Economy and finance

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eurostat
Statistics in Focus
29/2009

Household saving rate higher in the EU than in the USA despite lower income

Household income, saving and investment, 1995-2007

In 2007, household income per capita, after correcting for price differentials across countries, was around 50% higher in the United States than in the euro area. It was about 66% higher in the US than in the EU. In Europe, the United Kingdom, Norway and Austria had the highest real income per capita whereas Poland, the Baltic countries (Lithuania, Latvia and Estonia) and Slovakia had the lowest.

Households saved a bigger proportion of their disposable income in the euro area and, to a lesser extent, in the EU than in the US.

The highest saving rates were recorded in Switzerland, Germany, Slovenia, Austria and France. The lowest were observed in the Baltic countries and in the United Kingdom.

In 2007, households invested, mainly in dwellings, a higher proportion of their disposable income in the euro area and EU than in the US. Among European countries, the highest household investment rate was recorded in Ireland and the lowest in Sweden.

During the 2000-2007 period, the largest rises in the household investment rate were recorded in Ireland, Estonia, Latvia and Spain. A decrease was observed in Germany, Austria, Portugal and Slovakia. In the case of the United States, the household investment rate rose before 2005 and then fell.

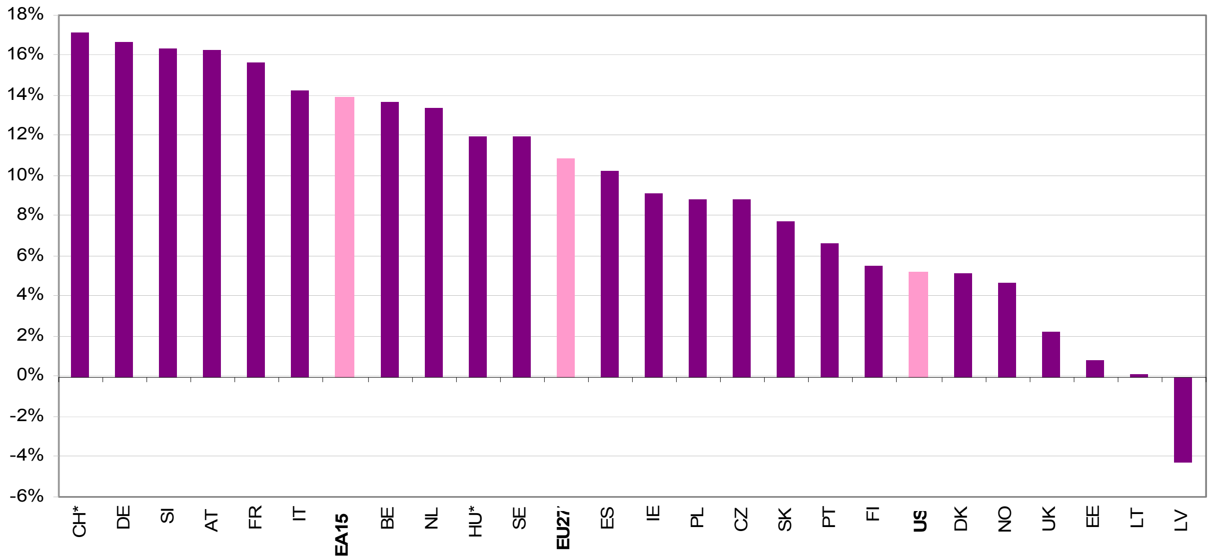
This analysis is based on a selection of indicators derived from national accounts that illustrate the behaviour of households as regards consumption, saving and investment, before the ongoing economic slowdown.

Information on concepts and methods is provided at the end of this publication.

SAVING RATES IN 2007

- *Higher saving rates in the euro area (13.9%) and EU (10.8%) than in the US (5.2%)*
- *Highest saving rates in Switzerland* (17.1%), Germany (16.7%), Slovenia (16.4%), Austria (16.3%) and France (15.6%)*
- *Lowest saving rates in the Baltic countries and the United Kingdom (2.2%)*

Chart 1: Gross household saving rate in 2007



*2006 data.

Source: Eurostat and OECD

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Chart 1 shows 2007 data for the gross household saving rate (hereafter saving rate) calculated as gross saving divided by gross disposable income. In this publication, gross disposable income has been adjusted for changes in private pension fund reserves to offset the impact of the latter on cross-country comparisons.

Households' saving is defined as the difference between their disposable income (mainly wages received, revenue of the self-employed and net property income) and their consumption (expenditure on goods and services).

In 2007, the household saving rate was lower in the European Union than in the euro area. This was mainly due to the low saving rates in the United Kingdom and the Baltic countries. The saving rate in the US was also low compared with euro area and EU levels.

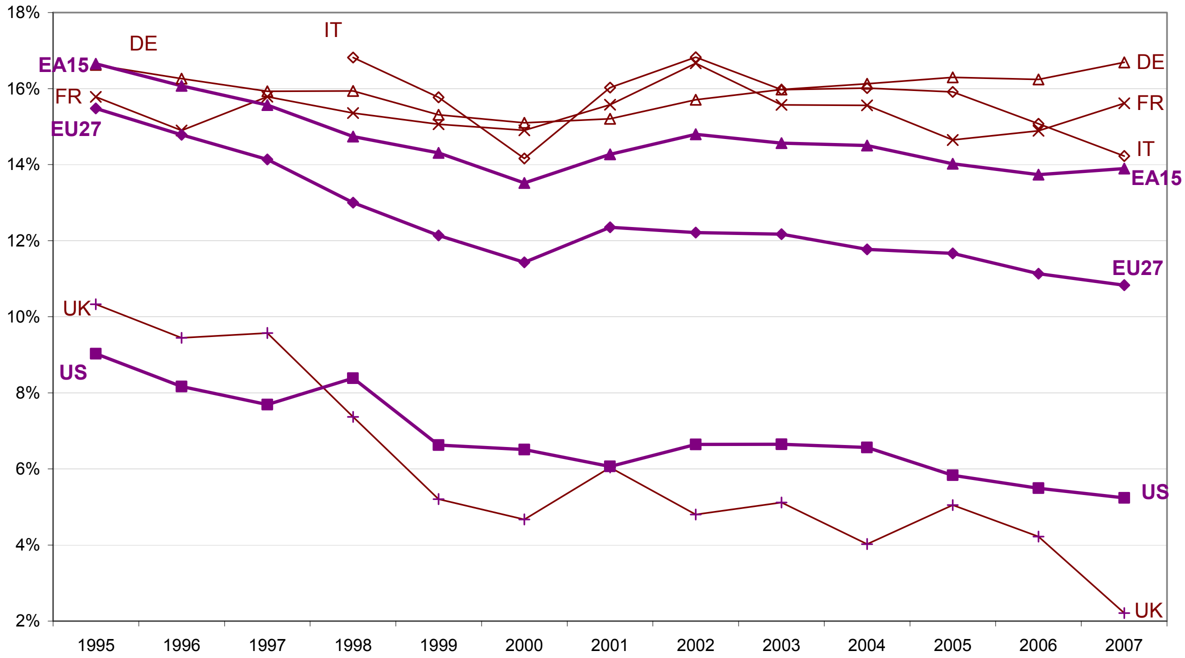
Saving rates varied significantly across Europe in 2007, ranging from -4.3% in Latvia to 17.1% in Switzerland (see table 1). Negative saving rates indicate that households spend more than they receive as regular income, and finance some of their expenditure through credit or, to a lesser extent, through exceptional resources such as gains arising from the sale of (mostly financial) assets or running down cash/deposits.

The main factors contributing to differences among countries are listed below:

- The income effect: in general higher income leads to a higher saving rate;
- The wealth effect: gains/losses on financial and non-financial assets and liabilities impact on accumulated wealth, and therefore possibly spending, but not on income. Higher wealth may then lower the saving rate;
- Credit facilities: in countries (e.g. UK and US) where consumption credit was easier to finance, saving rates may be comparatively lower;
- Institutional factors such as differences in social security schemes, especially pension schemes and the tax system;
- The proportion of own-account entrepreneurs and small unincorporated enterprises, within the household sector, because producers may have a different saving behaviour;
- Households' expectations as regards the future economic situation;
- Cultural and social factors.

SAVING RATES OVER 1995-2007

Chart 2: Gross household saving rates in the four largest EU[1] economies and the US, 1995-2007



Source: Eurostat and OECD

[1] *Germany, France, the United Kingdom and Italy*

Chart 2 shows the development of the household saving rate over 1995-2007, in the four largest EU economies (Germany, France, United Kingdom and Italy) and in the US, together with euro area and EU averages.

Between 1995 and 2000, the EU and euro area saving rates showed a downwards trend, followed by a short rise in 2001 following the burst of the "dot-com bubble". The decrease resumed after 2002 and continued until 2006. In 2007, an upward movement was noticeable in the euro area but not in the EU, mainly due to a further decline in the United Kingdom saving rate.

In the US, saving rates decreased during the whole period except two temporary upswings in 1998 and 2002.

The four largest EU economies show a similar pattern to the EU, except Germany where the saving rate has slowly but steadily risen since 2000. The UK saving rate was significantly lower, over the whole period, than in the other largest Member States and even lower than in the US after 1997.

Household saving rates increased in 2007 in Germany and France but also in Belgium, the Netherlands, Austria, Slovakia, Sweden, Poland and Estonia (see table 1). They decreased in the other European countries.

STRUCTURE OF ADJUSTED DISPOSABLE INCOME IN 2007

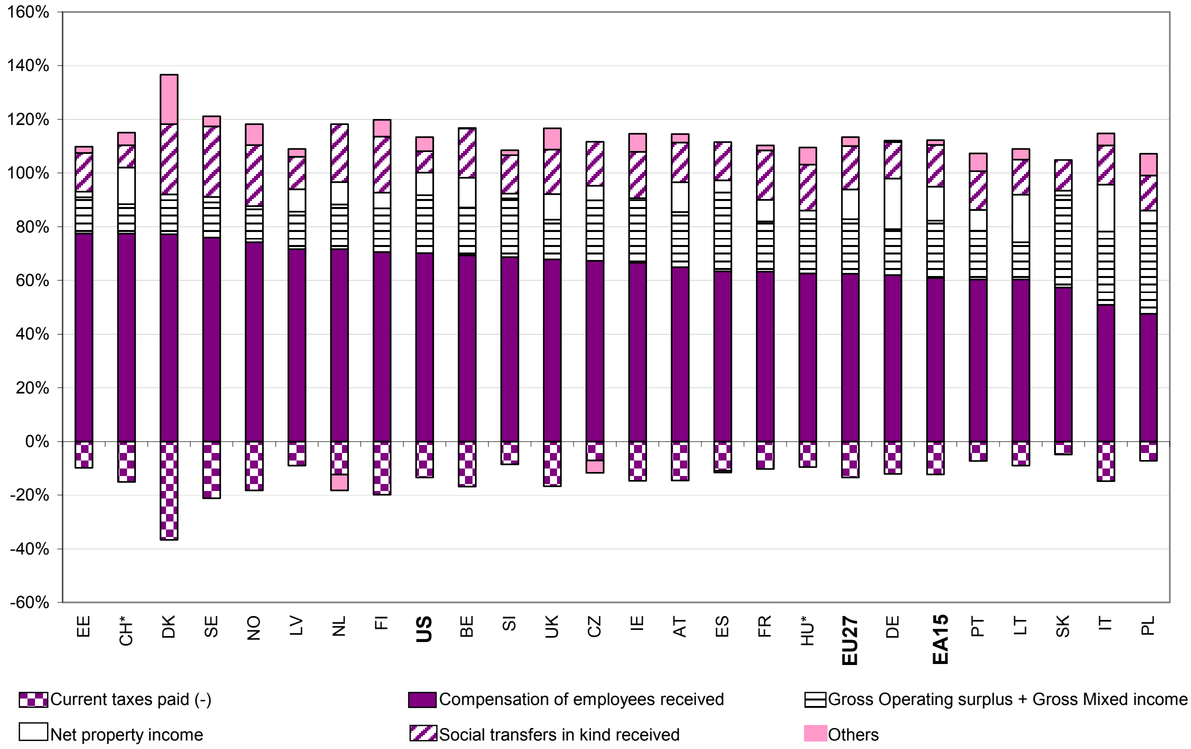
Disposable income of households may be defined as the net amount they have earned, or received as social transfers, during the accounting period excluding exceptional flows linked to capital transfers or changes in the volume/value of their assets. It is mainly composed of wages received, revenues of the self-employed and net property income such as interest received on deposits minus interest paid on loans and dividends.

Adjusted gross disposable income also includes social transfers in kind that account for the flows of individual services which are provided free of charge by the government. These services mainly consist of education, health and social services but also housing, cultural and recreational services.

Adjusted disposable income improves the comparison of income levels across countries by taking into account the different degrees of involvement of governments in the provision of free services to households.

Chart 3: Structure of the nominal adjusted gross disposable income of households in 2007

Components in proportion to gross adjusted disposable income
(Countries and areas are ranked by decreasing share of compensation of employees)



**2006 data*

Source: Eurostat and OECD

Chart 3 shows a decomposition of nominal adjusted gross disposable income of households for each country and for euro area and EU aggregates. During analysis, it should be borne in mind that the household sector may include a higher (e.g. Italy) or lower proportion (e.g. Sweden) of self-entrepreneurs depending on the structure of the economy.

The impact of social transfers in kind was lower in the US (8.0% of adjusted gross disposable income) than in the euro area (15.6%) and the EU (16.1%).

Social transfers in kind are particularly high in Nordic countries (Denmark, Sweden, Norway and Finland) and the Netherlands, where they represented more than 20% of the adjusted gross disposable income in 2007 (see table 2). Among European countries, Switzerland (8.9%), Slovakia (11.4%) and Latvia (12.1%) recorded the lowest shares.

The disposable income of the average European or American household mainly consists of compensation of employees, i.e. salaries and wages received by employees before tax plus the total social contributions payable by the employers on behalf of employees. In 2007, the share of such gross remuneration in adjusted gross disposable income varied from 47.6% in Poland to 77.5% in Estonia and Switzerland.

Another important source of income is gross operating surplus and mixed income. Mixed income combines the profits of unincorporated enterprises and the remuneration of the work carried out by the owner or members of his family. Gross operating surplus is an income that mainly accrues from the renting or (as imputed rents) from the owning of dwellings. In 2007, the share of these items in total income was particularly high in Slovakia (34.4%), Poland (33.8%), Spain (29.4%) and Italy (27.3%). It was the lowest in Switzerland (10.9%) and Norway (12.3%).

Net property income of households includes the remuneration of their financial assets (mainly interest on deposits and property income received as shareholders/owners of corporations) minus the interest paid on their debts (mainly mortgage loans and other personal credits). This item was positive in all countries but its importance varies sizeably. In 2007, the share of the net property income in total income was the highest in Germany (18.8%), Lithuania (17.6%) and Italy (17.4%). It was the lowest in Ireland (0.7%) and Norway (1.2%).

The item "others" mainly consists of the receipts of social benefits minus payments of social contributions. They include payments paid to / benefits received from social security including public pension schemes. The items "others" also includes non-life insurance transfers (claims minus premiums) and miscellaneous current transfers. This item is difficult to interpret as the amount of net social benefits fluctuates over the business cycle.

Total income is reduced by payments of current taxes on income and wealth. High shares of such taxes were observed in Nordic countries: first of all Denmark (36.7%) followed by Sweden (21.2%), Finland (19.9%) and Norway (18.2%). Lowest shares of taxes were found in Slovakia (4.8%), the Czech Republic (7.0%), Poland (7.2%) and Portugal (7.3%).

REAL DISPOSABLE INCOME PER CAPITA IN 2007

- *In purchasing power standards (PPS), adjusted gross disposable income per capita is higher in the US than in the euro area or EU*
- *In Europe, highest adjusted gross disposable income per capita (in PPS) in the United Kingdom and Norway*
- *Lowest adjusted gross disposable income per capita (in PPS) in Poland, the Baltic countries and Slovakia*

Chart 4 shows the adjusted gross disposable income expressed in purchasing power standards (PPS) per capita for the US and the European countries, together with euro area and EU averages.

Purchasing power standard is an artificial currency unit that would allow the purchase of the same basket of goods and services in different countries.

PPS offsets differences in price levels across countries and thus allows "real" income to be compared.

However, given the level of precision of national accounts data in PPS, small differences between countries should not be over-interpreted.

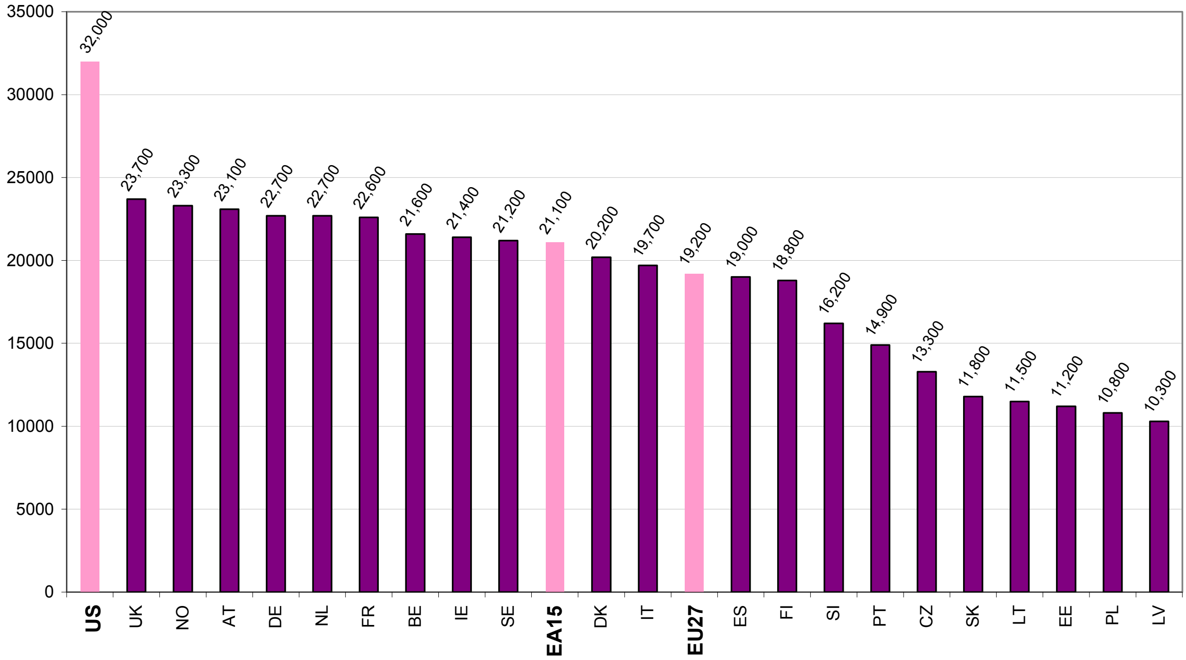
In 2007, the real adjusted gross disposable income of American residents was around 50% above the euro area average. It was about 66% higher in the US than in the EU.

Among European countries, the highest levels of real adjusted gross disposable income per inhabitant were observed in the United Kingdom, Norway and Austria.

The lowest levels were recorded among the new Member States, in particular Latvia and Poland whose income per capita was about half the euro area average (see table 3).

Chart 4: Real adjusted gross disposable income of households per capita in 2007

Purchasing power standards (PPS)



Source: Eurostat and OECD

INVESTMENT RATES IN 2007

- *Higher investment rates in the euro area (10.9%) and the EU (10.4%) than in the US (8.9%)*
- *Highest investment rate in Ireland (24.7%)*
- *Lowest investment rate in Sweden (5.7%)*

Chart 5 shows the 2007 gross household investment rate (hereafter investment rate) in the euro area, the EU, European countries and the United States.

The household investment rate is calculated by dividing gross investment (gross fixed capital formation) by gross disposable income.

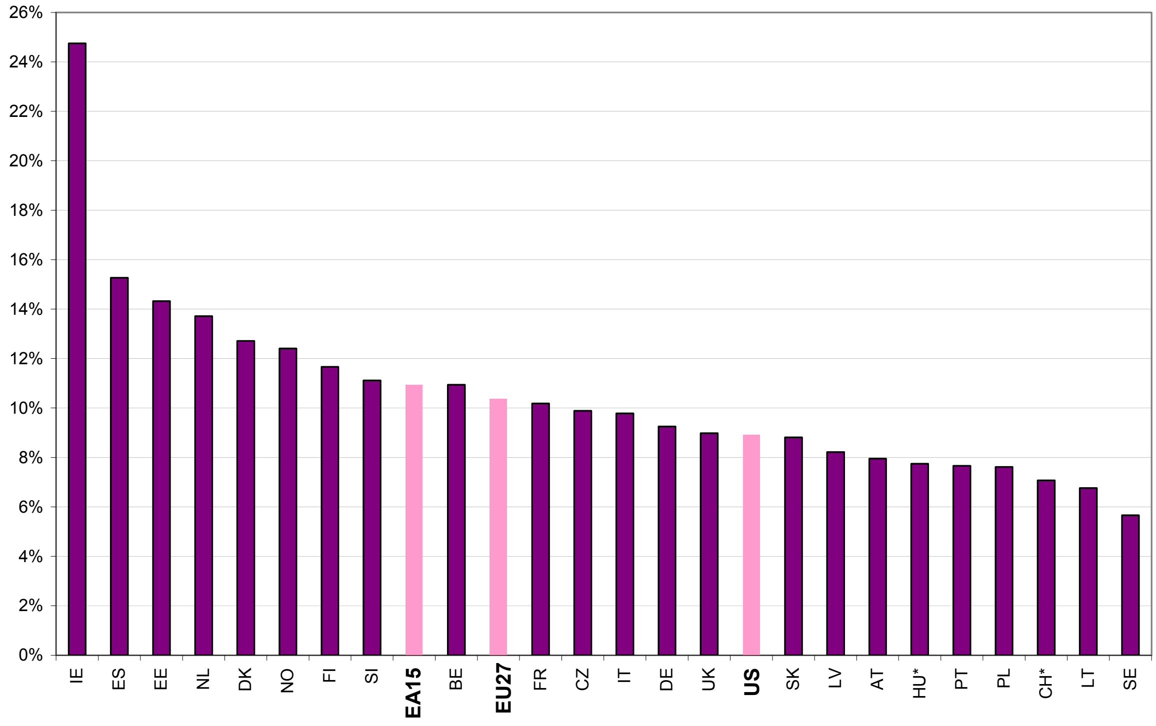
Dwellings account for most of households' investment. The residual part includes investment in equipment, machinery, transport equipment and constructions other than dwellings by self-employed workers and non profit institutions.

Consumer durables (which include passenger cars) are not considered part of households' investment.

In 2007, the household investment rate was slightly lower in the European Union than in the euro area, both being above the US rate.

In Europe, Ireland had an extremely high investment rate, nearly 25% compared with an average of around 10% for the other European countries. This is probably caused by the high prices of Irish real estate at that time. For more data on the household investment rate, please refer to table 4.

Chart 5: Gross household investment rate in 2007

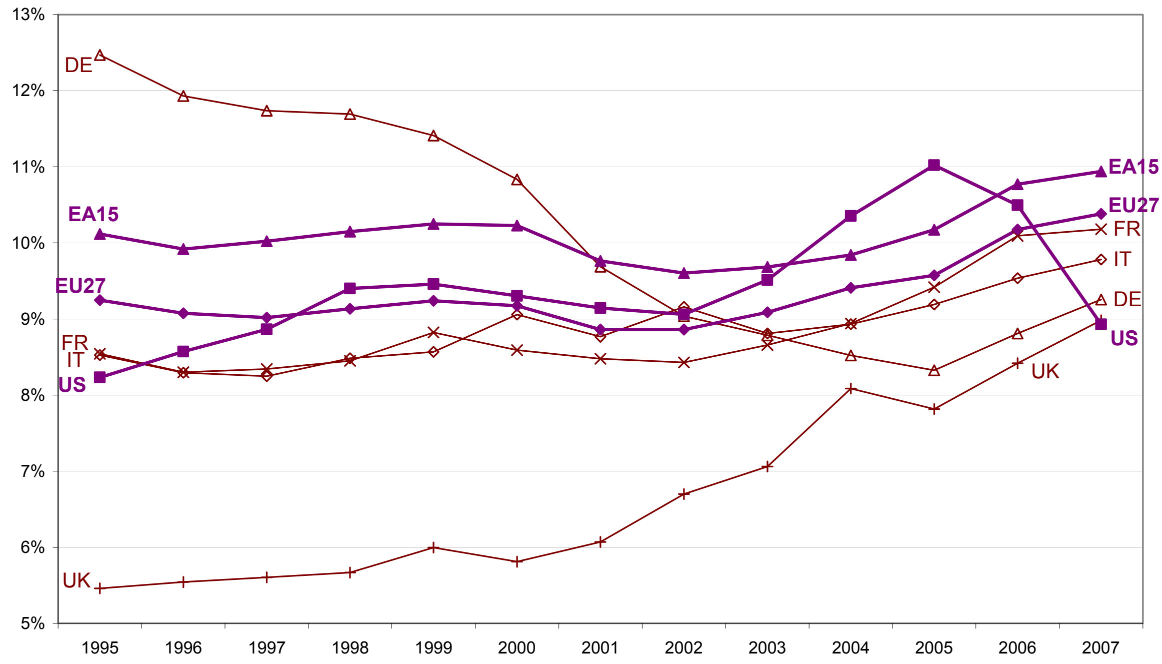


Source: Eurostat and OECD

**2006 data.*

INVESTMENT RATES OVER 1995-2007

Chart 6: Gross household investment rates in the four largest EU economies and the US 1995-2007



Source: Eurostat and OECD

Chart 6 shows the development of the household investment rate over the 1995-2007 period, in the four largest EU economies and the US, together with the euro area and EU averages.

The EU and euro area showed a rise between 1997 and 1999, followed by a decrease between 1999 and 2002, and a more vigorous upward movement from 2002 onwards till 2007, when a slowdown could be noticed.

The evolution was quite similar in the United States between 1997 and 2002. After 2002, the US experienced quite strong growth in the household investment rate followed by a sharp fall from 2005 onwards.

Amongst the four largest economies of the European Union, movements in Italy and France were similar to the euro area / EU.

In the United Kingdom, the investment rate grew over the whole time span, except slight downturns in 2000 and 2005. On the contrary, in Germany, the rate decreased from 1995 to 2005, but started to rise afterwards.

Between 2000 and 2007 (see table 4), the largest rises in the investment rates were recorded in Estonia (+ 8.8 percentage points), Latvia (+6.2 pp) and Spain (+4.4 pp). The largest drops were found in Portugal (-3.0 pp) and Germany (-1.5 pp).

In Ireland, investment rates increased by 10.4 percentage points between 2002 and 2006.

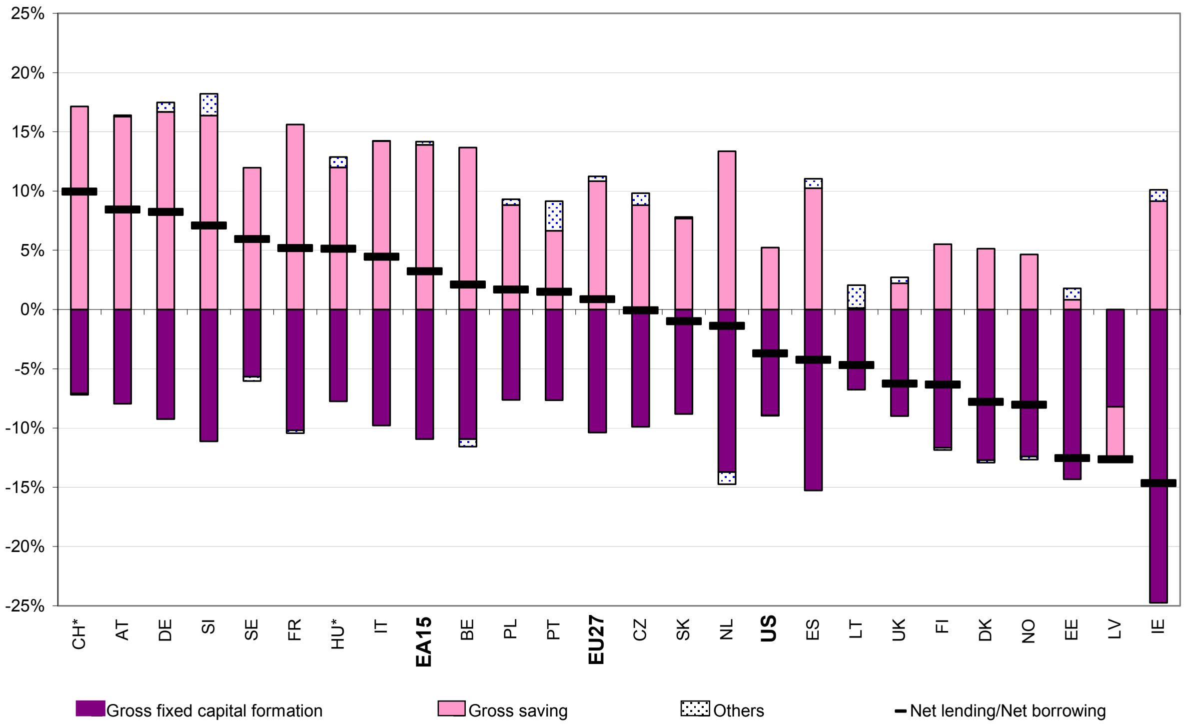
In most European countries, the increase of investment rates slowed down in 2007, and even fell in Ireland (-2.8 pp), Estonia (-0.8 pp) and Slovakia (-0.3 pp).

NET LENDING / NET BORROWING IN 2007

- *Households are net lenders in the euro area (3.2% of their gross disposable income) and in the EU (0.9%) but net borrowers in the US (-3.7%)*
- *Highest lending capacity of households in Switzerland* (9.9%), Austria (8.4%), Germany (8.2%) and Slovenia (7.1%)*
- *Highest borrowing needs of households in Ireland (-14.7 %), Latvia (-12.6%) and Estonia (-12.5%)*

Chart 7: Net lending / borrowing of households in 2007

Components in proportion to gross disposable income



** 2006 data*

Source: Eurostat and OECD

Savings are one of the sources used by households to finance their investment. Chart 7 plots savings, investment and other net capital transactions (inventories, capital transfers etc.) of households, all expressed as a share of gross disposable income.

The difference between savings and capital transactions is called net lending when positive and net borrowing when negative. If households are net lenders, it means that they have an excess of savings over investment that they can provide (e.g, by making bank deposits or buying shares) to other sectors of the national economy or to non-residents. Conversely, households are net borrowers when they need (considering the sector as a whole) to borrow money from other sectors in order to finance their investment and other capital transactions.

In 2007, households were net lenders in the euro area (3.2% of their gross disposable income) and, to a lesser extent, in the EU (0.9%) whereas they were net borrowers in the US (-3.7%).

This is the net effect of higher saving rates in the euro area and EU, compared with the United States, that were only partly offset by slightly higher investment rates.

In Europe, countries whose households had the highest net lending were Switzerland (9.9%), Austria (8.4%), Germany (8.2%) and Slovenia (7.1%). This broadly mirrors their high ranking in household saving rates.

Conversely, countries whose households had the largest borrowing needs were Ireland (-14.7%), Latvia (-12.6%) and Estonia (-12.5%).

In the case of Ireland, high borrowing needs of households arise above all from high investment rates whereas for Latvia they mainly reflect low saving rates. In the case of Estonia, they result from the combined effect of low saving rates and high investment rates (see table 5).

Tables

Table 1: Gross household saving rate, 1995-2007

Share of gross saving to gross disposable income, %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
BE (Belgium)	20.0	18.5	17.7	17.0	17.2	15.4	16.4	15.8	14.7	13.3	12.6	12.9	13.7
CZ (Czech Republic)	15.1	11.2	11.0	9.2	8.5	8.5	7.4	8.1	7.4	5.7	8.1	9.1	8.8
DK (Denmark)	7.6	7.3	5.0	6.3	3.8	4.9	8.8	8.8	9.4	6.3	4.5	6.4	5.1
DE (Germany)	16.6	16.3	15.9	15.9	15.3	15.1	15.2	15.7	16.0	16.1	16.3	16.2	16.7
EE (Estonia)	10.2	8.0	6.5	4.5	2.6	4.1	3.1	0.5	-1.6	-4.8	-3.8	-3.0	0.8
IE (Ireland)	:	:	:	:	:	:	:	10.3	10.6	13.7	11.6	10.3	9.2
ES (Spain)	:	:	:	:	:	11.1	11.1	11.4	12.0	11.3	11.3	11.2	10.2
FR (France)	15.8	14.9	15.8	15.4	15.1	14.9	15.6	16.7	15.6	15.6	14.6	14.9	15.6
IT (Italy)	21.9	22.7	20.2	16.8	15.8	14.2	16.0	16.8	16.0	16.0	15.9	15.1	14.2
LV (Latvia)	-2.3	-0.7	1.8	0.7	-0.7	2.9	-0.4	1.5	3.0	4.7	1.2	-3.6	-4.3
LT (Lithuania)	1.3	-1.3	3.4	7.2	7.8	6.5	4.9	4.7	2.9	1.3	1.3	1.2	0.1
HU (Hungary)	:	:	:	:	:	13.9	13.7	11.4	9.2	11.6	11.4	12.0	:
NL (Netherlands)	18.6	17.1	17.6	16.6	13.8	11.9	14.5	13.7	13.0	13.0	12.2	11.5	13.4
AT (Austria)	16.2	13.9	12.6	13.3	14.5	13.9	12.9	12.9	14.0	14.1	14.5	15.4	16.3
PL (Poland)	16.9	14.2	14.1	14.4	13.3	12.4	14.2	10.4	10.0	10.1	9.8	8.6	8.8
PT (Portugal)	13.1	11.9	10.8	10.5	9.8	10.2	10.9	10.6	10.5	9.7	9.2	8.1	6.6
SI (Slovenia)	:	:	:	:	:	14.0	15.5	16.1	13.9	15.4	17.0	17.1	16.4
SK (Slovakia)	10.0	13.5	13.9	12.4	11.2	11.1	9.1	8.9	7.1	6.3	6.9	6.1	7.7
FI (Finland)	11.1	7.8	9.1	7.9	9.3	7.6	7.8	7.9	8.4	9.4	8.0	5.6	5.5
SE (Sweden)	11.5	9.5	7.2	6.4	6.0	7.4	11.8	11.6	11.4	10.3	9.5	10.5	12.0
UK (United Kingdom)	10.3	9.4	9.6	7.4	5.2	4.7	6.0	4.8	5.1	4.0	5.1	4.2	2.2
CH (Switzerland)	17.9	16.2	15.8	15.8	16.0	16.9	17.1	16.1	14.8	14.4	15.3	17.1	:
NO (Norway)	9.9	7.7	8.1	10.5	9.5	9.2	8.2	12.7	13.3	11.8	14.5	5.6	4.6
EA15 (Euro area)	**16.7**	**16.1**	**15.6**	**14.7**	**14.3**	**13.5**	**14.3**	**14.8**	**14.6**	**14.5**	**14.0**	**13.7**	**13.9**
EU27 (European Union)	**15.5**	**14.8**	**14.1**	**13.0**	**12.1**	**11.4**	**12.4**	**12.2**	**12.2**	**11.8**	**11.7**	**11.1**	**10.8**
US (United States)	**9.0**	**8.2**	**7.7**	**8.4**	**6.6**	**6.5**	**6.1**	**6.6**	**6.6**	**6.6**	**5.8**	**5.5**	**5.2**

Source: Eurostat and OECD

Table 2: Structure of nominal adjusted gross disposable income of households in 2007

In percentage of adjusted gross disposable income

	Gross disposable income					Social transfers in kind received
	Compensation of employees received	Gross Operating surplus + Gross Mixed income	Net property income	Others including social benefits minus contributions**	Taxes (-)	
BE (Belgium)	69.4	17.8	11.1	0.1	-16.7	18.4
CZ (Czech Republic)	67.3	22.6	5.4	-4.6	-7.0	16.3
DK (Denmark)	77.2	12.7	2.2	18.4	-36.7	26.2
DE (Germany)	62.0	17.1	18.8	0.6	-12.1	13.6
EE (Estonia)	77.5	13.5	2.1	2.3	-9.9	14.4
IE (Ireland)	66.6	23.3	0.7	6.8	-14.7	17.3
ES (Spain)	63.4	29.4	4.5	-0.7	-10.9	14.3
FR (France)	63.2	18.7	8.0	1.8	-10.2	18.4
IT (Italy)	50.9	27.3	17.4	4.5	-14.8	14.6
LV (Latvia)	71.7	14.0	8.3	2.9	-9.0	12.1
LT (Lithuania)	60.3	13.9	17.6	4.0	-9.0	13.1
HU (Hungary)*	62.6	20.2	3.1	6.4	-9.5	17.1
NL (Netherlands)	71.6	16.7	8.4	-5.9	-12.3	21.5
AT (Austria)	64.9	20.6	11.1	3.2	-14.5	14.8
PL (Poland)	47.6	33.8	4.7	8.1	-7.2	13.1
PT (Portugal)	60.4	18.1	7.8	6.6	-7.3	14.4
SI (Slovenia)	68.7	21.9	1.8	1.9	-8.5	14.3
SK (Slovakia)	57.3	34.4	1.7	-0.1	-4.8	11.4
FI (Finland)	70.6	16.3	5.8	6.3	-19.9	20.9
SE (Sweden)	75.9	13.2	2.0	3.8	-21.2	26.3
UK (United Kingdom)	67.8	14.9	9.4	7.9	-16.7	16.7
CH (Switzerland)*	77.5	10.9	13.7	4.8	-15.1	8.2
NO (Norway)	74.3	12.3	1.2	7.8	-18.2	22.8
EA15 (Euro area)	**61.0**	**21.3**	**12.6**	**1.7**	**-12.3**	**15.6**
EU27 (European Union)	**62.5**	**20.3**	**11.1**	**3.4**	**-13.4**	**16.1**
US (United States)	**70.2**	**21.6**	**8.4**	**5.3**	**-13.4**	**8.0**

*2006 data. *Source: Eurostat and OECD*

***Including contributions to / benefits from public pension schemes.*

Table 3: Real adjusted gross disposable income of households per capita, 2007

In purchasing power standards (For the EU as a whole, 1 PPS = 1 €)

	Adjusted gross disposable income (millions of national currency)	Population (thousands)	PPP* of actual individual consumption	Adjusted gross disposable income in PPS** per capita
BE (Belgium)	248 472	10 622	1.08136	21 600
CZ (Czech Republic)	2 224 578	10 323	16.2051	13 300
DK (Denmark)	1 180 384	5 460	10.6764	20 200
DE (Germany)	1 907 640	82 263	1.02377	22 700
EE (Estonia)	155 313	1 342	10.3132	11 200
IE (Ireland)	117 239	4 357	1.25986	21 400
ES (Spain)	783 177	44 874	0.917586	19 000
FR (France)	1 557 647	63 573	1.08643	22 600
IT (Italy)	1 237 503	59 319	1.05849	19 700
LV (Latvia)	10 045	2 276	0.426972	10 300
LT (Lithuania)	73 137	3 376	1.88089	11 500
HU (Hungary)	:	:	:	:
NL (Netherlands)	388 795	16 377	1.04472	22 700
AT (Austria)	201 592	8 315	1.04999	23 100
PL (Poland)	898 611	38 116	2.18886	10 800
PT (Portugal)	132 765	10 608	0.838573	14 900
SI (Slovenia)	25 098	2 019	0.769312	16 200
SK (Slovakia)	1 265 623	5 397	19.7997	11 800
FI (Finland)	121 258	5 289	1.22238	18 800
SE (Sweden)	2 203 020	9 148	11.338	21 200
UK (United Kingdom)	1 097 897	60 783	0.763122	23 700
CH (Switzerland)	:	:	:	:
NO (Norway)	1 284 879	4 706	11.7072	23 300
EA15 (Euro area)	**6 950 812**	**320 481**	**1.02881**	**21 100**
EU27 (European Union)	**9 533 590**	**495 975**	**1**	**19 200**
US (United States)	**11 135 500**	**302 087**	**1.15163*****	**32 000**

*Purchasing Power Parity *Source: Eurostat and OECD*

***Purchasing Power Standards*

****Estimate based on PPP of household final consumption expenditure*

Table 4: Gross household investment rates, 1995-2007

Ratio of gross fixed capital formation to gross disposable income, %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
BE (Belgium)	8.6	8.1	8.7	8.7	8.8	8.7	8.1	8.4	8.5	9.5	10.2	10.9	10.9
CZ (Czech Republic)	7.4	9.8	7.4	8.5	8.6	9.0	9.1	9.0	8.5	8.5	8.3	8.7	9.9
DK (Denmark)	7.4	7.9	8.5	8.7	10.5	11.1	10.4	8.9	9.1	9.2	11.2	12.6	12.7
DE (Germany)	12.5	11.9	11.7	11.7	11.4	10.8	9.7	9.0	8.8	8.5	8.3	8.8	9.3
EE (Estonia)	5.5	5.7	6.3	5.8	5.3	5.5	6.3	7.2	8.6	10.0	12.2	15.1	14.3
IE (Ireland)	:	:	:	:	:	:	:	17.1	20.3	23.0	26.2	27.5	24.7
ES (Spain)	:	:	:	:	:	10.9	11.4	12.0	13.0	13.9	14.5	15.2	15.3
FR (France)	8.5	8.3	8.3	8.5	8.8	8.6	8.5	8.4	8.7	8.9	9.4	10.1	10.2
IT (Italy)	8.5	8.3	8.2	8.5	8.6	9.1	8.8	9.2	8.8	8.9	9.2	9.5	9.8
LV (Latvia)	1.8	0.8	3.2	2.3	2.2	2.0	2.1	2.0	3.9	5.2	7.6	7.5	8.2
LT (Lithuania)	6.0	5.1	5.7	6.8	4.8	5.3	5.6	5.3	6.3	6.6	6.1	5.6	6.8
HU (Hungary)	:	:	:	:	:	8.2	9.3	9.6	9.8	10.4	9.0	7.7	:
NL (Netherlands)	10.3	10.6	11.5	11.3	12.3	12.3	11.8	11.4	11.7	11.5	12.4	13.3	13.7
AT (Austria)	8.5	8.8	9.0	8.9	8.6	8.6	8.3	7.8	7.8	7.7	7.6	7.7	8.0
PL (Poland)	5.6	5.6	6.1	6.0	5.9	6.6	6.2	6.4	6.8	6.9	7.0	7.0	7.6
PT (Portugal)	9.3	9.3	10.1	10.8	10.8	10.7	10.4	10.0	8.6	8.5	8.3	7.6	7.7
SI (Slovenia)	:	:	:	:	:	9.2	8.9	8.0	8.1	8.6	9.1	10.1	11.1
SK (Slovakia)	5.9	6.4	6.2	8.1	8.7	10.4	9.0	9.8	9.1	8.1	9.0	9.1	8.8
FI (Finland)	7.0	7.3	8.5	9.6	10.2	10.4	9.4	9.2	9.6	10.0	10.9	11.6	11.7
SE (Sweden)	2.6	2.7	2.8	3.1	3.3	3.5	3.4	3.7	3.9	4.5	4.9	5.4	5.7
UK (United Kingdom)	5.5	5.5	5.6	5.7	6.0	5.8	6.1	6.7	7.1	8.1	7.8	8.4	9.0
CH (Switzerland)	8.7	7.9	7.7	7.7	7.5	7.4	6.8	6.5	7.0	7.4	7.5	7.1	:
NO (Norway)	7.9	8.5	8.8	8.6	8.5	9.0	9.7	8.7	8.3	9.6	10.0	11.7	12.4
EA15 (Euro area)	**10.1**	**9.9**	**10.0**	**10.1**	**10.2**	**10.2**	**9.8**	**9.6**	**9.7**	**9.8**	**10.2**	**10.8**	**10.9**
EU27 (European Union)	**9.2**	**9.1**	**9.0**	**9.1**	**9.2**	**9.2**	**8.9**	**8.9**	**9.1**	**9.4**	**9.6**	**10.2**	**10.4**
US (United States)	**8.2**	**8.6**	**8.9**	**9.4**	**9.5**	**9.3**	**9.1**	**9.1**	**9.5**	**10.4**	**11.0**	**10.5**	**8.9**

Source: Eurostat and OECD

Table 5: Net lending (+) / borrowing (-) of households, 1995-2007

In percentage of gross disposable income

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
BE (Belgium)	12.0	10.6	9.2	8.2	8.5	6.6	8.0	7.2	5.8	3.2	1.8	1.4	2.1
CZ (Czech Republic)	26.6	4.3	4.2	2.1	0.3	0.6	-0.2	1.4	0.5	-1.6	1.3	1.5	-0.1
DK (Denmark)	-0.8	-1.5	-4.2	-3.2	-6.4	-6.8	-1.7	-1.0	-0.8	-3.9	-7.2	-6.5	-7.8
DE (Germany)	4.4	4.7	4.7	5.0	5.0	5.3	6.6	6.8	8.2	8.6	9.1	8.6	8.2
EE (Estonia)	4.8	2.5	0.3	-0.8	-2.5	-0.5	-0.9	-5.2	-9.0	-14.0	-15.0	-16.0	-12.5
IE (Ireland)	:	:	:	:	:	:	:	-6.6	-9.4	-8.8	-14.4	-16.8	-14.7
ES (Spain)	:	:	:	:	:	2.1	1.2	0.9	-0.1	-1.0	-1.9	-2.9	-4.2
FR (France)	7.1	6.1	7.2	6.6	6.2	6.6	6.8	8.0	6.5	6.1	4.9	4.5	5.2
IT (Italy)	13.8	14.1	11.0	7.9	7.2	5.0	7.2	7.6	6.1	6.5	6.7	5.4	4.5
LV (Latvia)	-5.0	-1.6	-1.6	-1.6	-1.4	0.8	-2.6	-0.1	-1.1	-0.4	-6.4	-11.1	-12.6
LT (Lithuania)	-4.3	-6.2	17.0	0.0	2.7	3.4	0.4	-0.3	-3.1	-4.4	-3.0	-2.8	-4.7
HU (Hungary)	:	:	:	:	:	6.9	5.8	3.2	0.3	2.0	3.3	5.1	:
NL (Netherlands)	7.4	5.0	4.9	4.2	0.9	-1.1	2.5	1.8	0.9	0.6	-1.2	-3.3	-1.4
AT (Austria)	8.3	5.9	4.5	5.0	6.6	6.3	5.4	6.0	7.0	6.7	7.1	7.9	8.4
PL (Poland)	11.1	8.7	8.0	8.4	7.4	6.0	8.6	4.6	3.8	2.9	3.0	2.4	1.7
PT (Portugal)	7.0	4.6	2.6	2.0	1.3	1.7	3.8	4.3	4.4	4.0	4.5	3.0	1.5
SI (Slovenia)	:	:	:	:	:	5.0	7.9	8.4	6.4	6.4	8.7	9.1	7.1
SK (Slovakia)	4.2	15.2	8.7	5.6	3.4	1.3	0.4	-1.4	-1.6	-1.9	-2.1	-2.9	-1.0
FI (Finland)	4.3	0.5	0.8	-1.2	-0.9	-2.9	-1.7	-1.5	-1.2	-0.8	-3.1	-6.1	-6.3
SE (Sweden)	8.6	6.4	4.0	2.9	2.2	3.4	7.9	7.4	7.1	5.3	4.3	4.8	5.9
UK (United Kingdom)	5.4	4.3	4.2	2.0	-0.6	-1.0	0.1	-1.7	-1.5	-3.7	-2.1	-3.8	-6.3
CH (Switzerland)	8.9	7.9	7.9	8.5	8.1	11.3	10.5	10.5	7.6	7.1	7.7	9.9	:
NO (Norway)	1.9	-0.8	-0.8	1.9	1.0	0.1	-1.6	4.0	4.9	2.0	4.3	-6.3	-8.0
EA15 (Euro area)	**6.8**	**6.2**	**5.6**	**4.8**	**4.6**	**3.9**	**5.0**	**5.4**	**5.1**	**5.0**	**4.3**	**3.4**	**3.2**
EU27 (European Union)	**6.6**	**5.9**	**5.2**	**4.2**	**3.4**	**2.8**	**3.9**	**3.6**	**3.5**	**2.7**	**2.6**	**1.4**	**0.9**
US (United States)	**0.5**	**-1.0**	**-1.8**	**-1.6**	**-3.4**	**-3.4**	**-3.5**	**-2.8**	**-3.0**	**-4.1**	**-5.4**	**-5.2**	**-3.7**

Source: Eurostat and OECD

METHODOLOGICAL NOTES

The data analyzed in this publication derive from the annual non-financial sector accounts of the countries. National accounts data by institutional sectors are compiled according to internationally harmonised standard: the European System of Accounts (ESA95) in the European Union and the System of National Accounts at world level.

National Accounts

Non-financial national accounts by institutional sector provide a systematic description of the different stages of the economic process: production, generation and distribution, use and accumulation of income. Each of the accounts ends with a balancing item: value added, operating surplus, primary income, disposable income, saving, net lending/borrowing. Ratios such as the household saving rate are derived from these balancing items to analyse the economic behaviour of each institutional sector.

Institutional sectors

In National Accounts, economic units may be grouped into four mutually exclusive institutional sectors which make up the total economy: non-financial corporations, financial corporations, general government and households (including non-profit institutions serving households).

The present release focuses on the **household sector** that covers individuals or group of individuals whose principal function is consumption. It also includes own-account workers or entrepreneurs and unincorporated partnerships producing goods and services, when their activities cannot be separated from those of their owners (in particular, they do not keep a separate set of accounts). Therefore, the household sector may include a higher or lower proportion of enterprises depending on the structure of the economy. This may impact on the variables analysed in this publication.

For the purpose of this publication, the "household sector" has been complemented by non-profit institutions serving households (NPISH). This rather small sector includes charities, trade-unions, churches, political parties, sports clubs etc.

Main definitions used

The **gross household saving rate** is calculated by dividing gross saving by gross disposable income. Saving rates can be considered either gross or net of consumption of fixed capital. This analysis focuses on gross measures. It is worth mentioning that the saving rate considered here is a "flow" measure, and does not reflect variations in the "stock" of wealth of households. The holding gains or losses on assets and liabilities, in particular the realised and unrealised gains/losses on equities or real estate, are not included in the national accounts measure of savings.

Gross disposable income is the result of all current transactions before consumption, excluding exceptional resources/uses such as capital transfers, holding gains/losses and the consequences of natural disasters. It reflects the net resources, earned during the period, which are available for consumption and/or saving. In this publication, it is adjusted for the change in net equity of households in pension fund reserves.

Adjusted gross disposable income includes the flows corresponding to the use of individual services which households receive free of charge from the government. These services mainly include education, health and social security services, although other kind of services such as housing, cultural and recreational services are also frequently provided. They exclude collective services that are provided simultaneously to all members of the community, such as security and defence, legislation and regulation.

Purchasing power standards (PPS) allow "real term" comparisons of income across countries. This comparison has been made possible by offsetting price level differences in goods and services (consumed by households) between countries. Adjusted gross disposable income (AGDI) of households in PPS per capita is calculated by dividing AGDI at current prices by (1) the purchasing power parities (PPP) of the actual individual consumption of households and (2) the total resident population (see these components in table 3). The level of uncertainty associated with the basic price data (used in calculation of PPPs) and national accounts data, and the methods used for compiling PPPs imply that differences between countries that have PPS figures within a close range should not be over-interpreted.

The **gross household investment rate** is calculated by dividing gross investment (gross fixed capital formation) by gross disposable income.

Data sources

Non-financial annual sector accounts are transmitted according to the ESA 95 transmission programme and published in the Eurostat dissemination database (domain: "annual sector accounts").

Countries that did not deliver a full set of accounts, over the full time span 1999-2007, were normally not analysed in this publication. This was the case for Bulgaria, Cyprus Luxembourg, Malta and Romania. In the case of Greece, the data provided were still under validation by Eurostat when this publication was drafted. As for Hungary and Switzerland, only 2007 data were missing and 2006 data have been analysed instead, except in the chart on real household disposable income per capita. US data come from the national accounts published by the Organisation for Economic Co-operation and Development (OECD) which are established according to the System of National Accounts (SNA) concepts and differs from the officially released National Income and Product Accounts (NIPA). For more details, please refer to http://www.bea.gov/national/sna.htm.

The accounts of the euro area (EA15) and the EU were compiled jointly by Eurostat and the European Central Bank, for the 1999-2007 time span, whereas Eurostat estimated 1995-1998 series. The European sector accounts are not a simple sum of the data of individual countries. There are five specific compilation steps: (1) conversion to euro, (2) estimation of missing countries, (3) incorporation of the European institutions, (4) estimation of the flows between the euro area / EU and third countries and (5) balancing of the accounts.

Additional information

Additional information on quarterly and annual sector accounts can be found on Eurostat's website at: http://ec.europa.eu/eurostat/sectoraccounts

Symbols:

: not available

Acknowledgments

The authors are grateful to Denis Leythienne, Boryana Milusheva and Tatjana Smokova, for their contribution to this publication and to John Verrinder for his comments.

Further information

Data: Eurostat Website: http://ec.europa.eu/eurostat

Select your theme on the left side of the homepage and then 'Data' from the menu.

Data: Eurostat Website/Economy and Finance

Economy and finance

- National accounts (including GDP)
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Manuscript completed on: 03.04.2009
Data extracted on: 27.02.2009
ISSN 1977-0316
Catalogue number: KS-SF-09-029-EN-N

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