24th June 2021
QUARTERLY SECTOR ACCOUNTS (BASE 2016)
First Quarter 2021

NET LENDING OF ECONOMY REMAINED AT 0.1% OF GDP

The net lending of Portuguese economy[1] remained at 0.1% of Gross Domestic Product (GDP) in the year ending in the first quarter of 2021. Gross National Income (GNI) and Gross Disposable Income (GDI) decreased by 0.9% and 0.7%, respectively, in the first quarter of 2021 (both recorded a decrease of 0.8% in the previous quarter), with nominal GDP decreasing by 0.9% (quarter-on-quarter rate of change of -1.0% in the year ending in the fourth quarter of 2020).

In the first quarter 2021, the net lending of households[2] sector increased by 1.0 percentage points to 7.0% of GDP and the savings rate reached 14.2% (12.8% in the previous quarter), attaining in both cases the maximum values of the current series of National Accounts, mainly reflecting the 1.7% reduction in private consumption.

The balance of Non-Financial Corporations was less negative in 0.2 percentage points in the first quarter, standing at -2.1% of GDP, reflecting the 38.3% increase in operating subsidies received, which more than offset the reduction of 1.2% of Gross Value Added (GVA). The net lending of Financial Corporations decreased 0.1 percentage points to 2.0% of GDP.

The deficit of the General Government (GG) sector increased by 1.1 percentage points in the year ending in the first quarter of 2021, representing a net borrowing of 6.8% of GDP. Considering quarterly figures and not the year ending in the quarter, the balance of GG in the first quarter of 2021 was -2 813.1 million euros (-5.7% of GDP, compared with -1.2% in the same quarter of the previous quarter).

External balance of the economy remained slightly positive

These results correspond to the preliminary estimates for the first quarter 2021, a period in which a new general confinement occurred, due to the deterioration of the COVID-19 pandemic.

In the first quarter of 2021, the Portuguese economy's net lending stood at 0.1% of GDP, similar to that observed in the previous quarter. Nominal GDP and Gross National Income (GNI) both decreased by 0.9%, while Gross Disposable Income (GDI) decreased by 0.7%.

[1] Unless otherwise indicated, the descriptive analysis and graphs below refer to the year ending in the reference quarter (for additional information, see Methodological Note at the end of press release).

[2] Includes Non-Profit Institutions Serving Households (NPISH).

The balance of property income with the Rest of the World remained at -2.4% of GDP, with income paid and received decreasing by 1.6% and 4.2%, respectively.

The decrease of GDI combined with the 0.9% reduction in final consumption expenditure (which includes final consumption expenditures by Households and GG) determined a 0.1% increase in the economy's gross savings (-0.6% in the previous quarter). Gross savings in the economy represented 18.2% of GDP in the first quarter of 2021, 0.1 percentage points more than in the previous quarter.

Gross Capital Formation (GCF) decreased by 0.5%, offsetting the aforementioned increase in savings, allowed for a slightly positive net lending of the Portuguese economy.

Figure 1. GDP, GNI and GDI (year ending in the reference quarter)

Year ending in the reference quarter	GDP		GNI		GDI	
	million euros	quarter-on-quarter rate of change (%)	million euros	quarter-on-quarter rate of change (%)	million euros	quarter-on-quarter rate of change (%)
2Q 2017	190 780	1.2	186 011	1.2	190 070	1.1
3Q 2017	193 087	1.2	188 348	1.3	192 706	1.4
4Q 2017	195 947	1.5	191 348	1.6	195 931	1.7
1Q 2018	198 034	1.1	193 939	1.4	198 368	1.2
2Q 2018	200 057	1.0	195 487	0.8	200 050	0.8
3Q 2018	202 488	1.2	197 801	1.2	202 425	1.2
4Q 2018	205 184	1.3	200 173	1.2	204 752	1.1
1Q 2019	207 479	1.1	201 790	0.8	206 315	0.8
2Q 2019	209 625	1.0	204 713	1.4	209 352	1.5
3Q 2019	211 641	1.0	206 610	0.9	211 276	0.9
4Q 2019	213 949	1.1	208 565	0.9	213 462	1.0
1Q 2020	213 775	-0.1	208 579	0.0	213 793	0.2
2Q 2020	206 760	-3.3	202 564	-2.9	207 583	-2.9
3Q 2020	204 570	-1.1	200 973	-0.8	205 932	-0.8
4Q 2020	202 440	-1.0	199 408	-0.8	204 276	-0.8
1Q 2021	200 717	-0.9	197 682	-0.9	202 748	-0.7

The net borrowing of Non-Financial Corporations (NFC) reached 2.1% of GDP in the first quarter of 2021, 0.2 percentage points less than in the previous quarter. Net lending of the Financial Corporations decreased slightly to 2.0% of GDP.

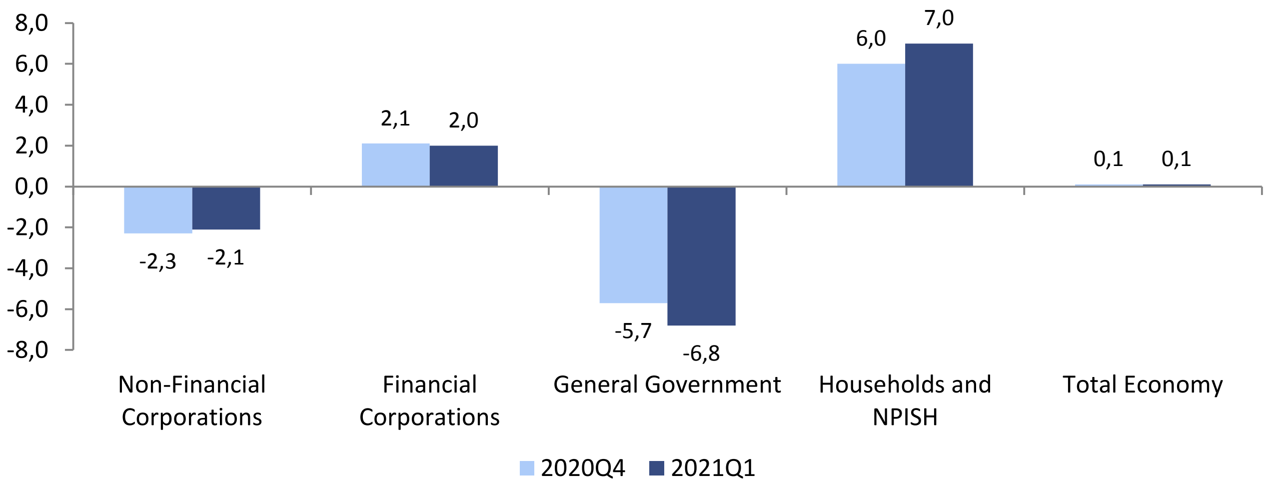
As a result of expenditure and revenue increases of 2.3% and 0.1%, respectively, the GG sector recorded a deficit of 6.8% of GDP in the year ending in the first quarter of 2021, worsening by 1.1 percentage points the balance recorded in the previous quarter.

Figure 2. Net lending(+) / borrowing(-) by institutional sector (in % of GDP, year ending in the reference quarter)

Year ending in the reference quarter	Non-Financial Corporations	Financial Corporations	General Government	Households and NPISH	Total Economy
2Q 2017	-0,7	4,2	-3,6	1,7	1,6
3Q 2017	-1,2	4,3	-2,5	1,2	1,8
4Q 2017	-1,2	4,1	-3,0	1,9	1,8
1Q 2018	-1,5	2,0	-0,7	2,0	1,8
2Q 2018	-1,6	2,3	-0,9	1,9	1,7
3Q 2018	-2,4	2,3	0,0	1,8	1,7
4Q 2018	-2,4	2,2	-0,3	1,8	1,2
1Q 2019	-3,0	2,4	-0,1	1,4	0,7
2Q 2019	-3,4	2,7	0,0	1,6	0,9
3Q 2019	-3,3	2,6	-0,2	1,6	0,7
4Q 2019	-3,2	2,6	0,1	1,5	1,0
1Q 2020	-3,2	2,4	-0,2	2,1	1,2
2Q 2020	-3,5	2,2	-1,9	4,2	1,0
3Q 2020	-2,3	2,1	-4,2	4,5	0,1
4Q 2020	-2,3	2,1	-5,7	6,0	0,1
1Q 2021	-2,1	2,0	-6,8	7,0	0,1

On the contrary, the net lending of Households' sector increased 1.0 percentage points, to 7.0% of GDP in the year ending in the first quarter of 2021.

Figure 3. Net lending(+) / borrowing(-) by institutional sector (in % of GDP, year ending in the reference quarter)



Households: net lending stood at 7.0% of GDP

Net lending of Households stood at 7.0% of GDP in the year ending in the first quarter of 2021, 1.0 percentage points more than in the previous quarter, mainly reflecting the increase in their gross savings by 11.1%.

Indeed, Households' saving rate reached 14.2% of disposable income, which corresponded to the maximum rate recorded in the current quarterly series of national accounts. This result was a consequence of the 1.7% reduction in consumption expenditure (rate of change of -1.5% in the previous quarter), which more than offset the slight decrease of 0.1% in disposable income.

Figure 5 shows the breakdown of the rate of change of disposable income of households. Compensation of employees and social benefits contributed by 0.2 and 0.1 percentage points, respectively. Other current transfers contributed 0.2 percentage points to the disposable income rate of change. The positive balance of property income registered a slight reduction, with a contribution of -0.1 percentage points. It should be mentioned that, in National Accounts, the deferral of interest payments on loans granted by the financial corporations sector do not have a positive impact on the balance of property income, as ESA 2010 determines the recording of these flows if they are due, even if not actually paid.

Households' Investment, which essentially corresponds to Gross Fixed Capital Formation (GFCF) in construction, recorded a rate of change of 1.3% in the first quarter of 2021 (0.6% in the previous quarter).

Figure 4. Saving rate of Households and NPISH (%, year ending in the reference quarter)

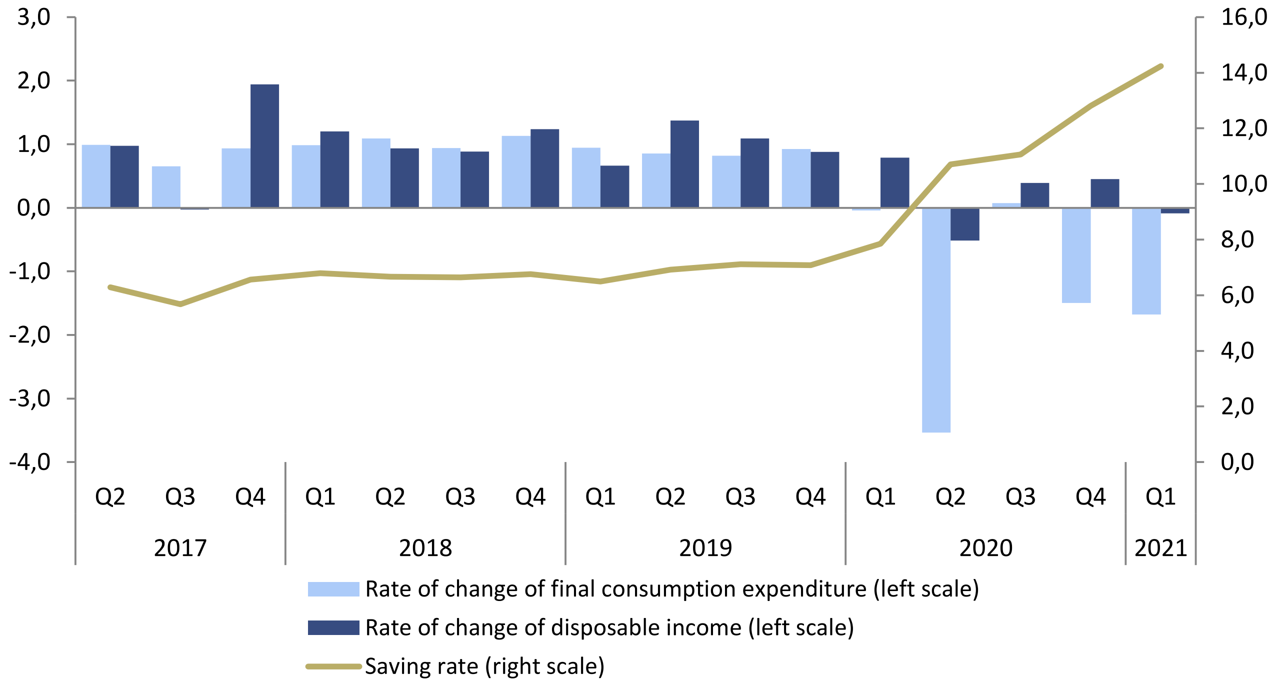
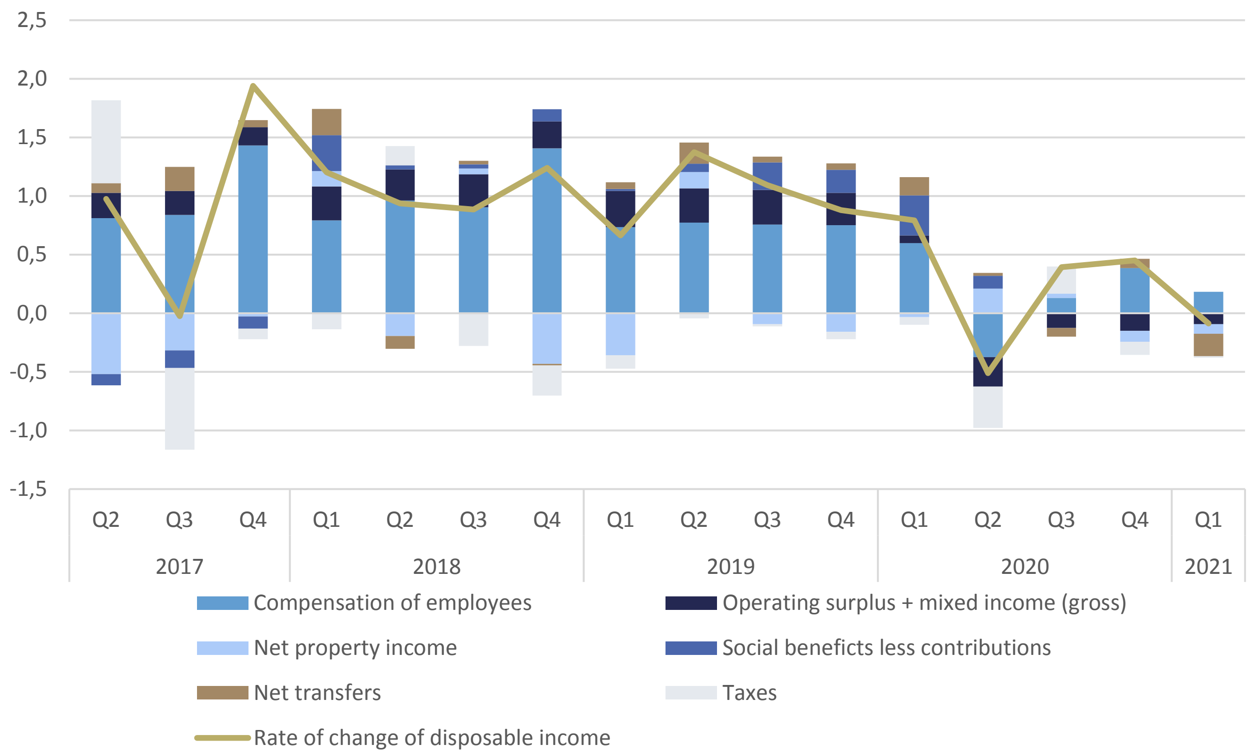


Figure 5. Contributions to the rate of change of disposable income of Households and NPISH (percentage points, year ending in the reference quarter)



The adjusted Households GDI (GDIa) per capita was 16.5 thousand euros in the first quarter of 2021, which represented a slight increase of 0.1% compared to the previous quarter, while nominal GDP per capita decreased by 0.8%.

It should be noted that adjusted GDIa differs from GDI by including the value of goods and services that are purchased or produced by GG or NPISH and intended for household consumption, such as, for example, co-payments in the purchase of medicines by households.

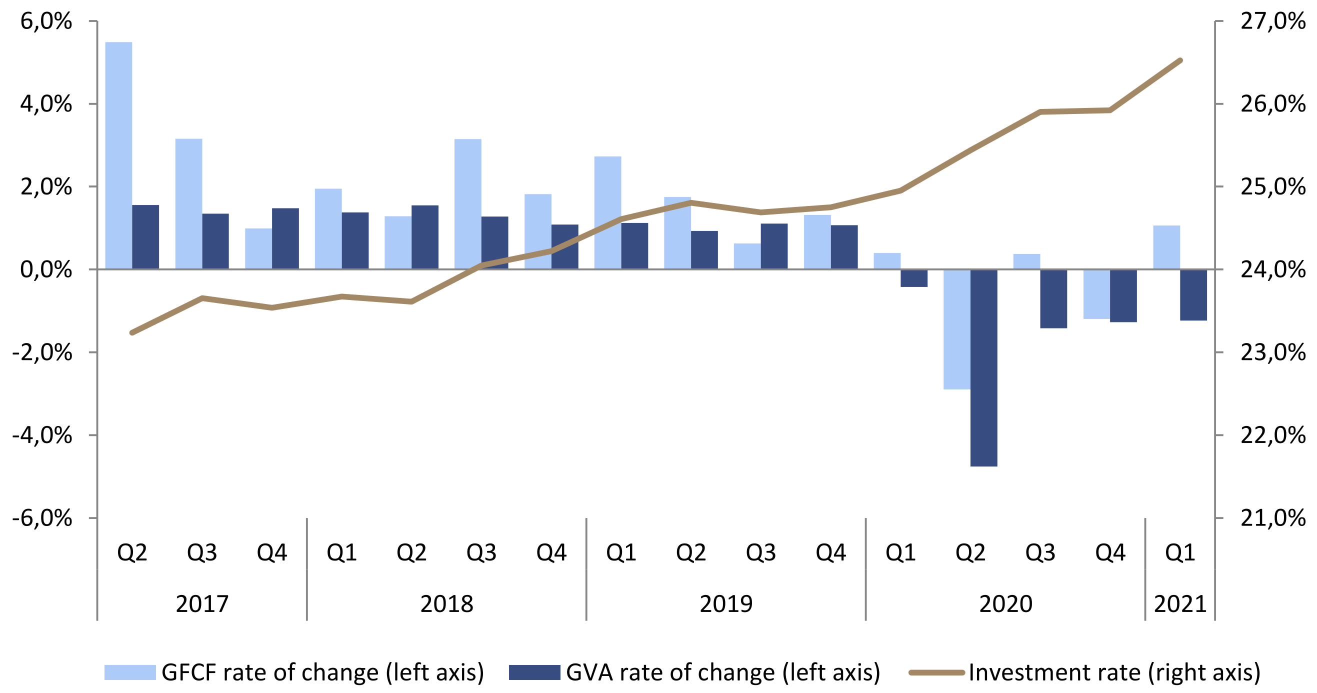
Non-Financial Corporations: net borrowing stood at 2.1% of GDP

The net borrowing of Non-Financial Corporations decreased by 0.2 percentage points, standing at 2.1% of GDP in the year ending in the first quarter of 2021.

The GVA of this sector diminished by 1.2% in the first quarter of 2021, while compensation of employees paid remained unchanged from the previous quarter. Gross Operating Surplus increased 0.2%, reflecting the significant increase in operating subsidies. The increase in these operating subsidies was mainly due to the payments made by the GG in the context of the special layoff regime and extraordinary regimes to support the economic activity.

The sector's operating margin rate stood at 22.3% (0.4 percentage points more than in the previous quarter). This rate is obtained by the ratio between GOS and GVA and corresponds to the percentage of value created that is intended for compensation of the financial resources invested in corporations.

Figure 6. **GFCF/GVA of Non-Financial Corporations (%, year ending in the reference quarter)**



GFCF recorded an increase of 1.1%, together with the aforementioned reduction in GVA, determined an investment rate (measured by the ratio between GFCF and GVA) of 26.5%, 0.6 percentage points more than in the quarter previous. In the opposite direction, changes in inventories decreased, contributing to the reduction of the net borrowing of this sector in the first quarter of 2021.

Financial Corporations: net lending stood at 2.0% of GDP

The net lending of Financial Corporations stood at 2.0% of GDP in the first quarter of 2021 (2.1% in the previous quarter).

The sector's GVA increased by 0.7%, which was more than offset by the reduction in the positive balance of property income, with income received and paid registering rates of change of -1.4% and -0.2%, respectively. The sector's gross savings decreased by 1.1% in the first quarter of 2021.

General Government: net lending of GG increased 1.1 percentage points to 6.8% of GDP

The net balance of the GG recorded a decrease of 1.1 p.p. in the year ending in the first quarter 2021 compared with the year ending in the previous quarter, attaining -6.8% of GDP. This variation was due to a higher increase in expenditure (2.3%) than in revenue (0.1%).

Figures 7 and 8 show the revenue and expenditure in the year ending the first quarter, in value and rate of change.

Figure 7. Revenue and expenditure of general government (year ending in the reference quarter)

Unit: 10^6 EUR

	2020Q1	2020Q2	2020Q3	2020Q4	2021Q1
Total revenue	**91 284.6**	**89 334.7**	**86 818.4**	**86 586.6**	**86 647.0**
Current revenue	90 565.0	88 595.5	86 037.0	85 776.1	85 831.4
Current taxes on income and wealth	20 877.3	21 285.2	19 791.0	20 081.0	20 045.0
Taxes on production and imports	31 961.2	30 490.8	29 775.2	29 157.1	28 536.5
Social contributions	25 517.8	25 418.0	25 526.5	25 566.4	25 789.0
Sales	7 338.7	6 892.6	6 693.4	6 562.3	6 440.8
Other current revenue	4 870.1	4 509.0	4 251.0	4 409.2	5 020.1
Capital revenue	719.6	739.2	781.4	810.5	815.6
Total expenditure	**91 661.4**	**93 298.3**	**95 388.1**	**98 087.7**	**100 374.3**
Current expenditure	85 251.6	86 754.3	87 742.7	89 732.8	92 070.7
Social benefits	39 064.2	39 261.7	39 604.8	40 111.4	40 544.4
Compensation of employees	23 171.3	23 301.7	23 538.7	23 743.7	23 978.6
Interest	6 167.6	6 044.7	5 904.4	5 786.3	5 693.5
Intermediate consumption	11 302.7	11 260.8	11 156.3	11 306.5	11 515.2
Subsidies	872.1	2 065.1	2 854.8	3 596.4	4 946.1
Other current expenditure	4 673.7	4 820.3	4 683.7	5 188.4	5 392.8
Capital expenditure	6 409.8	6 544.0	7 645.4	8 354.9	8 303.6
Investment (1)	3 937.4	4 165.0	4 216.9	4 521.2	4 582.7
Other capital expenditure	2 472.4	2 379.0	3 428.5	3 833.7	3 720.9
Current Balance	**5 313.4**	**1 841.3**	**-1 705.7**	**-3 956.7**	**-6 239.3**
Balance	**-376.8**	**-3 963.6**	**-8 569.7**	**-11 501.1**	**-13 727.4**
By memory:	0.0	0.0	0.0	0.0	0.0
Primary current expenditure	79 084.0	80 709.6	81 838.3	83 946.5	86 377.1
Gross Domestic Product at current market prices	213 775.2	206 760.2	204 570.5	202 440.5	200 717.5
Balance in % of GDP	-0.2%	-1.9%	-4.2%	-5.7%	-6.8%

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

The behaviour of expenditure reflected the increase of 2.6% in current expenditure and the decrease of 0.6% in capital expenditure. Except for interest paid, that decreased by 1.6%, all items of current expenditure increased. Within current expenditure, the item which presented the largest percentage increase was subsidies paid (37.5%), as a reflection of support measures related to the furlough schemes and other exceptional and temporary measures of economic activity support taken in the context of the COVID-19 pandemic. The variation of capital expenditure reflected the increase of 1.4% in investment and decrease of 2.9% in other capital expenditure.

Figure 8. **Revenue and expenditure of general government (%; year ending in the reference quarter)**

Unit: %

	2020Q1	2020Q2	2020Q3	2020Q4	2021Q1
Total revenue	**0.1**	**-2.1**	**-2.8**	**-0.3**	**0.1**
Current revenue	0.1	-2.2	-2.9	-0.3	0.1
Current taxes on income and wealth	0.1	2.0	-7.0	1.5	-0.2
Taxes on production and imports	-0.3	-4.6	-2.3	-2.1	-2.1
Social contributions	1.0	-0.4	0.4	0.2	0.9
Sales	-1.2	-6.1	-2.9	-2.0	-1.9
Other current revenue	-0.0	-7.4	-5.7	3.7	13.9
Capital revenue	6.5	2.7	5.7	3.7	0.6
Total expenditure	**0.7**	**1.8**	**2.2**	**2.8**	**2.3**
Current expenditure	0.6	1.8	1.1	2.3	2.6
Social benefits	0.8	0.5	0.9	1.3	1.1
Compensation of employees	1.2	0.6	1.0	0.9	1.0
Interest	-2.6	-2.0	-2.3	-2.0	-1.6
Intermediate consumption	1.4	-0.4	-0.9	1.3	1.8
Subsidies	2.3	136.8	38.2	26.0	37.5
Other current expenditure	-1.6	3.1	-2.8	10.8	3.9
Capital expenditure	2.5	2.1	16.8	9.3	-0.6
Investment [1]	1.3	5.8	1.2	7.2	1.4
Other capital expenditure	4.6	-3.8	44.1	11.8	-2.9

[1] Includes Gross capital formation and Acquisitions less disposals of non-produced non-financial assets

Total revenue increased by 0.1% due to the increases of current revenue and capital revenue, by 0.1% and 0.6%, respectively. Within current revenue, current taxes on income and wealth, taxes on production and imports and sales decreased, whereas social contributions and other current revenue increased, by 0.9% and 13.9%, respectively. The increase in other current revenue is associated with the use of European Funds in the financing of the COVID-19 measures and therefore ensuring the neutrality in the GG balance.

Figure 9 presents the detail of revenue and expenditure of GG and its GDP percentage for the first quarters of 2020 and 2021.

Figure 9. Revenue and expenditure of general government

	1st quarter 2020		1st quarter 2021		Nominal rate of change (%)
	10^6 EUR	% GDP	10^6 EUR	% GDP	
Total revenue	**19 899.3**	**39.1**	**19 959.6**	**39.2**	**0.3**
Current revenue	19 745.2	38.8	19 800.5	38.9	0.3
Current taxes on income and wealth	3 972.9	7.8	3 936.9	7.7	-0.9
Taxes on production and imports	7 393.6	14.5	6 773.0	13.3	-8.4
Social contributions	5 849.0	11.5	6 071.6	11.9	3.8
Sales	1 656.7	3.3	1 535.2	3.0	-7.3
Other current revenue	872.9	1.7	1 483.9	2.9	70.0
Capital revenue	154.1	0.3	159.1	0.3	3.3
Total expenditure	**20 486.1**	**40.3**	**22 772.7**	**44.8**	**11.2**
Current expenditure	19 436.3	38.2	21 774.1	42.8	12.0
Social benefits	8 836.1	17.4	9 269.1	18.2	4.9
Compensation of employees	5 257.4	10.3	5 492.3	10.8	4.5
Interest	1 421.5	2.8	1 328.8	2.6	-6.5
Intermediate consumption	2 477.7	4.9	2 686.4	5.3	8.4
Subsidies	190.5	0.4	1 540.2	3.0	708.5
Other current expenditure	1 253.0	2.5	1 457.4	2.9	16.3
Capital expenditure	1 049.8	2.1	998.5	2.0	-4.9
Investment [1]	760.8	1.5	822.3	1.6	8.1
Other capital expenditure	289.0	0.6	176.2	0.3	-39.0
Current Balance	**308.9**	**0.6**	**-1 973.6**	**-3.9**	
Balance	**-586.8**	**-1.2**	**-2 813.1**	**-5.7**	

[1] Includes Gross capital formation and Acquisitions less disposals of non-produced non-financial assets

Considering quarterly figures rather than the sum of four quarters, the net balance of the GG was negative in the first quarter 2021, attaining -2 813.1 million euro (-5.7% of GDP), that compares with -1.2% of GDP for the same period of the previous year. The decrease of the net balance was a result of a higher increase in total expenditure, of 11.2%, than in total revenue, that increased only 0.3%.

Regarding the components of total expenditure, current expenditure increased by 12.0%, reflecting the impact of the exceptional and temporary measures of economic activity support taken in the context of the COVID-19 pandemic. This variation was due to increases in social benefits (4.9%), compensation of employees (4.5%), intermediate consumption (8.4%), subsidies paid (708.5%), and other current expenditure (16.3%). Interest paid was the only item of current expenditure to decrease, by 6.5%. Capital expenditure decreased 4.9%.

The variation of current revenue was due to decreases in current taxes on income and wealth, taxes on production and imports and sales, and increases in social contributions and other current revenue. Capital revenue recorded an increase of 3.3%.

Figure 10 presents the main adjustments carried out for moving from Public Accounts to National Accounts balances.

Figure 10. Public to National Accounting Adjustments

Unit: 10^6 EUR

	2020Q1	2021Q1
Balance in Public Accounting:	**5.7**	**-2 552.9**
Accrual adjustment and sector delimitation in National Accounts	572.3	-34.2
Difference between paid and due interest	259.9	277.7
Other receivables:	-1 422.2	-638.3
Time adjustment of taxes and social contributions	-1 212.0	-473.6
Others	-210.2	-164.7
Other payables:	204.1	178.0
Expenditure already incurred but not yet paid	-104.5	-109.2
Others	308.6	287.1
Other adjustments:	-206.6	-43.3
of which:	0.0	0.0
Capital injections and debt assumptions	-678.3	-457.4
Balance in National Accounting:	**-586.8**	**-2 813.1**
GDP (1)	50 853.6	49 130.6
Balance in National Accounting in % of GDP	-1.2%	-5.7%

(1) Non seasonally and calendar effects ajusted data

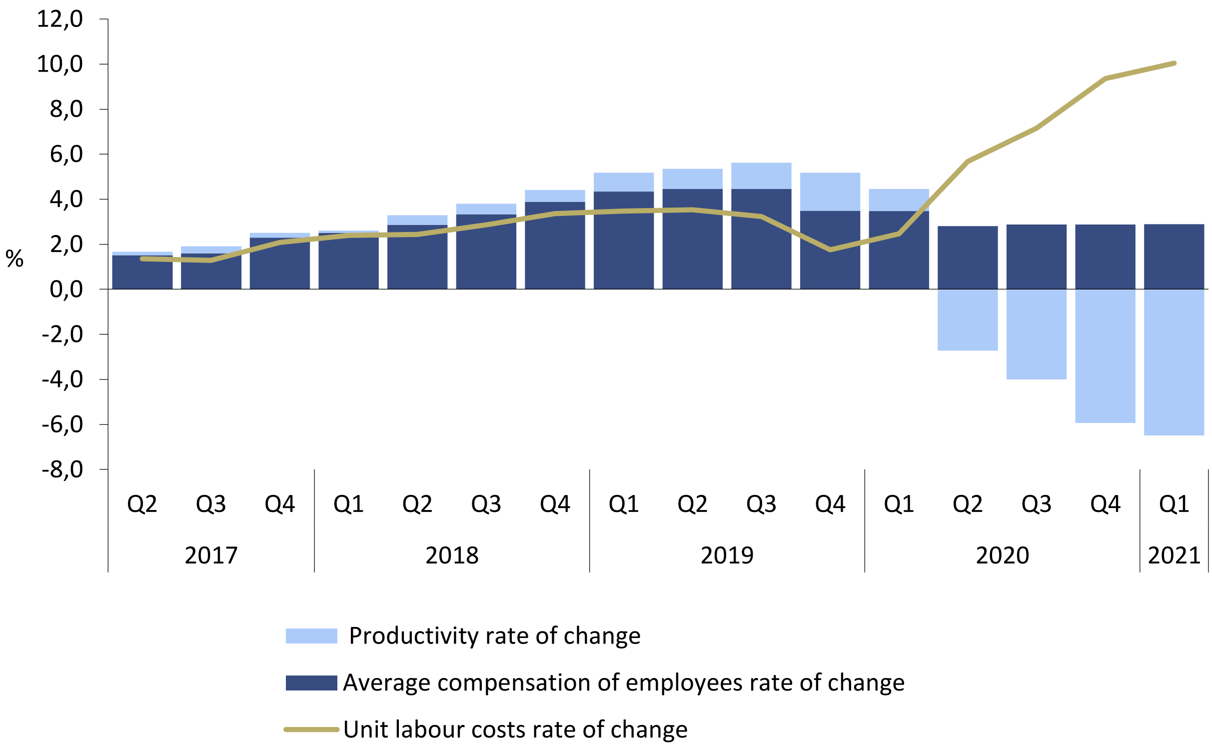
Comparing the first quarter 2021 with the same period of the previous year a significant decrease is noticeable in both balances. The expenditure in capital injections and debt assumptions was in its entirety destined to public corporations classified inside GG, therefore not impacting the net balance of GG. The remaining 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 time of recording and the moment when the activity took place are closer. Additionally, due to the policy measures for fractional future payment of taxes and social contributions implemented in the context of the COVID 19 pandemic, an additional adjustment was made to include the future payments as revenue of the period when the activity took place. This temporary adjustment implied a reduction in revenue when compared to Public Accounting, by around 29 million euro, related to the deferral payment measures for the Value Added Tax, Individual Income Tax and Corporate Income Tax, and reflecting the net effect of the measures taken in 2020 with payments in 2021 and the 2021 measures, to be paid in the upcoming months.

Unit labour costs (ULC) increased by 10.0%

In the year ending in the first quarter of 2021, ULC registered an increase of 10.0% in year-on-year terms, which compares with the growth of 9.4% in the previous quarter. The acceleration of ULC in the first quarter was due to the combined effect of the increase in average compensation of employees and the decrease in productivity measured by the ratio between GDP and total employment measured by the number of persons. It should be noted that this evolution does not reflect the exact measure of the behaviour of these costs from the perspective of firms, since part of the wages paid were financed by the GG sector within the scope of public policies aimed to supporting employment and income in the pandemic context.

Figure 11. Unit labour costs rates of change (%, year ending in the reference quarter)



METHODOLOGICAL NOTE

The results presented correspond to the preliminary version of the Quarterly Sector Accounts (QSA) for the first quarter of 2021, a period in which there was a new general confinement, following the worsening of the pandemic.

For a better understanding of the results, it should be noted that, unless otherwise indicated, 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. Due to rounding, the sum of the parts of the economic indicators presented may not coincide with the result for the total economy.

The Quarterly Sector Accounts are expressed exclusively in nominal terms and from Quarterly National Accounts (QNA) since they are based on non-seasonally adjusted data. The results are presented for the total economy and in detail by institutional sector.

In addition to the tables attached to this press release, further information is available on the Statistics Portugal's website:

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

Revision of estimates

The Quarterly Sector Accounts now presented have a preliminary status, incorporating new information with consequent revisions of the previous estimates of some aggregates.

It is worth mentioning the use of the most recent data from the Balance of Payments and the Monetary and Financial Statistics from Banco de Portugal, as well as the recent information on international trade in goods statistics (preliminary version of April 2021) and the updated data on the GG sector. As a result of the incorporation of additional information after the publication on May 31, the quarterly accounts for the economy as a whole were also revised, thus ensuring the total consistency of the national accounts aggregates available on Statistics Portugal website.

Compared to previous estimates, the new results determined an upward revision of 0.1 percentage points in the year-on-year and quarter-on-quarter rates of change of nominal and volume GDP in the first quarter of 2021.

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.

MAIN CONCEPTS AND DEFINITIONS

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 (-): The net lending (+) or borrowing (-) (B.9) 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: These 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. The institutional sectors are as follows: Non-Financial Corporations (S.11); Financial Corporations (S.12); General Government (S.13); Households and Non-Profit Institutions Serving Households (NPISH)(S.1M); Rest of the World (S.2).

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).

Next release of Quarterly Sector Accounts – 23rd September 2021
