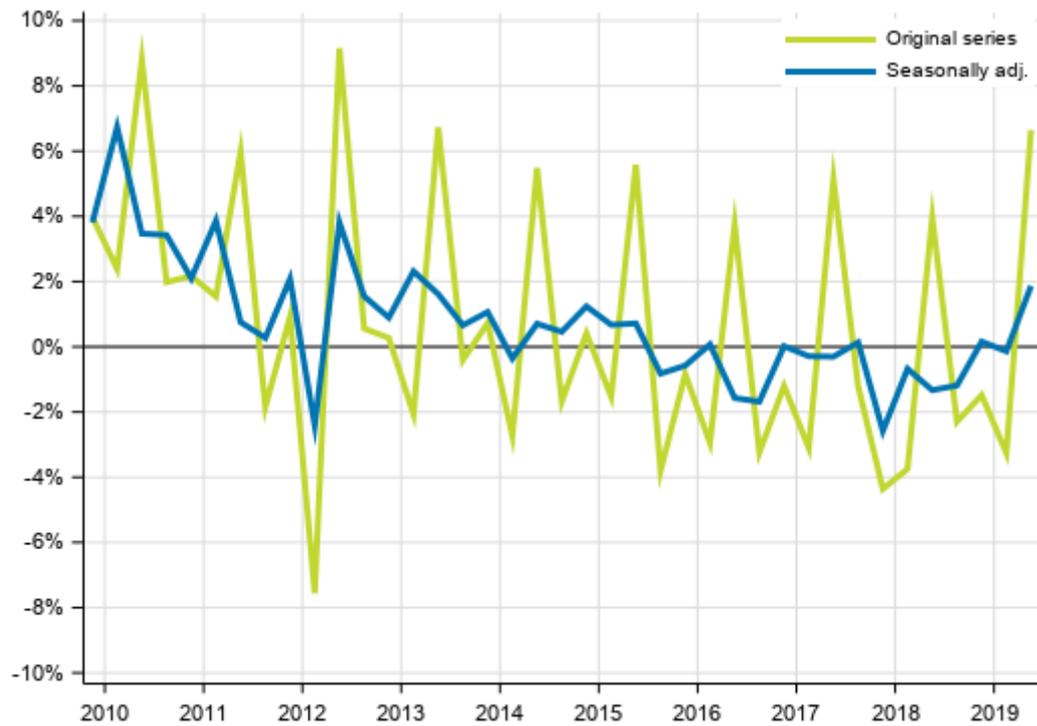
	Household adjusted disposable income, EUR bil.	Change in value from one year ago, %	Volume indicator (1999=100)	Change in volume from one year ago, %
2011Q1	31.5	3.8	122.3	0.6
2011Q2	36.1	5.2	139.6	1.8
2011Q3	33.8	4.0	129.0	0.2
2011Q4	35.9	4.2	137.4	0.7
2012Q1	32.2	2.3	121.7	-0.5
2012Q2	37.5	3.9	140.3	0.5
2012Q3	35.1	4.1	129.9	0.7
2012Q4	36.7	2.3	136.5	-0.7
2013Q1	33.6	4.5	123.3	1.3
2013Q2	38.1	1.5	139.5	-0.6
2013Q3	35.7	1.6	129.2	-0.6
2013Q4	37.4	1.9	136.0	-0.3
2014Q1	33.7	0.1	121.2	-1.7
2014Q2	38.4	0.8	138.5	-0.7
2014Q3	36.2	1.5	129.8	0.4
2014Q4	38.0	1.6	137.1	0.8
2015Q1	34.4	2.2	123.7	2.0
2015Q2	39.2	2.1	141.1	1.9
2015Q3	36.8	1.7	131.2	1.1
2015Q4	38.4	1.0	138.2	0.8
2016Q1	35.4	2.8	127.6	3.1
2016Q2	39.8	1.5	143.2	1.5
2016Q3	37.2	1.1	132.5	1.0
2016Q4	39.1	1.9	141.4	2.3
2017Q1	36.1	1.9	128.7	0.9
2017Q2	40.4	1.5	144.9	1.2
2017Q3	38.2	2.5	135.8	2.5
2017Q4	38.9	-0.5	139.7	-1.1
2018Q1	36.7	1.7	130.3	1.3
2018Q2	41.5	2.7	147.3	1.6
2018Q3	39.1	2.3	137.1	0.9
2018Q4	41.1	5.4	144.4	3.3
2019Q1	37.4	2.0	131.6	1.0
2019Q2	42.9	3.4	151.3	2.7

Appendix figures

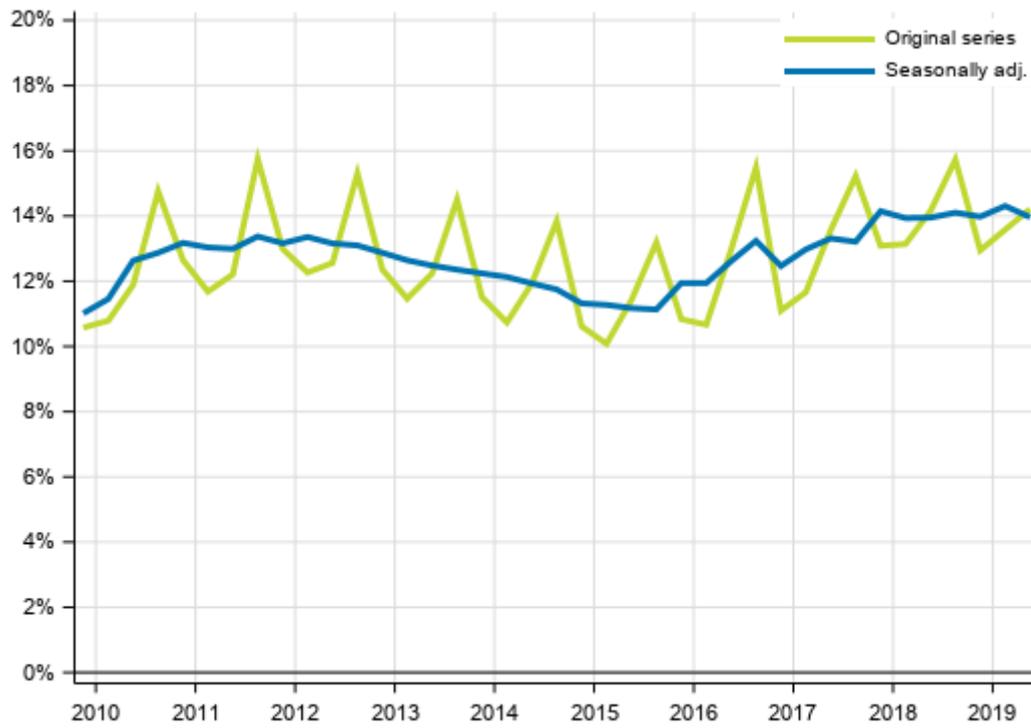
Appendix figure 1. Volume development of households' adjusted disposable income



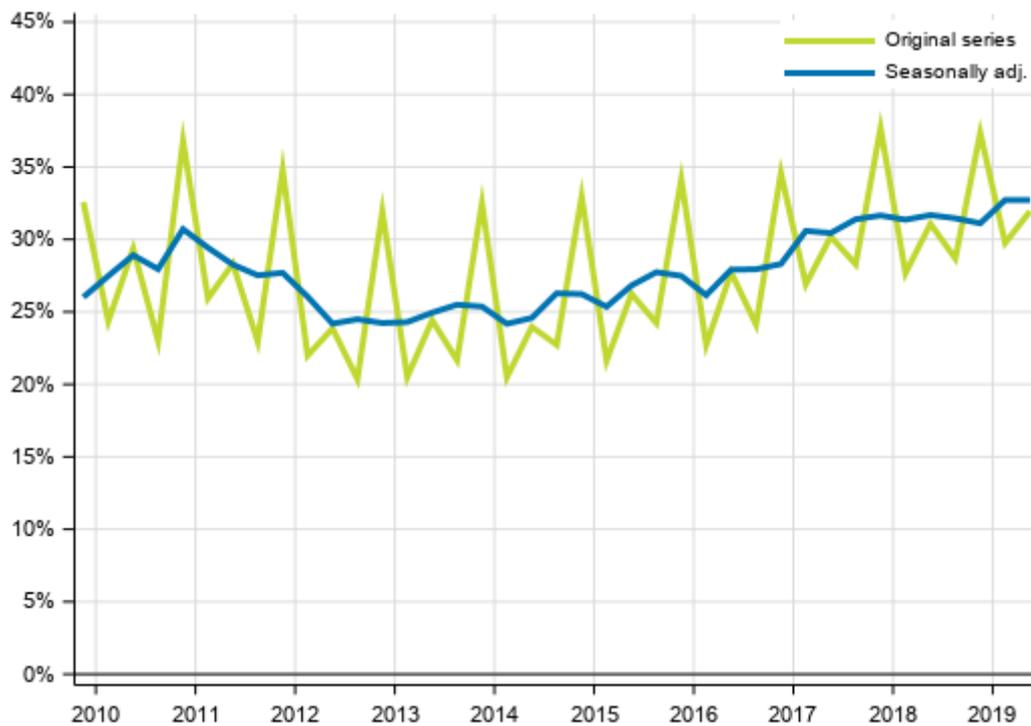
Appendix figure 2. Households' saving rate



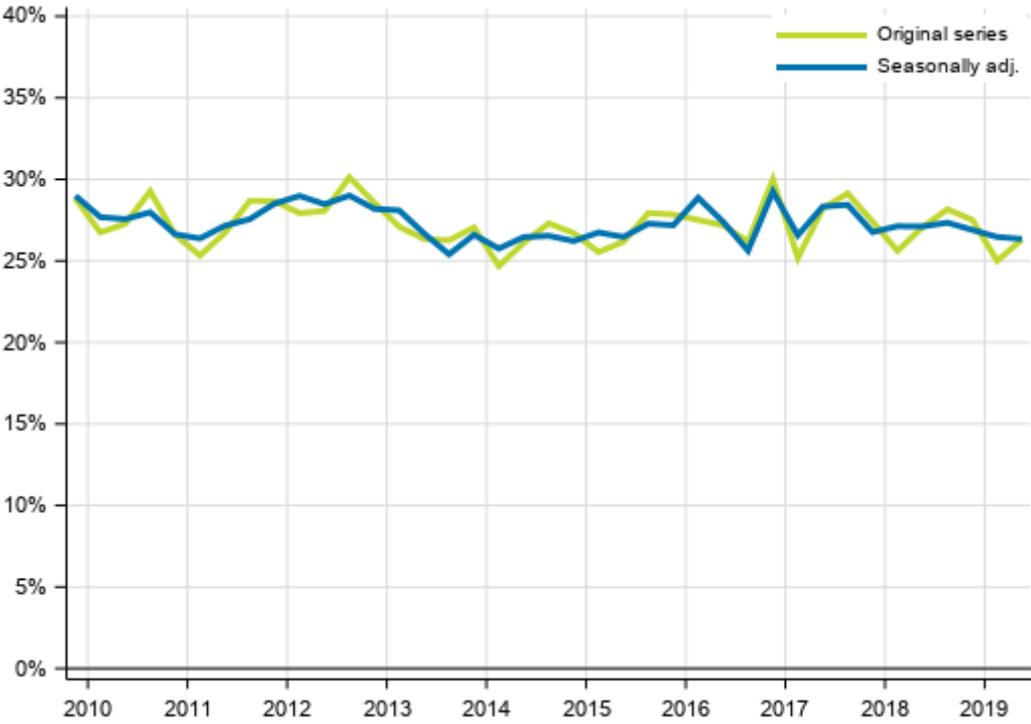
Appendix figure 3. Households' investment rate



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 (27.9.2019) (%)	Revision (% pts)
Non-financial corporations (S11) profit share	2018Q2	31.2	31.7	0.5
	2018Q3	30.7	31.5	0.8
	2018Q4	30.7	31.1	0.4
	2019Q1	31.7	32.7	1.0
Non-financial corporations (S11) investment rate	2018Q2	25.2	27.1	1.9
	2018Q3	24.3	27.3	3.0
	2018Q4	25.6	26.9	1.3
	2019Q1	26.1	26.5	0.4
Household (S14) saving rate	2018Q2	-0.2	-1.3	-1.1
	2018Q3	-0.1	-1.2	-1.1
	2018Q4	0.7	0.2	-0.5
	2019Q1	1.2	-0.1	-1.3
Household (S14) investment rate,	2018Q2	13.1	13.9	0.8
	2018Q3	13.1	14.1	1.0
	2018Q4	13.1	14.0	0.9
	2019Q1	12.8	14.3	1.5

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