

Quarterly financial accounts: 3rd quarter 2011

In the third quarter of 2011, the net financial wealth of individuals fell by € 16.7 billion to € 720.8 billion on September 30, 2011. That movement is almost entirely due to price and exchange rate movements, principally the adverse movement in share prices. The balance of the financial transactions amounted to merely € 0,4 billion.

Individuals built up financial assets worth € 1.9 billion. For the first time since the third quarter of 2008, regulated savings deposits did not increase and showed a slight fall by € 0.5 billion. Individuals made net purchases of mainly fixed-interest securities (+3.9 billion) and to a lesser extent insurance products (+ 0.8 billion). Mutual funds shares on the other hand, showed high net sales of units (- 4.9 billion). Thus and reinforced by negative price effects, the volume of outstanding mutual funds shares in the portfolio of individuals attains the lowest level of the past twelve years at € 95.6 billion.

TABLE 1 CHANGE IN THE NET FINANCIAL WEALTH OF INDIVIDUALS IN THE 3rd QUARTER OF 2011
(Billions of euro)

	Net financial wealth as at 30 June 2011	Financial transactions in the 3rd quarter of 2011	Other flows ¹	Net financial wealth as at 30 September 2011
Financial assets	936.1	1.9	-16.7	921.3
Notes and coins	23.0	0.3	0.0	23.3
Sight and time deposits	78.8	-0.3	-0.1	78.5
Regulated savings deposits	200.5	-0.5	0.0	200.0
Fixed-interest securities	87.0	3.9	1.1	92.0
Shares and other equity	189.5	-0.9	-11.6	177.0
Mutual funds shares	105.8	-4.9	-5.2	95.6
Insurance products	240.8	0.8	-0.8	240.8
Miscellaneous ²	10.6	3.5	0.0	14.1
Financial liabilities	199.0	1.5	0.0	200.5
Mortgage loans	159.0	2.3	0.0	161.4
Other loans	35.6	0.2	0.0	35.7
Other accounts payable ³	4.4	-1.0	0.0	3.4
Net financial wealth	737.1	0.4	-16.7	720.8

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.

New financial liabilities assumed by individuals increased by € 1.5 billion. This rise can be attributed to the increase in outstanding mortgage loans (+ 2.3 billion). The upward trend was mitigated, though, by the drop in taxes due but not yet paid, recorded under other accounts payable.

**TABLE 2 CHANGE IN THE NET FINANCIAL WEALTH OF THE MAJOR ECONOMIC SECTORS
IN THE 3rd QUARTER OF 2011 ¹**

(Billions of euro)

	Net financial wealth as at 30 June 2011	Financial balances for the 3rd quarter of 2011	Other flows ²	Net financial wealth as at 30 September 2011
Individuals	737;1	0.4	-16.7	720.8
Corporations ³	-368.2	6.3	38.8	-323.2
General government	-289.5	-8.1	-2.2	-299.8
Rest of the world	-79.4	1.4	-19.8	-97.8

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 posted a financial surplus (€6.3 billion). In addition, price movements, which were unfavourable for individuals in the third quarter, had the opposite effect on corporations, since those valuation effects depressed their liabilities to a higher extent than their financial asset portfolio. Net financial liabilities of the corporations thus dropped from €368.2 to €323.2 billion.

As is traditionally the case in the third quarter, the general government sector generated a financial deficit, which came to €8.1 billion. In view of the other flows, its net financial liabilities increased by 10.3 billion to 299.8 billion at September 30, 2011.

Overall, Belgium's net claim on the rest of the world increased, namely from €79.4 to €97.8 billion at the end of September 2011. This is principally the result of price and exchange rate movements.

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.