

## Quarterly financial accounts: 2<sup>nd</sup> quarter 2011

The financial wealth of individuals grew by €1.3 billion during the second quarter of the year, to reach 736.1 billion by 30 June 2011. Net financial transactions carried out over the three-month period (+ 4.7 billion) were largely offset by unfavourable price and exchange rate effects (- 3.4 billion).

Private households built up financial assets worth €8.3 billion. They stepped up their portfolio investments in the form of fixed-interest securities (+ 4.3 billion) and increased their deposits on sight and time accounts (+ 4.3 billion). The low growth in their regulated savings deposits (+ 0.4 billion) confirmed the slowdown observed during the first quarter of the year. Furthermore, individuals continued to reduce their mutual fund share holdings. Mainly reflecting variations in financial instrument prices and exchange rates, other financial flows had a negative impact on the valuation of the financial wealth of individuals, a trend that was to become more pronounced during the course of the third quarter.

**TABLE 1 CHANGE IN THE NET FINANCIAL WEALTH OF INDIVIDUALS IN THE 2<sup>nd</sup> QUARTER OF 2011**

(Billions of euro)

	Net financial wealth as at 31 March 2011	Financial transactions in the 2 <sup>nd</sup> quarter of 2011	Other flows <sup>1</sup>	Net financial wealth as at 30 June 2011
<b>Financial assets</b>	<b>928.2</b>	<b>8.3</b>	<b>-3.4</b>	<b>933.1</b>
Notes and coins	22.4	0.7	0.0	23.0
Sight and time deposits	75.0	4.3	-0.6	78.7
Regulated savings deposits	200.1	0.4	0.0	200.5
Fixed-interest securities	80.3	4.3	-0.9	83.6
Shares and other equity	190.1	0.8	-1.0	190.0
Mutual funds shares	112.2	-2.7	-0.9	108.6
Insurance products	239.0	1.5	0.0	240.5
Miscellaneous <sup>2</sup>	9.1	-0.9	0.0	8.2
<b>Financial liabilities</b>	<b>193.4</b>	<b>3.6</b>	<b>0.0</b>	<b>197.0</b>
Mortgage loans	155.4	2.7	0.0	158.1
Other loans	35.0	0.5	0.0	35.6
Other accounts payable <sup>3</sup>	3.0	0.4	0.0	3.4
<b>Net financial wealth</b>	<b>734.8</b>	<b>4.7</b>	<b>-3.4</b>	<b>736.1</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.

On the other side of the equation, individuals' financial liabilities increased by €3.6 billion. This trend is principally due to the rise in the volume of outstanding mortgage loans (+ 2.7 billion), but it also reflects other forms of lending such as consumer credit, albeit to a lesser extent.

**TABLE 2 CHANGE IN THE NET FINANCIAL WEALTH OF THE MAJOR ECONOMIC SECTORS IN THE 2<sup>nd</sup> QUARTER OF 2011 <sup>1</sup>**

(Billions of euro)

	Net financial wealth as at 31 March 2011	Financial balances for the 2 <sup>nd</sup> quarter of 2011	Other flows <sup>2</sup>	Net financial wealth as at 30 June 2011
Individuals	734.8	4.7	-3.4	736.1
Corporations <sup>3</sup>	-388.7	1.6	4.6	-382.4
General government	-291.8	1.1	0.2	-290.6
Rest of the world	-54.3	-7.4	-1.4	-63.1

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 registered a positive financial balance (€ 1.6 billion). Moreover, fluctuations in exchange rates and prices, which had not been favourable for individuals in the second quarter, had the opposite impact for companies, since these valuation changes exerted a stronger downward influence on their liabilities than their portfolios of financial assets. Net financial liabilities of corporations thus came down from € 388.7 to 382.4 billion.

General government accounts posted a financial surplus of € 1.1 billion. Taking other economic flows into account, the sector's net financial liabilities were cut by € 1.3 billion, falling back to 290.6 billion at the end of the second quarter.

The financial surpluses recorded by the three domestic sectors of the economy helped finance the rest of the world to the tune of € 7.4 billion, contributing to the increase in Belgium's net claim on the rest of the world, which reached € 63.1 billion as at 30 June 2011.

#### 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.