

Quarterly financial accounts: 4th quarter 2007

During the fourth quarter of 2007, the formation of financial assets by individuals totalled 9.5 billion euro. Preference was shown for insurance products and fixed-interest securities. Individuals also made net purchases of quoted shares and added to their bank deposits. On the other hand, they scaled down their mutual funds share portfolios.

Their liabilities rose by 4.6 billion euro, mainly as a result of the growth in mortgage loans, but also, as is traditionally the case in the fourth quarter, because of the increase in contributions and taxes due recorded on other accounts payable.

In total, individuals posted a financial surplus of 4.9 billion euro. However, owing to the downward movement in stock market prices, their net financial wealth stabilised at around 686 billion at the end of 2007.

TABLE 1 CHANGE IN THE NET FINANCIAL WEALTH OF INDIVIDUALS IN THE 4th QUARTER OF 2007

(Billions of euro)

	Net financial wealth as at 30 September 2007	Financial transactions in the 4 th quarter of 2007	Other flows ¹	Net financial wealth as at 31 December 2007
Financial assets	846.9	9.5	-5.3	851.1
Notes and coins	18.7	0.2	0.0	18.9
Sight and time deposits	79.0	1.6	-0.2	80.4
Regulated savings deposits	140.8	0.8	0.1	141.7
Fixed-interest securities	76.1	3.1	0.2	79.3
Quoted shares	106.0	1.7	-3.8	103.9
Mutual funds shares	135.9	-3.3	-2.7	129.9
Insurance products	200.0	3.6	-0.3	203.3
Various ²	90.4	1.9	1.5	93.9
Financial liabilities	160.4	4.6	0.0	165.1
Mortgage loans	119.1	2.7	0.0	121.8
Other loans	33.7	0.2	0.0	33.9
Other accounts payable ³	7.6	1.7	0.0	9.3
Net financial wealth	686.4	4.9	-5.3	686.0

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 posted a financial deficit of 6.5 billion euro. However, in view of the effect of losses on shares, which affect their liabilities more than their assets, their net financial liabilities shrank by nearly 9 billion. In contrast, as is normal for the fourth quarter of the year, the general government sector registered a financial surplus, which totalled 3.6 billion euro. Its net financial liabilities thus fell back from 248.1 to 244.3 billion euro. All in all, Belgium's net claim on the rest of the world increased by 12.3 billion euro to reach 147.1 billion by 31 December 2007. This trend can be partly explained by the net financial surplus recorded by the domestic sectors (2.0 billion) but especially by the positive effect of price and exchange rate fluctuations (10.2 billion).

TABLE 2 CHANGE IN THE NET FINANCIAL WEALTH OF THE MAJOR ECONOMIC SECTORS IN THE 4th QUARTER OF 2007
(Billions of euro)

	Net financial wealth as at 30 September 2007	Financial balances for the 4 th quarter of 2007	Other flows ¹	Net financial wealth as at 31 December 2007
Individuals	686.4	4.9	-5.3	686.0
Corporations	-303.5	-6.5	15.4	-294.6
General government	-248.1	3.6	0.1	-244.3
Rest of the world	-134.8	-2.0	-10.2	-147.1

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 domestic 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.