



EUROPEAN CENTRAL BANK

EUROSYSTEM

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PRESS RELEASE

EURO AREA ECONOMIC AND FINANCIAL DEVELOPMENTS BY INSTITUTIONAL SECTOR: FIRST QUARTER 2008

*In the first quarter of 2008, the annual growth rate¹ of **net disposable income in the euro area** equalled 3.4%, compared with 4.6% in the fourth quarter of 2007 (see Annex Table 1). The annual growth rate of **consumption** was 4.1% in the first quarter, which was higher than in the fourth quarter (3.8%). In the first quarter the annual growth rate of **net saving** declined to -2.8%, from 12.6% in the previous quarter. The annual growth rate of **gross fixed capital formation** was 3.9% in the first quarter of 2008, compared with 5.7% in the previous quarter.*

*The annual growth rate of **households' gross disposable income** equalled 3.6% in the first quarter of 2008, compared with 3.9% in the previous quarter (see Table 2). The annual growth rate of **gross saving** of households decreased to -0.6%, after equalling 4.6% previously. The households' gross saving rate² stood at 13.8%, the same level as in the first quarter of 2007. The annual growth rate of **financing** of households decreased to 5.6% in the first quarter, from 6.1% in the previous quarter, and the annual growth rate of their **financial investment** decreased to 3.1% in the first quarter, from 3.4% previously.*

*The annual growth rate of **gross fixed capital formation of non-financial corporations** in the euro area amounted to 4.4% in the first quarter of 2008, compared with 8.1% in the previous quarter (see Table 3). The annual growth rate of **financing** of non-financial corporations decreased to 4.4% in the first quarter, from 4.9% previously, and the annual growth rate of their **financial investment** decreased to 5.3% in the first quarter, from 6.0% previously.*

Euro area

In the first quarter of 2008, the annual growth rate of euro area net disposable income decreased to 3.4%, from 4.6% in the previous quarter. The growth of euro area disposable

¹ The euro area accounts are expressed in current prices and they are not seasonally adjusted. The (nominal) growth rates are presented as year-on-year changes (see the notes).

² The households' saving rate is based on four-quarter cumulated sums of both their saving and their gross disposable income.

income continued to accrue mainly to households and the government (see Chart 1). The annual growth rate of euro area **net saving** declined to -2.8%, following high growth rates in the previous quarters, due to decreased savings of households and non-financial corporations. The decrease in the annual growth of **gross fixed capital formation** (3.9%), compared to the previous quarter (5.7%), was due to lower investment growth by households, non-financial corporations and government (see Chart 2). The growth rate of **total gross capital formation** also decreased in the first quarter (to 4.2%, from 7.0%) (see Chart 3).

Households

The annual growth rate of households' **gross disposable income** decreased to 3.6% in the first quarter of 2008, from 3.9% in the previous quarter (see Chart 4). This deceleration was on balance driven by a decline in net social benefits receivable. The annual growth rate of the **compensation of employees** remained unchanged at 4.6% (see Table 2).

The annual growth rate of households' **consumption expenditure** (4.3%) was above that of their disposable income and led to a decrease in household saving. The four-quarter average households' gross saving rate decreased to 13.8% (from 13.9% in the previous quarter) bringing it back down to the level seen in the first quarter of 2007. The growth rate of their **non-financial investment** decreased to 1.1%, from 2.9% previously (see Chart 5).

The annual growth rate of **financing** of households via the incurrence of loans decreased to 6.0% in the first quarter from 6.8% in the previous quarter. This coincided with a decline in the annual growth of their **financial investment** to 3.1%, from 3.4%.

Turning to the components of **households' financial investment**, the annual growth rate of their investment in currency and deposits increased to 6.5%, from 5.8% in the previous quarter. The annual growth rate of their investment in debt securities increased to 5.5%, from 4.7% previously. Their investment in shares and other equity decreased by 1.9%, after a decrease of 0.6% previously. Specifically, the decline was driven by stronger net sales of quoted shares and mutual fund shares compared to the previous quarters. The annual growth rate of households' investment in unquoted shares and other equity remained positive, but decreased to 0.5%. The annual growth rate of their additions to life insurance and pension fund reserves decreased to 5.0%, from 5.6% in the previous quarter.

Finally, households' **net financial wealth** decreased by 4.7%, after having grown by 1.7% in the previous quarter. This decrease is mainly because of negative holding gains on their shares and other equity (see Chart 6).

Non-financial corporations

The **net entrepreneurial income** of non-financial corporations³ grew at an annual rate of 2.2% in the first quarter of 2008, after 4.3% in the previous quarter (see Table 3). This deceleration was mainly due to the weaker growth of net value added by non-financial corporations which decreased to 3.8%, after 4.7% previously (see Chart 7 and Table 3).

The annual growth rate of **gross fixed capital formation** of non-financial corporations decreased to 4.4% in the first quarter of 2008, after 8.1% in the previous quarter (see Chart 8). The annual growth rate of total gross non-financial investment decreased as well, but remains higher (5.5%) as it includes inventories which increased in the first quarter of 2008. The increase in non-financial investment was to a lesser extent financed internally as savings (“retained earnings”) decreased. Thus the net borrowing of non-financial corporations increased.⁴

In the first quarter of 2008, the annual growth rate of **financing** by non-financial corporations decreased to 4.4%, from 4.9% previously. The growth rate of their loan financing decreased to 11.0% from 11.4%, while the annual growth rate of their issuance of debt securities increased to 7.4%, from 7.0%. The annual growth rate of their equity financing, via the issuance of shares and other equity, decreased to 1.6%, from 1.9% (see Table 3).

As regards the **financial investment** of non-financial corporations, the annual growth rate of their investment in currency and deposits decreased to 6.8%, from 10.8% previously. The growth rate of their investment in shares and other equity increased to 4.5%, from 3.7% previously.

The **financial balance sheet** of non-financial corporations grew considerably slower than their financing and financial investment as the market value of both shares and other equity held as well as the outstanding amount of shares and other equity issued by non-financial corporations declined.

Insurance corporations and pension funds

The annual growth rate of **insurance technical reserves**, the major financing instrument of insurance corporations and pension funds, decreased to 5.4% in the first quarter of 2008, from 6.1% previously (see Table 6). The annual growth rate of the issuance of quoted shares decreased to 0.2%, from 0.5% previously. The annual growth rate of their **financial investment** remained broadly unchanged at 4.9%. The growth rate of their investment in

³ Net entrepreneurial income is broadly equivalent to current profits in business accounting (after the receipt and payment of interest and including the profits of foreign subsidiaries, but before the payment of income taxes and dividends).

⁴ For the sectors households and non-financial corporations, the figures for net lending / net borrowing derived from the non-financial accounts may differ somewhat from those derived from the financial accounts, due to remaining statistical discrepancies.

debt securities decreased to 6.1%, after 8.2% previously, while that of their investment in shares and other equity increased to 3.4%, after 2.9% previously.

The **financial balance sheet** of insurance corporations and pension funds grew considerably less than their financing and financial investment as the market value of both shares and other equity held as well as the outstanding amount of the shares and other equity issued by insurance corporations and pension funds declined. In particular the market value of quoted shares issued by this sector declined by 25% between the first quarter 2007 and the first quarter of 2008.

Additional information on the euro area accounts

This press release incorporates revisions for the fourth quarter of 2007 and for previous quarters. Cyprus and Malta are included in the euro area accounts for the first time.

The euro area accounts encompass integrated non-financial and financial accounts, including financial balance sheets. These quarterly European sector accounts are jointly compiled by the ECB and the European Commission (Eurostat), in close cooperation with the national central banks and the national statistical institutes in the EU.⁵ The European sector accounts follow the methodology of the European System of Accounts 1995 (ESA 95).⁶

A detailed set of quarterly data is published in Tables 3.1 - 3.5, "Euro area accounts", of the statistics section of the ECB's Monthly Bulletin. A comprehensive set of tables is made available at <http://www.ecb.eu/stats/acc/html/index.en.html> (ECB). The time series for the euro area accounts can be downloaded from the ECB's Statistical Data Warehouse.

The publication of euro area economic and financial developments in the second quarter of 2008 is scheduled to take place on **4 November 2008** at 10.00 am (CET).

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Annex:

⁵ See <http://ec.europa.eu/eurostat/sectoraccounts> (Eurostat) for the non-financial accounts of the EU.

⁶ For more details, see <http://forum.europa.eu.int/irc/dsis/nfaccount/info/data/esa95/en/titelen.htm>.

Euro area

Chart 1 Growth of euro area net disposable income and its allocation to sectors
(annual percentage changes and percentage point contributions)

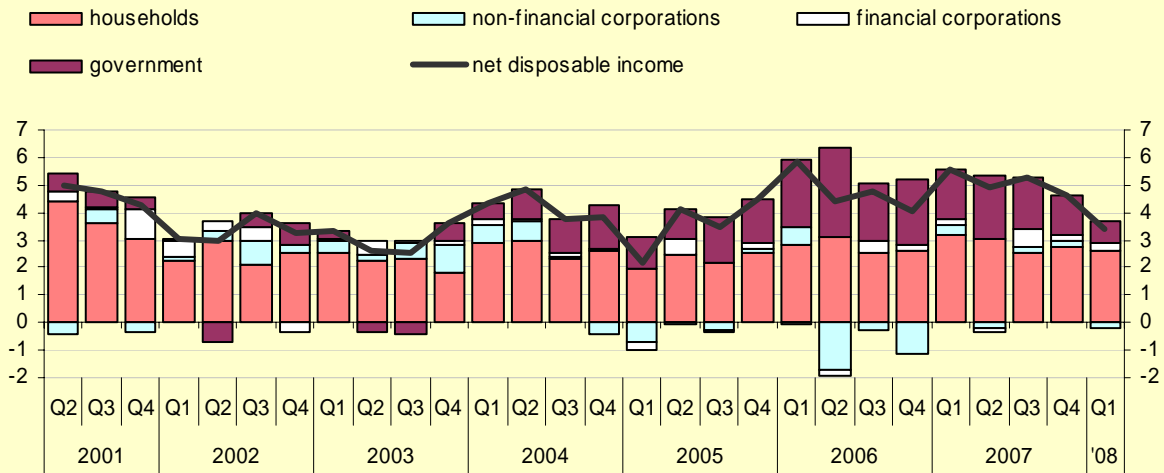


Chart 2 Growth of euro area gross fixed capital formation and contributions by sector
(annual percentage changes and percentage point contributions)

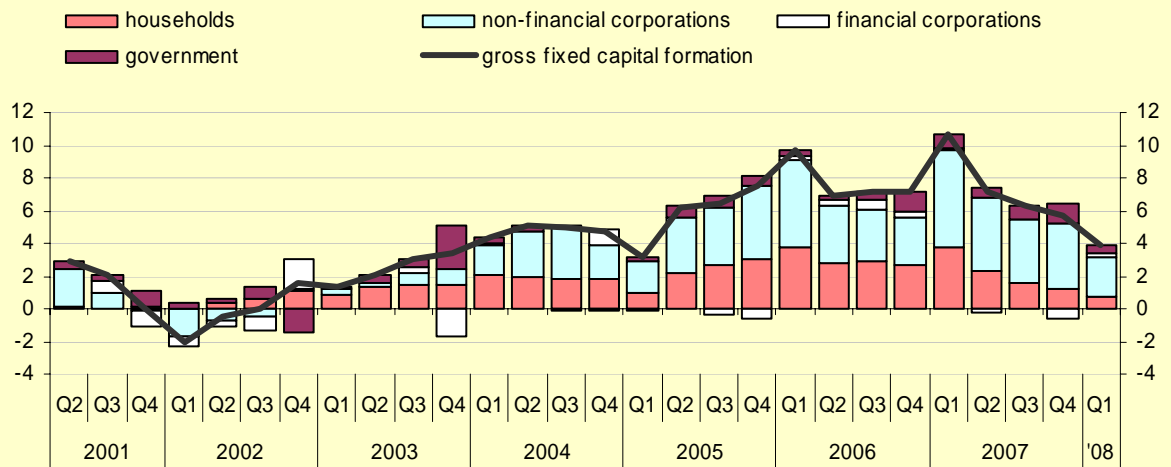
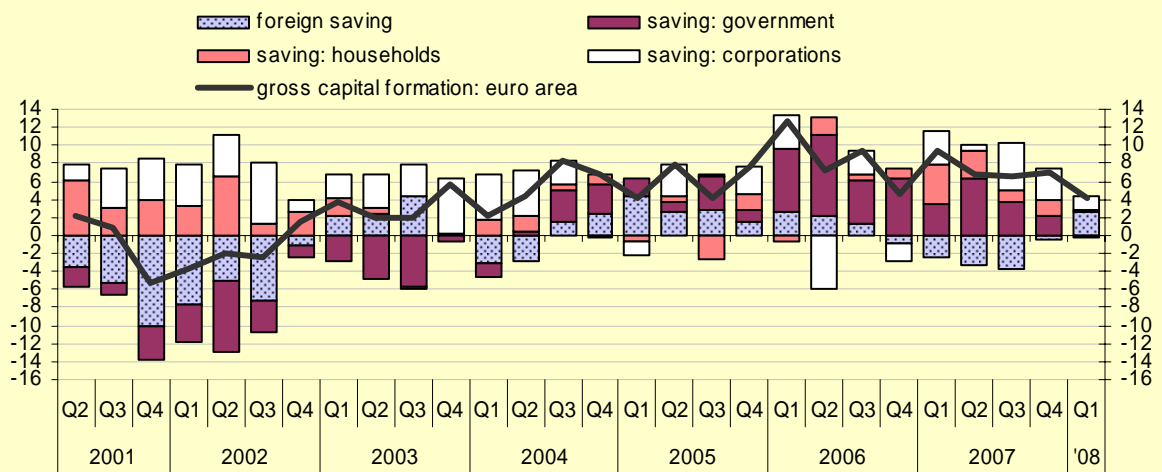


Chart 3 Growth of euro area gross capital formation and its financing by sectoral saving
(annual percentage changes and percentage point contributions)



Sources: ECB and Eurostat

Euro area households

Chart 4 Growth of households' gross disposable income and contributions by income component
(annual percentage changes and percentage point contributions)

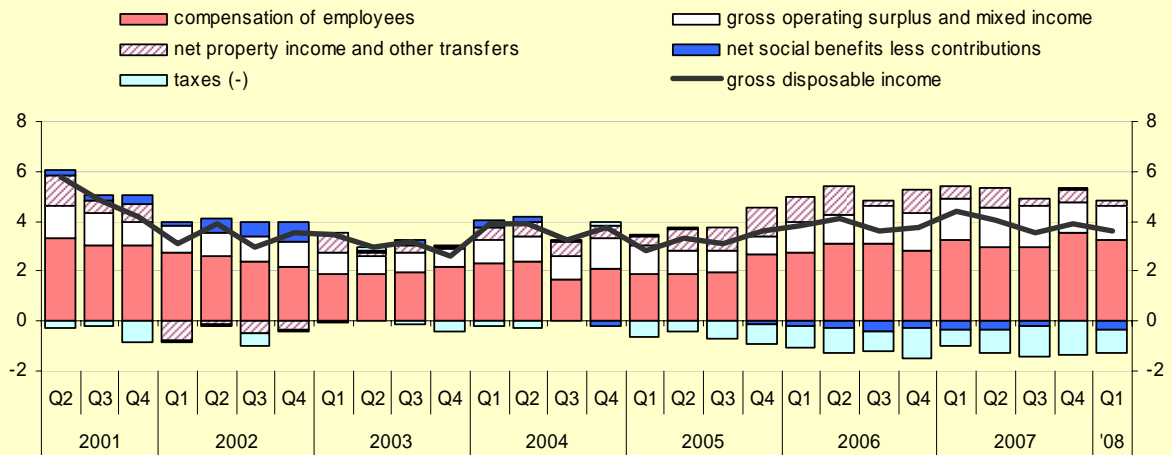


Chart 5 Growth of households' non-financial investments and contributions by source of internal and external financing
(annual percentage changes and percentage point contributions)

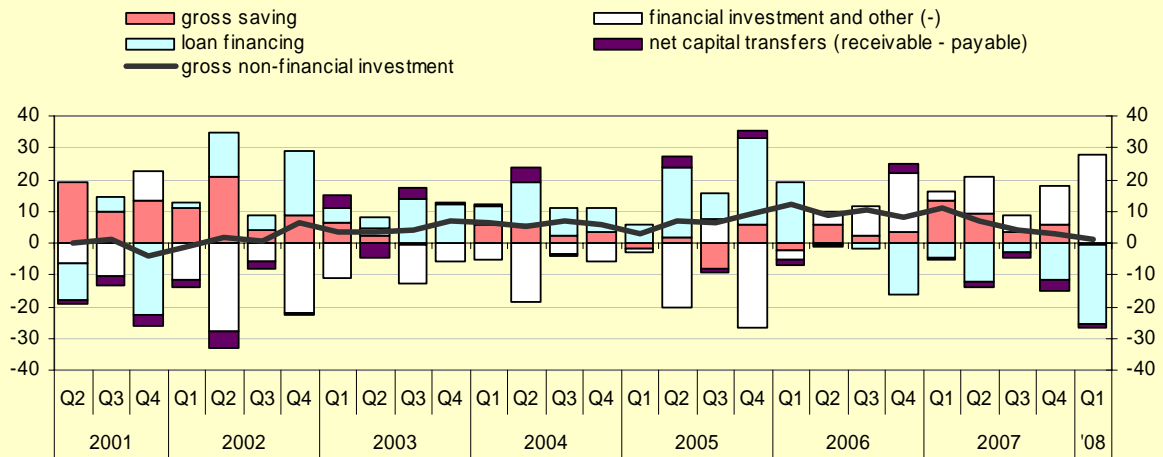
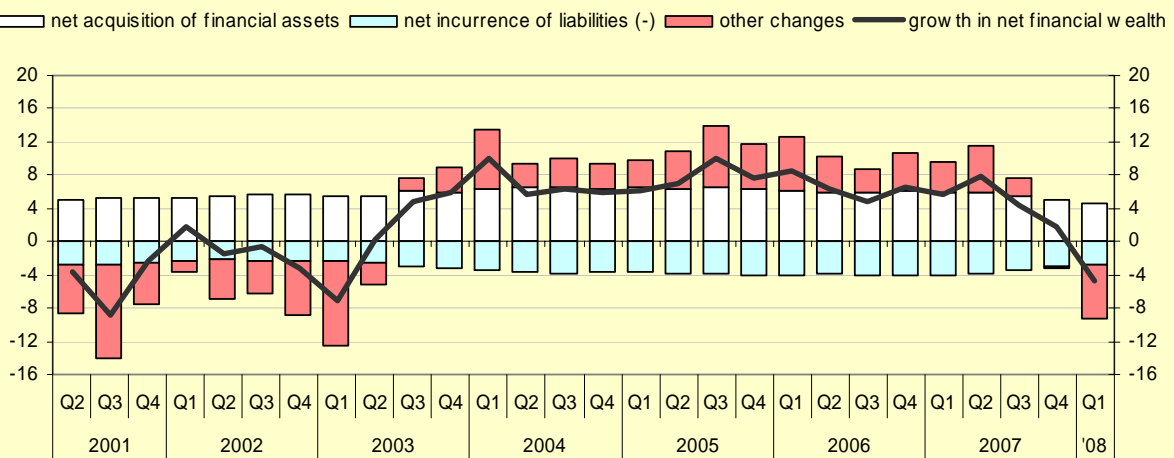


Chart 6 Growth of households' net financial wealth and contributions by type of wealth change
(annual percentage changes and percentage point contributions)



Sources: ECB and Eurostat

Euro area non-financial corporations

Chart 7 Growth of net entrepreneurial income of non-financial corporations and contributions by component
(annual percentage changes and percentage point contributions)

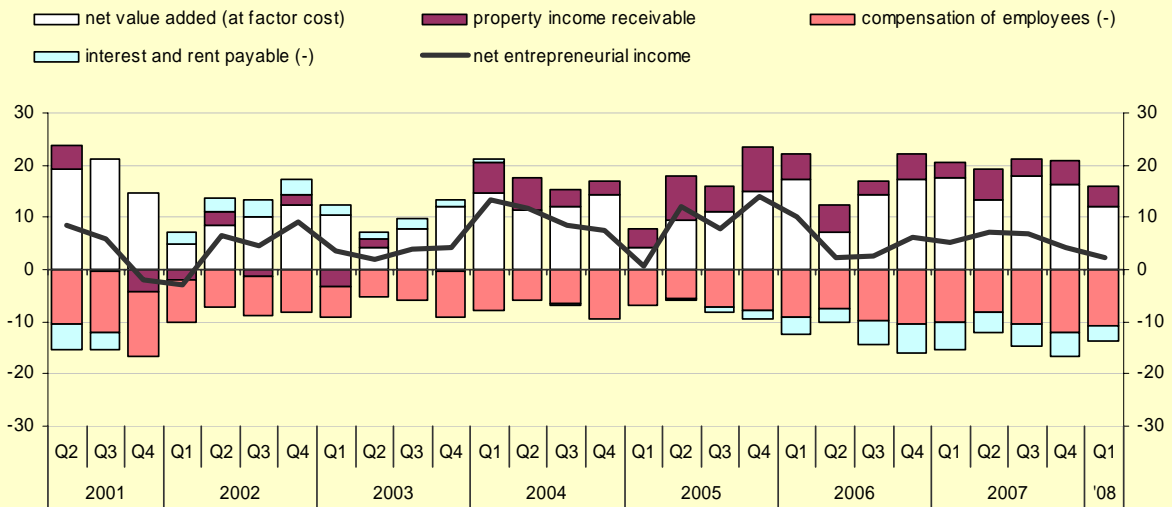
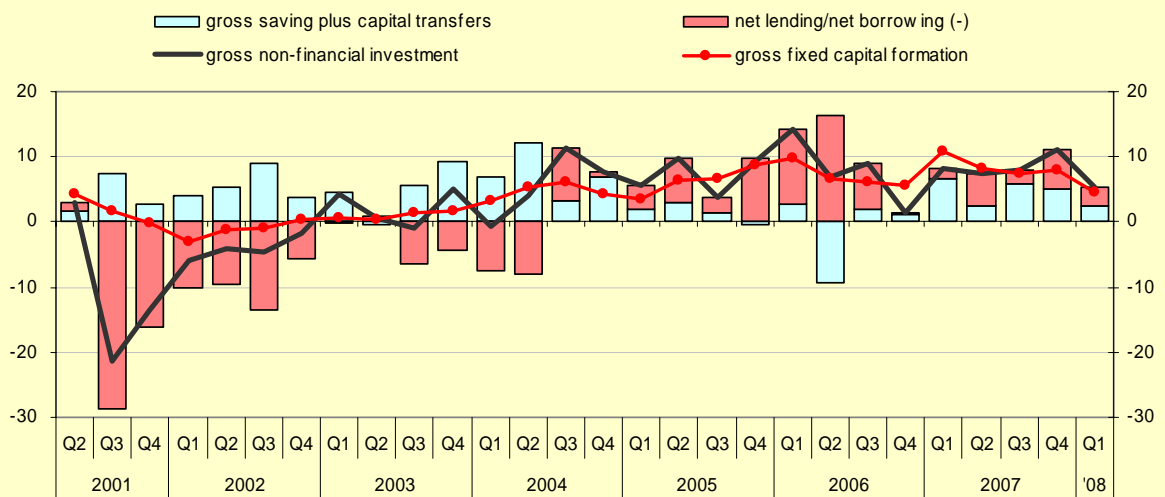


Chart 8 Growth of non-financial investment of non-financial corporations and contributions by source of internal and external financing
(annual percentage changes and percentage point contributions)



Sources: ECB and Eurostat

Notes

- The **annual growth rate of non-financial transactions and of outstanding financial assets and liabilities (stocks)** is calculated as the percentage change between the value of the transaction or outstanding amount for a given quarter and that value recorded four quarters earlier. Let x_t be the level of a non-financial transaction or end-of-quarter stock, then its annual percentage change $g(x_t)$ is calculated as:

$$g(x_t) = \frac{(x_t - x_{t-4})}{x_{t-4}} * 100.$$

- The **annual growth rate used to analyse financial transactions** refers to the total value of transactions during the year in relation to the outstanding stock a year before. These growth rates for financial transactions exclude the effect on the outstanding stock of revaluations, reclassifications, and further changes that do not arise from transactions. When f_t represents the value of transactions in a particular financial instrument, and F_t represents the value of the corresponding stock outstanding at the end of quarter t, then the annual growth rate $g(f_t)$ is calculated as the sum of the transactions during the year divided by the outstanding stock a year ago:

$$g(f_t) = \left(\frac{\sum_{i=0}^3 f_{t-i}}{F_{t-4}} \right) * 100$$

Table 1 Income, consumption, saving, investment and net lending / net borrowing: euro area and contributions by sector

EUR billions

Non-financial transactions	four-quarter-cumulated sums							annual percentage changes ¹⁾		percentage of euro area NDI	
	2005	2006	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2007Q4	2008Q1	2007Q1	2008Q1
Net disposable income (NDI):											
Euro area	6,851	7,178	7,273	7,362	7,455	7,543	7,605	4.6	3.4	100.0	100.0
Households ²⁾	5,044	5,233	5,288	5,342	5,387	5,440	5,487	3.9	3.6	72.7	72.1
Non-financial corporations	108	65	71	67	71	75	70			1.0	0.9
Financial corporations	141	148	152	149	161	166	171			2.1	2.3
General government	1,558	1,731	1,763	1,803	1,836	1,863	1,877	5.1	3.5	24.2	24.7
Consumption expenditure:											
Euro area	6,329	6,589	6,646	6,701	6,760	6,826	6,893	3.8	4.1	91.4	90.6
Households ²⁾	4,670	4,865	4,905	4,947	4,989	5,036	5,089	3.8	4.3	67.4	66.9
General government collective consumption	668	683	688	692	699	705	711	3.4	3.7	9.5	9.4
General government social transfers in kind ³⁾	991	1,041	1,053	1,061	1,072	1,084	1,093	4.3	3.3	14.5	14.4
Net saving:											
Euro area	523	589	628	662	695	717	712	12.6	-2.8	8.6	9.4
Households ²⁾	434	430	445	456	458	464	460	5.4	-4.4	6.1	6.0
Non-financial corporations	97	51	57	56	62	66	64			0.8	0.8
Financial corporations	93	101	104	100	110	113	116			1.4	1.5
General government	-101	7	22	50	65	73	73			0.3	1.0
Consumption of fixed capital:											
Euro area	1,174	1,228	1,242	1,255	1,268	1,282	1,294	4.3	3.9	17.1	17.0
Households ²⁾	320	336	341	345	348	351	354	3.6	3.8	4.7	4.7
Non-financial corporations	662	690	697	704	712	720	727	4.6	4.1	9.6	9.6
Financial corporations	41	42	42	43	43	44	44	6.6	1.0	0.6	0.6
General government	152	160	162	164	165	167	169	4.3	3.8	2.2	2.2
Net capital transfers (receivables-payables):											
Euro area	14	15	18	17	16	17	17			0.2	0.2
Households ²⁾	24	26	25	23	20	14	13			0.3	0.2
Non-financial corporations	60	70	73	73	74	73	75			1.0	1.0
Financial corporations	-13	-8	-9	-8	-8	-4	-4			-0.1	0.0
General government	-58	-72	-72	-71	-70	-67	-67			-1.0	-0.9
Gross fixed capital formation:											
Euro area	1,696	1,826	1,871	1,904	1,933	1,961	1,979	5.7	3.9	25.7	26.0
Households ²⁾	559	609	625	636	643	649	652	3.6	2.0	8.6	8.6
Non-financial corporations	897	960	985	1,005	1,023	1,043	1,054	8.1	4.4	13.5	13.9
Financial corporations	39	45	46	45	45	42	43	-25.1	11.3	0.6	0.6
General government	201	212	215	218	222	227	230	7.8	5.4	3.0	3.0
Net acquisition of other non-financial assets⁴⁾:											
Euro area	11	24	21	19	20	25	28			0.3	0.4
Households ²⁾	0	5	5	5	5	4	3			0.1	0.0
Non-financial corporations	12	21	17	14	15	21	25			0.2	0.3
Financial corporations	1	0	0	0	0	0	0			0.0	0.0
General government	-1	-2	-2	-1	-1	0	0			0.0	0.0
Net lending (+) / net borrowing (-):											
Euro area	3	-17	-4	11	28	30	17			-0.1	0.2
Households ²⁾	218	178	181	182	178	176	172			2.5	2.3
Non-financial corporations	-90	-170	-174	-186	-191	-204	-213			-2.4	-2.8
Financial corporations	81	89	92	90	100	111	113			1.3	1.5
General government	-207	-114	-103	-75	-60	-54	-55			-1.4	-0.7

Sources: ECB and Eurostat

1) Annual percentage changes are calculated as $100 \cdot (x_t - x_{t-4}) / x_{t-4}$ where x_t stands for the transaction x in quarter t , and x_{t-4} for the transaction four quarters earlier.

2) Households and non-profit institutions serving households.

3) Transfers of goods and services by government units and non-profit institutions serving households (NPISHs) to individual households.

4) Changes in inventories, acquisitions less disposals of valuables and acquisitions less disposals of non-produced non-financial assets (e.g. land).

Table 2 Households¹⁾

EUR billions

Non-financial transactions	four-quarter-cumulated sums							annual percentage changes ²⁾		percentage of HGDI, adjusted ³⁾	
	2005	2006	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2007Q4	2008Q1	2007Q1	2008Q1
Compensation of employees	3,895	4,052	4,096	4,138	4,179	4,229	4,274	4.6	4.6	72.0	72.4
Gross operating surplus and mixed income	1,334	1,409	1,431	1,455	1,477	1,495	1,514	4.9	5.2	25.2	25.6
Property income (receivable - payable)	787	832	837	847	851	858	861			14.7	14.6
Net social benefits and contributions (rec. - pay.)	18	2	-2	-8	-10	-10	-15			0.0	-0.2
Other current transfers (rec. - pay.)	68	65	67	68	68	69	69			1.2	1.2
Taxes (on income and wealth) (-)	739	792	800	814	831	850	863	8.6	6.7	14.1	14.6
Gross disposable income (HGDI)	5,363	5,569	5,629	5,687	5,734	5,790	5,841	3.9	3.6	98.9	98.9
+Adj. for change in net worth in pension fund ³⁾	60	62	62	60	61	61	62	3.4	7.6	1.1	1.1
Gross disposable income (HGDI) plus adjustment³⁾	5,423	5,631	5,691	5,747	5,795	5,851	5,903	3.9	3.6	100.0	100.0
Consumption expenditure	4,670	4,865	4,905	4,947	4,989	5,036	5,089	3.8	4.3	86.2	86.2
Gross saving	753	766	786	800	806	815	814	4.6	-0.6	13.8	13.8
Net capital transfers (receivables-payables)	24	26	25	23	20	14	13			0.4	0.2
Gross fixed capital formation	559	609	625	636	643	649	652	3.6	2.0	11.0	11.0
Net acquisition of other non-financial assets ⁴⁾	0	5	5	5	5	4	3			0.1	0.0
Net lending (+) / net borrowing (-)	218	178	181	182	178	176	172			3.2	2.9
Financial transactions	four-quarter-cumulated sums							annual growth rates ⁵⁾		percentage of HGDI, adjusted ³⁾	
	2005	2006	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2007Q4	2008Q1	2007Q1	2008Q1
Financial investment	647	652	656	645	612	577	535	3.4	3.1	11.5	9.1
Currency and deposits	240	289	282	294	297	313	350	5.8	6.5	5.0	5.9
Debt securities	-13	93	84	60	36	61	74	4.7	5.5	1.5	1.2
Shares and other equity	119	-38	-19	-18	-15	-31	-102	-0.6	-1.9	-0.3	-1.7
Quoted shares	3	-12	10	5	-6	-9	-39	-0.8	-3.1	0.2	-0.7
Unquoted shares and other equity	64	3	7	4	28	19	12	0.8	0.5	0.1	0.2
Mutual fund shares	52	-29	-35	-28	-37	-41	-75	-2.5	-4.6	-0.6	-1.3
Life insurance and pension fund reserves	294	291	282	282	271	256	233	5.6	5.0	5.0	4.0
Other financial assets ⁶⁾	7	17	26	27	23	-22	-20			0.5	-0.3
Financing	414	441	443	423	387	343	318	6.1	5.6	7.8	5.4
Loans	393	391	385	366	362	344	304	6.8	6.0	6.8	5.1
Short-term	17	12	13	9	9	7	7	2.3	2.2	0.2	0.1
Long-term	376	379	372	357	353	337	297	7.1	6.2	6.5	5.0
Other liabilities ⁷⁾	21	50	58	57	25	-1	14			1.0	0.2
Net lending (+) / net borrowing (-) (financial accounts)	233	211	213	222	225	234	217	2.0	1.8	3.7	3.7
Changes in financial wealth not due to transactions	543	509	420	644	259	-38	-777			7.4	-13.2
Financial balance sheet	end-of-period stocks							annual percentage changes ²⁾		percentage of HGDI, adjusted ³⁾	
	2005	2006	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2007Q4	2008Q1	2007Q1	2008Q1
Financial investment	15,978	17,143	17,472	17,722	17,587	17,664	17,228	3.0	-1.4	307.0	291.9
Currency and deposits	5,087	5,375	5,390	5,496	5,534	5,696	5,751	6.0	6.7	94.7	97.4
Debt securities	1,241	1,319	1,347	1,311	1,323	1,350	1,389	2.3	3.2	23.7	23.5
Shares and other equity	4,716	5,153	5,322	5,415	5,191	5,064	4,496	-1.7	-15.5	93.5	76.2
Quoted shares	993	1,189	1,248	1,292	1,210	1,137	923	-4.3	-26.1	21.9	15.6
Unquoted shares and other equity	2,113	2,332	2,426	2,441	2,338	2,320	2,087	-0.5	-14.0	42.6	35.4
Mutual fund shares	1,610	1,632	1,648	1,682	1,643	1,607	1,486	-1.5	-9.8	29.0	25.2
Life insurance and pension fund reserves	4,250	4,598	4,675	4,764	4,812	4,869	4,876	5.9	4.3	82.2	82.6
Other financial assets ⁶⁾	684	698	738	735	727	686	716			13.0	12.1
Financing	5,149	5,594	5,685	5,767	5,836	5,919	6,001	5.8	5.6	99.9	101.7
Loans	4,652	5,037	5,100	5,191	5,265	5,346	5,385	6.1	5.6	89.6	91.2
Short-term	308	314	311	317	313	317	314	1.0	0.9	5.5	5.3
Long-term	4,344	4,723	4,790	4,874	4,953	5,029	5,072	6.5	5.9	84.2	85.9
Other liabilities ⁷⁾	497	556	585	577	571	573	616			10.3	10.4
Net financial wealth	10,830	11,549	11,787	11,955	11,750	11,745	11,228	1.7	-4.7	207.1	190.2

Sources: ECB and Eurostat

1) Households and non-profit institutions serving households.

2) Annual percentage changes are calculated as $100 \cdot (x_t - x_{t-4}) / x_{t-4}$ where x_t stands for the transaction or end-of-quarter stock x in quarter t , and x_{t-4} for the transaction or stock four quarters earlier.

3) Net adjustment for the change in net equity of households in pension reserves (receivables - payables).

4) Changes in inventories, acquisitions less disposals of valuables and acquisitions less disposals of non-produced non-financial assets (e.g. land).

5) Annual growth rates for financial transactions are calculated as $100 \cdot (f_t + f_{t-1} + f_{t-2} + f_{t-3}) / F_{t-4}$ where f_t stands for the transactions in quarter t , and F_{t-4} for the end-of-quarter stock value four quarters earlier.

6) Loans granted, prepayments of insurance premiums and reserves for outstanding claims and other accounts receivable.

7) Financial derivative net liabilities, pension fund reserves and other accounts payable.

Table 3 Non-financial corporations

EUR billions

Non-financial transactions	four-quarter-cumulated sums							annual percentage changes ¹⁾		percentage of GVA or (NVA) ²⁾	
	2005	2006	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2007Q4	2008Q1	2007Q1	2008Q1
Gross value added (GVA)	4,136	4,319	4,377	4,437	4,494	4,547	4,589	4.6	3.9	100.0	100.0
Net value added (NVA)	3,474	3,629	3,680	3,732	3,782	3,827	3,862	4.7	3.8	84.1	84.2
Net entrepreneurial income	1,141	1,197	1,212	1,239	1,257	1,269	1,275	4.3	2.2	32.9	33.0
Net disposable income	108	65	71	67	71	75	70			1.9	1.8
Adj. for change in net worth in pension fund	-12	-14	-14	-11	-9	-8	-7			-0.4	-0.2
Net saving	97	51	57	56	62	66	64			1.5	1.6
Net capital transfers (receivable-payable)	60	70	73	73	74	73	75			1.7	1.6
Consumption of fixed capital	662	690	697	704	712	720	727	4.6	4.1	15.9	15.8
Gross fixed capital formation	897	960	985	1,005	1,023	1,043	1,054	8.1	4.4	22.5	23.0
Net acquisitions of other non-financial assets ³⁾	12	21	17	14	15	21	25			0.4	0.5
Net lending (+) / net borrowing (-)	-90	-170	-174	-186	-191	-204	-213			-4.0	-4.6
Financial transactions	four-quarter-cumulated sums							annual growth rates ⁴⁾		percentage of GVA	
	2005	2006	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2007Q4	2008Q1	2007Q1	2008Q1
Financial investment	706	760	808	834	840	820	749	6.0	5.3	18.5	16.3
Currency and deposits	148	168	191	202	182	169	111	10.8	6.8	4.4	2.4
Debt securities	-27	-16	-26	-28	-18	-26	-30	-7.0	-8.2	-0.6	-0.6
Loans	141	181	195	213	229	202	168	10.8	8.6	4.5	3.7
Shares and other equity	248	205	215	234	233	271	337	3.7	4.5	4.9	7.3
Quoted shares	25	31	30	50	60	108	169	6.1	9.0	0.7	3.7
Unquoted shares and other equity	202	173	176	181	211	229	241	4.5	4.6	4.0	5.3
Mutual fund shares	20	1	9	3	-38	-66	-73	-14.9	-16.2	0.2	-1.6
Other financial assets ⁵⁾	196	223	233	214	213	203	163			5.3	3.6
Financing	810	963	1,014	1,060	1,077	1,082	1,007	4.9	4.4	23.2	21.9
Debt securities	11	39	39	54	38	48	52	7.0	7.4	0.9	1.1
Short-term	12	20	20	37	28	27	26	10.6	9.7	0.5	0.6
Long-term	-1	19	18	17	10	22	26	4.9	6.0	0.4	0.6
Loans	398	635	624	644	716	736	729	11.4	11.0	14.3	15.9
Short-term	128	210	226	242	259	233	220	11.4	10.5	5.2	4.8
Long-term	270	425	398	401	458	503	510	11.4	11.3	9.1	11.1
Shares and other equity	267	226	248	257	258	235	197	1.9	1.6	5.7	4.3
Quoted shares	101	40	59	77	83	45	24	1.0	0.5	1.3	0.5
Unquoted shares and other equity	166	186	189	180	176	190	174	2.4	2.2	4.3	3.8
Pension fund reserves	13	15	14	12	10	8	7	2.4	2.1	0.3	0.1
Other liabilities ⁶⁾	121	49	89	93	55	55	22			2.0	0.5
Net lending (+) / net borrowing (-) (financial accounts)	-104	-203	-206	-226	-238	-262	-258			-4.7	-5.6
Financial balance sheet	end-of-period stocks							annual percentage changes ¹⁾		percentage of GVA	
	2005	2006	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2007Q4	2008Q1	2007Q1	2008Q1
Financial investment	12,197	13,767	14,233	14,672	14,657	14,877	14,310	8.1	0.5	325.2	311.8
Currency and deposits	1,412	1,573	1,633	1,683	1,697	1,767	1,736	12.3	6.3	37.3	37.8
Debt securities	394	369	358	360	339	343	345	-7.0	-3.7	8.2	7.5
Loans	1,679	1,875	1,960	2,018	2,064	2,113	2,127	12.7	8.5	44.8	46.4
Shares and other equity	6,237	7,264	7,530	7,847	7,743	7,774	7,165	7.0	-4.8	172.0	156.1
Quoted shares	1,494	1,764	1,874	1,958	1,913	1,940	1,767	10.0	-5.7	42.8	38.5
Unquoted shares and other equity	4,315	5,058	5,204	5,441	5,418	5,475	5,051	8.2	-2.9	118.9	110.1
Mutual fund shares	429	442	452	448	412	360	347	-18.6	-23.2	10.3	7.6
Other financial assets ⁵⁾	2,474	2,686	2,752	2,765	2,813	2,880	2,937			62.9	64.0
Financing	19,613	22,078	22,744	23,662	23,691	24,006	22,858	8.7	0.5	519.6	498.1
Debt securities	669	690	696	732	719	729	739	5.7	6.3	15.9	16.1
Short-term	235	251	264	287	275	277	289	10.4	9.5	6.0	6.3
Long-term	434	439	432	445	444	452	450	3.0	4.3	9.9	9.8
Loans	5,826	6,453	6,609	6,828	6,995	7,175	7,327	11.2	10.9	151.0	159.6
Short-term	1,837	2,035	2,101	2,194	2,229	2,245	2,290	10.3	9.0	48.0	49.9
Long-term	3,989	4,418	4,508	4,634	4,765	4,930	5,037	11.6	11.7	103.0	109.8
Shares and other equity	10,586	12,274	12,729	13,359	13,192	13,262	11,940	8.1	-6.2	290.8	260.2
Quoted shares	3,683	4,454	4,689	5,065	4,983	4,973	4,198	11.6	-10.5	107.1	91.5
Unquoted shares and other equity	6,904	7,819	8,040	8,294	8,209	8,289	7,742	6.0	-3.7	183.7	168.7
Pension fund reserves	314	329	330	331	333	335	337	1.9	2.2	7.5	7.4
Other liabilities ⁶⁾	2,218	2,332	2,380	2,412	2,452	2,505	2,514			54.4	54.8

Sources: ECB and Eurostat

1) Annual percentage changes are calculated as $100 \cdot (x_t - x_{t-4}) / x_{t-4}$ where x_t stands for the transaction or end-of-quarter stock x in quarter t , and x_{t-4} for the transaction or stock four quarters earlier.

2) As a percentage of net value added in the case of net entrepreneurial income and net saving.

3) Changes in inventories, acquisitions less disposals of valuables and acquisitions less disposals of non-produced non-financial assets (e.g. land).

4) Annual growth rates for financial transactions are calculated as $100 \cdot (f_t + f_{t-1} + f_{t-2} + f_{t-3}) / F_{t-4}$ where f_t stands for the transactions in quarter t , and F_{t-4} for the end-of-quarter stock value four quarters earlier.

5) Other accounts receivable, and prepayments of insurance premiums and reserves for outstanding claims.

6) Other accounts payable, financial derivative net liabilities and deposits.

Table 4 General government

EUR billions

Non-financial transactions	four-quarter-cumulated sums							annual percentage changes ¹⁾		percentage of GNDI	
	2005	2006	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2007Q4	2008Q1	2007Q1	2008Q1
Net disposable income (GNDI)	1,558	1,731	1,763	1,803	1,836	1,863	1,877	5.1	3.5	100.0	100.0
Consumption expenditure	1,659	1,724	1,741	1,754	1,771	1,789	1,804	3.9	3.5	98.8	96.1
Net saving	-101	7	22	50	65	73	73			1.2	3.9
Consumption of fixed capital	152	160	162	164	165	167	169	4.3	3.8	9.2	9.0
Net capital transfers (receivable-payable)	-58	-72	-72	-71	-70	-67	-67			-4.1	-3.6
Gross fixed capital formation	201	212	215	218	222	227	230	7.8	5.4	12.2	12.2
Net acquisition of other non-financial assets ²⁾	-1	-2	-2	-1	-1	0	0			-0.1	0.0
Net lending (+) / net borrowing (-)	-207	-114	-103	-75	-60	-54	-55			-5.8	-2.9
Financial transactions	four-quarter-cumulated sums							annual growth rates ³⁾		percentage of GNDI	
	2005	2006	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2007Q4	2008Q1	2007Q1	2008Q1
Net acquisition of financial assets	86	48	86	147	131	77	45	2.8	1.6	4.9	2.4
Financial investment⁴⁾	72	37	59	100	92	66	50	3.0	2.2	3.3	2.6
Currency and deposits	34	35	43	79	50	18	30	3.5	5.6	2.5	1.6
Debt securities	20	32	30	34	44	34	12	14.3	4.9	1.7	0.6
Loans	8	-18	-17	-15	-10	6	-2	1.7	-0.6	-1.0	-0.1
Short-term	3	0	-1	2	3	7	-1	15.4	-1.7	-0.1	0.0
Long-term	5	-18	-16	-17	-12	0	-2	-0.1	-0.5	-0.9	-0.1
Shares and other equity	10	-12	3	2	7	8	10	0.7	0.9	0.2	0.5
Quoted shares	-11	-20	-8	-12	-9	-4	-4	-1.0	-1.0	-0.5	-0.2
Unquoted shares and other equity	10	-5	-4	-2	1	-2	0	-0.3	0.0	-0.2	0.0
Mutual fund shares	11	13	15	16	15	14	14	10.4	9.7	0.8	0.7
Other financial assets ⁵⁾	14	11	28	46	39	11	-5			1.6	-0.2
Net incurrence of liabilities	293	163	189	221	191	131	100	1.9	1.5	10.7	5.3
Financing⁴⁾	263	124	135	164	141	124	113	1.9	1.8	7.7	6.0
Currency and deposits	25	13	4	-8	-6	-3	-14	-0.8	-4.0	0.2	-0.7
Debt securities	216	103	112	162	150	128	134	2.6	2.7	6.4	7.2
Short-term	-9	-28	13	47	64	39	36	6.9	5.8	0.8	1.9
Long-term	224	131	98	115	86	89	98	2.0	2.2	5.6	5.2
Loans	23	8	19	10	-3	-2	-8	-0.2	-0.7	1.1	-0.4
Short-term	7	4	22	14	1	13	7	10.1	4.2	1.3	0.4
Long-term	16	4	-4	-4	-4	-15	-14	-1.5	-1.5	-0.2	-0.8
Other liabilities ⁶⁾	30	39	54	57	50	7	-13			3.1	-0.7
Net lending (+) / net borrowing (-) (financial accounts)	-207	-114	-103	-75	-60	-54	-55			-5.8	-2.9
Financial balance sheet	end-of-period stocks							annual percentage changes ¹⁾		percentage of GNDI	
	2005	2006	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2007Q4	2008Q1	2007Q1	2008Q1
Financial assets	2,581	2,740	2,812	2,972	2,936	2,912	2,828	6.3	0.6	159.5	150.7
Financial investment⁴⁾	2,049	2,199	2,251	2,404	2,374	2,355	2,271	7.1	0.9	127.7	121.0
Currency and deposits	481	514	535	626	580	534	560	3.9	4.7	30.4	29.9
Debt securities	210	236	241	250	267	266	251	12.5	4.2	13.7	13.4
Loans	387	366	362	363	363	379	367	3.6	1.3	20.5	19.5
Short-term	46	43	37	40	41	50	37	17.1	-0.3	2.1	2.0
Long-term	341	323	324	322	323	330	329	1.9	1.5	18.4	17.5
Shares and other equity	972	1,083	1,113	1,165	1,163	1,175	1,093	8.5	-1.8	63.1	58.2
Quoted shares	317	385	399	445	427	442	361	14.8	-9.5	22.6	19.2
Unquoted shares and other equity	540	565	571	570	586	585	588	3.6	2.9	32.4	31.3
Mutual fund shares	115	133	143	150	150	149	145	11.6	1.1	8.1	7.7
Other financial assets ⁵⁾	531	541	561	568	563	557	557			31.8	29.7
Liabilities	6,746	6,742	6,799	6,789	6,826	6,798	6,895	0.8	1.4	385.7	367.4
Financing⁴⁾	6,390	6,362	6,424	6,399	6,436	6,389	6,525	0.4	1.6	364.5	347.7
Currency and deposits	333	346	342	328	331	253	238	-26.8	-30.4	19.4	12.7
Debt securities	4,975	4,931	4,986	4,984	5,020	4,956	5,101	0.5	2.3	282.9	271.8
Short-term	588	569	622	665	668	611	658	7.4	5.8	35.3	35.1
Long-term	4,387	4,362	4,364	4,318	4,352	4,345	4,443	-0.4	1.8	247.6	236.7
Loans	1,082	1,086	1,096	1,087	1,085	1,180	1,186	8.7	8.2	62.2	63.2
Short-term	127	128	157	159	161	140	163	10.1	4.2	8.9	8.7
Long-term	955	958	939	928	924	1,040	1,023	8.5	8.9	53.3	54.5
Other liabilities ⁶⁾	356	380	375	390	390	409	370			21.3	19.7
<i>Memo: Government debt (at nominal value)⁷⁾</i>	5,691	5,815	5,925	6,008	5,995	5,912	6,039				

Sources: ECB and Eurostat

1) Annual percentage changes are calculated as $100 \cdot (x_t - x_{t-4}) / x_{t-4}$ where x_t stands for the transaction or end-of-quarter stock x in quarter t , and x_{t-4} for the transaction or stock four quarters earlier.

2) Changes in inventories, acquisitions less disposals of valuables and acquisitions less disposals of non-produced non-financial assets.

3) Annual growth rates for financial transactions are calculated as $100 \cdot (f_{t+1} + f_{t+2} + f_{t+3}) / F_{t-4}$ where f_t stands for the transactions in quarter t , and F_{t-4} for the end-of-quarter stock value four quarters earlier.

4) In line with existing conventions, the financing of the government excludes the net incurrence of liabilities via financial derivatives, shares and other equity, pension fund reserves and other accounts payable, and the financial investment of the government excludes financial derivatives, prepayments of insurance premiums and reserves for outstanding claims and other accounts receivable.

5) Other accounts receivable, financial derivatives and prepayments of insurance premiums and reserves for outstanding claims.

6) Other accounts payable, pension fund reserves, financial derivatives and unquoted shares and other equity.

7) General government debt at nominal value and consolidated between sub-sectors of general government.

Table 5 Financial corporations

EUR billions

Non-financial transactions	four-quarter-cumulated sums							annual percentage changes ¹⁾		percentage of GVA or (NVA) ²⁾	
	2005	2006	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2007Q4	2008Q1	2007Q1	2008Q1
Gross value added (GVA)	363	373	372	372	375	380	385	4.9	5.1	100.0	100.0
Net value added (NVA)	322	331	330	329	332	336	340	4.7	5.6	88.6	88.5
Net entrepreneurial income	354	396	411	433	449	458	460	10.1	2.9	124.8	135.2
Net disposable income	93	101	104	100	110	113	116			31.6	34.1
Adj. for change in net worth in pension fund	-48	-47	-48	-49	-51	-53	-55			-14.5	-16.2
Net saving	93	101	104	100	110	113	116			31.6	34.1
Net capital transfers (receivable-payable)	-13	-8	-9	-8	-8	-4	-4			-2.3	-1.0
Consumption of fixed capital	41	42	42	43	43	44	44	6.6	1.0	11.4	11.5
Gross fixed capital formation	39	45	46	45	45	42	43	-25.1	11.3	12.3	11.2
Net acquisition of other non-financial assets ³⁾	1	0	0	0	0	0	0			0.0	0.0
Net lending (+) / net borrowing (-)	81	89	92	90	100	111	113			24.8	29.5
Financial transactions	four-quarter-cumulated sums							annual growth rates ⁴⁾		percentage of GVA	
	2005	2006	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2007Q4	2008Q1	2007Q1	2008Q1
Financial investment	2,948	3,322	3,466	3,861	3,744	3,915	3,589	11.1	9.8	930.9	932.9
Currency and deposits	437	778	906	947	962	859	710	20.6	15.8	243.4	184.6
Debt securities	712	575	610	770	688	788	687	10.4	8.8	163.7	178.6
Short-term	25	113	182	200	158	142	135	26.6	22.2	48.9	35.1
Long-term	687	462	427	571	530	646	552	9.1	7.7	114.8	143.5
Loans	889	1,138	1,167	1,255	1,389	1,435	1,538	11.4	11.9	313.6	399.8
Short-term	184	302	311	360	355	372	476	12.4	15.3	83.6	123.8
Long-term	704	836	856	895	1,034	1,063	1,062	11.1	10.9	230.0	276.1
Shares and other equity	611	655	493	494	410	452	282	5.3	3.2	132.4	73.3
Other financial assets ⁵⁾	300	177	290	395	294	381	372			77.9	96.6
Financing	2,867	3,233	3,373	3,770	3,643	3,803	3,476	10.7	9.4	906.2	903.4
Currency and deposits	999	1,257	1,356	1,592	1,561	1,602	1,600	12.8	12.4	364.4	416.0
Debt securities	423	636	666	700	701	761	590	18.1	13.4	178.9	153.4
Short-term	42	85	91	98	126	145	90	36.8	21.2	24.4	23.4
Long-term	381	551	575	602	575	616	500	16.2	12.5	154.5	130.0
Loans	144	159	160	206	335	355	399	24.9	27.3	42.9	103.7
Short-term	74	58	99	132	149	153	181	20.5	23.0	26.5	46.9
Long-term	70	101	61	74	186	202	219	29.8	32.3	16.4	56.8
Shares and other equity	652	612	547	531	409	420	250	4.1	2.4	147.0	64.9
Quoted shares	22	41	45	47	43	51	43	3.0	2.4	12.2	11.3
Unquoted shares and other equity	26	115	109	45	49	174	153	7.3	6.4	29.2	39.8
Mutual fund shares	605	455	393	438	316	195	53	3.2	0.8	105.6	13.8
Insurance technical reserves	338	340	337	340	326	304	275	6.0	5.4	90.4	71.4
Other liabilities ⁶⁾	310	229	307	401	312	362	362			82.6	94.0
Net lending (+) / net borrowing (-) (financial accounts)	81	89	92	90	100	111	113			24.8	29.5
Financial balance sheet	end-of-period stocks							annual percentage changes ¹⁾			
	2005	2006	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2007Q4	2008Q1		
Financial investment	31,533	35,206	36,446	37,695	38,076	38,845	38,663	10.3	6.1		
Currency and deposits	3,445	4,161	4,506	4,666	4,778	4,811	4,923	15.6	9.3		
Debt securities	7,279	7,612	7,823	8,028	8,056	8,227	8,289	8.1	6.0		
Short-term	474	535	607	660	647	676	739	26.4	21.7		
Long-term	6,805	7,077	7,216	7,367	7,408	7,551	7,550	6.7	4.6		
Loans	11,540	12,605	12,899	13,242	13,603	14,001	14,346	11.1	11.2		
Short-term	2,750	3,005	3,115	3,233	3,272	3,301	3,490	9.9	12.0		
Long-term	8,790	9,600	9,784	10,009	10,331	10,700	10,857	11.5	11.0		
Shares and other equity	7,277	8,527	8,766	9,213	9,015	9,074	8,327	6.4	-5.0		
Other financial assets ⁵⁾	1,993	2,302	2,452	2,547	2,625	2,732	2,778				
Financing	31,671	35,598	36,868	38,088	38,187	38,931	38,615	9.4	4.7		
Currency and deposits	11,338	12,492	12,891	13,359	13,519	13,874	14,141	11.1	9.7		
Debt securities	3,608	4,202	4,419	4,579	4,645	4,917	4,903	17.0	11.0		
Short-term	318	394	426	439	489	537	507	36.3	19.0		
Long-term	3,290	3,808	3,993	4,140	4,156	4,380	4,396	15.0	10.1		
Loans	1,264	1,424	1,460	1,511	1,672	1,736	1,800	22.0	23.3		
Short-term	688	746	784	823	864	888	951	19.0	21.3		
Long-term	576	677	676	687	808	849	849	25.3	25.6		
Shares and other equity	8,815	10,140	10,463	10,824	10,423	10,373	9,629	2.3	-8.0		
Quoted shares	1,364	1,689	1,778	1,830	1,602	1,550	1,330	-8.2	-25.2		
Unquoted shares and other equity	2,102	2,381	2,407	2,468	2,369	2,461	2,328	3.4	-3.3		
Mutual fund shares	5,349	6,070	6,278	6,526	6,452	6,361	5,971	4.8	-4.9		
Insurance technical reserves	4,634	5,031	5,129	5,229	5,288	5,362	5,380	6.6	4.9		
Other liabilities ⁶⁾	2,012	2,308	2,506	2,586	2,640	2,669	2,763				

Sources: ECB and Eurostat

1) Annual percentage changes are calculated as $100 \cdot (x_t - x_{t-4}) / x_{t-4}$ where x_t stands for the transaction or end-of-quarter stock x in quarter t , and x_{t-4} for the transaction or stock four quarters earlier.

2) As a percentage of net value added in the case of net entrepreneurial income and net saving.

3) Changes in inventories, acquisitions less disposals of valuables and acquisitions less disposals of non-produced non-financial assets (e.g. land).

4) Annual growth rates for financial transactions are calculated as $100 \cdot (f_t + f_{t-1} + f_{t-2} + f_{t-3}) / F_{t-4}$ where f_t stands for the transactions in quarter t , and F_{t-4} for the end-of-quarter stock value four quarters earlier.

5) Monetary gold and SDRs, other accounts receivable, and prepayments of insurance premiums and reserves for outstanding claims.

6) Other accounts payable and financial derivative net liabilities.

Table 6 Insurance corporations and pension funds

EUR billions

Financial transactions	four-quarter-cumulated sums							annual growth rates ¹⁾	
	2005	2006	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2007Q4	2008Q1
Financial investment	361	416	397	375	344	299	301	5.0	4.9
Currency and deposits	25	78	90	71	76	61	63	8.3	8.3
Debt securities	150	157	186	205	197	171	132	8.2	6.1
Short-term	18	34	38	41	29	20	9	8.3	3.4
Long-term	132	123	148	164	169	151	124	8.2	6.5
Loans	-3	-1	-18	-17	-22	-17	18	-4.7	5.1
Shares and other equity	140	139	101	80	63	66	79	2.9	3.4
Quoted shares	32	22	16	7	6	7	17	0.8	2.0
Unquoted shares and other equity	21	29	18	18	22	21	30	4.7	6.9
Mutual fund shares	87	88	67	54	36	39	32	3.7	3.0
Other financial assets ²⁾	49	43	38	36	30	17	8		
Financing	399	404	379	386	355	339	336	5.6	5.4
Currency and deposits	0	0	0	0	0	0	0	8.8	-1.1
Debt securities	0	5	5	4	3	1	1	5.3	4.6
Loans	19	31	18	23	21	8	13	5.0	7.6
Short-term	14	15	8	18	21	18	22	22.0	24.0
Long-term	5	16	10	5	0	-10	-9	-13.4	-12.1
Shares and other equity	9	8	11	12	10	12	11	1.7	1.7
Quoted shares	6	4	6	6	3	2	1	0.5	0.2
Unquoted shares and other equity	4	5	5	6	7	10	11	2.8	2.9
Insurance technical reserves	336	338	335	339	324	303	273	6.1	5.4
Other liabilities ³⁾	34	22	10	8	-3	15	37		
Net lending (+) / net borrowing (-) (financial accounts)	-38	12	18	-11	-11	-40	-35		
Financial balance sheet	end-of-period stocks							annual percentage changes ⁴⁾	
	2005	2006	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2007Q4	2008Q1
Financial investment	5,454	5,974	6,093	6,201	6,232	6,229	6,193	4.3	1.6
Currency and deposits	663	741	768	771	792	799	830	7.8	8.1
Debt securities	1,994	2,096	2,151	2,175	2,214	2,221	2,258	6.0	4.9
Short-term	207	240	256	270	265	261	268	8.4	4.5
Long-term	1,787	1,856	1,895	1,905	1,948	1,961	1,990	5.6	5.0
Loans	366	361	345	347	343	338	357	-6.4	3.6
Shares and other equity	2,014	2,317	2,359	2,434	2,406	2,397	2,273	3.5	-3.7
Quoted shares	728	831	851	877	864	846	779	1.8	-8.4
Unquoted shares and other equity	376	443	444	462	454	467	440	5.4	-0.9
Mutual fund shares	910	1,042	1,065	1,095	1,088	1,084	1,054	4.0	-1.1
Other financial assets ²⁾	416	459	469	474	477	474	476		
Financing	5,606	6,093	6,224	6,368	6,403	6,431	6,424	5.5	3.2
Currency and deposits	4	4	4	5	5	4	4	8.8	-1.1
Debt securities	21	27	27	27	26	27	26	2.5	-2.8
Loans	133	161	167	178	183	166	179	3.4	7.0
Short-term	72	84	91	103	110	100	112	20.1	23.3
Long-term	61	77	76	74	74	66	66	-14.8	-12.6
Shares and other equity	623	677	693	720	686	666	611	-1.6	-11.8
Quoted shares	285	318	326	336	295	277	244	-12.8	-25.0
Unquoted shares and other equity	338	358	367	384	390	388	366	8.4	0.0
Insurance technical reserves	4,583	4,978	5,076	5,176	5,234	5,308	5,325	6.6	4.9
Other liabilities ³⁾	242	246	257	263	268	259	279		

Source: ECB

1) Annual growth rates for financial transactions are calculated as $100 \cdot (f_t + f_{t-1} + f_{t-2} + f_{t-3}) / F_{t-4}$ where f_t stands for the transactions in quarter t , and F_{t-4} for the end-of-quarter stock value four quarters earlier.

2) Other accounts receivable, and prepayments of insurance premiums and reserves for outstanding claims.

3) Other accounts payable and financial derivative net liabilities.

4) Annual percentage changes are calculated as $100 \cdot (x_t - x_{t-4}) / x_{t-4}$ where x_t stands for the transaction or end-of-quarter stock x in quarter t , and x_{t-4} for the transaction or stock four quarters earlier.