

30 June 2020

Quarterly Non-Financial Accounts for the Institutional Sectors First quarter of 2020

Primary Results, in the context of the Covid-19 crisis

The results of the *Quarterly Non-Financial Accounts of the Institutional Sectors* incorporate all the statistical indicators that mark the economic evolution of the first quarter of 2020. These results therefore include the impact that the restrictions imposed on the movement of people and on some economic activities since March 16 may have had on the economic behaviour of each of the institutional sectors of the national economy in the quarter as a whole. .

- The net lending of the national economy to the rest of the world was -260 million euros in the first quarter of 2020.
- After adjusting for seasonal and calendar effects, the net lending of the national economy stood at 2.0% of GDP, eight tenths less than in the previous quarter.
- The gross national income reached 292,832 million euros in the first quarter and the gross national disposable income came to 288,560 million.
- After adjusting for seasonal and calendar effects, the national income and the national disposable income varied by -4.7% and -4.9%, respectively, as compared with the previous quarter.
- The savings rate of households is estimated at 1.7% of their disposable income in the first quarter, compared to -4.9% in the same quarter of the previous year.
- After adjusting for seasonal and calendar effects, the household saving rate is 11.2% of their disposable income, 2.8 points higher than in the previous quarter.
- The net borrowing of the General Government amounts to 9,167 million euros, compared to 3,915 million euros in the same quarter of 2019.
- After adjusting for seasonal and calendar effects, the net borrowing of the General Government stands at 3.9% of the quarterly GDP, 1.2 points more than the previous quarter.

Net lending of the national economy

The national economy registered a *net lending* with the rest of the world of -260 million euros in the third quarter of 2020, representing -0.1% of GDP for that period. In the same quarter of 2019, *net lending* was -1,192 million euros (-0.4% of GDP).

This evolution is explained by a higher *balance of foreign trade in goods and services* (2,148 million euros, compared to 1,785 million in the same period of 2019) which, combined with the evolution of current income and transfers, provide a *balance of current transactions with the rest of the world* higher by 1,016 million than that of the same quarter of the previous year. On the contrary, the balance of capital transfers¹ was 679 million, compared to 763 million in the same quarter last year.

Net lending (+) o Net borrowing (-) Total Economy

Units: Million euros

Operations and balance items with the rest of the world	1stquarter 2020	1stquarter 2019	Difference
Imports of goods and services	93,061	98,433	-5,372
Exports of goods and services	95,209	100,218	-5,009
External balance of goods and services (A)	2,148	1,785	363
Balance of income and current transfers account (B)	-3,087	-3,740	653
Balance of external current account (C=A+B)	-939	-1,955	1,016
Balance of capital transfers and the acquisition/disposal of non-financial assets account (D)	679	763	-84
Net lending (+) / Net borrowing (-) (C+D)	-260	-1,192	932

Net lending (+) o Net borrowing (-) Total Economy

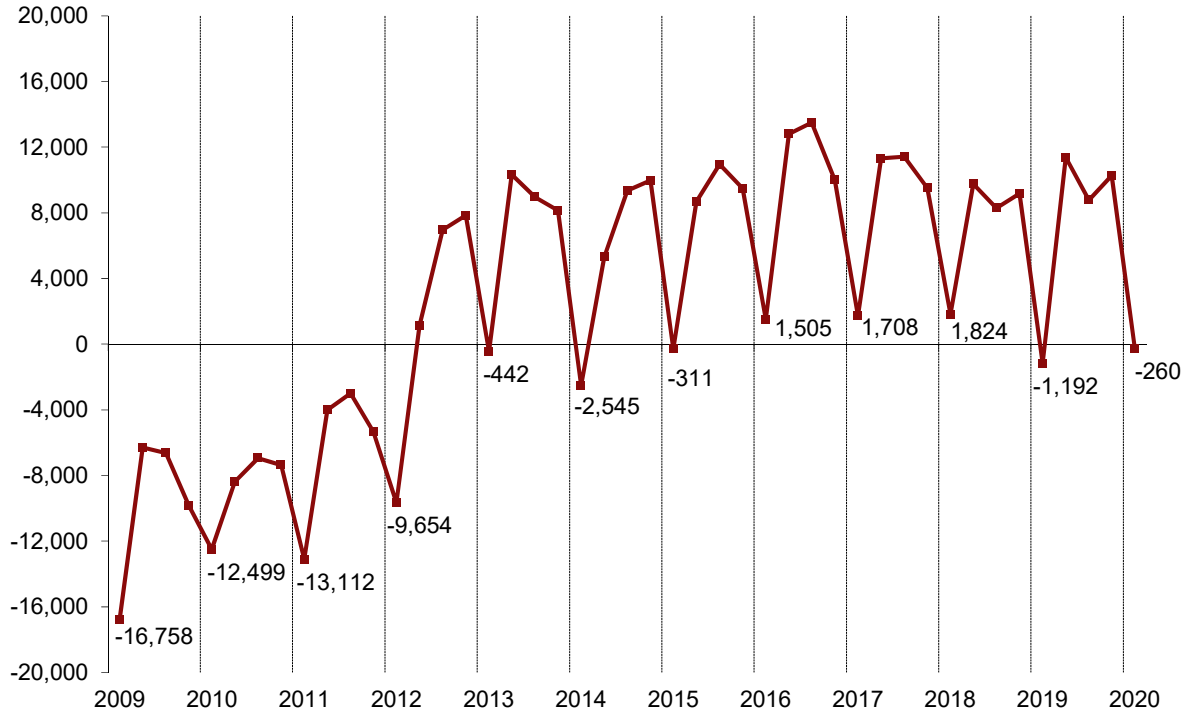
Units: Million euros

Institutional Sector	1stquarter 2020	1stquarter 2019	Difference
Households and NPISH	-4,573	-18,423	13,850
General Government	-9,167	-3,915	-5,252
Financial Corporations	8,260	5,892	2,368
Non-Financial Corporations	5,220	15,254	-10,034
TOTAL	-260	-1,192	932

¹ Capital transfers and acquisitions less disposal of non-produced non-financial assets.

Net lending (+) / Net borrowing (-) Total Economy

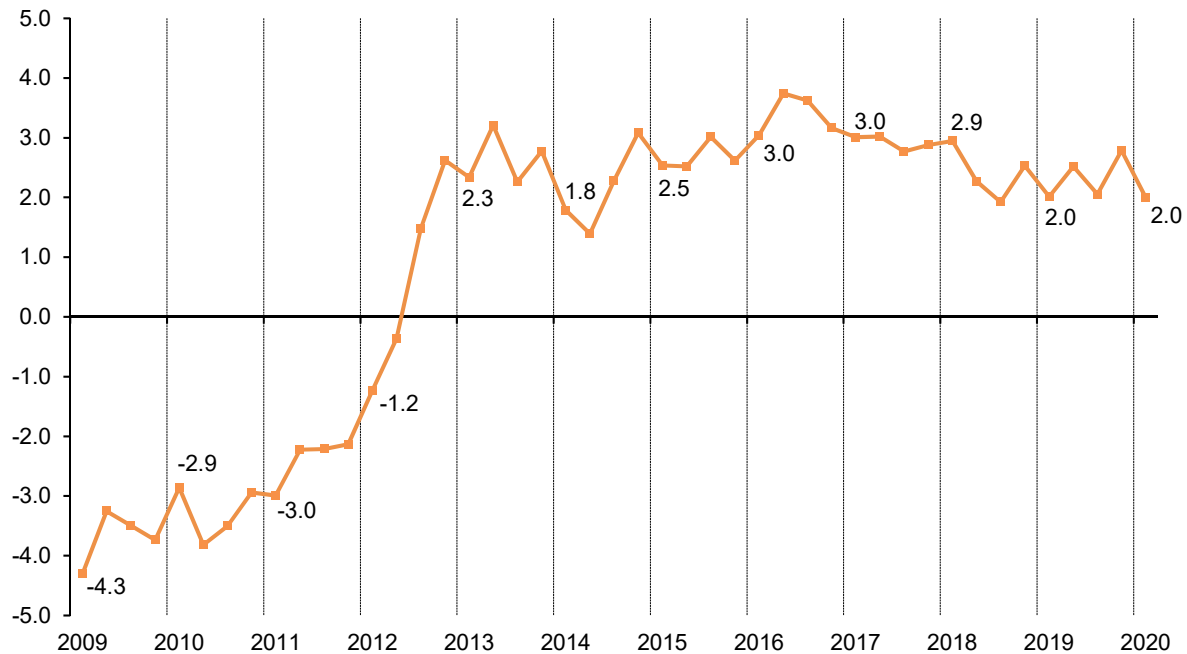
Million euros



After adjusting for seasonal and calendar effects, the *net lending* of the national economy stands at 2.0% of GDP, eight tenths less than in the previous quarter.

Net lending (+) / Net borrowing (-) Total Economy

Percentage of Quarterly Gross Domestic Product
Seasonally and calendar effects adjusted series



National income

The *gross national income* stood at 292,832 million euros in the first quarter of 2020, with a decrease of 2.0% with respect to the same period of 2019.

National Income

Units: million euros and rates in percentage

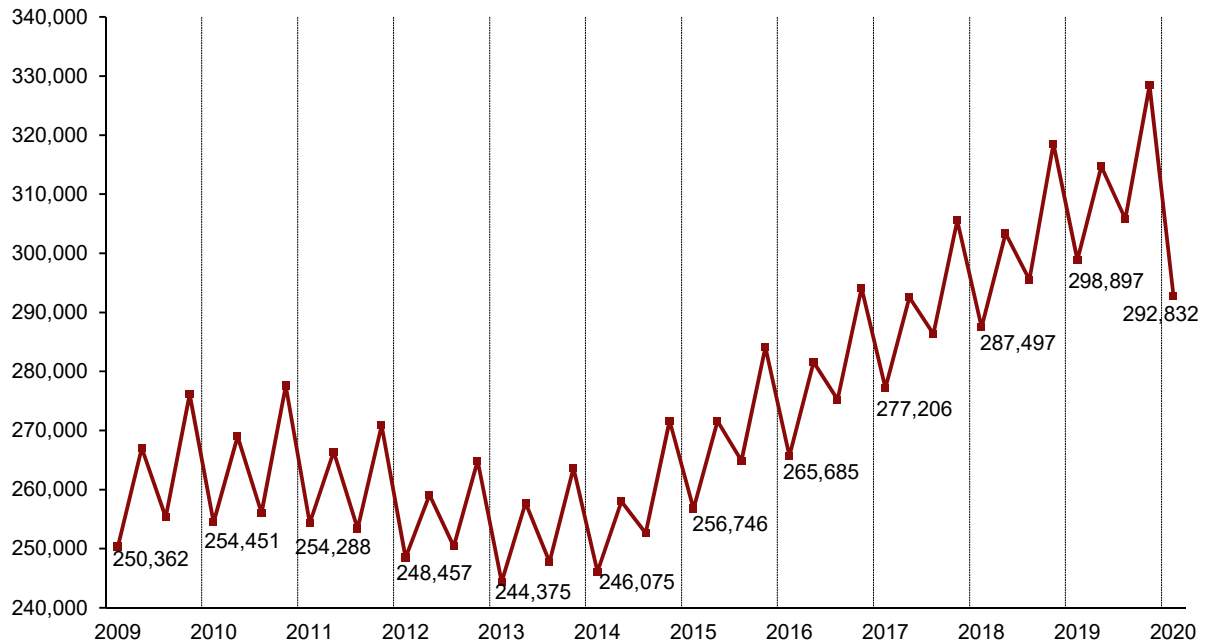
	Q1-2020	Q1-2019	Variation (%)
Gross operating surplus/mixed income	119,570	127,630	-6.3
Compensation of Employees	137,518	134,235	2.4
Taxes (less subsidies) on Production and Imports	35,136	36,943	-4.9
Balance of property income with the rest of the world	608	89	583.1
Gross National Income	292,832	298,897	-2.0
Balance of current transfers with the rest of the world	-4,272	-4,415	3.2
Gross National Disposable Income	288,560	294,482	-2.0

This income decrease was due to a lower operating surplus for resident productive units (a drop of -6.3%, to 119,570 million) as well as the greater compensation received by resident employees in the economy (which increased by 2.4%, reaching 137,518 million euros). There was also a 4.9% decrease in the amount accrued in taxes on production and imports, net of subsidies, up to 35,136 million.

The balance of property income (interests, dividends, etc.) with the rest of the world amounted to 608 million euros, compared to 89 in the first quarter of 2019.

Gross National Income

Million euros



If we also take into account the lower negative balance of current transfers (income and wealth taxes, social security contributions and benefits and other current transfers) with the rest of the world (-4,272 million compared to -4,415 million in the first quarter of 2019), we have a 2.0% increase in *gross national disposable income* to 288,560 million euros.

After adjusting for seasonal and calendar effects, *gross national income* and *gross national disposable income* varied by 1.1% and 1.2% respectively compared to the fourth quarter of 2019.

Households²

The *gross value added* generated by the *Households* sector decreased by 1.8% in the first quarter compared to the same period of 2019. The *operating surplus* and *gross mixed income* of the sector fell by 2.3%.

Considering the remuneration to be collected by employees (2.4%) and the evolution of the net balance of property income to be received by the sector (interest, dividends, etc.), the *balance of gross primary income* increased by 0.5%.

Likewise, taking into account the combined performance of secondary income distribution flows (income and wealth tax, social contributions and social benefits and other current transfers), in the first quarter of 2020 the *gross disposable income* of households increased by 1.2%, to 176,013 million euros.

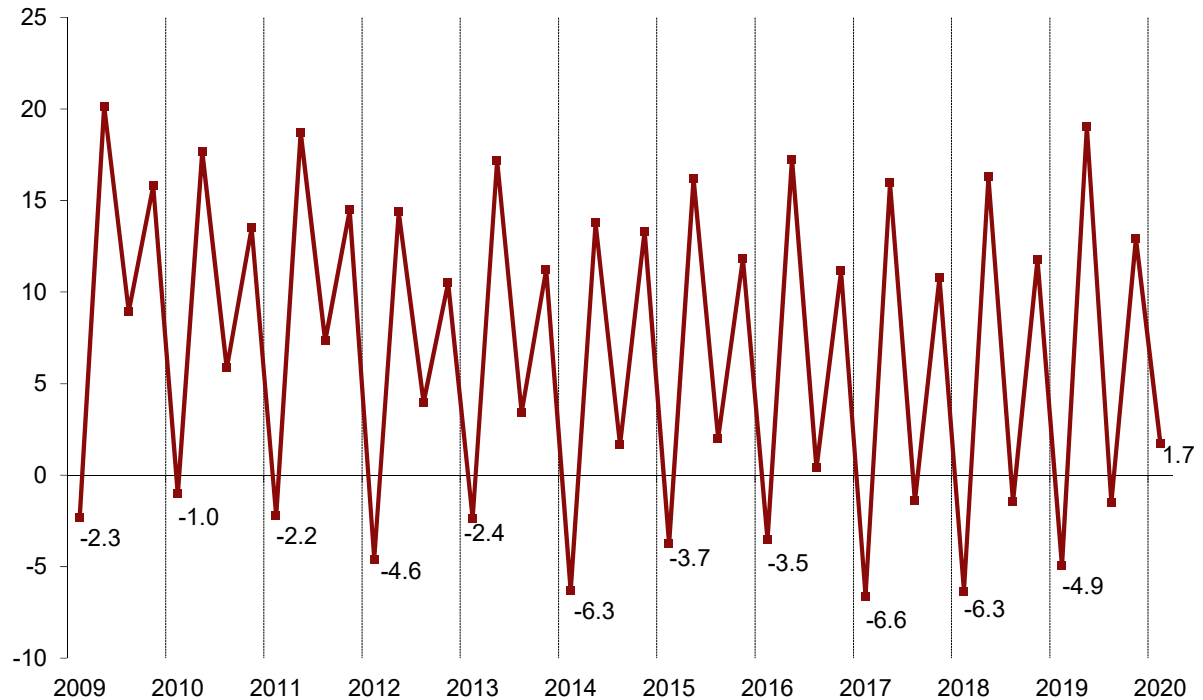
² Households and Non-Profit Institutions Serving Households (NPISHs) sectors.

Household final consumption expenditure was estimated at 172,515 million euros, with a decrease of 5.2%. As a result, savings in the sector amounted to 3,043 million (in the first quarter of 2019 it was -8,551 million)³.

The household savings rate thus stood at 1.7% of disposable income, compared to -4.9% in the same quarter of the previous year.

Savings of Households

Percentage of Quarterly Gross Disposable Income

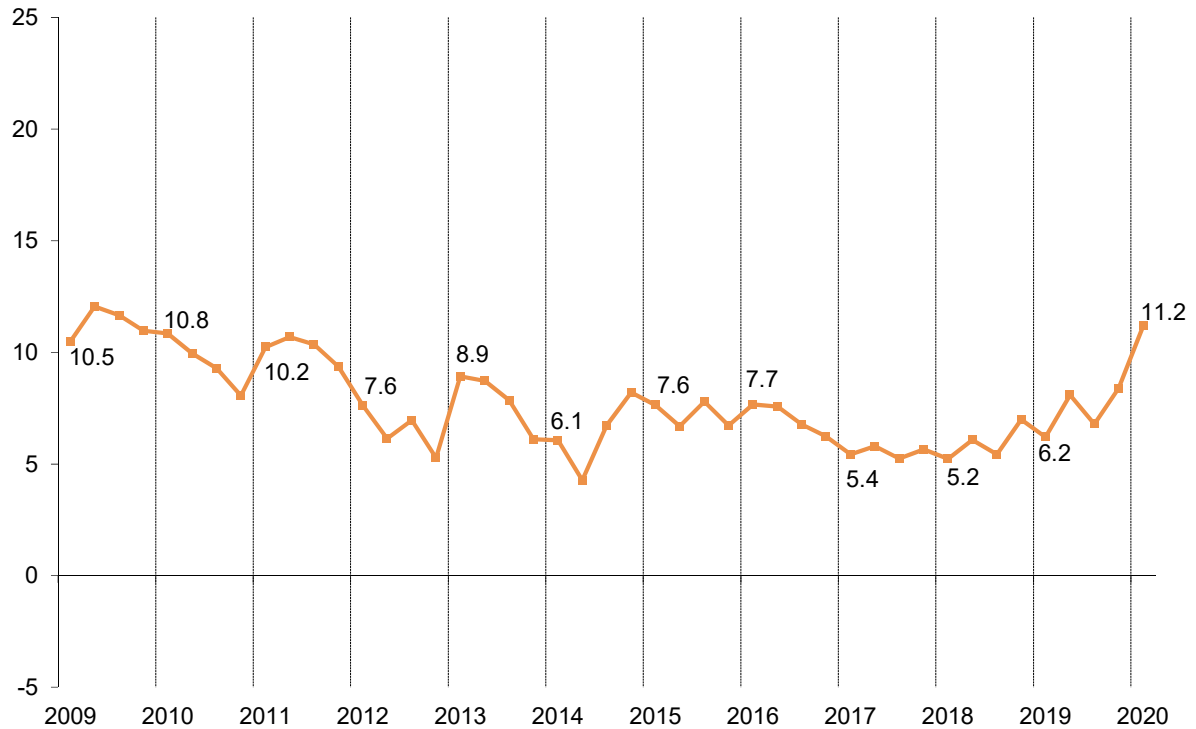


Excluding seasonal and calendar effects, the savings rate in the sector increased by 2.8 points compared to the previous quarter, standing at 11.2%.

³ After taking into account the change in pension rights to which households have a defined right.

Savings of Households

Percentage of Quarterly Gross Disposable Income
Adjusted for seasonal and calendar effects.



On the other hand, household investment⁴ reached 6,944 million euros in the first quarter (24.5% more than in the same period of 2019).

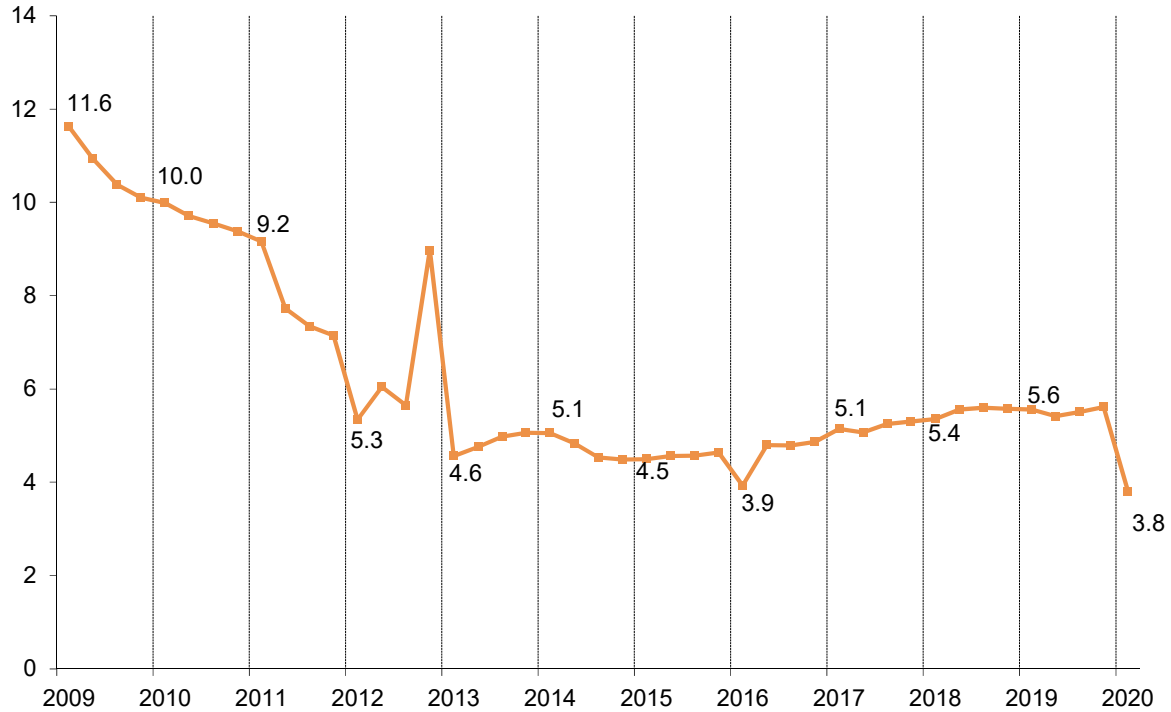
In turn, the investment rate of households⁵, after adjusting for seasonal and calendar effects, stood at 3.8% of their disposable income, 1.8 points less than than in the previous quarter.

⁴ Gross fixed capital formation and acquisitions less disposals of non-produced non-financial assets.

⁵ The quotient between gross fixed capital formation and the disposable income of the sector (after taking into account in the latter the change in pension rights over which households have a defined right).

Investment of Households

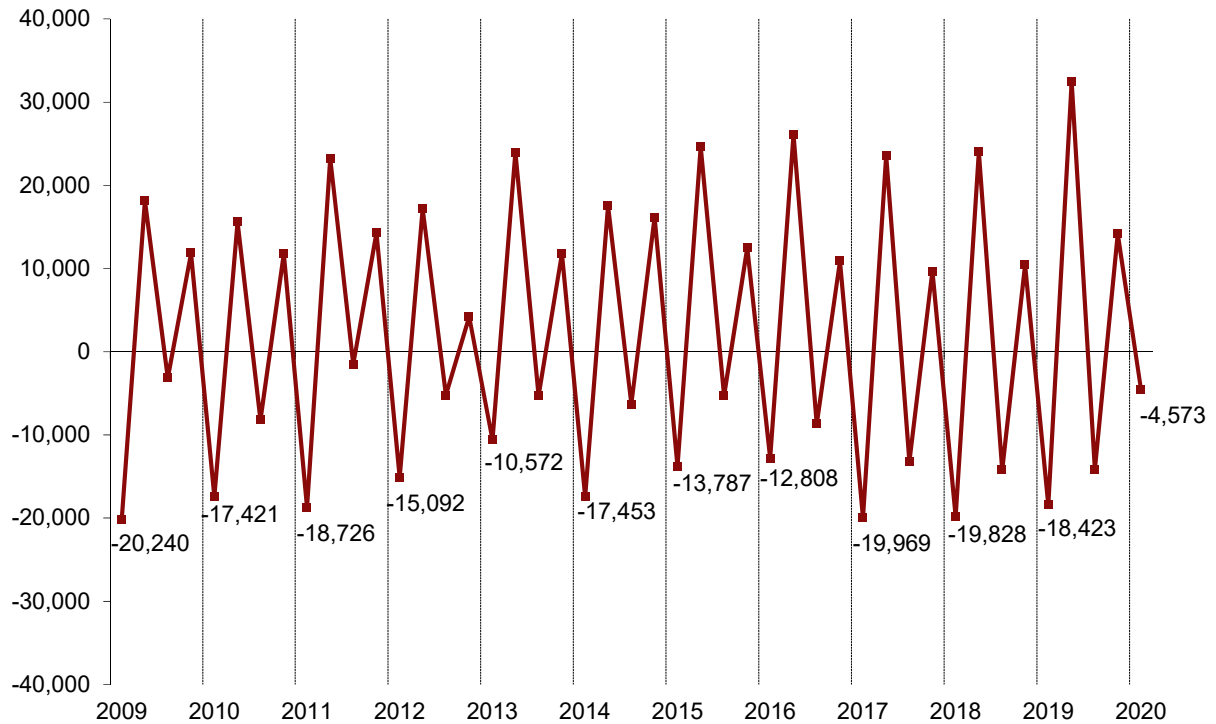
Percentage of Quarterly Gross Disposable Income
Adjusted for seasonal and calendar effects.



Thus, after taking into account the balance of capital transfers in the sector, households recorded a *net borrowing* of 4,573 million (compared to the 18,423 million estimated for the same quarter in 2019).

Net lending (+) / Net borrowing (-) Households and NPISH

Million euros



Non-financial corporations

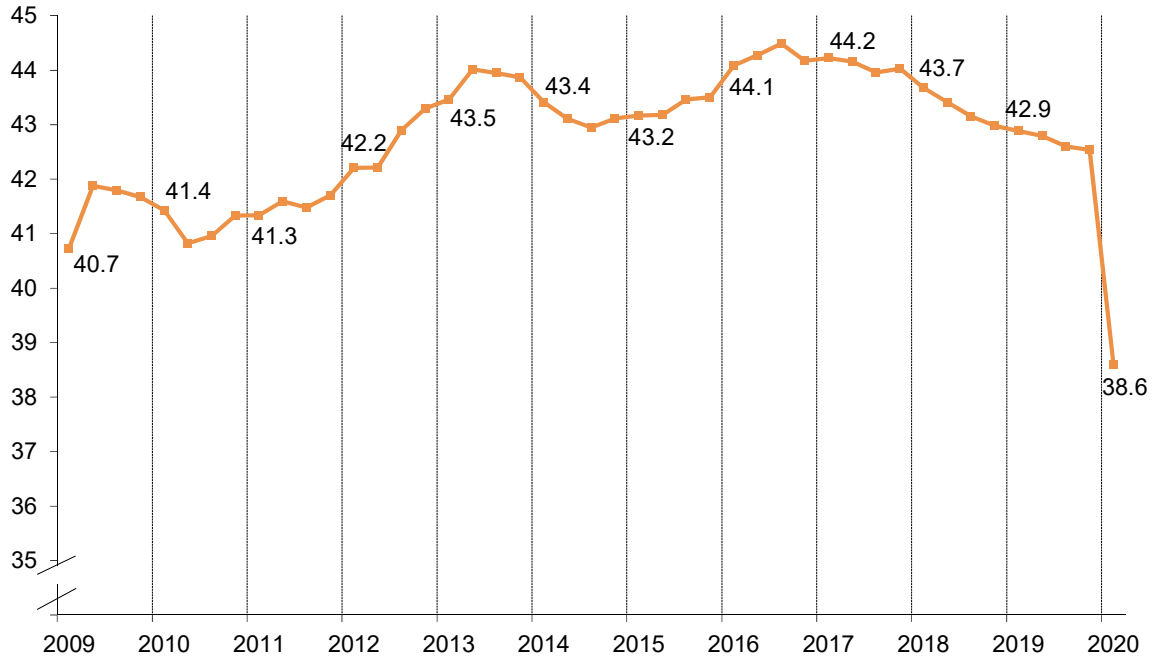
Gross value added generated by *Non-Financial Corporations* recorded a variation of -4.7% in the first quarter as compared with the same quarter of 2019 and the *gross operating surplus* of the sector recorded a rate of -14.3%.

Excluding seasonal and calendar effects, the share of the sector's gross surplus in its value added stood at 38.6%, which is 3.9 points less than in the previous quarter.

Gross Operating Surplus of Non-Financial Corporations

Percentage of Quarterly Gross Added Value

Adjusted for seasonal and calendar effects.



If we add the net balance of property income (interest, dividends, etc.) to be received by the sector to the sector's gross surplus, we find that its *balance of gross primary income* decreased by 15.1% compared to the first quarter of 2019.

As a consequence of the above, and of the evolution of the flows in the secondary income distribution (corporate taxes, social contributions and benefits and other current transfers), the disposable income of *Non-Financial Corporations* decreases by 16.5%.

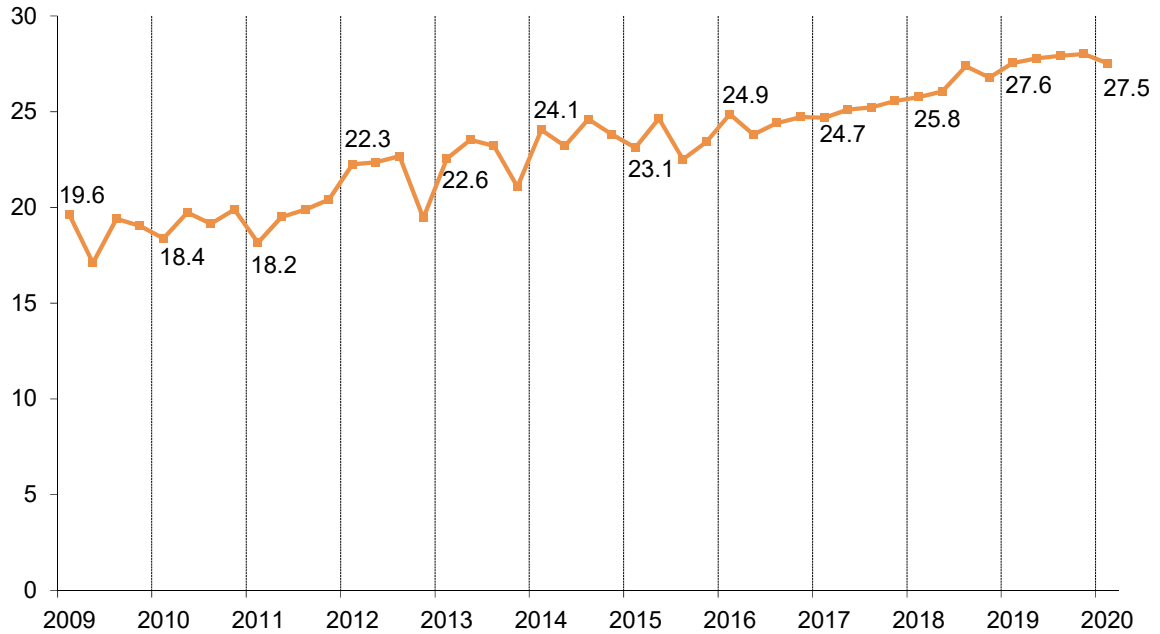
Together with its capital transfer balance, this disposable income is sufficient to finance the sector's investment volume, which amounted to 41,977 million (4.2% less than that of the same quarter of the previous year).

In turn, after adjusting for seasonal and calendar effects, the investment rate of *Non-Financial Corporations*⁶ stood at 27.5% of the gross value added, five tenths less than the previous quarter.

⁶ Quotient between the gross fixed capital formation and the gross value added of the sector.

Investment of Non-Financial Corporations

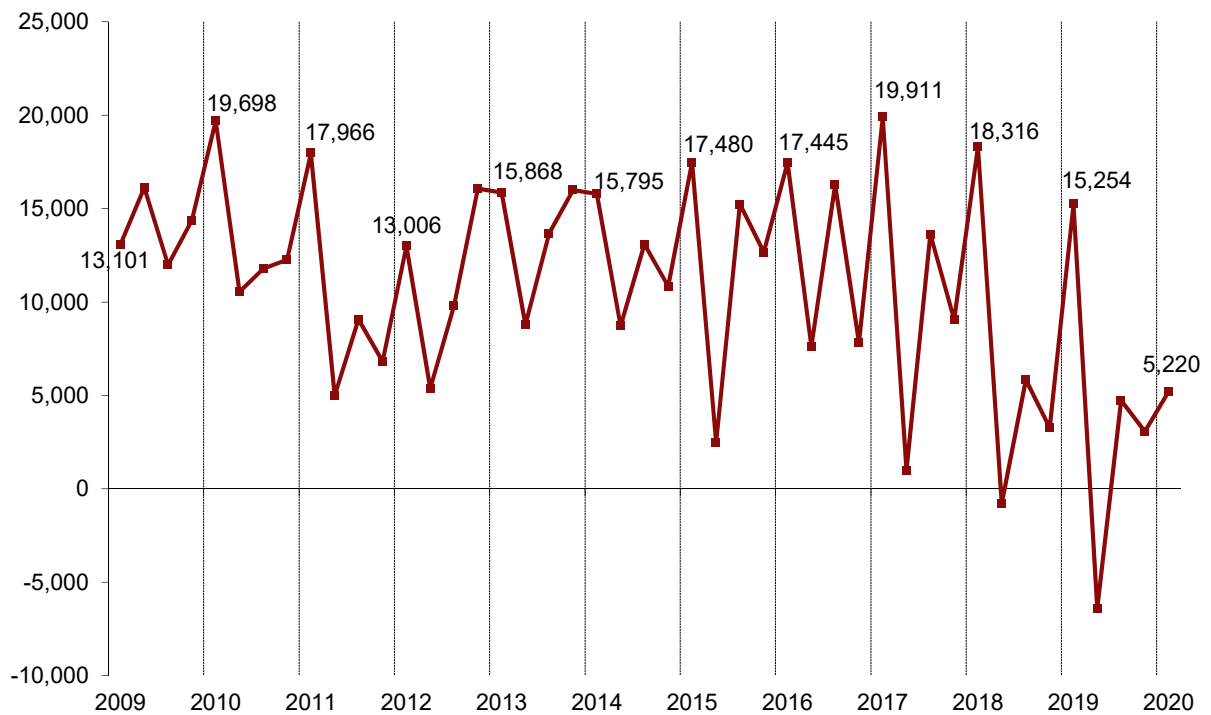
Percentage of Quarterly Gross Added Value
Adjusted for seasonal and calendar effects.



Consequently, the sector had an estimated *net lending* of 5,220 million euros, compared to 15,254 million euros in the first quarter of 2019.

Net lending (+) / Net borrowing (-) Non-financial corporations

Million euros



General Government

The *gross disposable income* for the *General Government* reached 54,713 million euros in the first quarter, 3.7% less than the same period of 2019.

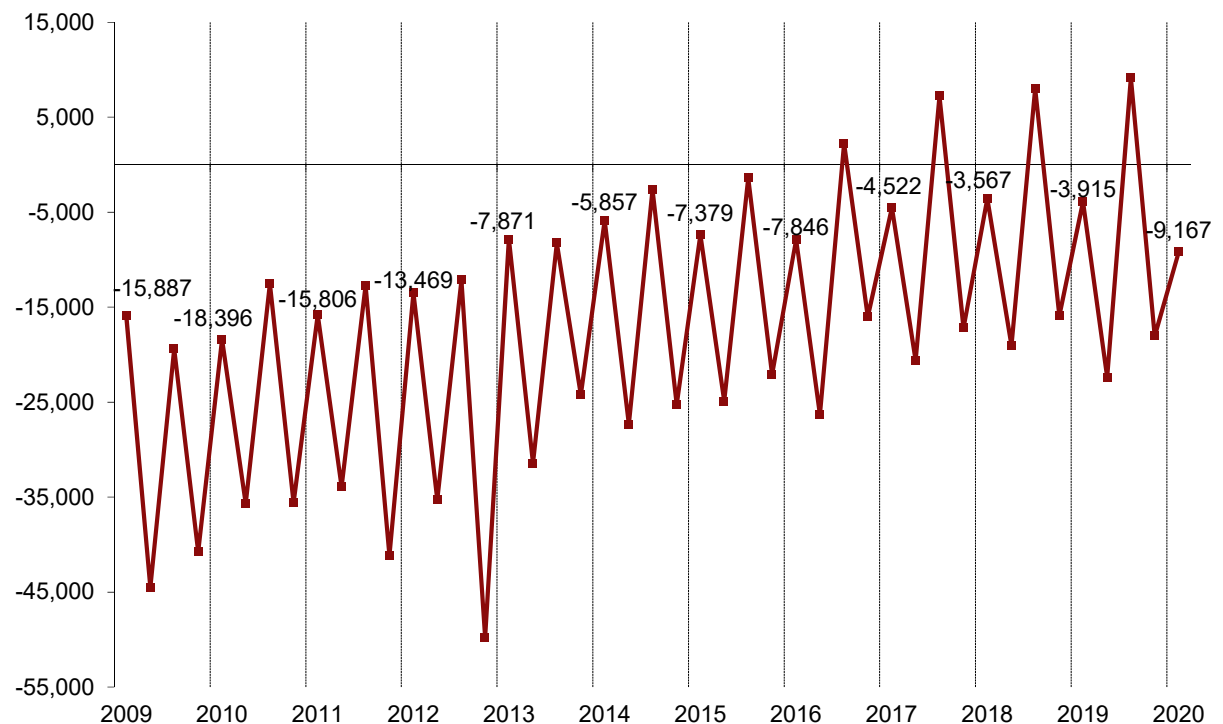
Final consumption expenditure increased by 6.5%, up to 57,717 million euros. With this, the sector's *gross savings* amounted to -3.004 million (in the first quarter of 2019 it was 2,661 million).

Investment by *General Government* was estimated at 7,834 million, with an increase of 21.6%.

Savings and investment in the sector, together with the balance of capital transfers, led the sector to generate a net borrowing of 9,167 million euros, compared to 3,915 million euros in the first quarter of 2019.

Net lending (+) / Net borrowing (-) General Government

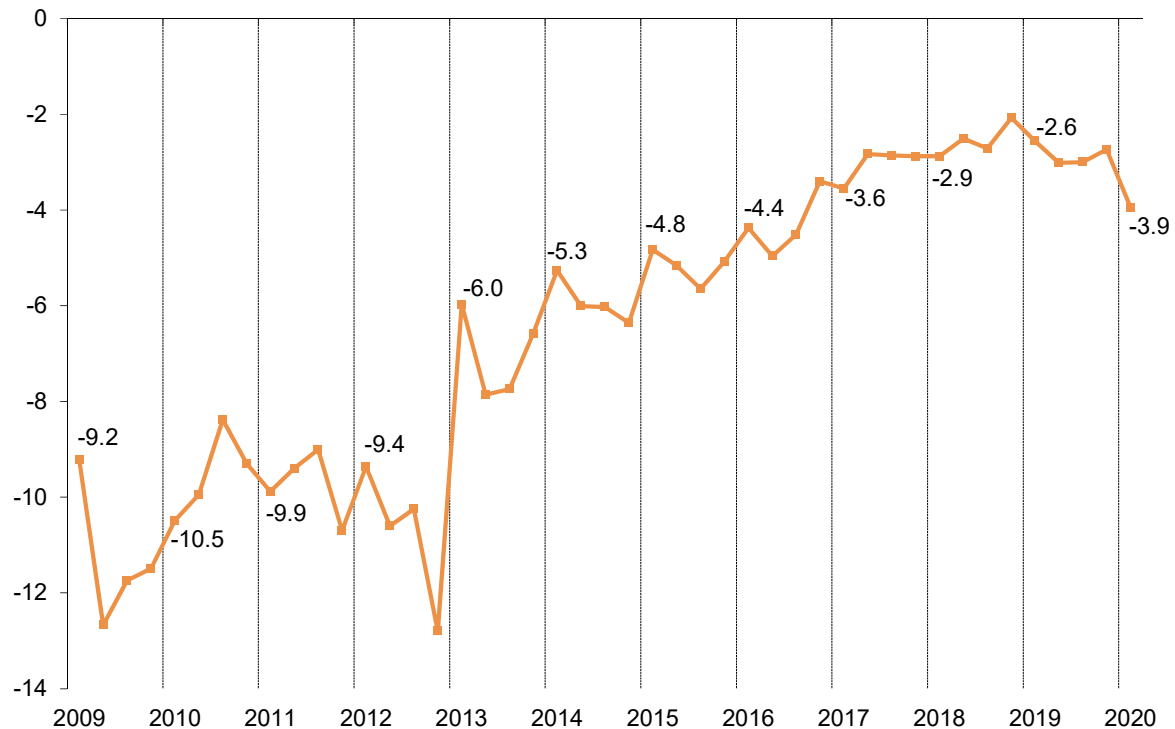
Million euros



If seasonal and calendar effects are excluded, the *General Government* recorded a *net borrowing* of 3.9% of GDP, 1.2 points more than in the previous quarter.

Net Lending (+) / Net Borrowing (-) of General Government

Percentage of Quarterly Gross Domestic Product
Adjusted for seasonal and calendar effects.



Financial corporations

Gross value added of Financial Corporations increased by 22.4% in the first quarter of 2020, compared to the same period of 2019. *Gross operating surplus* of the sector increased by 56.9%.

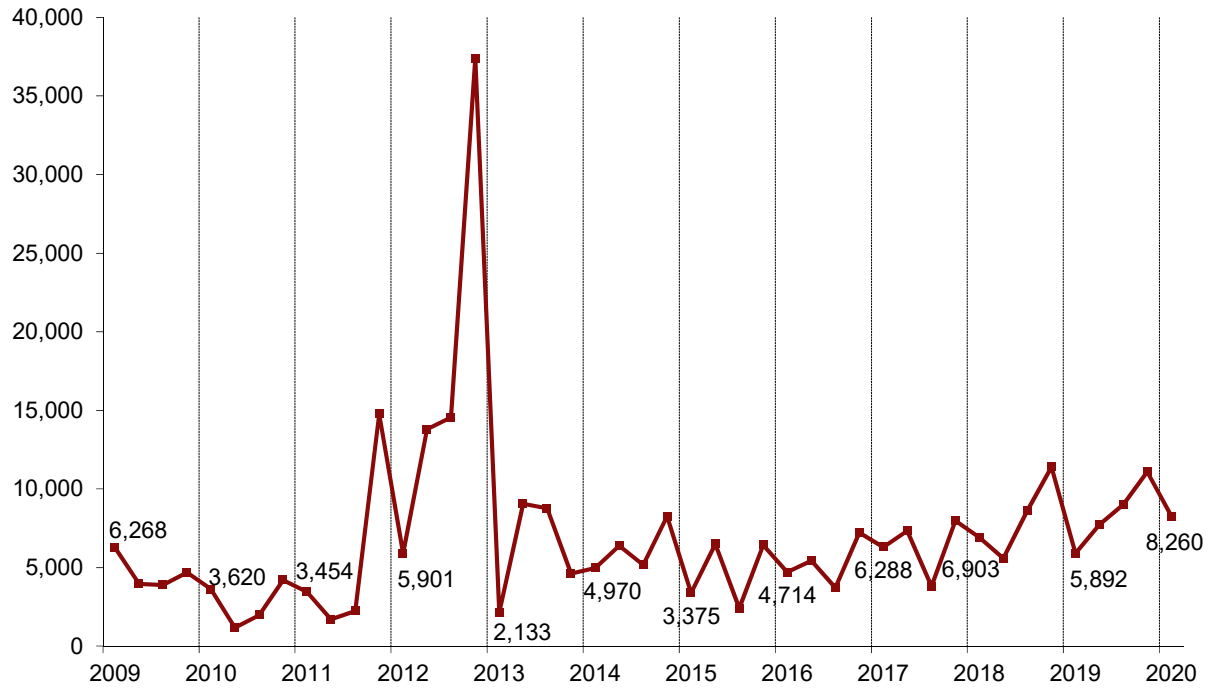
This, together with a greater net balance of property income (interests, dividends, etc.) to be perceived by the sector, makes the *balance of primary income* to grow by 61.6%.

If we also take into consideration their secondary income distribution flows (corporate taxes, social contributions and benefits and other current transfers), *gross disposable income* of the sector is estimated at 9,061 million euros, 69.8% more than in the same quarter of 2019.

Investment by financial corporations amounted to 2,218 million euros (during the same quarter of the previous year it was 692 million).

With this, and after considering the balance of capital transfers, the sector generated a *net lending* of 8,260 million euros, compared to 5,892 million euros in the first quarter of 2019.

Net lending (+) / Net borrowing (-) Financial corporations
Million euros



Methodological note

The objective of the *Quarterly Non-financial Accounts for the Institutional Sectors* (QNFAIS) is to discover the economic relationships between the institutional units that form the national economy (households and non-profit institutions serving households, non-financial corporations, financial corporations and public administrations) and between them and the rest of the world in an ordered series of accounts that describe each phase of economic processes (production and creation of income, distribution and redistribution, final consumption, savings and asset accumulation). These results are prepared in compliance with the conceptual and regulatory framework established by the European System of National and Regional Accounts (ESA 2010), approved by the Regulation (EU) 549/2013, of the European Parliament and of the Council, of 21 May.

The results are published around 90 days following the end of the reference quarter (t+90 days, being t the reference quarter), at the same time as the main aggregates of the national economy provided by the *Quarterly National Accounts of Spain*. This offers a complete and integrated view of the quarter's economic evolution.

Both operations are prepared with all the information available at that time. In particular, these results include quarterly information on the Balance of Payments published by the Bank of Spain at around t+85 days, and on the *Quarterly Accounts of General Government*, disseminated by the Comptroller General of the State Administration at around t+90 days.

This calendar is compatible with the requirements for availability of national accounts results established by Regulation (EU) 549/2013 on the European System of National and Regional Accounts 2010.

The QNFAIS are presented both in the form of integrated and detailed economic accounts as well as in a series of results of the operations and account balances of the institutional sectors and of the national economy. In addition, the series of the main balances of the national economy adjusted for seasonal and calendar effects are disseminated (gross domestic product, gross operating surplus and gross mixed income, gross national income and gross national disposable income) and aggregate flows with the rest of the world (exports and imports, total primary incomes and total secondary incomes), as well as the most relevant transactions and balances for the analysis of the Non-Financial Corporations, General Government and Households⁷ sectors, in line with the information requirements established by the ESA 2010.

Type of operation: quarterly continuous survey.

Geographical scope: the entire national territory.

Reference period of the results: the quarter.

Collection method: summary statistics.

For more detailed information, you can consult the INE website (www.ine.es), as well as access the standardised methodological report on the operation (<https://www.ine.es/dynt3/metadatos/en/RespuestaDatos.html?oe=30026>).

⁷ Households and Non-Profit Institutions Serving Households (NPISHs) sectors.

Annex tables: summary of results by institutional sector

Non-financial accounts for Households and NPISH

Units: million euros and rates in percentage

	Q1-2020	Q1-2019	Variation (%)
Gross added value	62,796	63,970	-1.8
Compensation of Employees (payable) (-)	11,309	11,279	0.3
Other taxes (less subsidies) on Production and Imports (-)	1,895	1,915	-1.0
Gross operating surplus/mixed income	49,592	50,776	-2.3
Compensation of Employees (receivable) (+)	137,518	134,235	2.4
Property income (receivable, net) (+)	6,512	7,713	-15.6
Gross balance of primary incomes	193,622	192,724	0.5
Current taxes on property and income (-)	24,475	23,802	2.8
Net social contributions (-)	42,967	42,107	2.0
Social benefits (+)	48,865	46,047	6.1
Other current transfers (receivable, net) (+)	968	1,027	-5.7
Gross disposable income	176,013	173,889	1.2
Final consumption expenditure (-)	172,515	181,903	-5.2
Adjustment for the change in pension entitlements (+)	-455	-537	15.3
Gross saving	3,043	-8,551	135.6
Capital transfers (receivable, net) (+)	-672	-674	0.3
Gross capital formation and Net acquisitions of non-produced assets (-)	6,944	9,198	-24.5
Net lending (+) / Net borrowing (-)	-4,573	-18,423	75.2

Non-financial accounts for Non-Financial Corporations

Units: million euros and rates in percentage

	Q1-2020	Q1-2019	Variation (%)
Gross added value	147,252	154,531	-4.7
Compensation of Employees (payable) (-)	89,803	87,722	2.4
Other taxes (less subsidies) on Production and Imports (-)	1,358	1,352	0.4
Gross operating surplus	56,091	65,457	-14.3
Property income (receivable, net) (+)	-4,801	-5,058	5.1
Gross balance of primary incomes	51,290	60,399	-15.1
Current taxes on property and income (-)	482	22	2,090.9
Net social contributions (+)	1,405	1,327	5.9
Social benefits (-)	1,186	1,098	8.0
Other current transfers (receivable, net) (+)	-2,254	-2,188	-3.0
Gross disposable income	48,773	58,418	-16.5
Gross saving	48,773	58,418	-16.5
Capital transfers (receivable, net) (+)	-1,576	648	-343.2
Gross capital formation and Net acquisitions of non-produced assets (-)	41,977	43,812	-4.2
Net lending (+) / Net borrowing (-)	5,220	15,254	-65.8

Non-financial accounts for General Government

Units: million euros and rates in percentage

	Q1-2020	Q1-2019	Variation (%)
Gross added value	38,306	36,888	3.8
Compensation of Employees (payable) (-)	31,030	29,680	4.5
Other taxes (payable, less subsidies) on Production and Imports (-)	68	68	0.0
Gross operating surplus	7,208	7,140	1.0
Taxes (receivable, less subsidies) on Production and Imports (+)	35,136	36,943	-4.9
Property income (receivable, net) (+)	-4,274	-4,406	3.0
Gross balance of primary incomes	38,070	39,677	-4.1
Current taxes on property and income (+)	25,518	24,345	4.8
Net social contributions (+)	40,016	39,303	1.8
Social benefits (-)	45,392	42,588	6.6
Other current transfers (receivable, net) (+)	-3,499	-3,898	10.2
Gross disposable income	54,713	56,839	-3.7
Final consumption expenditure (-)	57,717	54,178	6.5
Gross saving	-3,004	2,661	-212.9
Capital transfers (receivable, net) (+)	1,671	-136	1,328.7
Gross capital formation and Net acquisitions of non-produced assets (-)	7,834	6,440	21.6
Net lending (+) / Net borrowing (-)	-9,167	-3,915	-134.2

Non-financial accounts for Financial Corporations

Units: million euros and rates in percentage

	Q1-2020	Q1-2019	Variation (%)
Gross added value	12,908	10,550	22.4
Compensation of Employees (payable) (-)	4,821	4,969	-3.0
Other taxes (payable, less subsidies) on Production and Imports (-)	1,408	1,324	6.3
Gross operating surplus	6,679	4,257	56.9
Property income (receivable, net) (+)	3,171	1,840	72.3
Gross balance of primary incomes	9,850	6,097	61.6
Current taxes on property and income (-)	460	365	26.0
Net social contributions (+)	1,362	1,283	6.2
Social benefits (-)	1,671	1,699	-1.6
Other current transfers (receivable, net)	-20	20	-200.0
Gross disposable income	9,061	5,336	69.8
Adjustment for the change in pension entitlements (-)	-455	-537	15.3
Gross saving	9,516	5,873	62.0
Capital transfers (receivable, net) (+)	962	711	35.3
Gross capital formation and Net acquisitions of non-produced assets (-)	2,218	692	220.5
Net lending (+) / Net borrowing (-)	8,260	5,892	40.2

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