

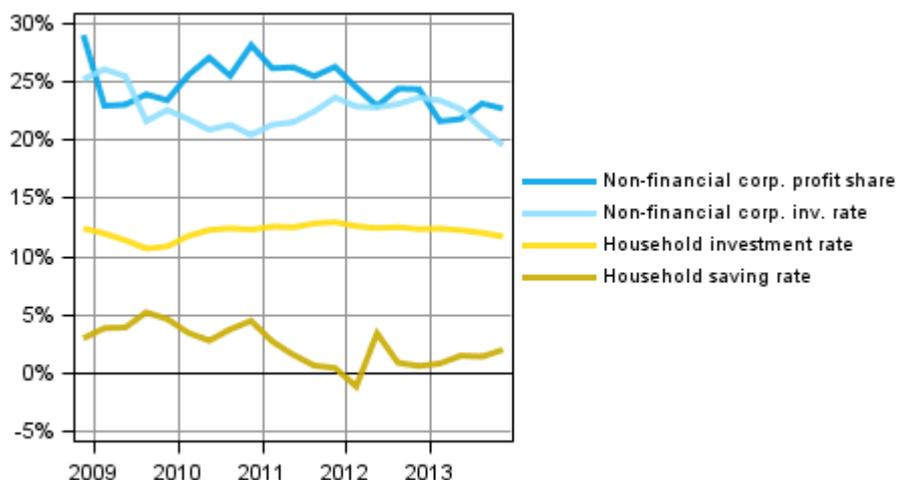
# Quarterly sector accounts

2013, 4th quarter

## Non-financial corporations' investments decreased in the fourth quarter of 2013

Non-financial corporations' investments decreased further in the last quarter of 2013 and the profit share of non-financial corporations contracted slightly due to poor value added development. Households' saving rate continued to grow in the last quarter. Adjusted disposable income describing households' economic well-being contracted somewhat in real terms from the corresponding quarter last year. These data derive from Statistics Finland's quarterly sector accounts.

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



In the last quarter of 2013, the profit share of non-financial corporations, or the share of profits in value added, decreased by 0.5 percentage points to 22.6 per cent from the previous quarter. The investment rate of non-financial corporations, or the proportion of investments in value added, fell by one and a half percentage point to 19.5 per cent. The key figures were calculated from seasonally adjusted time series.

Households' saving rate was 1.9 per cent in the fourth quarter of 2013. In the previous quarter, the figure was 1.4 per cent. Saving rate refers to the proportion of savings in disposable income. In the fourth quarter,

the investment rate of households accounted for 11.6 per cent of disposable income, which was around half a percentage point lower than in the previous quarter. Most of households' investments were investments in dwellings.

Households' adjusted disposable income decreased slightly in real terms from the respective quarter of the year before. 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.

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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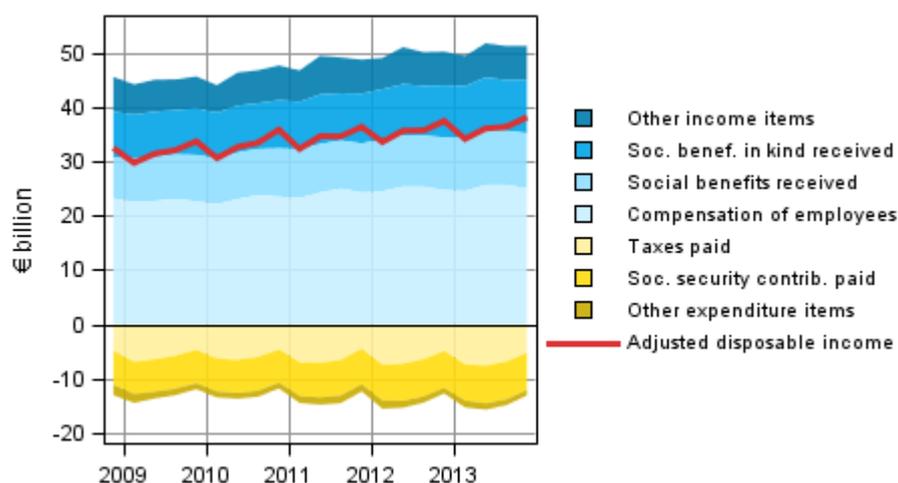
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# 1. Sector-specific review on the data for the fourth quarter of 2013

## 1.1. Households' adjusted real income decreased slightly

The disposable income of households grew in the fourth quarter of 2013 by around EUR 0.4 billion, or by 1.4 per cent compared to the corresponding quarter in 2012. 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 expense items are taxes paid and social contributions.

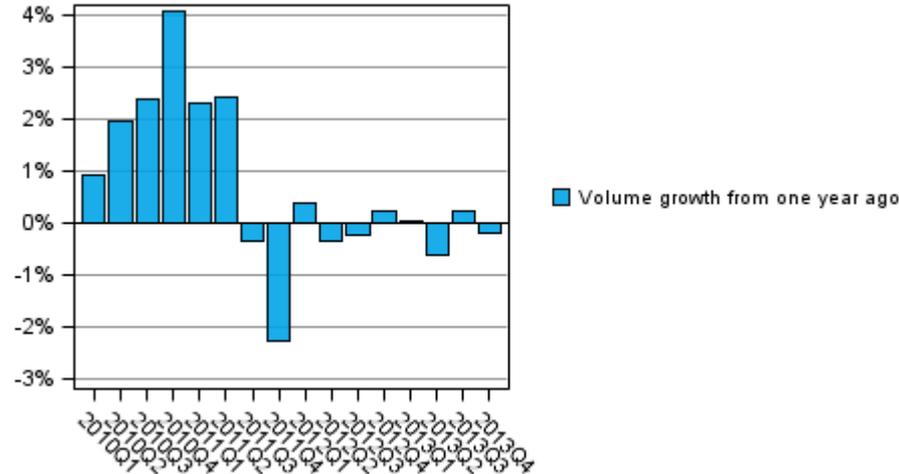
**Figure 1. Components of household sector adjusted disposable income**



Compared to the figures one year ago, disposable income grew mainly due to a growth of good EUR 0.2 billion in wages and salaries and of over EUR 0.5 billion in social benefits received. Entrepreneurial income also grew somewhat compared to the corresponding quarter last year, while in property income, dividend income decreased slightly. On the expense side, income taxes paid grew by EUR 0.3 billion, while no significant changes took place in other expense items. Both interest income and expenses diminished from the corresponding quarter of one year before.

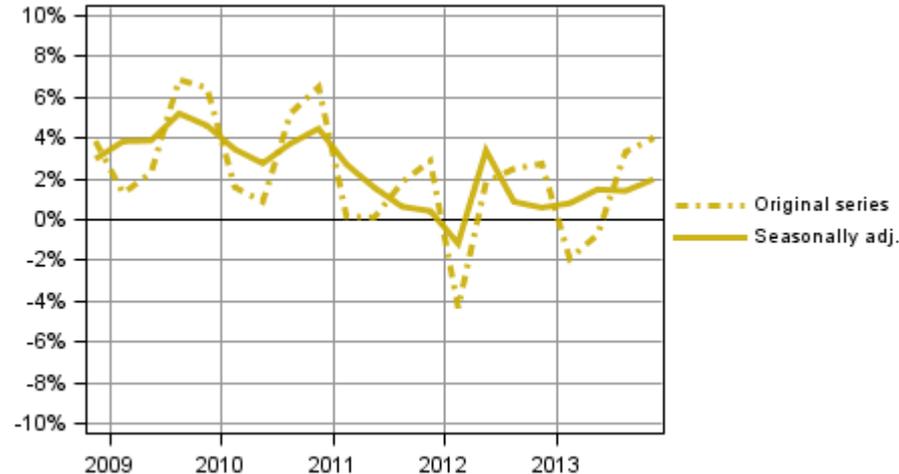
When received social benefits in kind are added to the disposable income of households, the household adjusted disposable income is derived, which is the indicator recommended by the OECD for measuring economic well-being. Social benefits in kind refer to education, health and social services produced by general government and non-profit institutions serving households. Adjusted disposable income has not changed much in real terms in the past two years. In the fourth quarter of 2013, the income contracted by 0.2 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.

**Figure 2. Volume development of households' adjusted disposable income**

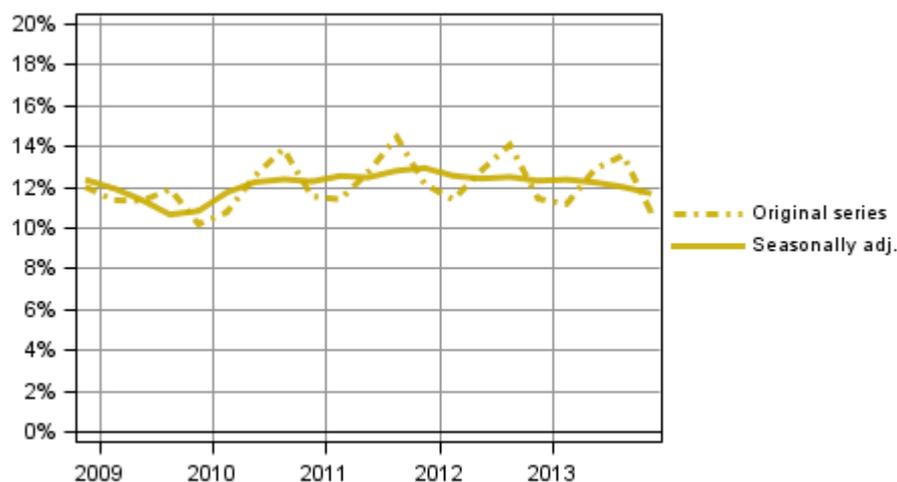


Households' seasonally adjusted saving rate was 1.9 per cent in the fourth quarter of 2013. In the previous quarter, it stood at 1.4 per cent. The saving rate is derived by deducting consumption expenditure from disposable income. The saving rate is negative if households' consumption expenditure is higher than their disposable income. The saving rate has grown slowly throughout 2013. Households' seasonally adjusted investment rate was 11.6 per cent of of disposable income in the fourth quarter of 2013, which was slightly lower than the corresponding data of the previous quarter that stood at 12.0 per cent. Most of households' investments were investments in dwellings.

**Figure 3. Households' saving rate**



**Figure 4. Households' investment rate**



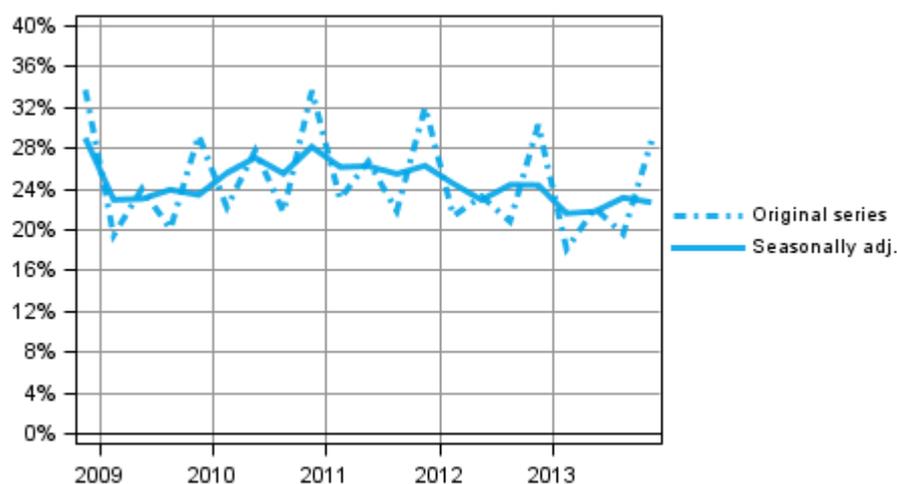
Wages and salaries paid by non-profit institutions serving households increased by 2.1 per cent compared with the quarter of one year ago.

In these 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, i.e. including consumption of fixed capital. Net data are used in these statistics, that is, when consumption of fixed capital is taken into account, saving and investment rates decrease.

### ***1.2. The enterprise sector's investments decreased further***

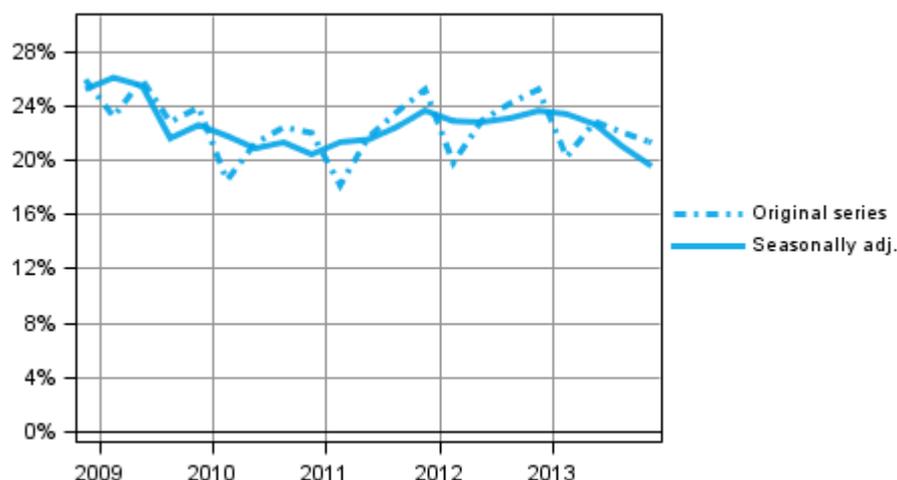
In the fourth quarter of 2013, the seasonally adjusted profit share of non-financial corporations fell by half a percentage point compared to the previous quarter and was 22.6 per cent. Profit share refers to the share of profits in value added. The decrease is based on a drop in value added while expenditure on wages and salaries remained almost unchanged.

**Figure 5. Non-financial corporations' profit share**



The investment rate of non-financial corporations, or the proportion of fixed capital investments in value added, contracted throughout the year. Investments decreased particularly in the last quarter. In the fourth quarter of 2013, the investment rate was 19.5 per cent while the corresponding figure was 20.9 per cent one year ago.

**Figure 6. Non-financial corporations' investment rate**

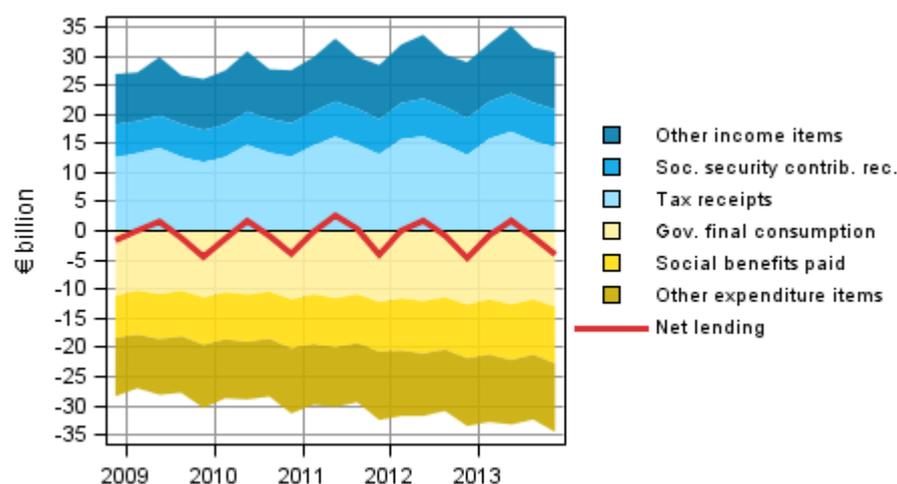


The general level of interest rates has remained low and is still strongly visible in the figures of the financial and insurance sector. The gross value added of the sector fell in the fourth quarter by seven per cent compared to the fourth quarter of previous year. The drop in the value added was affected by an increase in intermediate consumption and a slight decline in output. Around five per cent less compensation of employees were paid than in the year before. The operating surplus describing profits showed a fall of 14 per cent. Holding gains and losses related to assets are not visible in the value added and operating surplus; they describe the income that is generated from providing financial and insurance services to the public. In the fourth quarter, the property income in the sector was four per cent lower and property expenditure was seven per cent lower than previous year.

### 1.3. The financial position of general government improved from last year

General government unconsolidated total revenue grew by EUR 1.6 billion from the respective quarter of the previous year. Total expenditure in turn increased by EUR 0.9 billion. General government is comprised of central government, local government and social security funds. Unconsolidated total revenue and expenditure are figures in which flows between the general government sub-sectors have not been eliminated.

**Figure 7. Components of general government sector net lending**



The general government's financial position (net lending), which is formed as the difference between the total revenue and expenditure, improved by EUR 0.6 billion from one year ago. The growth in tax revenue

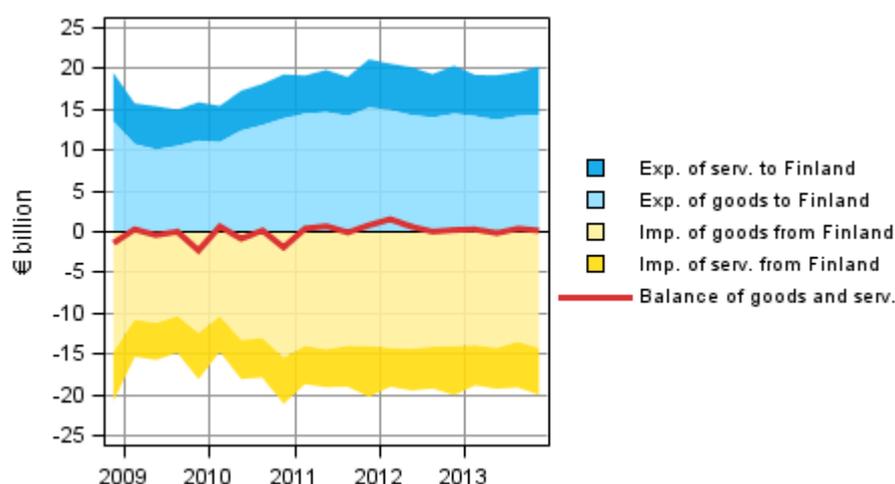
particularly improved the financial position. In expenditure, especially paid social contributions and income transfers to other sectors than general government increased.

Of the sub-sectors, the financial position of central and local government improved, while the financial position of social security funds weakened. More detailed statistics, where the sub-sectors are specified, are published in the [quarterly sector accounts of general government](#).

### 1.4. Foreign trade in balance in the last quarter

The essential items for the rest of the world sector are exports and imports of goods and services. Exports at current prices abroad from Finland amounted to EUR 20.1 billion in the last quarter of 2013. Exports of goods increased by 1.8 percent but that of services decreased by 4.6 per cent from the corresponding quarter last year. Exports fell in particular for basic metals and grew for refined oil products.

**Figure 8. Components of the balance of goods and services in foreign trade (from the perspective of the rest-of-the-world sector)**

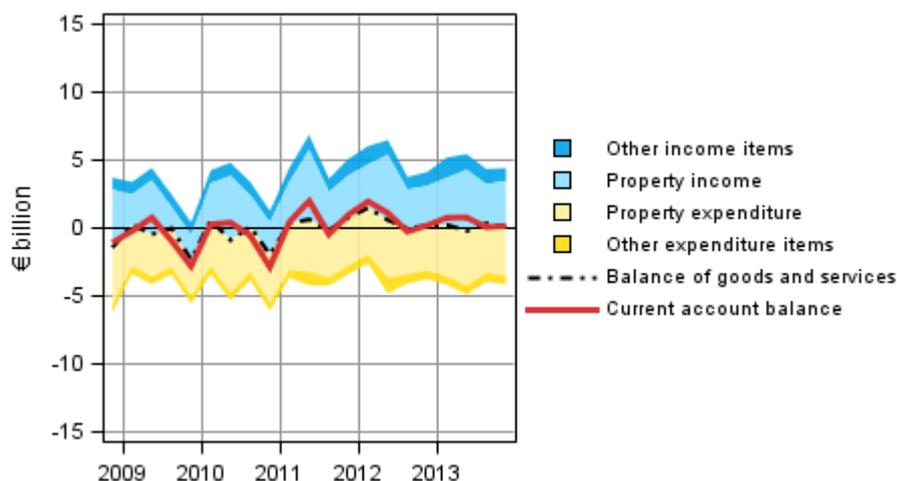


Note: Figures may differ from Bank of Finland's balance of payments figures due to differences in compilation schedules. This regards especially the latest quarters.

Imports at current prices to Finland were EUR 20.1 billion in the last quarter of 2013. Imports of goods decreased by 1.2 per cent and those of services increased by 1.1 per cent from one year ago. Imports decreased in particular for crude oil and natural gas and increased for vehicles.

In the last quarter of 2013, the balance of goods and services and the current account did not differ much from the situation one year ago. Thus, the balance of goods and services was in balance having been 0.1 billion in deficit last year. The current account was 0.1 billion in deficit in the last quarter of 2013 due to current transfers paid abroad. One year earlier, the current account was 0.1 billion in deficit.

**Figure 9. Components of the current account balance in foreign trade (from the perspective of the rest of the world sector)**



Note: Figures may differ from Bank of Finland's balance of payments figures due to differences in compilation schedules. This regards especially the latest quarters.

### 1.5. Data and methods used

The quarterly data become revised as source data are updated. The biggest revision will take place for the latest two to three years, because then the data in the annual accounts are still preliminary. Examined by quarter, the biggest revisions take place 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 19 March 2014. The data for 1999 to 2013 correspond with the annual sector accounts of the national accounts, although concerning the year 2013, the updating of source data causes differences to the previous annual accounts data release.

The savings 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:

$$\text{Households' saving rate} = B8N / (B6N + D8R)$$

$$\text{Households' investment rate} = P51K / (B6N + D8R)$$

$$\text{Profit share of non-financial corporations} = B2N / B1NPH$$

$$\text{Investment rate of non-financial corporations} = P51K / B1NPH$$

The volume indicator, measuring the development of household adjusted disposable income, adjusted for price changes and its change percentages can be found in Appendix table 3 of this release. This volume index is calculated using the price data of the statistics on quarterly accounts, with which the components of adjusted disposable income are deflated. Household 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**

	Non-financial corporations (S11) profit share, %	Non-financial corporations (S11) investment rate, %	Household (S14) saving rate, %	Household (S14) investment rate, %
2009Q1	19.4	23.1	1.3	11.3
2009Q2	24.0	25.9	2.3	11.3
2009Q3	20.0	22.7	6.8	11.9
2009Q4	29.2	23.8	6.4	10.2
2010Q1	22.1	18.5	1.5	10.7
2010Q2	27.7	21.2	0.8	12.5
2010Q3	21.7	22.4	5.2	13.9
2010Q4	33.6	21.9	6.5	11.5
2011Q1	23.0	18.1	0.1	11.4
2011Q2	26.6	21.6	0.1	12.7
2011Q3	21.8	23.5	1.8	14.4
2011Q4	31.9	25.1	2.8	12.1
2012Q1	21.3	19.7	-4.4	11.4
2012Q2	23.2	22.8	1.8	12.8
2012Q3	20.8	24.1	2.5	14.0
2012Q4	30.2	25.1	2.7	11.4
2013Q1	18.1	20.2	-2.0	11.1
2013Q2	22.0	22.8	-0.8	12.9
2013Q3	19.5	22.0	3.3	13.5
2013Q4	28.6	21.2	4.0	10.7

**Appendix table 2. Key indicators from sector accounts (seasonally adjusted)**

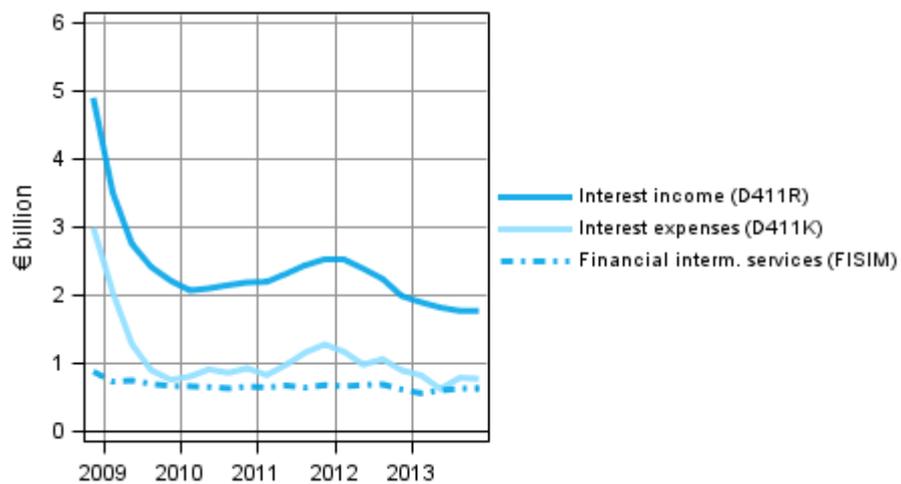
	Non-financial corporations (S11) profit share, %	Non-financial corporations (S11) investment rate, %	Household (S14) saving rate, %	Household (S14) investment rate, %
2009Q1	22.9	26.0	3.8	11.9
2009Q2	23.0	25.4	3.8	11.3
2009Q3	23.9	21.5	5.2	10.6
2009Q4	23.3	22.5	4.6	10.8
2010Q1	25.5	21.7	3.4	11.7
2010Q2	27.0	20.8	2.7	12.2
2010Q3	25.4	21.2	3.7	12.4
2010Q4	28.1	20.4	4.4	12.2
2011Q1	26.1	21.3	2.7	12.5
2011Q2	26.2	21.5	1.5	12.4
2011Q3	25.4	22.4	0.6	12.8
2011Q4	26.2	23.6	0.4	12.9
2012Q1	24.5	22.8	-1.2	12.5
2012Q2	22.9	22.7	3.4	12.4
2012Q3	24.3	23.0	0.8	12.5
2012Q4	24.3	23.6	0.6	12.3
2013Q1	21.5	23.3	0.8	12.3
2013Q2	21.7	22.6	1.4	12.2
2013Q3	23.1	20.9	1.4	12.0
2013Q4	22.6	19.5	1.9	11.6

**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, %
2009Q1	29.7	5.5	122.3	2.5
2009Q2	31.4	0.7	128.7	-1.7
2009Q3	32.0	4.9	131.6	3.9
2009Q4	33.7	3.8	137.6	3.1
2010Q1	30.6	3.0	123.5	0.9
2010Q2	32.6	3.9	131.2	1.9
2010Q3	33.4	4.3	134.7	2.4
2010Q4	35.8	6.4	143.2	4.1
2011Q1	32.2	5.5	126.4	2.3
2011Q2	34.6	6.0	134.4	2.4
2011Q3	34.6	3.5	134.3	-0.3
2011Q4	36.3	1.4	140.0	-2.3
2012Q1	33.5	4.0	126.8	0.4
2012Q2	35.6	3.0	134.0	-0.3
2012Q3	35.6	3.1	133.9	-0.2
2012Q4	37.4	3.0	140.3	0.2
2013Q1	34.1	1.7	126.9	0.1
2013Q2	36.0	1.2	133.1	-0.6
2013Q3	36.3	1.8	134.3	0.2
2013Q4	38.1	1.8	140.0	-0.2

## Appendix figures

**Appendix figure 1. Financial corporations' interest income and interest expenses**



## Revisions in these statistics

### Revisions to the latest quarters' key indicators since their initial publications

		1st release (%)	Latest release (31.3.2014) (%)	Revision (% pts)
Non-financial corporations (S11) profit share	2012Q4	32.9	30.2	-2.7
	2013Q1	20.0	18.1	-1.9
	2013Q2	21.8	22.0	0.2
	2013Q3	19.7	19.5	-0.2
Non-financial corporations (S11) investment rate	2012Q4	23.6	25.1	1.5
	2013Q1	19.5	20.2	0.7
	2013Q2	22.4	22.8	0.4
	2013Q3	22.0	22.0	0.0
Household (S14) saving rate	2012Q4	0.3	2.7	2.4
	2013Q1	-3.0	-2.0	1.0
	2013Q2	1.2	-0.8	-2.0
	2013Q3	4.8	3.3	-1.5
Household (S14) investment rate,	2012Q4	11.8	11.4	-0.4
	2013Q1	11.1	11.1	0.0
	2013Q2	12.7	12.9	0.2
	2013Q3	13.3	13.5	0.2

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National Accounts 2014

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Source: Sector accounts, Statistics Finland