

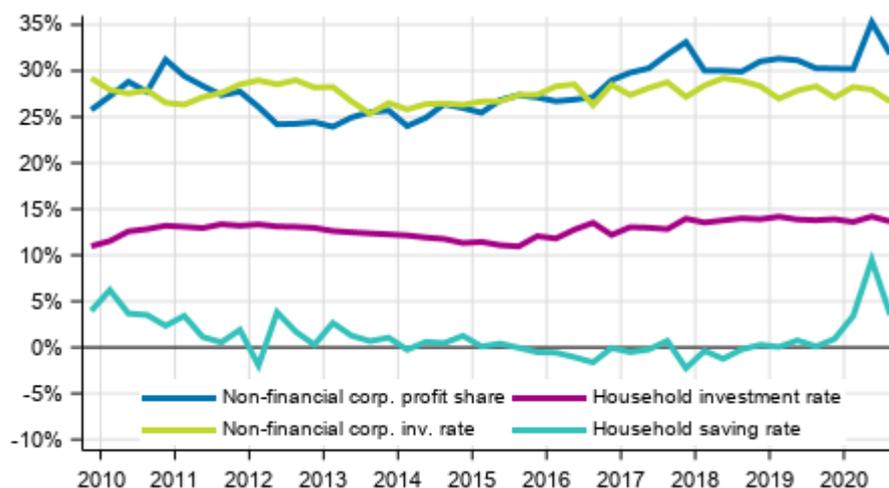
Quarterly sector accounts

2020, 3rd quarter

Households' saving rate fell in the third quarter

In July to September, households' saving rate decreased clearly from the previous quarter but was still positive. Both households' disposable income and consumption expenditure grew from the previous quarter. Households' investment rate decreased slightly from the previous quarter. Non-financial corporations still received more subsidies on production than usual and therefore the profit share remained high even though it decreased from the previous quarter. In turn, the investment rate of the non-financial corporations sector decreased clearly from the previous quarter. These data derive from Statistics Finland's quarterly sector accounts.

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



The key figures were calculated from seasonally adjusted time series. Sector accounts are calculated only at current prices. However, an indicator describing the development adjusted for price changes is calculated for households' adjusted disposable income. The profit share, saving rate and investment rate are calculated from net figures, from which consumption of capital is removed. Households do not include non-profit institutions serving households.

The exceptional situation and the macroeconomic shock caused by the coronavirus pandemic are still visible in several sectors, although the effects are more moderate than in the second quarter. The value

added and compensation of employees paid of non-financial corporations grew clearly from the second quarter. In the household sector, social benefits received grew in particular, while compensation of employees received was almost on level with the previous year. Households' consumption fell considerably in the second quarter, but in the third quarter it grew clearly compared to the previous quarter even though it still was at a lower level than one year previously. General government deficit grew further. In part, the growth in the deficit has been accelerated by subsidies allocated by general government to other sectors.

The data of quarterly sector accounts will become revised as source data are updated. Despite the coronavirus pandemic, the source data normally used in the compilation of the statistics were also now all available and no exceptional deficiencies related to the data were detected. Seasonally adjusted figures and trend series are more susceptible to revisions in future releases than usual.

Households

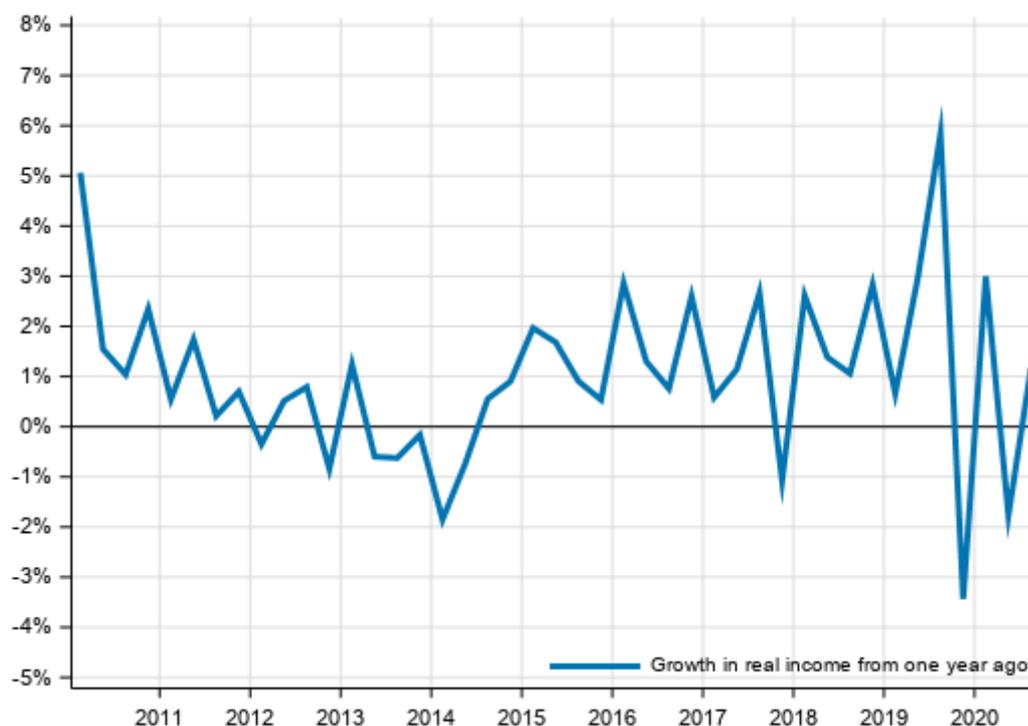
Households' seasonally adjusted saving rate decreased clearly from the data of the previous quarter and stood at 3.5 per cent in July to September. The saving rate is derived by deducting consumption expenditure from disposable income. The saving is positive if households' disposable income is greater than households' consumption expenditure. The saving rate refers to the share of households' savings in disposable income. In the third quarter of 2020, households' disposable income grew slightly from the previous quarter and even though consumption expenditure grew more, disposable income was still higher than consumption expenditure, whereby the saving rate remained positive.

Households' seasonally adjusted investment rate decreased from the previous quarter and stood at 13.6 per cent. The investment rate is the ratio of households' investments to disposable income. Most of households' investments are investments in dwellings. Households' investments remained, in practice, on level with the previous quarter, but as the disposable income increased, the investment rate decreased compared to the previous quarter.

In the third quarter of 2020, households' disposable income grew at current prices by 2.3 per cent, that is, by good EUR 700 million compared to the corresponding quarter of the year before. 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 expense items are taxes paid and social contributions. In the third quarter of 2020, wages and salaries received as well as entrepreneurial and property income remained on level with the previous year, but social benefits received grew by nearly EUR 800 million compared with the figures one year ago. On the expense side, taxes paid grew and social security contributions paid decreased, both by around EUR half a billion, whereby the combined change on the expense side was fairly small compared with the figures one year ago.

When individual services produced by the public sector and non-profit institutions, such as educational, health and social services, are added to disposable income, the concept of adjusted disposable income can be attained. Adjusted disposable income is the indicator recommended by the OECD for evaluating the economic well-being of households. In the third quarter of 2020, households' adjusted disposable income grew at current prices by 2.1 per cent and adjusted for price changes by 1.2 per cent from the corresponding quarter of the year before. The indicator describing the development of adjusted disposable income adjusted for price changes can be found in Appendix table 3 of this publication.

Volume development of households' adjusted disposable income



Compensation of employees paid by non-profit institutions serving households decreased by -2.9 per cent compared with the quarter of one year ago. In the fields of both sports and culture, the activities of many associations started to recover slightly in the autumn, but they did not recover to their full extent yet.

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.

Profit share of non-financial corporations decreased from the previous quarter

In the third quarter of 2020, the seasonally adjusted profit share of non-financial corporations decreased by 3.5 percentage points to 31.8 per cent. The profit share refers to the share of the operating surplus in value added. In the second quarter the profit share rose strongly because value added fell, but enterprises' subsidies on production received kept the operating surplus high. In the third quarter, value added and compensation of employees paid recovered from the strong decline in the second quarter, but subsidies on production received remained high. Although the profit share fell from the previous quarter, it is still higher than before the beginning of the corona crisis.

The investment rate of non-financial corporations, or the proportion of fixed capital investments in value added decreased by 1.3 percentage points to 26.7 per cent. Seasonally adjusted investments remained on level with the previous quarter and value added grew.

The financial surplus or net lending calculated from figures unadjusted for seasonal variation grew by EUR 1.7 billion from the corresponding quarter last year and amounted to EUR 4.7 billion.

Profits of financial and insurance corporations grew

Seasonally adjusted value added of financial and insurance corporations grew by 1.1 per cent from the previous quarter. Output grew by 3.3 per cent and intermediate consumption by 5.2 per cent. Compensation of employees, in turn, decreased by 0.1 percentage points. The operating surplus describing profits in the sector was EUR 0.6 billion in the third quarter and it grew by 2.5 per cent.

Property income and expenditure fell from the respective quarter of the year before. The property expenditure of financial and insurance corporations amounted to EUR 0.5 billion, or 15.2 per cent less than in the corresponding quarter of the year before. In turn, property income declined by 8.3 per cent, or EUR 0.3 billion. Property income includes dividends, interests and reinvested earnings. Of income and expenditure items, interest received and paid by monetary financial institutions went down in particular.

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 from a year ago

Consolidated total general government revenue fell and consolidated total expenditure grew from the quarter one year ago. The difference between revenue and expenditure, that is, the financial position of general government weakened by around EUR 2.9 billion from the year before and was EUR 5.1 billion in deficit.

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

International trade in goods and services in deficit in the third quarter of 2020

Exports of goods from Finland abroad amounted to EUR 14.1 billion in the third quarter of 2020. The decrease from the quarter twelve months back was 9.2 per cent. Exports of services amounted to EUR 5.7 billion, which was 31.8 per cent less than one year ago. Imports of goods to Finland amounted to EUR 12.8 billion. Compared to the quarter one year ago, the value of imports of goods decreased by 11.4 per cent. Imports of services amounted to EUR 6.2 billion, which was 22.4 per cent less than one year ago. The balance of goods and services showed a deficit of EUR 0.5 billion in the third quarter of 2020.

Property income received from abroad was around EUR 1.7 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 0.4 billion in surplus in the third quarter of 2020.

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. The data in this publication are based on the data sources available by 6 December 2020. The data for 1999 to 2019 mainly correspond with the annual sector accounts of the National Accounts.

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. In addition, financial accounts data on the stock of households' loan debts are used in calculating households' indebtedness rate. The indebtedness rate is presented adjusted and non-adjusted for seasonal variation in the database

table of sector accounts. The indebtedness rate from figures non-adjusted for seasonal variation is published by financial accounts. The key indicators in these statistics were calculated as follows:

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

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

$$\text{Households' indebtedness rate} = F4 / B6N$$

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

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

The indicator of households' adjusted disposable income 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.

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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, %	Household (S14) indebtedness ratio, %
2011Q1	26.1	25.2	0.0	11.8	110.8
2011Q2	28.4	26.7	6.5	12.2	111.3
2011Q3	22.7	28.8	-1.0	15.6	112.1
2011Q4	34.8	28.7	0.9	13.0	112.3
2012Q1	22.3	27.8	-6.8	12.2	113.0
2012Q2	23.8	28.1	9.1	12.6	114.0
2012Q3	20.0	30.2	0.6	15.3	114.5
2012Q4	32.0	28.6	-0.4	12.4	114.9
2013Q1	20.4	27.1	-1.5	11.4	114.8
2013Q2	24.3	26.4	6.6	12.2	114.9
2013Q3	21.6	26.3	-0.4	14.5	115.3
2013Q4	32.8	27.0	0.3	11.6	115.1
2014Q1	20.6	24.7	-4.4	10.9	116.1
2014Q2	24.1	26.0	5.7	11.9	117.0
2014Q3	22.7	27.3	-0.7	13.7	117.6
2014Q4	32.8	26.8	0.7	10.6	117.5
2015Q1	22.0	25.4	-3.6	10.3	117.4
2015Q2	26.0	26.4	5.1	11.5	118.2
2015Q3	23.7	28.2	-1.2	12.9	118.9
2015Q4	34.0	28.0	-1.0	10.8	119.7
2016Q1	22.6	27.5	-2.5	10.3	119.5
2016Q2	27.5	27.4	3.6	13.3	121.0
2016Q3	23.9	26.4	-3.3	16.0	122.3
2016Q4	34.6	30.0	-1.5	10.6	122.4
2017Q1	27.3	25.6	-2.9	11.5	122.9
2017Q2	30.6	27.4	5.0	13.4	123.6
2017Q3	28.6	29.8	-0.8	14.9	124.3
2017Q4	37.7	28.4	-4.1	12.8	125.4
2018Q1	27.1	26.7	-1.9	12.5	125.6
2018Q2	29.8	28.7	3.3	14.0	126.6
2018Q3	27.4	29.9	-1.8	15.6	127.7
2018Q4	36.0	29.5	-1.4	13.0	127.0
2019Q1	27.3	25.8	-2.0	13.2	127.7
2019Q2	30.6	27.4	6.5	14.2	127.9
2019Q3	28.3	29.2	3.1	14.4	126.7
2019Q4	36.2	27.8	-6.8	13.9	129.1
2020Q1	26.1	26.8	2.0	12.8	129.2
2020Q2	34.0	27.8	15.5	14.5	130.3
2020Q3	28.7	27.8	8.1	14.0	131.0

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

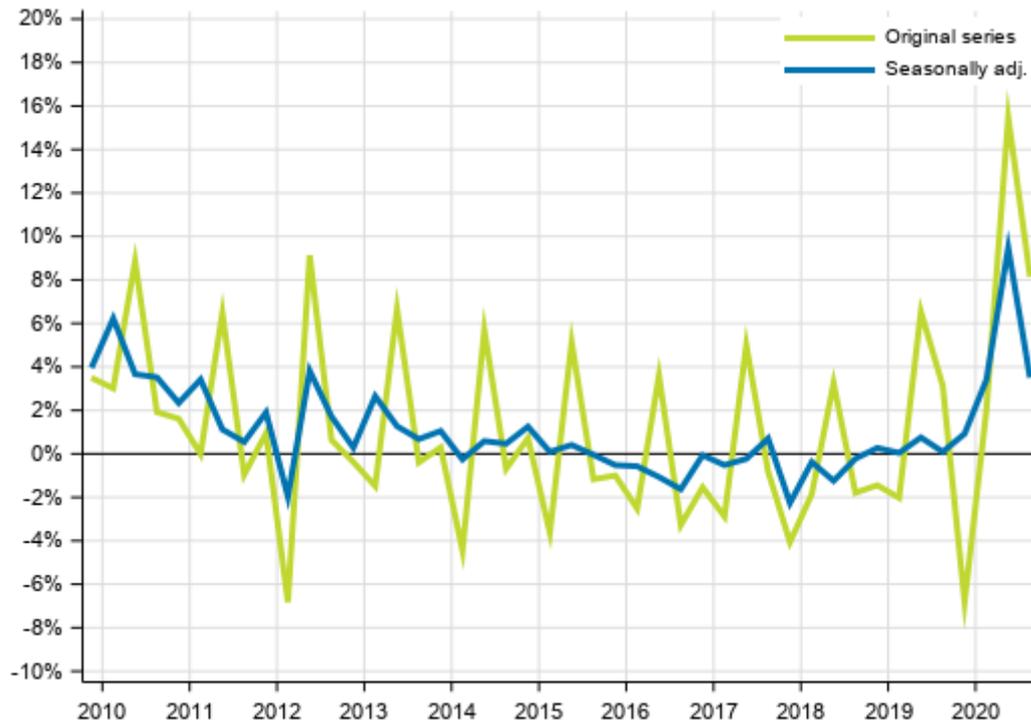
	Non-financial corporations (S11) profit share, %	Non-financial corporations (S11) investment rate, %	Household (S14) saving rate, %	Household (S14) investment rate, %	Household (S14) indebtedness ratio, %
2011Q1	29.4	26.3	3.4	13.1	111.1
2011Q2	28.4	27.2	1.1	12.9	111.2
2011Q3	27.4	27.6	0.5	13.4	111.8
2011Q4	27.7	28.5	1.9	13.2	112.2
2012Q1	26.1	29.0	-2.0	13.3	113.0
2012Q2	24.2	28.5	3.8	13.1	113.7
2012Q3	24.3	29.0	1.7	13.1	114.1
2012Q4	24.4	28.2	0.3	13.0	114.9
2013Q1	23.9	28.2	2.7	12.6	115.1
2013Q2	24.9	26.7	1.3	12.5	114.9
2013Q3	25.5	25.4	0.7	12.4	115.1
2013Q4	25.7	26.5	1.1	12.3	115.2
2014Q1	24.0	25.8	-0.3	12.1	116.4
2014Q2	24.9	26.4	0.6	11.9	116.9
2014Q3	26.4	26.5	0.5	11.8	117.3
2014Q4	26.0	26.3	1.3	11.3	117.6
2015Q1	25.5	26.7	0.1	11.4	117.7
2015Q2	26.8	26.7	0.4	11.1	118.2
2015Q3	27.4	27.4	0.0	10.9	118.7
2015Q4	27.1	27.4	-0.5	12.1	119.7
2016Q1	26.7	28.3	-0.6	11.8	120.0
2016Q2	26.9	28.5	-1.1	12.8	121.3
2016Q3	27.2	26.3	-1.6	13.5	122.3
2016Q4	29.0	28.5	-0.1	12.2	122.5
2017Q1	29.8	27.4	-0.5	13.0	123.1
2017Q2	30.3	28.1	-0.2	13.0	123.6
2017Q3	31.8	28.8	0.7	12.8	124.0
2017Q4	33.1	27.2	-2.3	14.0	125.4
2018Q1	30.0	28.4	-0.4	13.5	125.8
2018Q2	30.0	29.2	-1.2	13.8	126.6
2018Q3	29.9	28.9	-0.2	14.0	127.4
2018Q4	31.0	28.3	0.3	13.9	127.1
2019Q1	31.3	27.0	0.0	14.2	127.8
2019Q2	31.1	27.9	0.8	13.9	128.2
2019Q3	30.3	28.3	0.1	13.8	128.2
2019Q4	30.2	27.1	0.9	13.9	129.1
2020Q1	30.2	28.2	3.4	13.6	129.4
2020Q2	35.3	28.0	9.5	14.2	130.7
2020Q3	31.8	26.7	3.5	13.6	131.7

Appendix table 3. Development of household adjusted disposable real income

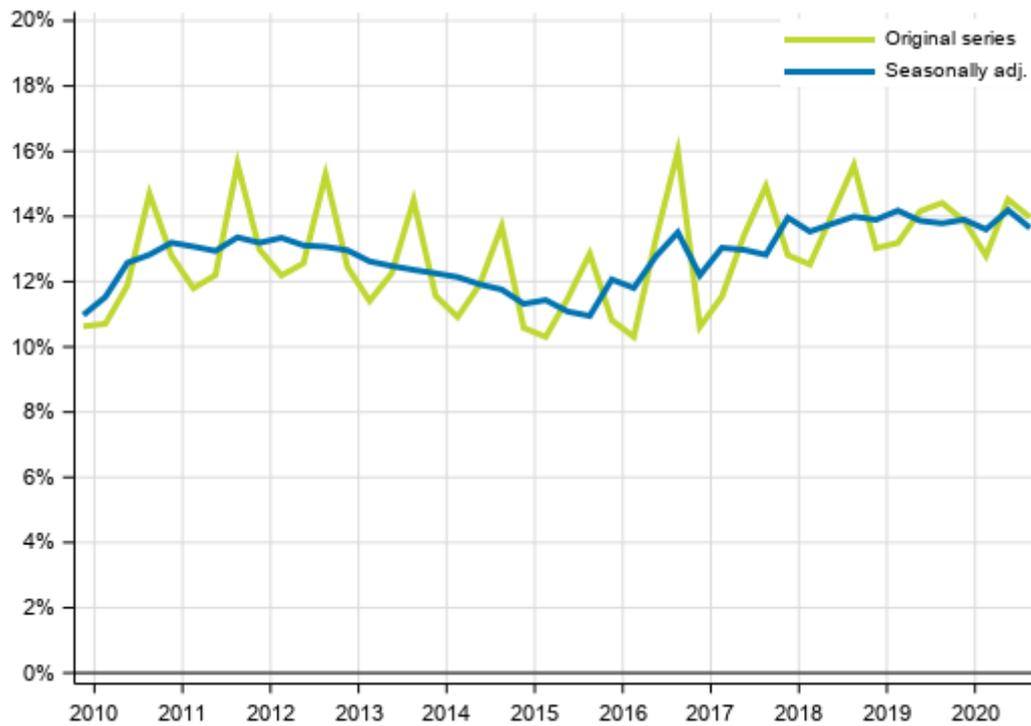
	Household adjusted disposable income, EUR bil.	Change in value from one year ago, %	Volume indicator (1999=100)	Change in real income from one year ago, %
2011Q1	31.6	3.7	122.8	0.5
2011Q2	36.2	5.3	139.6	1.7
2011Q3	33.6	4.0	128.9	0.2
2011Q4	35.9	4.3	136.9	0.7
2012Q1	32.5	2.8	122.4	-0.3
2012Q2	37.6	3.8	140.3	0.5
2012Q3	34.9	4.1	130.0	0.8
2012Q4	36.6	2.0	135.8	-0.8
2013Q1	33.7	3.9	123.9	1.2
2013Q2	38.2	1.7	139.4	-0.6
2013Q3	35.5	1.6	129.2	-0.6
2013Q4	37.4	2.2	135.5	-0.2
2014Q1	33.7	-0.1	121.6	-1.9
2014Q2	38.4	0.5	138.4	-0.7
2014Q3	36.1	1.7	129.9	0.6
2014Q4	38.1	1.9	136.8	0.9
2015Q1	34.5	2.5	124.0	2.0
2015Q2	39.3	2.3	140.7	1.7
2015Q3	36.6	1.3	131.1	0.9
2015Q4	38.5	0.9	137.5	0.5
2016Q1	35.4	2.6	127.6	2.9
2016Q2	39.8	1.3	142.6	1.3
2016Q3	36.9	0.8	132.0	0.8
2016Q4	39.4	2.5	141.1	2.6
2017Q1	36.0	1.5	128.3	0.6
2017Q2	40.6	1.9	144.2	1.1
2017Q3	38.1	3.3	135.6	2.7
2017Q4	39.3	-0.2	139.6	-1.1
2018Q1	37.2	3.5	131.7	2.6
2018Q2	41.6	2.4	146.2	1.4
2018Q3	39.1	2.6	137.0	1.1
2018Q4	41.1	4.4	143.5	2.8
2019Q1	38.1	2.3	132.5	0.7
2019Q2	43.5	4.6	150.5	3.0
2019Q3	41.9	7.1	145.0	5.8
2019Q4	40.2	-2.3	138.6	-3.4
2020Q1	39.6	4.0	136.5	3.0
2020Q2	43.0	-1.1	147.9	-1.8
2020Q3	42.7	2.1	146.7	1.2

Appendix figures

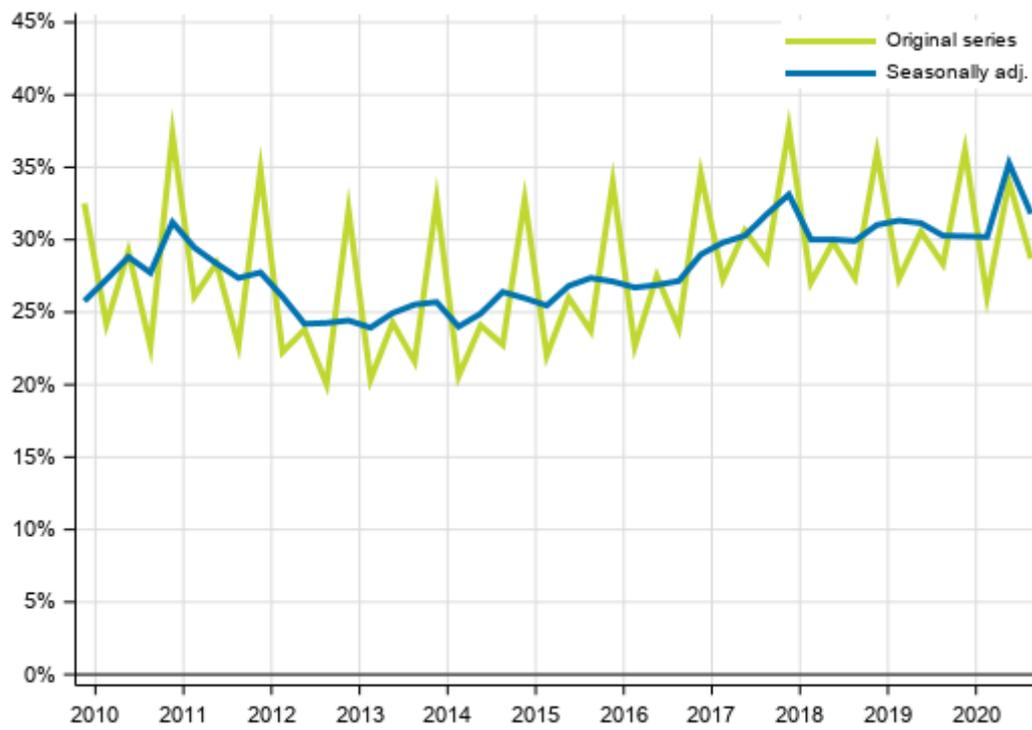
Appendix figure 1. Households' saving rate



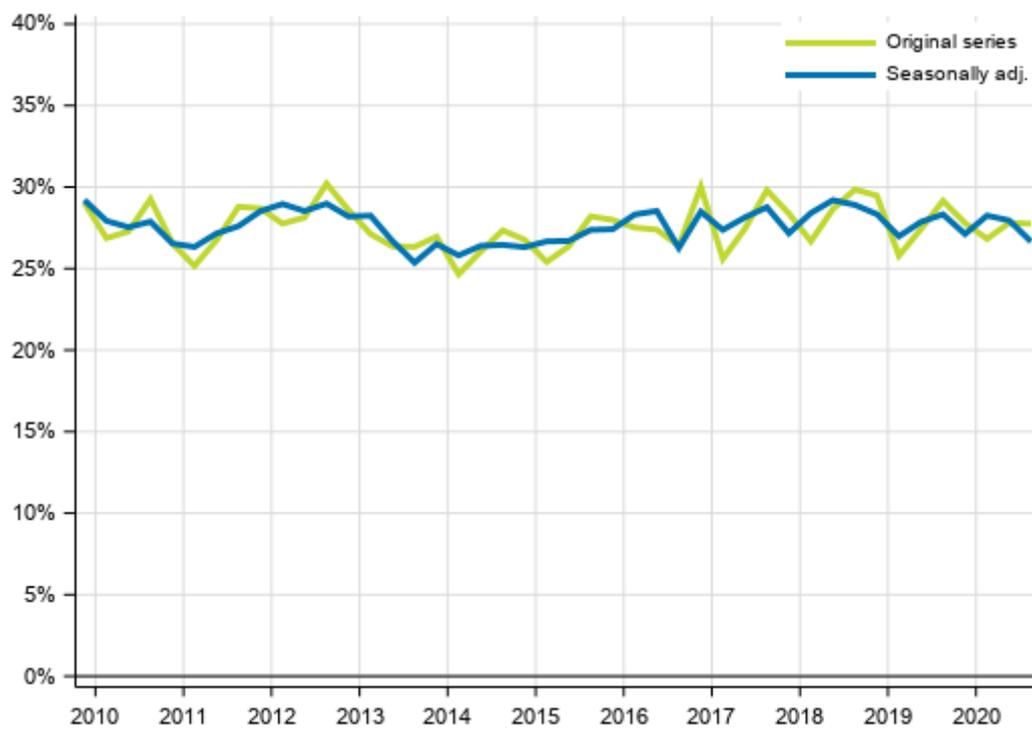
Appendix figure 2. Households' investment rate



Appendix figure 3. Non-financial corporations' profit share



Appendix figure 4. 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 (18.12.2020) (%)	Revision (% pts)
Non-financial corporations (S11) profit share	2019Q3	33.6	30.3	-3.3
	2019Q4	30.4	30.2	-0.2
	2020Q1	28.9	30.2	1.3
	2020Q2	33.2	35.3	2.1
Non-financial corporations (S11) investment rate	2019Q3	25.9	28.3	2.4
	2019Q4	27.7	27.1	-0.6
	2020Q1	28.1	28.2	0.1
	2020Q2	28.6	28.0	-0.6
Household (S14) saving rate	2019Q3	2.6	0.1	-2.5
	2019Q4	1.1	0.9	-0.2
	2020Q1	3.4	3.4	0.0
	2020Q2	9.7	9.5	-0.2
Household (S14) investment rate,	2019Q3	13.5	13.8	0.3
	2019Q4	13.2	13.9	0.7
	2020Q1	13.9	13.6	-0.3
	2020Q2	14.5	14.2	-0.3

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Source: Sector accounts, Statistics Finland