

## Quarterly financial accounts: 3<sup>rd</sup> quarter 2010

In the third quarter of 2010, the net financial wealth of individuals increased by €17.6 billion to reach €717.1 billion. This rise is mainly attributable to the favourable trend in share prices, while the balance of financial transactions amounted to €4.5 billion.

Private individuals built up financial assets worth €6.7 billion in this quarter. They expanded their investment in the form of regulated savings deposits (+ 5.2 billion), insurance products (+ 2.7 billion), as well as shares and other equity securities (+ 2.6 billion). By contrast, buying into mutual funds shares is not yet back in favour with investors. Once again, a reduction in sight and time deposits (- 4.4 billion) can be observed, bringing the decline in these deposits, which are close substitutes for regulated savings deposits, to €11.9 billion over the last four quarters, with regulated savings deposits rising by €24.6 billion over the same period.

**TABLE 1** CHANGE IN THE NET FINANCIAL WEALTH OF INDIVIDUALS IN THE 3<sup>rd</sup> QUARTER OF 2010  
(Billions of euro)

	Net financial wealth as at 30 June 2010	Financial transactions in the 3 <sup>rd</sup> quarter of 2010	Other flows <sup>1</sup>	Net financial wealth as at 30 September 2010
<b>Financial assets</b>	<b>889.5</b>	<b>6.7</b>	<b>13.3</b>	<b>909.5</b>
Notes and coins	21.9	0.0	0.0	21.9
Sight and time deposits	78.9	-4.4	-0.1	74.4
Regulated savings deposits	187.5	5.2	0.0	192.7
Fixed-interest securities	84.3	-0.2	-0.2	83.9
Shares and other equity	168.7	2.6	11.7	182.9
Mutual funds shares	115.5	-0.8	1.5	116.1
Insurance products	225.1	2.7	0.4	228.2
Miscellaneous <sup>2</sup>	7.7	1.7	0.0	9.4
<b>Financial liabilities</b>	<b>189.9</b>	<b>2.3</b>	<b>0.2</b>	<b>192.3</b>
Mortgage loans	150.6	3.0	0.0	153.6
Other loans	35.8	0.0	0.2	36.0
Other accounts payable <sup>3</sup>	3.5	-0.8	0.0	2.7
<b>Net financial wealth</b>	<b>699.6</b>	<b>4.5</b>	<b>13.1</b>	<b>717.1</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. 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.

There was also a €2.3 billion increase in new financial liabilities taken on by private individuals, reflecting strong demand for mortgages (+ 3.0 billion).

**TABLE 2 CHANGE IN THE NET FINANCIAL WEALTH OF THE MAJOR ECONOMIC SECTORS IN THE 3<sup>rd</sup> QUARTER OF 2010 <sup>1</sup>**

(Billions of euro)

	Net financial wealth as at 30 June 2010	Financial balances for the 3 <sup>rd</sup> quarter of 2010	Other flows <sup>2</sup>	Net financial wealth as at 30 September 2010
Individuals	699.6	4.5	13.1	717.1
Corporations <sup>3</sup>	-348.5	0.8	-39.7	-387.4
General government	-280.1	-7.4	3.1	-284.4
Rest of the world	-71.0	2.1	23.6	-45.3

Source: NBB

<sup>1</sup> Excluding monetary gold and special drawing rights (SDR).

<sup>2</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.

<sup>3</sup> Financial and non-financial corporations.

Despite a financial surplus of €0.8 billion, net financial liabilities of corporations grew by 38.9 billion under the influence of price and exchange rate variations. Notwithstanding trends in currency prices, losses incurred on shares outstanding are more pronounced on the liabilities side than on the assets side owing to the fact that outstanding financial liabilities in the form of shares (making up the capital) are greater than those in shares held in portfolio. Net liabilities of corporations thus rose from €348.5 to 387.4 billion.

In line with the seasonal pattern of the general government account balance, this sector recorded a financial deficit of €7.4 billion. Taking account of other economic flows, its net financial liabilities increased by €4.3 billion, to reach 284.4 billion as at 30 September 2010.

Overall, Belgium's net claim on the rest of the world came down from €71.0 to 45.3 billion. The net financial deficit of the domestic sectors - mainly attributed to general government - which reached 2.1 billion in the third quarter, was effectively increased by the negative impact of price and exchange rate variations.

#### Methodological change

A consistency check carried out on the financial account data and figures from the security-by-security new database resulted in part of the financial assets held by private individuals in the form of shares and other equity securities (foreign equity in this case) being reclassified as investment in (foreign) mutual funds shares.

The security-by-security figures enable a much clearer identification of these two financial instruments. Under the old methodology, holdings of shares and mutual funds shares were established by deducting the amounts held by other sectors from the outstanding amounts issued, which could have led to inaccuracies in the data.

#### 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](#)