

Quarterly Sector Accounts: fourth quarter of 2010

Business investment rate at 20.8% in the euro area and 20.3% in the EU27

Business profit share at 38.2% and 37.9% respectively

In the fourth quarter of 2010, in both the **euro area** (EA16) and the **EU27**, the business investment rate and the profit share were almost unchanged compared with the previous quarter.

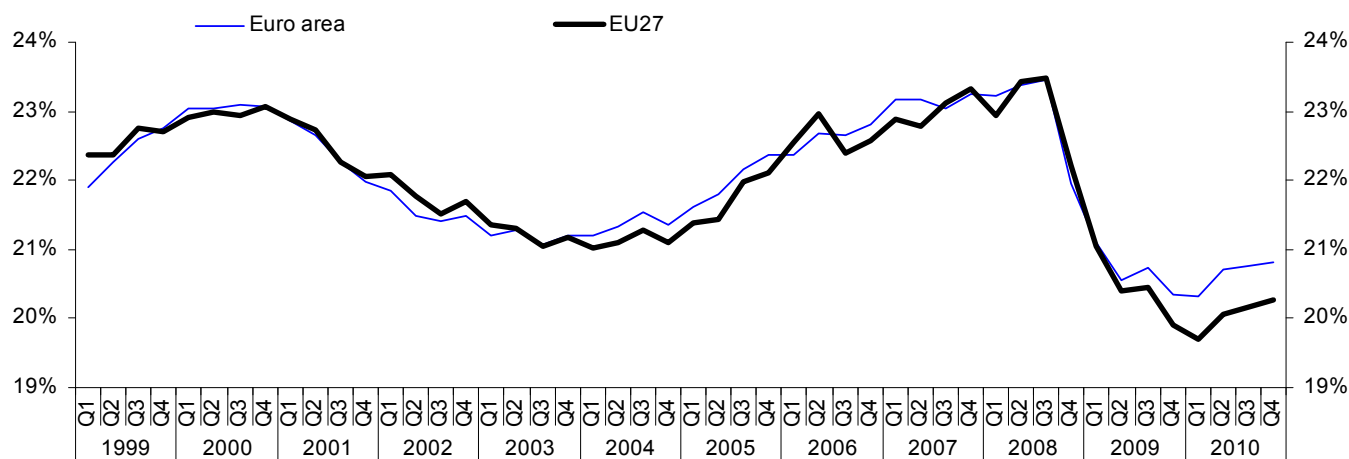
In the **euro area**, the business profit share remained nearly stable, as value added and wage costs increased at a similar pace.

These data come from a detailed set of seasonally adjusted¹ quarterly European sector accounts² released by **Eurostat**, the statistical office of the European Union, and the **European Central Bank** (ECB).

Business investment rate still at low levels in both zones

In the fourth quarter of 2010, the gross investment rate³ of non-financial corporations was 20.3% in the **EU27**⁴, compared with 20.2% in the third quarter of 2010.

Investment rate of non-financial corporations (seasonally adjusted)

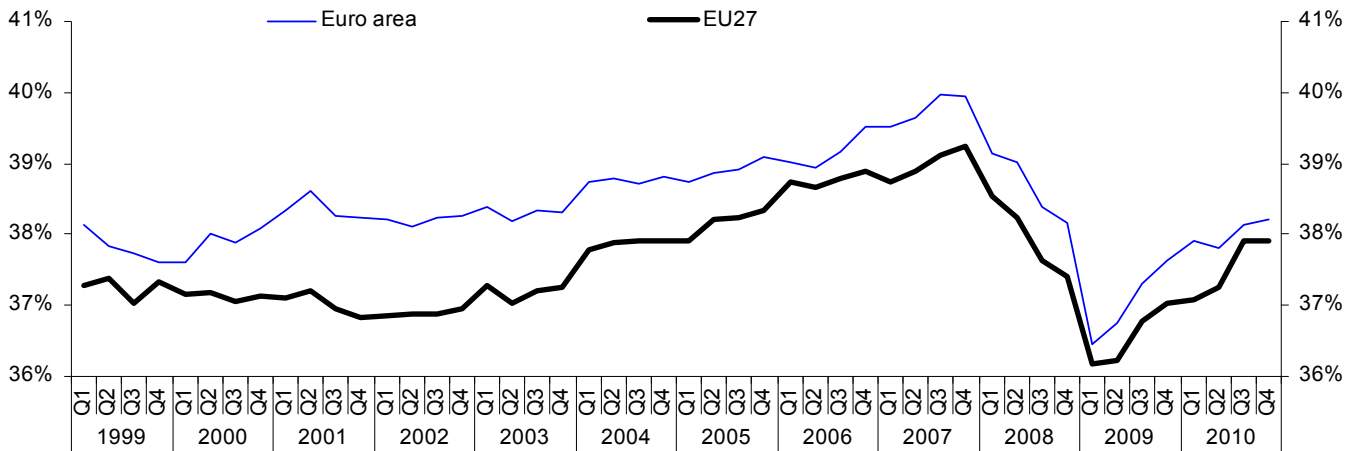


In the **euro area**⁵, the investment rate was 20.8% in the fourth quarter of 2010, the same as in the previous quarter, as investment grew, in nominal terms, at a similar pace (+1.4%) to gross value added (+1.2%). Stocks of materials, supplies and finished goods decreased further (see table 2).

Business profit share stabilising in both zones

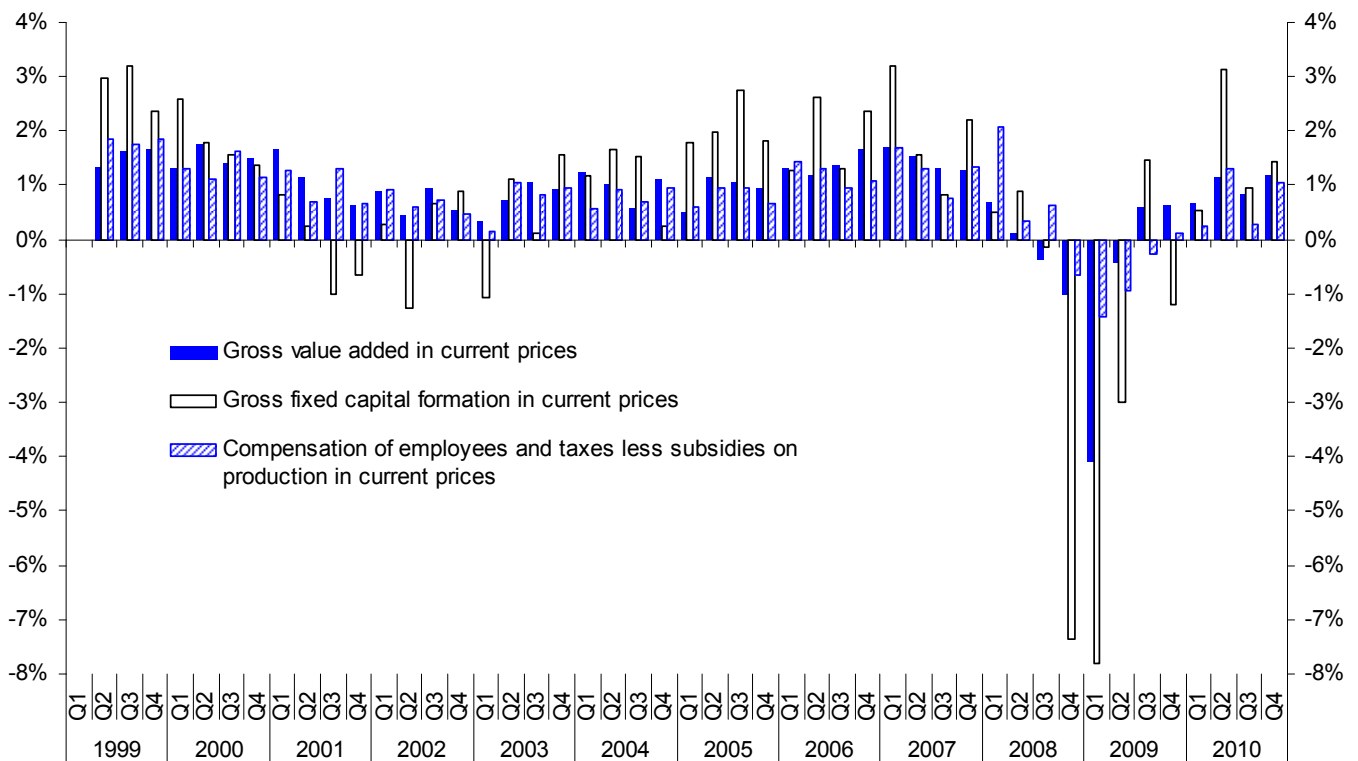
In the **EU27**, the gross profit share⁶ of non-financial corporations was 37.9% in the fourth quarter of 2010, the same as in the previous quarter.

Profit share of non-financial corporations (seasonally adjusted)



In the **euro area**, the profit share was 38.2% in the fourth quarter of 2010, compared with 38.1% in the third quarter of 2010. This limited increase was due to value added increasing slightly faster (+1.2%) than compensation of employees (wages and social contributions) plus taxes less subsidies on production (+1.1%).

Nominal growth of components of the investment rate and the profit share (euro area)
(seasonally adjusted data, change compared with the previous quarter)



1. Seasonal adjustment has been performed using the Tramo-Seats method. The seasonally adjusted series are built up indirectly as the sum of seasonally adjusted components.
2. Institutional sectors bring together economic units with broadly similar characteristics and behaviour, namely: households (including non-profit institutions serving households), non-financial corporations, financial corporations, government and the rest of the world.
3. The gross investment rate of non-financial corporations is defined as gross fixed capital formation divided by gross value added. This ratio relates the investment of non-financial businesses in fixed assets (buildings, machinery etc.) to the value added created during the production process.
4. The European Union (EU27) consists of 27 Member States: Belgium, Bulgaria, the Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom plus the European Central Bank and the EU institutions.
5. The euro area (EA16) consisted of 16 Member States until 31 December 2010: Belgium, Germany, Ireland, Greece, Spain, France, Italy, Cyprus, Luxembourg, Malta, the Netherlands, Austria, Portugal, Slovenia, Slovakia and Finland plus the European Central Bank. From 1 January 2011, the euro area (EA17) also includes Estonia. Data for EA17 will be published as of 29 July 2011 (first release of sector accounts for the first quarter of 2011).
6. The profit share of non-financial corporations is defined as gross operating surplus divided by gross value added. This profitability-type indicator shows the share of the value added created during the production process remunerating capital. It is the complement of the share of wage costs (plus taxes less subsidies on production) in value added.

Methodological information

The compilation of the European sector accounts follows the **European System of Accounts (ESA 95)** and covers the period from the first quarter of 1999 to the fourth quarter of 2010. The European sector accounts are not a simple sum of the data of individual countries. There are six 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, (5) balancing of the accounts and (6) seasonal adjustment of key series.

Due to the **conversion to euro**, the growth rates of EU aggregates may be affected by movements in exchange rates and should be viewed with caution. For this reason, nominal growth rates (bar chart and table 2) are provided for the euro area only. However, there is hardly any impact on ratios such as the investment rate and the profit share.

The **rest of the world accounts**, as compiled by Member States, record transactions between the national economy and all non-resident units, including those in other EU Member States. To measure the external transactions of the euro area / EU, it is necessary to remove cross-border flows within the area concerned. Imbalances between intra-imports and intra-exports, called "asymmetries", are then eliminated. Currently, intra-flows and resulting asymmetries are not removed in the other domains of national accounts of Eurostat. Therefore, European sector accounts are internally consistent but have discrepancies with other national accounts data.

For **detailed data and methodology**, please see Eurostat's website at: <http://ec.europa.eu/eurostat/sectoraccounts> and ECB's website at: <http://www.ecb.eu/stats/acc/html/index.en.html>.

Release and revision policy

The quarterly news releases are published four months after each quarter. The next release will take place on 29 July 2011.

The whole time series are revised every quarter. Compared with News Release 15/2011 of 28 January 2011, the business investment rate for the third quarter of 2010 has been revised from 20.5% to 20.8% in the euro area and from 20.0% to 20.2% in the EU27. The business profit share has been revised from 38.0% to 38.1% in the euro area and from 38.0% to 37.9% in the EU27.

The ECB and Eurostat publish integrated non-financial and financial accounts, including financial balance sheets, for the euro area. Eurostat also publishes the non-financial accounts of the European Union.

Eurostat's website includes detailed **annual** sector accounts by country and derived key indicators, which also include the indicators that combine non-financial and financial accounts such as additional profitability indicators.

The full set of **quarterly** sector accounts is published for euro area / EU27 aggregates only. However, a subset of quarterly key indicators is published 105 days after each quarter at <http://ec.europa.eu/eurostat/sectoraccounts> (see "Quarterly data") for 15 out of the 18 members of the European Economic Area (EEA) whose GDP is above 1% of the EU27 total. The other 12 EEA members, whose GDP is below 1% of the EU27 total, do not have to transmit the quarterly accounts of corporations to Eurostat.

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Selected Principal European Economic Indicators: <http://ec.europa.eu/eurostat/euroindicators>

Table 1: Key indicators of the euro area (EA16) and of the European Union (EU27)

		Euro area (EA16)				European Union (EU27)			
		Investment rate, %		Profit share, %		Investment rate, %		Profit share, %	
		Not seasonally adjusted	Seasonally adjusted	Not seasonally adjusted	Seasonally adjusted	Not seasonally adjusted	Seasonally adjusted	Not seasonally adjusted	Seasonally adjusted
1999	Q1	21.9	21.9	40.6	38.1	22.0	22.4	38.7	37.3
	Q2	23.3	22.3	37.1	37.8	23.0	22.4	36.7	37.4
	Q3	22.3	22.6	39.2	37.7	22.6	22.8	38.1	37.0
	Q4	22.1	22.8	34.3	37.6	22.6	22.7	35.5	37.3
2000	Q1	23.1	23.0	40.1	37.6	22.7	22.9	38.5	37.2
	Q2	23.9	23.0	37.5	38.0	23.5	23.0	36.7	37.2
	Q3	22.8	23.1	39.0	37.9	22.7	22.9	37.9	37.1
	Q4	22.5	23.1	34.9	38.1	23.0	23.1	35.4	37.1
2001	Q1	23.0	22.9	40.9	38.3	22.7	22.9	38.4	37.1
	Q2	23.5	22.7	38.3	38.6	23.3	22.7	36.8	37.2
	Q3	21.8	22.3	39.6	38.3	22.0	22.3	37.9	37.0
	Q4	21.5	22.0	35.0	38.2	22.1	22.1	35.0	36.8
2002	Q1	21.8	21.8	40.0	38.2	21.7	22.1	37.6	36.9
	Q2	22.5	21.5	38.1	38.1	22.4	21.8	36.8	36.9
	Q3	21.0	21.4	39.7	38.2	21.2	21.5	38.0	36.9
	Q4	21.0	21.5	35.2	38.3	21.7	21.7	35.3	37.0
2003	Q1	21.3	21.2	40.6	38.4	21.1	21.3	38.4	37.3
	Q2	22.2	21.3	37.6	38.2	21.9	21.3	36.5	37.0
	Q3	20.7	21.1	39.7	38.3	20.8	21.1	38.3	37.2
	Q4	20.6	21.2	35.2	38.3	21.0	21.2	35.5	37.3
2004	Q1	21.2	21.2	41.0	38.7	20.8	21.0	38.9	37.8
	Q2	22.2	21.3	38.3	38.8	21.7	21.1	37.4	37.9
	Q3	21.3	21.5	40.1	38.7	21.1	21.3	39.0	37.9
	Q4	20.6	21.4	35.9	38.8	20.9	21.1	36.4	37.9
2005	Q1	21.5	21.6	40.4	38.7	21.0	21.4	38.5	37.9
	Q2	22.9	21.8	38.7	38.9	23.8	21.4*	38.0	38.2
	Q3	21.9	22.2	40.3	38.9	21.8	22.0	39.4	38.2
	Q4	21.6	22.4	36.4	39.1	21.9	22.1	37.0	38.3
2006	Q1	22.5	22.4	41.2	39.0	22.3	22.5	39.7	38.7
	Q2	23.6	22.7	38.0	38.9	23.6	23.0	37.8	38.7
	Q3	22.3	22.7	40.6	39.2	22.1	22.4	39.9	38.8
	Q4	22.0	22.8	37.0	39.5	22.4	22.6	37.7	38.9
2007	Q1	23.5	23.2	41.7	39.5	22.8	22.9	39.6	38.7
	Q2	24.1	23.2	38.7	39.7	23.4	22.8	38.0	38.9
	Q3	22.6	23.1	41.6	40.0	22.8	23.1	40.3	39.1
	Q4	22.5	23.3	37.4	40.0	23.1	23.3	38.1	39.2
2008	Q1	23.4	23.2	40.8	39.1	22.8	22.9	39.1	38.5
	Q2	24.4	23.4	38.5	39.0	24.1	23.4	37.7	38.2
	Q3	23.0	23.4	40.3	38.4	23.2	23.5	39.1	37.6
	Q4	21.2	21.9	35.5	38.2	22.0	22.2	36.2	37.4
2009	Q1	21.6	21.1	38.3	36.4	21.1	21.1	36.9	36.2
	Q2	21.3	20.6	35.4	36.8	20.9	20.4	35.0	36.2
	Q3	20.4	20.7	39.4	37.3	20.3	20.5	38.4	36.8
	Q4	19.5	20.3	35.1	37.6	19.5	19.9	36.0	37.0
2010	Q1	20.5	20.3	39.6	37.9	19.6	19.7	37.6	37.1
	Q2	21.6	20.7	36.9	37.8	20.7	20.1	36.3	37.2
	Q3	20.6	20.8	39.9	38.1	20.1	20.2	39.3	37.9
	Q4	19.9	20.8	35.8	38.2	19.9	20.3	37.0	37.9

* Adjusted for one outlier found in national data.

Table 2: Gross operating surplus, its components, changes in inventories and gross fixed capital formation of non-financial corporations, in the euro area (EA16)
(Seasonally adjusted)

		Millions of euro at current prices						% change compared to the previous quarter				
		Gross value added	Compensation of employees (paid)	Other taxes less subsidies on production	Gross operating surplus	Gross fixed capital formation	Changes in inventories & net acquisitions of valuables	Gross value added	Compensation of employees and other taxes less subsidies on production		Gross operating surplus	Gross fixed capital formation
									Total	Of which Compensation of employees		
1999	Q1	799976	483979	10975	305022	175168	2682	:	:	:	:	:
	Q2	810680	492270	11796	306614	180401	6807	1.3	1.8	1.7	0.5	3.0
	Q3	823824	500414	12523	310886	186163	2183	1.6	1.8	1.7	1.4	3.2
	Q4	837385	509049	13434	314902	190539	6726	1.6	1.9	1.7	1.3	2.4
2000	Q1	848418	515108	14151	319160	195466	4066	1.3	1.3	1.2	1.4	2.6
	Q2	863299	521384	13783	328132	198968	7379	1.8	1.1	1.2	2.8	1.8
	Q3	875339	530053	13750	331536	202069	9779	1.4	1.6	1.7	1.0	1.6
	Q4	888491	536683	13316	338492	204860	10015	1.5	1.1	1.3	2.1	1.4
2001	Q1	903236	543783	13232	346221	206535	3780	1.7	1.3	1.3	2.3	0.8
	Q2	913659	547263	13684	352712	207062	3960	1.2	0.7	0.6	1.9	0.3
	Q3	920458	554592	13701	352164	204959	5349	0.7	1.3	1.3	-0.2	-1.0
	Q4	926394	558229	13912	354253	203593	-4119	0.6	0.7	0.7	0.6	-0.7
2002	Q1	934565	563081	14317	357167	204178	-5704	0.9	0.9	0.9	0.8	0.3
	Q2	938637	566705	14236	357696	201620	-271	0.4	0.6	0.6	0.1	-1.3
	Q3	947528	571074	14151	362303	202962	-2007	0.9	0.7	0.8	1.3	0.7
	Q4	952513	573965	14073	364474	204779	-7722	0.5	0.5	0.5	0.6	0.9
2003	Q1	955854	575181	13812	366861	202608	3789	0.4	0.2	0.2	0.7	-1.1
	Q2	962865	581449	13690	367726	204830	-97	0.7	1.0	1.1	0.2	1.1
	Q3	972920	585716	14287	372916	205097	-7125	1.0	0.8	0.7	1.4	0.1
	Q4	981906	590920	14768	376217	208291	-451	0.9	0.9	0.9	0.9	1.6
2004	Q1	994050	594007	15036	385007	210746	-5104	1.2	0.6	0.5	2.3	1.2
	Q2	1004229	598897	15703	389629	214222	-624	1.0	0.9	0.8	1.2	1.6
	Q3	1009912	602638	16289	390985	217528	4986	0.6	0.7	0.6	0.3	1.5
	Q4	1021119	607462	17408	396249	218050	7723	1.1	1.0	0.8	1.3	0.2
2005	Q1	1026126	610842	17792	397492	221927	-1988	0.5	0.6	0.6	0.3	1.8
	Q2	1038023	615903	18771	403349	226349	4304	1.2	1.0	0.8	1.5	2.0
	Q3	1048930	621588	19136	408206	232543	-5094	1.1	1.0	0.9	1.2	2.7
	Q4	1058997	627450	17522	414025	236793	8217	1.0	0.7	0.9	1.4	1.8
2006	Q1	1072706	636156	18150	418400	239820	11669	1.3	1.4	1.4	1.1	1.3
	Q2	1085442	644276	18616	422550	246082	4323	1.2	1.3	1.3	1.0	2.6
	Q3	1100272	650031	19227	431014	249272	4949	1.4	1.0	0.9	2.0	1.3
	Q4	1118389	657267	19155	441966	255199	-2659	1.6	1.1	1.1	2.5	2.4
2007	Q1	1137266	667819	20094	449353	263377	11675	1.7	1.7	1.6	1.7	3.2
	Q2	1154744	676769	20117	457857	267465	8562	1.5	1.3	1.3	1.9	1.6
	Q3	1169724	682027	20042	467655	269668	8589	1.3	0.7	0.8	2.1	0.8
	Q4	1184677	690928	20421	473329	275575	4561	1.3	1.3	1.3	1.2	2.2
2008	Q1	1192986	706138	20048	466800	276926	5990	0.7	2.1	2.2	-1.4	0.5
	Q2	1194535	708573	20005	465957	279349	907	0.1	0.3	0.3	-0.2	0.9
	Q3	1190012	713853	19378	456781	279006	849	-0.4	0.6	0.7	-2.0	-0.1
	Q4	1177977	710464	17947	449565	258503	6516	-1.0	-0.7	-0.5	-1.6	-7.3
2009	Q1	1129691	700590	17431	411670	238315	-11244	-4.1	-1.4	-1.4	-8.4	-7.8
	Q2	1124817	695806	15533	413478	231169	-28287	-0.4	-0.9	-0.7	0.4	-3.0
	Q3	1131669	695023	14403	422243	234526	-16755	0.6	-0.3	-0.1	2.1	1.5
	Q4	1138685	696016	14261	428408	231709	-19805	0.6	0.1	0.1	1.5	-1.2
2010	Q1	1146390	697783	14148	434459	232914	-10275	0.7	0.2	0.3	1.4	0.5
	Q2	1159456	706344	14839	438273	240250	-818	1.1	1.3	1.2	0.9	3.1
	Q3	1168919	707653	15496	445769	242555	-2355	0.8	0.3	0.2	1.7	1.0
	Q4	1182582	715325	15515	451742	246018	-8011	1.2	1.1	1.1	1.3	1.4