

Quarterly financial accounts: 2nd quarter 2013

Over the second quarter of the year 2013, the net financial wealth of individuals dropped by €5.7 billion to reach €829.2 billion by 30 June 2013, despite a €3.5 billion rise in the balance of financial transactions. This contraction is attributable to the unfavourable movement in share prices as well as a rise in interest rates during this quarter.

Net formation of financial assets by individuals masks a divergent trend between asset categories. Deposits, and to a certain extent insurance products too, continued to find favour among investors. Likewise, the IPO of "Bpost" in June seems to have steered households into buying on the stock market. Their interest in mutual funds shares, on the other hand, came to a standstill after rising for two consecutive quarters. Moreover, investors continued the downsizing of their fixed-interest securities holdings started in the first three months of 2012.

TABLE 1 CHANGE IN THE NET FINANCIAL WEALTH OF INDIVIDUALS IN THE 2nd QUARTER OF 2013

(Billions of euro)

	Net financial wealth as at 31 March 2013	Financial transactions in the 2nd quarter of 2013	Other flows ¹	Net financial wealth as at 30 June 2013
Financial assets	1050.3	4.8	-9.5	1045.6
Notes and coins	24.2	0.4	0.0	24.6
Sight and time deposits	86.2	3.4	-0.3	89.3
Regulated savings deposits	221.9	3.2	0.0	225.1
Fixed-interest securities	94.3	-3.3	-1.1	89.8
Shares and other equity	236.9	1.6	-5.7	232.8
Mutual funds shares	117.4	0.1	-1.6	116.0
Insurance products	259.4	1.2	-0.7	260.0
Miscellaneous ²	9.9	-1.9	0.0	8.0
Financial liabilities	215.4	1.3	-0.3	216.4
Mortgage loans	174.2	0.3	-0.3	174.2
Other loans	37.1	0.6	0.0	37.7
Other accounts payable ³	4.1	0.4	0.0	4.6
Net financial wealth	834.9	3.5	-9.2	829.2

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 and/or instruments.

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.

Outstanding financial liabilities of individuals rose by €1.0 billion. This increase can be explained by the rise in outstanding amounts of other types of credit (+€0.6 billion) and other accounts payable (+€0.4 billion). Rather unusually, outstanding mortgage loans remained stable over the period.

**TABLE 2 CHANGE IN THE NET FINANCIAL WEALTH OF THE MAJOR ECONOMIC SECTORS
IN THE 2nd QUARTER OF 2013¹**

(Billions of euro)

	Net financial wealth as at 31 March 2013	Financial balances for the 2nd quarter of 2013	Other flows ²	Net financial wealth as at 30 June 2013
Individuals	834.9	3.5	-9.2	829.2
Corporations ³	-353.1	-3.1	37.3	-318.9
General government	-316.7	2.6	-1.0	-315.0
Rest of the world	-165.1	-2.9	-27.2	-195.3

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.

The corporate financial transactions balance was €3.1 billion in the red in the second quarter of 2013. The net financial wealth of corporations nevertheless grew by €34.2 billion. Price and exchange rate movements, which have not worked in favour of individuals because they affect their financial assets, actually had the opposite impact on corporations, since their liabilities are more affected by price effects than their financial assets. Corporations' financial liabilities consequently dropped from €353.1 billion at the beginning of the quarter to €318.9 billion by the end of June 2013.

Reflecting the seasonal pattern of the general government account balance, this sector posted a financial surplus of €2.6 billion. Its net financial liabilities came to €315.0 billion at the end of the second quarter of 2013.

Overall, the domestic sectors recorded a financial surplus of €2.9 billion with the rest of the world. However, the increase in Belgium's net claim on the rest of the world, up by €30.2 billion in total, mainly comes from price and exchange rate fluctuations.

Methodological change

There has been a major change in methodology in comparison to the previous edition of the financial accounts. Non-financial corporations' claims on and debts with the rest of the world have been revised from 2008 onwards. They have been aligned on the new version of the IIP (International Investment Position) data which, in the case of these instruments, are largely based on the annual survey on direct investment. This has resulted in an increase in Belgium's net financial wealth vis-à-vis the rest of the world. It is mainly non-financial corporations' claims on the rest of the world that have been revised upwards, while their debt has only been modified very slightly.

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.

Statistical data: Belgostat.online