

Quarterly financial accounts: 4th quarter 2010

During the fourth quarter of 2010 the net financial wealth of individuals increased by € 17.6 billion to € 733.7 billion. That rise was due both to the balance of financial transactions, at € 6.5 billion, and to the favourable movement in share prices. As a percentage of GDP (208 %), net financial wealth is higher than in the past three years, though lower than before the financial crisis (219 % at the end of 2006).

Individuals built up financial assets totalling € 10.6 billion. They increased their investments in all financial asset categories except fixed-income securities (- 3.0 billion). Regulated savings deposits (+ 4.5 billion) again recorded the strongest growth in this quarter. That has been the picture in every quarter since the end of 2008.

The new financial liabilities of individuals also increased, albeit by less (+ 4.1 billion) than their formation of financial assets. Once again, that growth is due largely to the rise in mortgage loans (+ 4.3 billion).

TABLE 1 CHANGE IN THE NET FINANCIAL WEALTH OF INDIVIDUALS IN THE 4th QUARTER OF 2010
(Billions of euro)

	Net financial wealth as at 30 September 2010	Financial transactions in the 4 th quarter of 2010	Other flows ¹	Net financial wealth as at 31 December 2010
Financial assets	908.5	10.6	11.1	930.2
Notes and coins	21.5	0.8	0.0	22.3
Sight and time deposits	73.9	1.6	0.0	75.5
Regulated savings deposits	192.7	4.5	0.0	197.2
Fixed-interest securities	82.0	-3.0	0.2	79.2
Shares and other equity	184.6	3.0	9.5	197.1
Mutual funds shares	116.1	0.9	1.0	118.0
Insurance products	228.2	2.3	0.4	230.8
Miscellaneous ²	9.4	0.6	0.0	10.0
Financial liabilities	192.4	4.1	0.0	196.5
Mortgage loans	153.6	4.3	0.0	157.9
Other loans	36.0	-0.2	0.0	35.8
Other accounts payable ³	2.8	0.0	0.0	2.8
Net financial wealth	716.1	6.5	11.1	733.7

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 taxes due but not yet paid.

Despite a financial deficit of €7.3 billion, the net financial liabilities of corporations showed a small reduction, from €389.0 billion at the end of the previous quarter to €386.4 billion on 31 December 2010. This quarter, share price gains had a larger positive effect on shares recorded on the assets side of corporate balance sheets than on shares issued on the liabilities side.

The government recorded a small financial surplus of €0.3 billion. Taking account of price and exchange rate effects, the government's net financial liabilities at the end of December 2010 were virtually unchanged at €284.7 billion.

In all, there was an increase in Belgium's net claims on the rest of the world, from €42.9 to €62.6 billion at the end of 2010. That is due to positive price and exchange rate effects, with the prices of shares issued by the rest of the world rising by more than the prices of domestic shares held abroad.

TABLE 2 CHANGE IN THE NET FINANCIAL WEALTH OF THE MAJOR ECONOMIC SECTORS IN THE 4th QUARTER OF 2010 ¹

(Billions of euro)

	Net financial wealth as at 30 September 2010	Financial balances for the 4 th quarter of 2010	Other flows ²	Net financial wealth as at 31 December 2010
Individuals	716.1	6.5	11.1	733.7
Corporations ³	-389.0	-7.3	10.0	-386.4
General government	-284.2	0.3	-0.8	-284.7
Rest of the world	-42.9	0.5	-20.3	-62.6

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 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.