

Quarterly financial accounts: 4th quarter 2006

During the fourth quarter of 2006, the net acquisition of financial assets by individuals totalled 7.5 billion euro. Among these assets, insurance products and sight and time deposits were the most sought after. Investment in quoted shares and mutual funds shares also expanded, albeit to a lesser extent. Conversely, as in previous periods, individuals continued to reduce their fixed-interest securities portfolios (bonds, savings notes and bonds). Boosted by the positive effect of stock market gains, total outstanding financial assets rose from 778.0 to 792.7 billion euro between September and December 2006.

New financial liabilities contracted by individuals amounted to 4.4 billion euro during the fourth quarter, mainly as a result of the increase in mortgage loans. The outstanding amount of these financial liabilities thus rose to 149.3 billion euro.

In total, individuals posted a financial surplus of 3.2 billion euro which, combined with the favourable impact of price and exchange rate changes, raised their net financial wealth from 632.9 billion euro at the end of September 2006 to 643.4 billion by the end of the year.

TABLE 1 CHANGE IN THE NET FINANCIAL WEALTH OF INDIVIDUALS IN THE 4TH QUARTER OF 2006
(Billions of euro)

	Net financial wealth as at 30 September 2006	Financial transactions in the 4 th quarter of 2006	Other flows ¹	Net financial wealth as at 31 December 2006
Financial assets	778,0	7,5	7,1	792,7
Notes and coins	17,7	0,2	0,0	17,8
Sight and time deposits	64,3	3,3	-1,0	66,7
Regulated savings deposits	149,8	0,5	0,0	150,3
Fixed-interest securities	76,0	-0,9	-1,1	74,0
Quoted shares	84,4	1,6	5,6	91,6
Mutual funds shares	134,5	1,5	1,0	137,0
Insurance products	187,5	4,3	0,7	192,4
Various ²	63,8	-2,9	1,9	62,9
Financial liabilities	145,1	4,4	-0,2	149,3
Mortgage loans	106,6	2,8	0,0	109,5
Other loans	31,0	0,5	-0,2	31,3
Other accounts payable ³	7,5	1,0	0,0	8,5
Net financial wealth	632,9	3,2	7,3	643,4

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.

For their part, corporations recorded a financial deficit of 3.7 billion euro. Together with the effect of stock market gains, which tend to affect their liabilities more than their assets, this deficit triggered an increase in their net financial liabilities of 13.4 billion euro. On the other hand, as is traditionally the case in the 4th quarter, the general government sector posted a financial surplus that reached 4.3 billion euro. Its net financial liabilities thus fell back from 242.4 to 237.8 billion euro. All in all, Belgium's net claim on the rest of the world rose slightly, settling at 100.6 billion euro by the end of December 2006.

TABLE 2 CHANGE IN THE NET FINANCIAL WEALTH OF THE MAJOR ECONOMIC SECTORS IN THE 4TH QUARTER OF 2006
(Billions of euro)

	Net financial wealth as at 30 September 2006	Financial balances for the 4 th quarter of 2006	Other flows ¹	Net financial wealth as at 31 December 2006
Individuals	632,9	3,2	7,3	643,4
Corporations	-291,5	-3,7	-9,7	-304,9
General government	-242,4	4,3	0,2	-237,8
Rest of the world	-99,0	-3,8	2,2	-100,6

Source: NBB

¹ 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.