

Quarterly financial accounts: 1st quarter 2009

In the first quarter of 2009, the net financial wealth of individuals remained more or less stable, reaching 604.7 billion euro by 31 March 2009, compared with 605.3 billion at the end of 2008. Losses incurred on investments in shares, fixed-interest securities and mutual funds shares completely cancelled out the financial surplus that individuals had shown during the period under review.

During this first quarter, individuals built up net financial assets worth 8 billion euro, mainly in the form of regulated savings deposits (+10.7 billion) and, to a lesser extent, fixed-interest securities (+2.6 billion). On the other hand, as in the previous quarter, they reduced their sight and time deposits (-4.1 billion) and once again made net sales of mutual funds shares (-1.4 billion).

New financial liabilities taken on by individuals increased as well, but to a lesser extent (+1.9 billion) than their net asset formation. Mortgage loans were once again the key factor behind the increase in these financial liabilities, which rose to 180.1 billion euro as at 31 March 2009.

TABLE 1 CHANGE IN THE NET FINANCIAL WEALTH OF INDIVIDUALS IN THE 1st QUARTER OF 2009
(Billions of euro)

	Net financial wealth as at 31 December 2008	Financial transactions in the 1 st quarter of 2009	Other flows ¹	Net financial wealth as at 31 March 2009
Financial assets	783.4	8.0	-6.6	784.7
Notes and coins	19.8	-0.2	0.0	19.6
Sight and time deposits	100.9	-4.1	0.8	97.6
Regulated savings deposits	143.4	10.7	0.0	154.2
Fixed-interest securities	77.7	2.6	-1.5	78.8
Shares and other equity	131.2	0.1	-2.0	129.3
Mutual funds shares	92.8	-1.4	-3.8	87.6
Insurance products	207.5	-0.3	-0.3	207.0
Miscellaneous ²	10.0	0.6	0.0	10.6
Financial liabilities	178.1	1.9	0.0	180.1
Mortgage loans	132.8	1.6	0.0	134.4
Other loans	35.8	0.2	0.0	35.9
Other accounts payable ³	9.5	0.2	0.0	9.7
Net financial wealth	605.3	6.0	-6.7	604.7

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. Mainly other accounts receivable within the meaning of the ESA 1995, notably including interest accrued but not due and general government assessments.

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

Corporations also recorded a financial surplus, amounting to 3.8 billion euro. However, in view of the downward trend in foreign stock market prices, which has particularly affected the value of their shares and other equity portfolio, their net financial liabilities rose from 207.8 billion at the end of 2008 to 232.1 billion by 31 March 2009.

As is usually the case in the first three months of the year, general government posted a financial deficit, which reached 11.3 billion euro. Its net financial liabilities thus rose from 253.5 to 264.3 billion, when also taking into account the marginally positive effect generated by other sources of change (+0,4 billion).

In all, the domestic sectors taken as a whole recorded a financial deficit of 1.4 billion euro, bringing down Belgium's net claim on the rest of the world. However, the significant reduction in this claim is mainly the result of wide fluctuations in prices and exchange rates. As at 31 March 2009, this claim thus stood at 108.3 billion euro, compared with 144.0 billion at the end of the year 2008.

TABLE 2 CHANGE IN THE NET FINANCIAL WEALTH OF THE MAJOR ECONOMIC SECTORS IN THE 1ST QUARTER OF 2009
(Billions of euro)

	Net financial wealth as at 31 December 2008	Financial balances for the 1 st quarter of 2009	Other flows ¹	Net financial wealth as at 31 March 2009
Individuals	605.3	6.0	-6.7	604.7
Corporations	-207.8	3.8	-28.0	-232.1
General government	-253.5	-11.3	0.4	-264.3
Rest of the world	-144.0	1.4	34.3	-108.3

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.