

Quarterly financial accounts: 1st quarter 2011

During the first quarter of this year, the net financial worth of individuals increased by €9.9 billion to reach €731.9 billion. This rise is mainly attributable to net investment made in the course of the three-month period, since price fluctuations only accounted for €1.2 billion of the growth in households' financial wealth over the period.

Individuals built up financial assets worth €11.7 billion, spread over all categories of investment: deposits (+ 5.6 billion), fixed-interest securities (+ 1.6 billion), insurance products (+ 3,0 billion) as well as shares and mutual funds shares (+ 3.5 billion).

TABLE 1 CHANGE IN THE NET FINANCIAL WEALTH OF INDIVIDUALS IN THE 1ST QUARTER OF 2011
(Billions of euro)

	Net financial wealth as at 31 December 2010	Financial transactions in the 1 st quarter of 2011	Other flows ¹	Net financial wealth as at 31 March 2011
Financial assets	918.5	11.7	1.2	931.3
Notes and coins	22.8	0.0	0.0	22.9
Sight and time deposits	75.1	2.7	0.0	77.8
Regulated savings deposits	197.2	2.9	0.0	200.1
Fixed-interest securities	78.0	1.6	0.5	80.1
Shares and other equity	186.6	2.6	1.5	190.8
Mutual funds shares	117.9	0.9	-0.7	118.0
Insurance products	230.8	3.0	-0.2	233.7
Miscellaneous ²	10.0	-2.1	0.0	8.0
Financial liabilities	196.5	2.9	0.0	199.5
Mortgage loans	157.9	2.7	0.0	160.6
Other loans	35.8	0.0	0.0	35.8
Other accounts payable ³	2.8	0.3	0.0	3.1
Net financial wealth	722.0	8.7	1.2	731.9

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.

The financial liabilities of individuals grew by €2.9 billion. This trend mainly reflects the increase in total outstanding mortgage loans (+ 2.7 billion), which was nevertheless not as strong as in the fourth quarter of 2010. Newly incurred net liabilities in the form of mortgages in fact have a seasonal nature marked by a peak during the last three months of the year and a slack period in the first quarter.

TABLE 2 CHANGE IN THE NET FINANCIAL WEALTH OF THE MAJOR ECONOMIC SECTORS IN THE 1ST QUARTER OF 2011¹

(Billions of euro)

	Net financial wealth as at 31 December 2010	Financial balances for the 1 st quarter of 2011	Other flows ²	Net financial wealth as at 31 March 2011
Individuals	722.0	8.7	1.2	731.9
Corporations ³	-385.6	1.5	-5.9	-390.0
General government	-284.6	-8.4	0.9	-292.1
Rest of the world	-51.8	-1.9	3.8	-49.8

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.

Corporations ended the first quarter of the year with a small financial surplus (1.5 billion) offset by unfavourable price and exchange rate effects. Net liabilities of corporations thus rose from € 385.6 to € 390 billion.

In line with the seasonal pattern of the general government account balance, this sector posted a financial deficit of € 8.4 billion. Taking account of other economic flows, its net financial liabilities expanded by 7.5 billion, to reach 292.1 billion as at 31 March 2011.

Once again, the financial surplus registered by households and to a lesser extent by corporations made it possible not only to cover the general government sector's large borrowing requirements, but also to finance the rest of the world. That does not imply that households directly finance these two sectors, though. The Belgian public debt is in fact held mainly by foreign investors and financial intermediaries - banks, insurance companies - through which the bulk of the funds that households provide for the economy transit. Price and exchange rate fluctuations nevertheless contributed to the slight reduction in Belgium's net claim on the rest of the world, which came down from € 51.8 to € 49.8 billion.

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.