

Quarterly financial accounts: 2nd quarter 2010

The net financial wealth of individuals fell by 8.5 billion euro over the second quarter of 2010 to 715.1 billion euro. The reason for this decline was the downward trend in prices of shares and mutual fund shares, while net formation of financial assets amounted to 4.5 billion euro.

During this quarter, individuals built up financial assets to the tune of 7.9 billion euro. They increased their investment in the form of sight and time deposits and regulated savings deposits (+ 7.2 billion) and continued to boost their holdings of insurance products (+ 3.2 billion). On the other hand, the loss of interest in investment in mutual fund shares, that had been observed in 2008 and 2009, was once again evident in the second quarter of 2010.

TABLE 1 CHANGE IN THE NET FINANCIAL WEALTH OF INDIVIDUALS IN THE 2nd QUARTER OF 2010

(Billions of euro)

	Net financial wealth as at 31 March 2010	Financial transactions in the 2 nd quarter of 2010	Other flows ¹	Net financial wealth as at 30 June 2010
Financial assets	911.6	7.9	-13.1	906.4
Notes and coins	21.5	0.4	0.0	21.9
Sight and time deposits	80.4	2.8	0.3	83.6
Regulated savings deposits	183.0	4.4	0.0	187.5
Fixed-interest securities	84.9	0.4	0.7	86.0
Shares and other equity	207.8	-0.1	-10.4	197.3
Mutual funds shares	102.3	-1.7	-3.5	97.1
Insurance products	222.8	3.2	-0.3	225.7
Miscellaneous ²	8.9	-1.5	0.0	7.4
Financial liabilities	187.9	3.4	0.0	191.3
Mortgage loans	147.3	2.8	0.0	150.1
Other loans	37.6	0.2	0.0	37.8
Other accounts payable ³	3.1	0.4	0.0	3.5
Net financial wealth	723.6	4.5	-13.1	715.1

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.

Although regulated savings deposits are often in the forefront of analyses of households' savings patterns, it should be pointed out that insurance products actually form the biggest asset category of their financial wealth. This type of long-term investment, which accounts for one quarter of individuals' financial wealth, is not always correctly perceived as forming part of their assets since the investment only partly originated from them. A large proportion of the outstanding balance of insurance products actually comes from contributions made by employers under second-pillar pension schemes.

New financial liabilities taken on by individuals also increased to 3.4 billion euro. Once again, the bulk of this rise can be explained by the growth in mortgage loans (+ 2.8 billion).

TABLE 2 CHANGE IN THE NET FINANCIAL WEALTH OF THE MAJOR ECONOMIC SECTORS IN THE 2nd QUARTER OF 2010 ¹

(Billions of euro)

	Net financial wealth as at 31 March 2010	Financial balances for the 2 nd quarter of 2010	Other flows ²	Net financial wealth as at 30 June 2010
Individuals	723.6	4.5	-13.1	715.1
Corporations ³	-341.1	1.7	-5.1	-344.5
General government	-280.0	0.8	-1.4	-280.5
Rest of the world	-102.6	-7.1	19.6	-90.0

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.

Despite posting a financial surplus of 1.7 billion euro, corporations still saw a rise in their net financial liabilities of 3.4 billion euro, on the back of price and exchange rate movements. The losses incurred on shares were in fact greater on the assets than the liabilities side, mainly because the value of foreign shares fell more than Belgian share prices. Net liabilities held by corporations thus rose from 341.1 to 344.5 billion euro.

General government recorded a slight financial surplus of 0.8 billion euro in the second quarter of 2010. After adjustment for price and exchange rate variations, the general government sector's net financial liabilities remained virtually unchanged at 280.5 billion euro at the end of June 2010.

Overall, Belgium's net claim on the rest of the world has fallen, coming down from 102.6 to 90 billion euro. The net financial surplus of the domestic sectors - mainly attributed to households - which reached 7 billion euro during the course of the second quarter, was effectively much too small to make up for the negative impact of price and exchange rate variations.

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](#)