24 June 2019

Quarterly Sector Accounts (Base 2011)

First Quarter 2019

Net borrowing of the Portuguese economy stood at 0.2% of GDP

The Portuguese economy presented a net borrowing 0.2% of the Gross Domestic Product (GDP) in the year ending in the first quarter of 2019 (in the fourth quarter of 2018 the balance had been positive at 0.2% of GDP), interrupting the series of positive balances started in the third quarter of 2012. This result was determined by the negative balance of goods and services transactions with the Rest of the World, with imports and exports registering growth rates of 2.1% and 1.0% respectively.

The net borrowing of the economy was related, to a great extent, to the acceleration of Gross Capital Formation (GCF). The increase by 2.1% of Gross Savings of the economy in the year ending in the first quarter of 2019 was insufficient to finance the increase by 4.4% of GCF. The increase in investment was particularly relevant in the case of Non-Financial Corporations, with the investment rate reaching 24.1%, the highest rate registered since 2010.

The Households' net lending decreased to 0.4% of GDP in the first quarter of 2019, 0.3 p.p. less than the previous quarter. This evolution was also mainly determined by the increase in investment, with the sector's savings rate reducing by 0.1 p.p. to 4.5% of disposable income.

The net borrowing of General Government (GG) decreased by 0.4 p.p. in the year ending in the first quarter of 2019, compared to the previous quarter, representing 0.1% of GDP. Taking quarterly figures as reference, the GG balance was positive in the first quarter of 2019, reaching 0.4% of GDP (-1.0% in the same period of the previous year).

The current results are the preliminary version of the Quarterly Sector Accounts (QSA) for the first quarter 2019.

National Accounts aggregates are expressed exclusively in nominal terms and are not seasonally and calendar adjusted. The results are presented for the aggregate economy or broken down by the following institutional sectors:

- Non-Financial Corporations;
- Financial Corporations;
- General Government;
- Households and Non-Profit Institutions Serving Households (Households);
- Rest of the World.

Unless otherwise stated, the following descriptive analysis and graphs presented in this press release refer to data in the year ending in the reference quarter, which eliminates seasonal fluctuations and reduces the effect of irregular oscillations. In the comparison of consecutive quarters, the variation rates between the year ending each quarter and the year ending in the previous quarter are used as a rule.

In addition to the attached tables in this press release, additional information can be accessed in the section of National Accounts available in the Statistics Portugal's website:

http://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_cnacionais&xlang=en

Net borrowing of the Portuguese economy stood at 0.2% of GDP

The Portuguese economy registered a net borrowing of 0.2% of the Gross Domestic Product (GDP) in the first quarter of 2019, compared to 0.2% in the fourth quarter of 2018. This reversal in the balance of the economy resulted from the behaviour of the transactions of goods and services with the Rest of the World, which showed a negative balance for the first time since the end of 2012.

GDP and Gross National Income (GNI) recorded rates of change of 1.0% and 0.9%, respectively. The growth of GNI lower than the GDP was determined by the increase in the negative balance of property income to the Rest of the World.

Table 1: GDP, GNI and GDI (year ended in the quarter)

Year ending in the quarter	GDP		GNI		GDI	
	million euros	quarter-on-quarter change rate (%)	million euros	quarter-on-quarter change rate (%)	million euros	quarter-on-quarter change rate (%)
2014Q1	170 692	0.2	168 293	0.2	170 390	0.3
2014Q2	172 235	0.9	169 641	0.8	171 614	0.7
2014Q3	173 278	0.6	170 792	0.7	172 897	0.7
2014Q4	173 079	-0.1	170 117	-0.4	172 313	-0.3
2015Q1	174 810	1.0	171 299	0.7	173 613	0.8
2015Q2	176 641	1.0	172 327	0.6	174 538	0.5
2015Q3	178 203	0.9	173 836	0.9	176 013	0.8
2015Q4	179 809	0.9	174 868	0.6	177 168	0.7
2016Q1	181 598	1.0	177 237	1.4	179 442	1.3
2016Q2	183 085	0.8	178 490	0.7	181 097	0.9
2016Q3	184 760	0.9	179 948	0.8	182 555	0.8
2016Q4	186 480	0.9	182 176	1.2	184 660	1.2
2017Q1	188 378	1.0	183 876	0.9	186 826	1.2
2017Q2	190 485	1.1	186 187	1.3	188 954	1.1
2017Q3	192 412	1.0	188 187	1.1	191 130	1.2
2017Q4	194 613	1.1	190 364	1.2	193 458	1.2
2018Q1	196 201	0.8	192 395	1.1	195 272	0.9
2018Q2	197 630	0.7	192 850	0.2	195 893	0.3
2018Q3	199 459	0.9	194 219	0.7	197 288	0.7
2018Q4	201 613	1.1	196 474	1.2	199 613	1.2
2019Q1	203 545	1.0	198 289	0.9	201 683	1.0

Gross Disposable Income (GDI) increased by 1.0%, 0.2 p.p. higher than the increase in final consumption expenditure (which includes Households and GG final consumption expenditure), determining an increase of 2.1% in gross savings (null variation in the previous quarter). The savings in the economy reached to 16.9% of GDP in the first quarter of 2019 (16.7% in the previous quarter).

Table 2: Gross Saving and Net Lending(+)/ Borrowing(-) unit: % of GDP

Year ending in the quarter	Gross Saving	Balance of Capital Transfers with the Rest of the World	Gross Capital Formation	Net Lending (+)/ Borrowing(-)
2014Q1	15.4	1.6	14.9	2.0
2014Q2	15.2	1.5	15.0	1.7
2014Q3	15.3	1.5	15.1	1.7
2014Q4	15.0	1.2	15.3	1.0
2015Q1	15.0	1.2	15.2	1.0
2015Q2	14.6	1.2	15.8	0.1
2015Q3	14.9	1.1	15.7	0.3
2015Q4	14.9	1.2	15.8	0.3
2016Q1	15.4	1.1	16.0	0.5
2016Q2	15.7	0.9	15.9	0.7
2016Q3	15.8	1.0	15.8	0.9
2016Q4	15.9	0.9	15.7	1.0
2017Q1	16.1	1.0	16.0	1.1
2017Q2	16.4	0.9	16.4	1.0
2017Q3	16.8	0.9	16.7	1.1
2017Q4	17.1	0.8	16.9	1.1
2018Q1	17.4	0.8	17.1	1.1
2018Q2	17.0	0.8	17.1	0.8
2018Q3	16.9	0.9	17.2	0.6
2018Q4	16.7	0.9	17.5	0.2
2019Q1	16.9	0.9	18.1	-0.2

The increase of 4.4% of Gross Capital Formation (GCF) was higher than the increase in gross savings, resulting in a net borrowing of the economy of 0.2% of GDP.

Figure 1 presents the evolution of the net lending(+)/borrowing(-) of the economy by institutional sector.

The net borrowing of GG was reduced to 0.1% of GDP in the year ending in the 1st quarter 2019, compared with a net borrowing of 0.5% of GDP in the previous quarter. The improvement of the balance primarily reflected the increase in revenues from tax on production and social contributions received.

The Non-Financial Corporations (NFC) recorded a more negative balance by 0.5 p.p. in the first quarter of 2019 attaining 2.4% of GDP, mainly due to the acceleration of investment. The net lending of Financial Corporations stabilized at 1.9% of GDP.

The external balance of goods and services went from positive in the fourth quarter of 2018 (0.2% of GDP) to negative in the first quarter of 2019, reaching 0.3% of GDP (see Figure 2). This result was due to the increase in imports above that of exports (2.1% and 1.0%, respectively).

Figure 1 - Net Lending(+) /Borrowing(-) by institutional sector (in % of GDP , accumulated sum of 4 quarters)

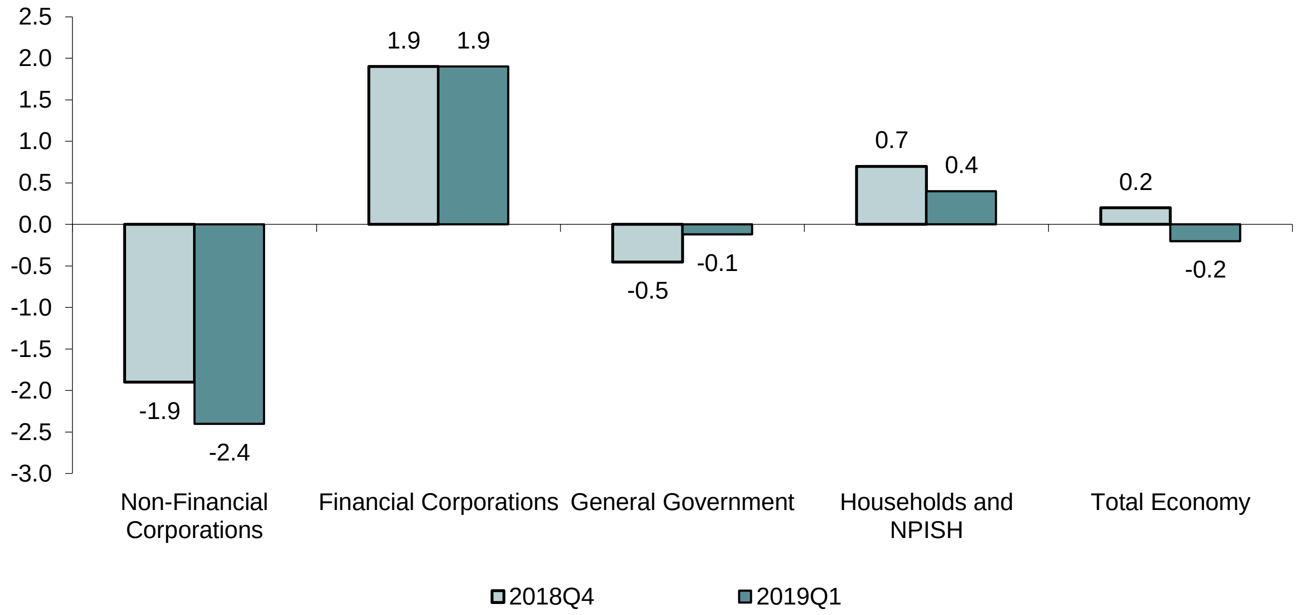
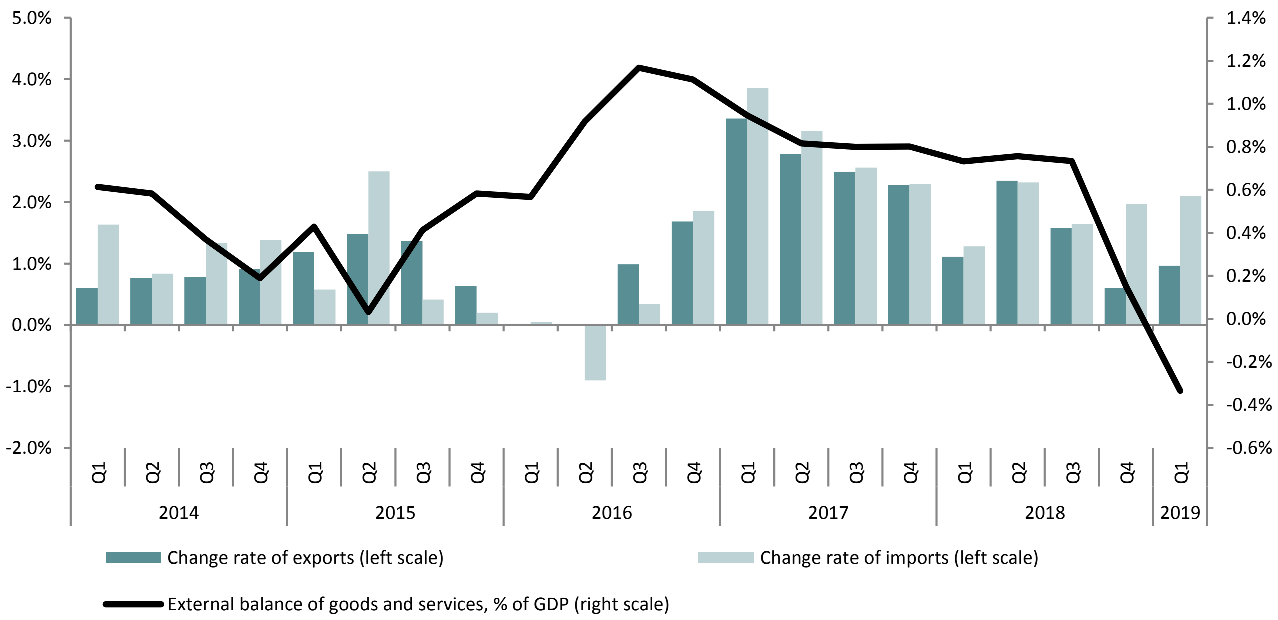


Figure 2 - External balance of goods and services (accumulated sum of 4 quarters)



Households: net lending stood at 0.4% of GDP

The net lending of Households stood at 0.4% of GDP in the year ending in the first quarter of 2019, 0.3 p.p. less than the previous quarter, reflecting mainly the increase of 4.4% in Gross Capital Formation and a slight reduction in gross savings.

Figure 3 shows the saving rate and the rates of change of disposable income and final consumption expenditure. As it can be seen, the Household's saving rate decreased to 4.5% of disposable income (4.6% in the previous quarter), as a result of the 0.9% increase in final consumption expenditure, 0.1 p.p. more than the increase of disposable income.

The behavior in Households' disposable income was determined by a 1.1% increase in compensation of employees received, which explains 0.7 p.p. of the increase in disposable income (see Table 3).

The Gross Fixed Capital Formation of Households registered a rate of change of 3.2% in the first quarter of 2019 (3.3% in the previous quarter).

Figure 3 - Saving rate of Households and NPISH (accumulated sum of 4 quarters)

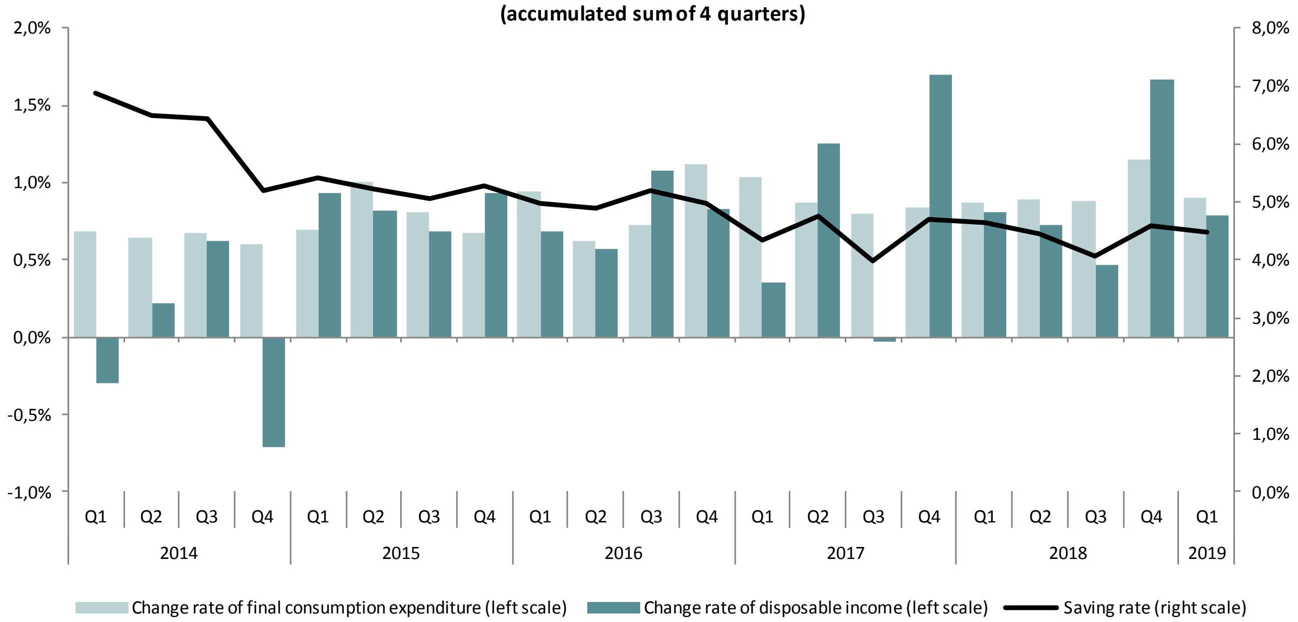


Table 3 shows the breakdown of the rate of change of disposable income.

The adjusted GDI per capita stood at 15.4 thousand euro in the first quarter of 2019, corresponding to a increase of 0.7% over the previous quarter. Note that the adjusted GDI differs from the GDI by including the value of the goods and services that are purchased or produced by the GG and NPISH and consumed by the Households.

Table 3: Contributions to the change rate of disposable income of Households and NPISH (percentage points, accumulated sum of 4 quarters)

	Compensation of Employees	Operating Surplus + Mixed Income (Gross)	Net Property Income (receivable)	Social benefits less contributions, excluding social transfers in kind	Net Transfers (receivable)	Taxes	Disposable Income
	(1)	(2)	(3)	(4)	(5)	(6)	(7) = (1)+...+(5) - (6)
2018Q1	0.6	0.2	0.1	-0.1	0.1	0.1	0.8
2018Q2	0.7	0.2	-0.2	-0.1	0.0	-0.1	0.7
2018Q3	0.7	0.2	0.0	-0.1	0.1	0.3	0.5
2018Q4	1.2	0.2	0.1	0.3	0.1	0.2	1.7
2019Q1	0.7	0.2	-0.1	-0.2	0.3	0.2	0.8

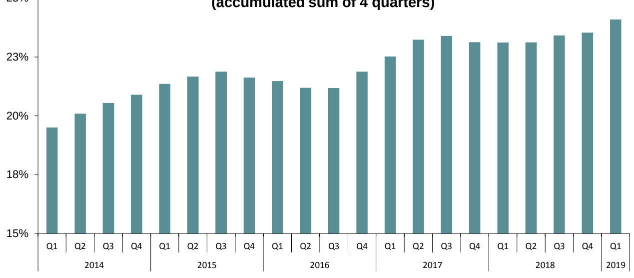
Non-Financial Corporations: net borrowing stood at 2.4% of GDP

The net borrowing of Non-Financial Corporations worsened by 0.5 p.p. to 2.4% of GDP in the year ending in the first quarter of 2019. This result mainly reflected the increase of 4,8% in Gross Capital Formation (GCF), which was higher than the increase of 0,9% in Gross Value Added (GVA), more 0.1 percentage point more than in the previous quarter.

The compensation of employees paid by the sector registered a rate of change of 1.2%, lower than the increase in GVA, resulting in a 0.5% increase in GOS.

The sector's operating margin rate stood at 38.4% (minus 0.6 p.p. compared to the previous quarter)[1]. GFCF increased by 3.3% in the year ended in the first quarter of 2019, with the investment rate (measured by the ratio between GFCF and GVA) at 24.1%, which corresponds to the maximum value recorded since 2010.

Figure 4 - GFCF/GVA of Non-Financial Corporations (accumulated sum of 4 quarters)



Financial Corporations: net lending stood at 1.9% of GDP

The net lending of Financial Corportions represented 1.9% of GDP in the first quarter of 2019, the same as in the previous quarter.

The sector's gross savings increased by 1.4% in the first quarter of 2019 (0.4% in the previous quarter), driven by the increase of 0.9% in the respective GVA. The positive balance of property income declined slightly.

[1] This rate is obtained by the ratio between GOS and GVA and corresponds to the percentage of value created that is channeled for compensation of the financial resources invested in corporations.

General Government: net borrowing decreased 0.4 p.p.

The net borrowing of the GG decreased by 0.4 p.p. in the year ending in the first quarter 2019 compared to the year ending in the previous quarter, attaining 0.1% of GDP. This improvement resulted of a larger increase in revenue than in expenditure, of 1.3% and 0.6%, respectively (see Tables 4 and 5).

The behaviour of expenditure reflects the increase of 0.7% in capital expenditure and of 0.6% in current expenditure. Current expenditure variation was a result of the combined effect of decreases in interest paid (1.3%) and intermediate consumption (0.5%) and of increases in social benefits, compensation of employees and other current expenditure, by 0.5%, 1.1% and 3.6%, respectively.

Total revenue was a result of increases in both current revenue (1.3%) and capital revenue (0.3%). The changes in current revenue were due to increases in all of its components, namely, current taxes on income and wealth (1.1%), taxes on production and imports (1.0%), social contributions (1.3%), sales (2.2%) and other current revenue (3.1%).

Considering quarterly figures rather than the sum of four quarters, the net balance of the GG was positive in the first quarter 2019, attaining 178.5 million euro (0.4% of GDP), that compares with -1.0% of GDP (-487.1 million euro) for the same period in the previous year, as it can be seen in table 6. The improvement of the net balance was a result of increases in total expenditure and in total revenue (of 2.6% and 6.2%, respectively).

In what refers to expenditure, current expenditure increased by 2.5% as interest paid, intermediate consumption and subsidies decreased, whereas social benefits, compensation of employees and other current expenditure increased. Capital expenditure increased by 5.1% given the positive variations in both investment (2.9%) and other capital expenditure (13.4%).

Both components of total revenue increased in the first first quarter 2019 – capital revenue increased by 1.9% and current revenue by 6.2%. The change in current revenue was due to the increases of current taxes on income and wealth, taxes on production and imports, social contributions, sales and other current revenue.

Table 4: Revenue and expenditure of general government in the year ending the quarter

Unit: 10^6 EUR

	2018Q1	2018Q2	2018Q3	2018Q4	2019Q1
Total revenue	**83 596.3**	**84 163.7**	**86 218.3**	**87 713.7**	**88 877.5**
Current revenue	82 812.0	83 461.7	85 353.2	86 853.7	88 014.7
Current taxes on income and wealth	19 818.5	19 608.9	20 625.2	20 990.6	21 229.8
Taxes on production and imports	29 540.9	29 756.8	30 318.3	30 873.1	31 192.3
Social contributions	22 843.3	23 097.7	23 316.0	23 800.6	24 117.5
Sales	6 714.1	6 800.3	6 937.6	6 981.9	7 138.8
Other current revenue	3 895.2	4 198.0	4 156.1	4 207.5	4 336.2
Capital revenue	784.3	702.0	865.2	860.0	862.8
Total expenditure	**85 045.7**	**86 259.2**	**86 575.7**	**88 626.5**	**89 124.7**
Current expenditure	80 287.7	80 279.5	80 422.3	82 172.7	82 627.1
Social benefits	35 659.3	35 698.5	35 748.4	36 749.8	36 920.4
Compensation of employees	21 206.3	21 140.0	21 180.8	21 764.7	22 011.6
Interest	7 316.6	7 219.2	7 066.9	6 955.6	6 863.4
Intermediate consumption	10 536.3	10 681.4	10 821.0	10 930.0	10 878.7
Subsidies	872.9	865.1	834.8	797.3	797.0
Other current expenditure	4 696.2	4 675.5	4 770.4	4 975.3	5 156.2
Capital expenditure	4 758.0	5 979.6	6 153.4	6 453.8	6 497.6
Investment (1)	3 698.5	3 854.5	4 013.2	4 060.2	4 080.2
Other capital expenditure	1 059.6	2 125.1	2 140.2	2 393.6	2 417.4
Current Balance	2 524.3	3 182.2	4 930.9	4 681.0	5 387.5
Balance	**-1 449.4**	**-2 095.4**	**- 357.4**	**- 912.8**	**- 247.2**
By memory:	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Primary current expenditure	72 971.1	73 060.4	73 355.4	75 217.2	75 763.8
Gross Domestic Product at current market prices	196 201.0	197 629.8	199 459.3	201 612.5	203 544.6
Balance in % of GDP	-0.7%	-1.1%	-0.2%	-0.5%	-0.1%

(1) Includes Gross capital formation and Acquisitions less disposals of non-produced non-financial assets

Table 5: Change rates of revenue and expenditure of general government in the year ending the quarter

Unit: %

	2018Q1	2018Q2	2018Q3	2018Q4	2019Q1
Total revenue	**0.6**	**0.7**	2.4	1.7	1.3
Current revenue	0.6	0.8	2.3	1.8	1.3
Current taxes on income and wealth	0.5	-1.1	5.2	1.8	1.1
Taxes on production and imports	1.7	0.7	1.9	1.8	1.0
Social contributions	0.7	1.1	0.9	2.1	1.3
Sales	0.3	1.3	2.0	0.6	2.2
Other current revenue	-6.6	7.8	-1.0	1.2	3.1
Capital revenue	-1.7	-10.5	23.2	-0.6	0.3
Total expenditure	**-4.3**	**1.4**	**0.4**	**2.4**	**0.6**
Current expenditure	0.0	0.0	0.2	2.2	0.6
Social benefits	0.0	0.1	0.1	2.8	0.5
Compensation of employees	-0.4	-0.3	0.2	2.8	1.1
Interest	-1.6	-1.3	-2.1	-1.6	-1.3
Intermediate consumption	-0.3	1.4	1.3	1.0	-0.5
Subsidies	1.8	-0.9	-3.5	-4.5	0.0
Other current expenditure	4.8	-0.4	2.0	4.3	3.6
Capital expenditure	-44.6	25.7	2.9	4.9	0.7
Investment (1)	2.2	4.2	4.1	1.2	0.5
Other capital expenditure	-78.7	100.6	0.7	11.8	1.0

(1) Includes Gross capital formation and Acquisitions less disposals of non-produced non-financial assets

Table 6: Revenue and expenditure of general government

	1st quarter 2018		1st quarter 2019		Nominal change rate (%)
	million euro	% GDP	million euro	% GDP	
Total revenue	**18 849.3**	**39.2**	**20 013.1**	**40.0**	**6.2**
Current revenue	18 701.6	38.9	19 862.6	39.7	6.2
Current taxes on income and wealth	3 800.6	7.9	4 039.9	8.1	6.3
Taxes on production and imports	7 200.5	15.0	7 519.7	15.0	4.4
Social contributions	5 359.5	11.1	5 676.4	11.3	5.9
Sales	1 528.9	3.2	1 685.7	3.4	10.3
Other current revenue	812.1	1.7	940.9	1.9	15.9
Capital revenue	147.7	0.3	150.5	0.3	1.9
Total expenditure	**19 336.4**	**40.2**	**19 834.6**	**39.6**	**2.6**
Current expenditure	18 478.6	38.4	18 933.0	37.8	2.5
Social benefits	8 155.0	16.9	8 325.6	16.6	2.1
Compensation of employees	4 788.9	10.0	5 035.8	10.1	5.2
Interest	1 697.4	3.5	1 605.2	3.2	- 5.4
Intermediate consumption	2 400.1	5.0	2 348.8	4.7	- 2.1
Subsidies	175.7	0.4	175.3	0.4	- 0.2
Other current expenditure	1 261.5	2.6	1 442.4	2.9	14.3
Capital expenditure	857.9	1.8	901.6	1.8	5.1
Investment (1)	679.3	1.4	699.2	1.4	2.9
Other capital expenditure	178.6	0.4	202.4	0.4	13.4
Current Balance	223.1	0.5	929.6	1.9	
Balance	- 487.1	- 1.0	178.5	0.4	

(1) Includes Gross capital formation and Acquisitions less disposals of non-produced non-financial assets

Table 7 presents the main adjustments carried out for moving from Public Accounting to National Accounts balances. Comparing the first quarter 2019 with the same period of the previous year, the improvement in National Accounting balance was lower than in Public Accounting balance. The main differences between National and Public Accounting were due to time adjustment of taxes and social contributions and to GG sector delimitation, particularly corporations classified inside GG. Taxes and social contributions are time-adjusted so that the recording and the moment when the activity took place are closer.

Table 7: Public to National Accounting adjustments

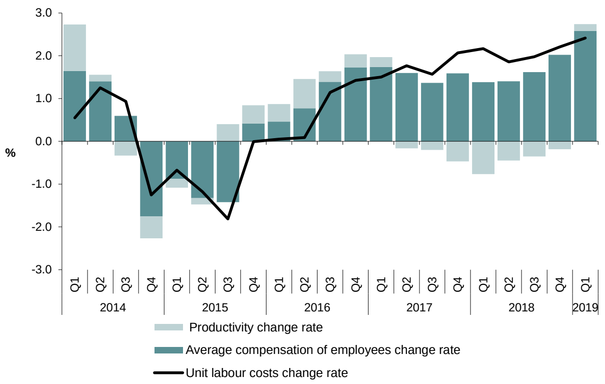
		Unit: 10^6 euro
	2018Q1	**2019Q1**
Balance in Public Accounting:	**- 626.5**	**681.9**
Accrual adjustment and sector delimitation in National Accounts	673.8	1 370.3
Difference betw een paid and due interest	- 62.4	106.1
Other receivables:	- 669.7	-1 103.3
Time adjustment of taxes and social contributions	- 378.2	*- 894.5*
Others	- 291.5	*- 208.9*
Other payables:	171.2	272.3
Expenditure already incurred but not yet paid	- 144.0	*- 172.4*
Others	315.2	*444.6*
Other adjustments:	26.6	-1 148.8
of which:		
Capital injections and debt assumptions	- 514.9	*-1 714.2*
Balance in National Accounting:	**- 487.1**	**178.5**
GDP [(1)]	48 119.5	50 051.6
Balance in National Accounting in % of GDP	-1.0%	0.4%

[(1)] Non seasonally and calendar effects ajusted data

Unit labour costs (ULC) increased 2.4%

In the year ended in the first quarter of 2019, ULC registered an increase of 2.4%, 0.2 p.p. more than in the previous quarter. The growth of ULC was determined by a productivity increase lower than the average compensation of employees.

Figure 5 - Unit labour costs change rates
(year ended in the qaurter)



Revision of estimates

The Quarterly Sector Accounts now presented incorporate new information with the consequent revisions of the previous estimates of some aggregates. The quarterly accounts for the total economy, published on May 31st, were also updated. Although year-on-year and quarter-on-quarter volume change rates of GDP remained unchanged, a new version of international trade in goods was incorporated, determining a downward revision in imports and an upward revision in export. These changes had consequences for some components of GDP, mainly on investment, with a particular focus on changes in inventories.

In addition, the most recent versions of the Balance of Payments and Monetary and Financial Statistics produced by Banco de Portugal were also integrated.

Methodological notes

The results are preliminary as the basis of information used is subject to revisions, and the treatment of some transactions can be changed with the incorporation of information derived from the compilation of Annual National Accounts.

The Quarterly Sector Accounts differ from Quarterly National Accounts since they are based on non-seasonally adjusted data unless otherwise stated, the descriptive analysis and graphs presented in this press release refer to data in the year ending in the reference quarter (which eliminates seasonal fluctuations and reduces the effect of irregular oscillations. When comparing consecutive quarters are used, in general, quarter-on-quarter change rates between the year ending in the reference quarter and the year ending in the preceding quarter. The Quarterly Sector Accounts are expressed exclusively in nominal terms.

The estimated aggregates are compiled based on the European System of National and Regional Accounts (ESA 2010), with emphasis on the following concepts:

Net lending (+)/ borrowing (-) (B.9) – The net lending (+) or borrowing (-) represents the net resources that one institutional sector makes available to the other sectors (if it is positive) or receives from the other sectors (if it is negative). The net lending or borrowing of the total economy is equal but of opposite sign to the net borrowing or lending of the rest of the world.

Final consumption – Final consumption expenditure is expenditure on goods and services used by institutional units to satisfy individual and collective needs.

Unit Labour Costs (ULC) – Measure the average cost of labour per unit of output and are calculated as the ratio of average worker compensation to real GDP by employee.

Gross Fixed Capital Formation (GFCF) – Gross Fixed Capital Formation (P.51g) consists of resident producers' acquisitions, less disposals, of fixed assets during a given period plus certain additions to the value of non-produced assets realised by the productive activity of producer or institutional units. Fixed assets are produced assets used in production for more than one year.

Gross Capital Formation (Investment) – The Gross Capital Formation (or Investment) (P.5) includes (GFCF), changes in inventories (P.52) and acquisitions less disposals of valuables (P.53).

Disposable income – Disposable income refers to the value that each institutional sector has available to affect to final consumption expenditure or saving.

Gross National Income (GNI) – Gross National Income (at market prices) represents total primary income receivable by resident institutional units: compensation of employees, taxes on production and imports less subsidies, property income (receivable less payable), operating surplus and mixed income.

Property income – Property income accrues when the owners of financial assets and natural resources put them at the disposal of other institutional units.
It corresponds to the income receivable by the owner of a financial asset or an asset not produced tangible to remunerate the fact of making funds or assets not produced tangible at the disposal of another institutional unit.

Saving – This aggregate measures the portion of disposable income that is not used for final consumption expenditure. If saving is positive, the remaining income is used in the acquisition of assets or in the reduction of liabilities. If saving is negative, some assets are reduced or some liabilities are increased.

Gross Domestic Product (GDP) – Gross Domestic Product (at market prices) is the final result of the production activity of resident producer units. It can be defined in three ways: 1) production approach: GDP is the sum of gross value added of the various institutional sectors or the various industries plus taxes and less subsidies on products (which are not allocated to sectors and industries); 2) expenditure approach: GDP is the sum of final uses of goods and services by resident institutional units (final consumption and gross capital formation), plus exports and minus imports of goods and services; 3) income approach: GDP is the sum of uses in the total economy generation of income account (compensation of employees, taxes on production and imports less subsidies, gross operating surplus and mixed income of the total economy).

Institutional Sector – The institutional sector aggregates institutional units with similar economic behaviour. The institutional units are grouped into sectors on the basis of the type of producer they are and depending on their principal activity and function, which are considered to be indicative of their economic behaviour. Each institutional unit belongs to one and only one sector.

Investment Rate – Represents the ratio between GFCF and Gross Value Added (GVA).

Households saving rate – The households saving rate measures the part of de disposable income which is not spent as final consumption expenditure, and it is calculated as the ratio between gross saving and disposable income (includes the adjustment for the change in pension entitlements).

Concerning the balance of General Government in National Accounting and in Public Accounting, it should be clarified that:
In the compilation of the budget deficit in National Accounts it is necessary to perform several adjustments to the Public Accounting data. Indeed, Public Accounting data is on a cash basis, meaning that expenditures and revenues are recorded in the accounting period in which they are paid and received. On the contrary, in National Accounts, expenditure and revenue are recorded on an accrual basis, that is, in the accounting period to which they refer to, regardless of whether their payment is made or their revenue is received in a different period. Another important adjustment is related to sector delimitation of General Government. In National Accounts, the general government sector includes entities which are not considered in Public Accounting. Similarly, entities which are not part of General Government sector from a National Accounts perspective but are included in Public Accounting should be excluded.
Finally, there are transactions that, according to the framework of National Accounts, have a specific classification. Notably, there are cases of entities belonging to the General Government sector that acquire shares from other entities, which should be recorded as capital transfers rather than financial transactions, thus leading to the introduction of the corresponding adjustments.