

## Quarterly financial accounts: 1<sup>st</sup> quarter 2007

During the first quarter of the year, the formation of financial assets by individuals totalled 8.8 billion euro, largely in the form of insurance products and time deposits. The latter benefited in particular from hedging motivated by the widening of the interest rate spread compared with the return on regulated savings deposits, the outstanding amount of which dropped sharply over the period. In contrast to observations over the previous few quarters, individuals also made net investments in fixed-income securities, while investments in shares and mutual funds shares rose only marginally. Taking account of the impact of price and exchange rate variations, the change in the outstanding amount of individuals' financial assets can deviate considerably from financial transactions. Capital gains shown on listed and unlisted share portfolios thus accentuated the rise in the outstanding amount of households' financial assets, which increased by 16 billion euro, to reach 836.8 billion euro by 31 March 2007.

Private liabilities rose by 3.7 billion euro. Mortgage loans, which represent by far the main category of liability taken on by individuals, continued their sustained expansion, although falling back slightly from the previous quarter.

**TABLE 1 CHANGE IN THE NET FINANCIAL WEALTH OF INDIVIDUALS IN THE 1<sup>ST</sup> QUARTER OF 2007**  
 (Billions of euro)

	Net financial wealth as at 31 December 2006	Financial transactions in the 1 <sup>st</sup> quarter of 2007	Other flows <sup>1</sup>	Net financial wealth as at 31 March 2007
<b>Financial assets</b>	<b>820,9</b>	<b>8,8</b>	<b>7,2</b>	<b>836,8</b>
Notes and coins	17,8	0,2	0,0	18,0
Sight and time deposits	66,6	7,8	0,0	74,4
Regulated savings deposits	150,3	-5,5	0,0	144,8
Fixed-interest securities	75,0	1,3	-0,1	76,2
Quoted shares	102,3	0,4	3,4	106,1
Mutual funds shares	136,6	0,5	0,1	137,1
Insurance products	192,4	4,2	0,1	196,7
Various <sup>2</sup>	79,7	0,1	3,7	83,6
<b>Financial liabilities</b>	<b>150,6</b>	<b>3,7</b>	<b>0,0</b>	<b>154,3</b>
Mortgage loans	109,3	2,2	0,0	111,5
Other loans	32,8	0,6	0,0	33,4
Other accounts payable <sup>3</sup>	8,5	0,8	0,0	9,4
<b>Net financial wealth</b>	<b>670,3</b>	<b>5,2</b>	<b>7,2</b>	<b>682,6</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.

In all, the balance of private financial transactions amounted to 5.2 billion euro. Taking share price fluctuations into account, net financial wealth totalled 682.3 billion euro as at 31 March 2007, compared with 670.3 billion at the end of 2006.

Corporations also recorded a financial surplus, totalling 3.6 billion euro. Nevertheless, considering the effect of share capital gains, which impact on their liabilities more than on their assets, their net financial liabilities rose by 4.4 billion euro.

The combined financial surpluses of individuals and corporations have been used to fund the financial deficit that general government traditionally tends to record in the first quarter as well as the financial deficit of the rest of the world, which corresponds to Belgium's balance of payments current account surplus with the rest of the world.

**TABLE 2 CHANGE IN THE NET FINANCIAL WEALTH OF THE MAJOR ECONOMIC SECTORS IN THE 1<sup>ST</sup> QUARTER OF 2007**

(Billions of euro)

	Net financial wealth as at 31 December 2006	Financial balances for the 1st quarter of 2007	Other flows <sup>1</sup>	Net financial wealth as at 31 March 2007
Individuals	670,3	5,2	7,2	682,6
Corporations	-316,3	3,6	-8,0	-320,7
General government	-237,7	-6,6	1,2	-243,1
Rest of the world	-116,3	-2,1	-0,4	-118,8

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.

#### Revision of the data

By comparison with the previous figures, the net wealth of the various sectors has been revised in a large proportion following the integration of the final balance sheets of non financial corporations end of year 2005. Furthermore, a wider use of information on the share ownership declared by Belgian quoted corporations has lead to a change in the holdings of Belgian shares by individuals, corporations and the rest of the world.

#### 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](#)