

Quarterly financial accounts: 4th quarter 2011

During the fourth quarter of the year 2011, net financial assets held by individuals grew by €4.5 billion under the influence of the share price recovery affecting the valuation of financial assets in the form of shares, mutual funds shares, and to a lesser extent insurance products. As for the balance of private financial transactions, this had a negative impact on the trend in households' financial wealth, since their newly acquired liabilities had increased by more than their financial assets. The net financial wealth of households had reached €730.2 billion by 31 December 2011.

Although net acquisitions of financial assets by individuals remained modest with a net increase of €2.7 billion, the fourth quarter of the year 2011 was marked by arbitrage transactions between financial assets. Private households subscribed heavily to the new issue of State Notes offered at what was regarded as particularly favourable conditions, which enabled the Treasury to raise €5.7 billion in the month of December, the highest amount ever since the start of State issues specifically addressed to individuals.

TABLE 1 CHANGE IN THE NET FINANCIAL WEALTH OF INDIVIDUALS IN THE 4th QUARTER OF 2011
 (Billions of euro)

	Net financial wealth as at 30 September 2011	Financial transactions in the 4th quarter of 2011	Other flows ¹	Net financial wealth as at 31 December 2011
Financial assets	926.1	2.7	5.4	934.1
Notes and coins	23.3	0.9	0.0	24.2
Sight and time deposits	79.7	0.5	0.1	80.2
Regulated savings deposits	200.0	1.5	0.0	201.5
Fixed-interest securities	90.2	5.2	0.0	95.4
Shares and other equity	182.5	-0.8	2.8	184.5
Mutual funds shares	94.7	-3.3	2.2	93.6
Insurance products	241.5	1.4	0.3	243.2
Miscellaneous ²	14.2	-2.8	0.0	11.4
Financial liabilities	200.3	3.8	-0.2	203.9
Mortgage loans	161.1	3.4	-0.2	164.3
Other loans	35.7	0.2	0.0	35.9
Other accounts payable ³	3.5	0.2	0.0	3.7
Net financial wealth	725.7	-1.1	5.6	730.2

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.

Besides the use of some of the savings built up over the quarter, the financing of these acquisitions required some reallocation of the composition of privately held financial assets. This was reflected in net sales of savings notes, net disposals of shares in mutual funds and, to a lesser extent, shares and other equity. Holdings of regulated savings deposits were up by €1.5 billion.

On the other side of the coin, households' financial liabilities rose by €3.8 billion. This trend mainly reflects the increase in outstanding mortgage loans, a rise which reached €11.7 billion over the year as a whole - a very similar figure to that of the previous year.

TABLE 2 CHANGE IN THE NET FINANCIAL WEALTH OF THE MAJOR ECONOMIC SECTORS IN THE 4th QUARTER OF 2011 ¹

(Billions of euro)

	Net financial wealth as at 30 September 2011	Financial balances for the 4th quarter of 2011	Other flows ²	Net financial wealth as at 31 December 2011
Individuals	725.7	-1.1	5.6	730.2
Corporations ³	-351.8	1.3	-12.8	-363.3
General government	-300.5	1.1	-1.3	-300.7
Rest of the world	-73.4	-1.3	8.6	-66.1

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 recorded a positive financial balance (€1.3 billion) in the fourth quarter of 2011. The negative impact of price and exchange rate variations on the net financial wealth of corporations came to €12.8 billion, as their liabilities rose more than their assets. Net corporate liabilities thus rose from €351.8 to €363.3 billion.

The general government account balance posted a financial surplus of €1.1 billion, entirely cancelled out by other economic flows. This sector's net financial liabilities were worth €300.7 billion as at 31 December 2011.

The financial surplus registered by the domestic sectors of the economy provided financing of €1.3 billion for the rest of the world. However, price and exchange rate effects substantially reduced the value of the net financial wealth that Belgium holds vis-à-vis the rest of the world, which came down from €73.4 to €66.1 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 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.