

## Quarterly financial accounts: 2<sup>nd</sup> quarter 2006

During the second quarter of 2006, the formation of financial assets by individuals totalled 9 billion euro. Among these assets, sight deposits and time deposits as well as insurance products were the most popular, whereas investments in regulated savings deposits and in mutual fund shares were far less attractive than during the previous quarters. Individuals also continued to reduce their portfolios of fixed-interest securities (bonds, cash bonds). Taking account of the negative impact of stock market losses on share-related instruments, the outstanding amount of individuals' financial assets dropped slightly from 800.7 to 795.4 billion between March and June 2006.

The outstanding amount of individuals' financial liabilities increased by 4.6 billion in the 2<sup>nd</sup> quarter, due mainly to the increase in mortgage loans. These financial liabilities thus rose to 144.6 billion.

In total, the net financial wealth of individuals fell from 660.7 to 650.8 billion between March and June 2006.

**TABLE 1 CHANGE IN THE NET FINANCIAL WEALTH OF INDIVIDUALS IN THE 2<sup>ND</sup> QUARTER OF 2006**

(Billions of euro)

	Net financial wealth as at 31 March 2006	Financial transactions in the 2 <sup>nd</sup> quarter of 2006	Other flows <sup>1</sup>	Net financial wealth as at 30 June 2006
<b>Financial assets</b>	<b>800,7</b>	<b>9,0</b>	<b>-14,3</b>	<b>795,4</b>
Notes and coins	16,4	0,2	0,0	16,6
Sight and time deposits	81,1	4,9	-0,2	85,7
Regulated savings deposits	152,4	0,8	0,0	153,2
Fixed-interest securities	97,0	-0,2	-0,9	96,0
Quoted shares	84,9	0,2	-3,8	81,3
Mutual funds shares	140,3	0,3	-6,3	134,3
Insurance products	177,3	3,3	-1,9	178,7
Various <sup>2</sup>	51,3	-0,5	-1,2	49,6
<b>Financial liabilities</b>	<b>140,0</b>	<b>4,6</b>	<b>0,0</b>	<b>144,6</b>
Mortgage loans	100,9	3,2	0,0	104,1
Other loans	30,1	0,5	0,0	30,6
Other accounts payable <sup>3</sup>	9,0	0,9	0,0	9,9
<b>Net financial wealth</b>	<b>660,7</b>	<b>4,4</b>	<b>-14,3</b>	<b>650,8</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.

Corporations, for their part, recorded a financial deficit in the 2<sup>nd</sup> quarter of 2006. However, the latter was offset by the effect of stock market losses which, in net terms, has a greater impact on corporations' liabilities than on their assets. Their net financial liabilities dropped slightly during the period, i.e. from 306.6 to 305.7 billion. On the other hand, as is traditionally the case in the 2<sup>nd</sup> quarter, general government recorded a financial surplus. In total, Belgium's net claim on the rest of the world fell from 106.9 to 99.4 billion.

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

	Net financial wealth as at 31 March 2006	Financial balances for the 2 <sup>nd</sup> quarter of 2006	Other flows <sup>1</sup>	Net financial wealth as at 30 June 2006
Individuals	660,7	4,4	-14,3	650,8
Corporations	-306,6	-2,1	3,0	-305,7
General government	-246,5	2,2	-0,8	-245,0
Rest of the world	-106,9	-4,6	12,1	-99,4

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.

Statistical data: [Belgostat Online](#)