

Quarterly financial accounts: 1st quarter 2010

Over the first quarter of 2010, the net financial wealth of individuals increased by 14.5 billion euro to reach 728.3 billion. This growth can be explained both by the 6.6 billion financial surplus that individuals posted during the 3-month period and by favourable stock market trends.

During the first three months of the year, individuals built up financial assets worth 10 billion euro. They once again gave preference to regulated savings deposits (+ 6.7 billion) and stepped up their holdings of insurance products (+ 4.4 billion) and fixed-interest securities (+ 3.4 billion). However, at a time of low short-term interest rates offering very small returns, they continued to reduce their sight and time deposits (- 3.0 billion). Moreover, the expansion of their share and mutual funds share portfolios resulted entirely from the rise in share prices on the stock exchange.

New financial liabilities assumed by private individuals also increased, albeit to a much smaller extent (+ 3.4 billion euro) than their net asset formation. Once again, the bulk of this rise can be attributed to the increase in mortgage loans (+ 2.9 billion).

TABLE 1 CHANGE IN THE NET FINANCIAL WEALTH OF INDIVIDUALS IN THE 1st QUARTER OF 2010
(Billions of euro)

	Net financial wealth as at 31 December 2009	Financial transactions in the 1 st quarter of 2010	Other flows ¹	Net financial wealth as at 31 March 2010
Financial assets	898.4	10.0	8.0	916.3
Notes and coins	21.7	-0.1	0.0	21.7
Sight and time deposits	84.5	-3.0	1.4	83.0
Regulated savings deposits	176.3	6.7	0.0	183.0
Fixed-interest securities	80.2	3.4	-1.6	82.0
Shares and other equity	210.7	-0.2	4.8	215.2
Mutual funds shares	98.0	-0.3	2.7	100.5
Insurance products	217.0	4.4	0.6	222.0
Miscellaneous ²	9.9	-1.0	0.0	9.0
Financial liabilities	184.6	3.4	0.0	188.0
Mortgage loans	144.7	2.9	0.0	147.6
Other loans	37.3	0.2	0.0	37.5
Other accounts payable ³	2.6	0.4	0.0	3.0
Net financial wealth	713.8	6.6	8.0	728.3

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 taxes due but not yet paid.

Corporations also registered a financial surplus of 3.9 billion euro in the first quarter of the year. However, after taking account of price and exchange rate variations, their net financial liabilities grew by 13.4 billion. This is because the gains recorded on shares tend to affect their liabilities more than their assets, since the outstanding total of shares is much greater on companies' liabilities side than on the assets side of the balance sheet. Their net financial liabilities consequently rose from 335.3 to 348.7 billion.

As is quite usual in the first quarter of the year, the general government sector recorded a financial deficit, which came to 9.6 billion euro. Its net financial liabilities thus rose from 272 to 280.8 billion.

In all, Belgium's net claim on the rest of the world declined, coming down from 106.4 to 98.8 billion euro. The net financial surplus of the domestic sectors, which reached 0.8 billion during the first quarter, was not nearly large enough to make up for the negative effect of price and exchange rate variations.

TABLE 2 CHANGE IN THE NET FINANCIAL WEALTH OF THE MAJOR ECONOMIC SECTORS IN THE 1st QUARTER OF 2010
(Billions of euro) ¹

	Net financial wealth as at 31 December 2009	Financial balances for the 1 st quarter of 2010	Other flows ²	Net financial wealth as at 31 March 2010
Individuals	713.8	6.6	8.0	728.3
Corporations ³	-335.3	3.9	-17.2	-348.7
General government	-272.0	-9.6	0.8	-280.8
Rest of the world	-106.4	-0.8	8.4	-98.8

Source: NBB

1 Excluding monetary gold and special drawing rights (SDR).

2 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.

3 Financial and non-financial corporations.

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.