

## Quarterly financial accounts: 1<sup>st</sup> quarter 2006

During the first quarter of 2006, the formation of financial assets by individuals totalled 6.3 billion euro. Among these assets, investments in the form of mutual funds shares and savings deposits were the most popular. Individuals have also increased their portfolios of shares and insurance products, albeit to a more limited extent than previously for the latter. On the other hand, in line with previous periods, individuals carried out net sales of fixed-interest securities (bonds, savings bonds). The outstanding amount of their sight and time deposits also decreased. In total, the outstanding amount of their *financial assets*, including the positive effect of stock market gains, rose from 777.4 to 793.4 billion between December 2005 and March 2006.

The outstanding amount of individuals' *financial liabilities* increased by some 4 billion in the first quarter, to 139.9 billion, due mainly to the increase in mortgage loans.

**TABLE 1 CHANGE IN THE NET FINANCIAL WEALTH OF INDIVIDUALS IN THE 1<sup>ST</sup> QUARTER OF 2006**

(Billions of euro)

	Net financial wealth as at 31 December 2005	Financial transactions in the 1 <sup>st</sup> quarter of 2006	Other flows <sup>1</sup>	Net financial wealth as at 31 March 2006
<b>Financial assets</b>	<b>777.4</b>	<b>6.3</b>	<b>9.7</b>	<b>793.4</b>
Notes and coins	16.1	0.4	0.0	16.5
Sight and time deposits	81.9	-2.4	-0.6	78.9
Regulated savings deposits	148.6	3.9	0.0	152.4
Fixed-interest securities	102.3	-2.3	-1.0	99.0
Quoted shares	73.5	1.3	6.5	81.2
Mutual funds shares	134.3	4.8	0.9	140.0
Insurance products	175.1	1.4	1.5	178.0
Various <sup>2</sup>	45.7	-0.7	2.4	47.4
<b>Financial liabilities</b>	<b>136.0</b>	<b>4.0</b>	<b>0.0</b>	<b>139.9</b>
Mortgage loans	98.1	2.6	0.1	100.8
Other loans	29.8	0.4	-0.1	30.1
Other accounts payable <sup>3</sup>	8.1	0.9	0.0	9.0
<b>Net financial wealth</b>	<b>641.4</b>	<b>2.4</b>	<b>9.7</b>	<b>653.5</b>

Source: NBB

1. Other flows include price and exchange rate variations. They may also include selective elements such as the reclassification of operations with regard to other sectors.

2. Unquoted shares and other equity, other accounts receivable within the meaning of ESA 95 and statistical adjustments.

3. Mainly social security contributions and taxes due but not yet paid.

The net financial surplus of individuals, combined with the favourable effect of price variations, increased their *net financial wealth* from 641.4 billion euro at the end of 2005 to 653.5 billion at the end of March 2006. Corporations too produced a surplus of 4.1 billion in the course of the quarter. However, this was more than offset by the effect of stock market gains which, in net terms, has a greater impact on liabilities than assets since the net financial wealth of corporations is negative and the outstanding amount of financial instruments affected by these gains is greater on the liabilities side than it is on the assets side. As a result, their net financial liabilities rose from 291.9 to 298.4 billion. Furthermore, as is traditionally the case in the first quarter, general government recorded a financial deficit of 6.3 billion. Its net financial liabilities rose from 248.9 to 254.5 billion. In total, Belgium's net claim on the rest of the world remained stable at 100.6 billion.

**TABLE 2 CHANGE IN THE NET FINANCIAL WEALTH OF THE MAJOR ECONOMIC SECTORS IN THE 1<sup>ST</sup> QUARTER OF 2006**  
(Billions of euro)

	Net financial wealth as at 31 December 2005	Financial balances for the 1st quarter of 2006	Other flows <sup>1</sup>	Net financial wealth as at 31 March 2006
Individuals	641.4	2.4	9.7	653.5
Corporations	-291.9	4.1	-10.6	-298.4
General government	-248.9	-6.3	0.7	-254.5
Rest of the world	-100.6	-0.2	0.2	-100,6

Source: NBB

<sup>1</sup> Other flows include price and exchange rate variations. They may also include selective elements such as the reclassification of units or operations from one sector to another.

#### Methodological note

The financial balance sheets provide a summary of the financial assets and liabilities of national institutional sectors (individuals, financial and non-financial corporations, general government). These assets and liabilities are broken down by financial instrument (currency and deposits, loans, fixed-interest securities, shares, mutual funds shares, insurance products).

The net financial wealth of the different sectors is the result of the difference between the total of their respective financial assets and liabilities. When the net financial wealth of a sector is negative, the term net financial liabilities is used.

Since each financial asset held by a sector corresponds to a financial liability for another sector, the result is that the total net financial wealth of the internal sectors is equal to the net financial liabilities of the rest of the world in respect of Belgium or, and this amounts to the same thing, to Belgium's net claim on the rest of the world.

The change in net financial wealth between the beginning and the end of a quarter is the result, on the one hand, of financial transactions carried out in the course of the period, and on the other, of other flows consisting mainly of price and exchange rate variations.

Financial transactions are recorded in the financial accounts, which highlight the manner in which the different institutional sectors allocate their financial savings or find the financial resources which they need.

In the European system of national accounts, the financial accounts are linked together with the non-financial accounts of the different institutional sectors. Thus, while the non-financial accounts show the financing positions from receipt and payment items, the financial accounts explain how the different sectors invest their surplus or finance their deficits. However, in practice, there are differences between real and financial balances associated mainly with the use of different sources.