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PRESS RELEASE

EURO AREA ECONOMIC AND FINANCIAL DEVELOPMENTS BY INSTITUTIONAL SECTOR: FIRST QUARTER 2007

In the first quarter of 2007, the annual growth rate¹ of **net disposable income in the euro area** equalled 5.7%, compared with 5.8% in the fourth quarter of 2006 (see Annex Table 1). The annual growth of **consumption** was 3.8% in the first quarter, which was higher than in the fourth quarter (3.6%). In the first quarter **net saving** increased by 29.3% per year, compared with 33.2% in the previous quarter. The annual growth rate of **gross fixed capital formation** was 10.5% in the first quarter of 2007, compared with 10.3% in the previous quarter.

The annual growth rate of **households' gross disposable income** equalled 4.5% in the first quarter of 2007, compared with 3.3% in the previous quarter (see Table 2). **Gross saving** of households increased with an annual growth rate of 9.7%, after 1.2% previously and their average gross saving rate in the last four quarters equalled 14.1%. The annual growth rate of **financing** of households decreased to 8.2% in the first quarter, from 8.6% in the previous quarter, and the annual growth rate of their **financial investment** decreased slightly to 3.7%, from 4.0% previously.²

The annual growth rate of **gross fixed capital formation of non-financial corporations** in the euro area amounted to 9.9% in the first quarter of 2007, compared with 10.0% in the previous quarter (see Table 3). The annual growth rate of **financing** of non-financial corporations decreased slightly to 5.0% in the first quarter, from 5.1% in the previous quarter and the annual growth rate of their **financial investment** increased from 5.6% to 5.8%.

In the first quarter of 2007, the annual growth rate of **euro area net disposable income** was almost unchanged to the previous quarter and equalled 5.7%. The growth of euro area disposable income continued to accrue mainly to households and government and also to

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 **Financial investment (financing)** in this press release is understood as net acquisition of financial assets (net incurrence of liabilities) excluding other accounts payable (receivable), prepayments of insurance premiums and reserves for outstanding claims, and financial derivatives. In line with existing conventions, the financing of general government excludes also shares and other equity, and pension fund reserves.

the financial corporations sector (see Chart 1). **Net euro area saving** continued to grow at a high annual rate (29.3%), but somewhat down from the previous quarter (33.2%). While household savings contributed strongly, the contributions from corporations and government moderated. The continued increase in the annual growth of **gross fixed capital formation** (10.5%) compared to the previous quarter (10.3%) was largely driven by accelerating investment of non-financial corporations and households (see Chart 2). The growth rate of **total capital formation** in the first quarter was lower (8.6%), due to lower additions to inventories. These developments were reflected in a growing **current account surplus of the euro area** with the rest of the world, or negative foreign saving (see Chart 3).

The annual growth rate of **households' gross disposable income** increased to 4.5% in the first quarter of 2007, from 3.3% in the previous quarter (see Table 2). This acceleration was mainly driven by an increase in the annual growth rate of **compensation of employees**, which increased to 4.5% from 3.2% in the previous quarter, and a continued strong growth of the gross operating surplus and mixed income mainly from unincorporated enterprises classified in the household sector (6.4% after 7.4%). The effect from households' **tax payments** on disposable income was less dampening than in the previous quarter (see Chart 4).

The annual growth rate of households' **consumption expenditure** (3.8%) was lower than that of their disposable income. Hence, the household gross saving rate increased, compared to the previous quarter, to 14.1%. The net lending of households increased only slightly as the increase in households' saving was almost completely matched by the increase of households' **non-financial investment** (see Chart 5). In particular, the growth rate of their gross fixed capital formation increased to 11.1%, from 10.5% previously. The broadly unchanged net lending of households is also reflected in the parallel movements of financing and financial investment, as for both the growth rates moderated.³

The annual growth rate of **financing of households** via the incurrence of loans in the euro area decreased to 8.3% in the first quarter, from 8.7% in the previous quarter. This coincided with a slightly lower growth of their **financial investment** (3.7% per year, as compared to 4.0% previously).

Turning to the components of **households' financial investments**, the annual growth rate of their holdings of currency and deposits equalled 5.5% in the first quarter, almost unchanged compared with the previous quarter. The annual growth rate of their investment

³ Note that net lending / net borrowing numbers from the financial and the non-financial accounts differ for the household and non-financial corporation sectors due to statistical discrepancies.

in debt securities decreased to 4.8%, from 6.4% previously. The growth rate of their investment in shares and other equity recovered somewhat (-0.0%, after -0.5%). Households remained net sellers of quoted shares and mutual fund shares, while investment in unquoted shares and other equity was positive. The annual growth rate of their additions to life insurance and pension fund reserves decreased to 5.8%, from 6.4% previously.

All in all, the annual growth rate of households' **net financial wealth** decreased to 5.3%, from 6.5% in the previous quarter but households continued to benefit from positive holding gains on financial assets, in particular quoted shares and investment fund shares (see Chart 6).

The **net entrepreneurial income of non-financial corporations**⁴ grew at an annual rate of 5.5% in the first quarter of 2007 after an exceptionally high rate of growth in the previous quarter (15.5%; see Chart 7 and Table 3). This decrease of the growth rate can be partly explained by a moderation in the growth in their net value added to 5.3%, from 6.3% in the previous quarter.

The annual growth rate of **gross fixed capital formation** of non-financial corporations remained broadly unchanged at 9.9% in the first quarter of 2007 (after 10.0% in the previous quarter; see Chart 8), whereas the annual growth rate of total **non-financial investment** increased to 6.4% from 5.8% as changes in inventories had a less dampening effect. Since their non-financial investment grew stronger than their saving ("retained earnings"), the net lending of non-financial corporations became more negative. This is also reflected in the net lending derived from the financial accounts as the borrowing from other sectors and the rest-of-the-world exceeded financial investment by a larger amount.

In the first quarter of 2007, the annual growth rate of **financing by non-financial corporations** remained broadly unchanged at 5.0%. The growth rate of their loan financing was also broadly unchanged at 10.6% while the annual growth rate of their issuance of debt securities increased to 6.3% from 6.0%. The annual growth rate of their equity financing via shares issues and other equity remained unchanged at 2.0% (see Table 3).

As regards the **financial investment of non-financial corporations**, the annual growth rate of investment in currency and deposits increased to 13.2% from 12.4% previously. The growth rate of investment in shares and other equity increased to 3.5% from 3.3%.

The annual growth rate of insurance technical reserves, the major financing instrument of **insurance corporations and pension funds**, decreased to 6.3% in the first quarter of

⁴ 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).

2007, from 6.7% in the previous quarter (see Table 6). The annual growth rate of the issuance of quoted shares by this sector increased to 1.6% from 1.2% previously. The annual growth rate of their **financial investment** in debt securities increased to 7.1% from 6.3%, and that in shares and other equity decreased to 4.9% from 6.6%.

Additional information on the euro area accounts

The euro area accounts, encompass integrated non-financial and financial accounts, including financial balance sheets. They are part of the quarterly European sector accounts which are compiled jointly by the ECB and by 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" in the statistics section of the ECB's Monthly Bulletin. An explanation of the relationship between several variables in the tables of this press release is provided in the General Notes on that section of the Monthly Bulletin. A comprehensive set of tables using both a cross-sectoral and a time-series presentation and a detailed methodological description of the statistics is made available at <http://www.ecb.europa.eu/stats/acc/html/index.en.html> (ECB). The time series from the euro area accounts can be downloaded using the ECB's Statistical Data Warehouse (SDW).

The publication of euro area economic and financial developments in the second quarter of 2007 is scheduled to take place at 10.00 am (CEST) on **31 October 2007**.

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Annex:

⁵ The non-financial accounts for the EU are available at <http://ec.europa.eu/eurostat> (Eurostat).

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)

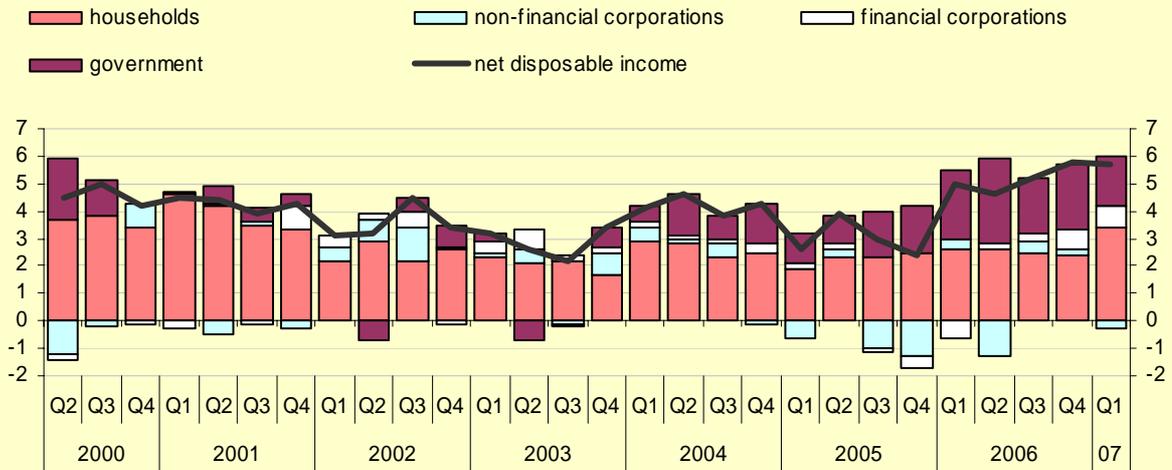


Chart 2 Growth of euro area gross fixed capital formation and contributions by sector
(annual percentage changes and percentage point contributions)

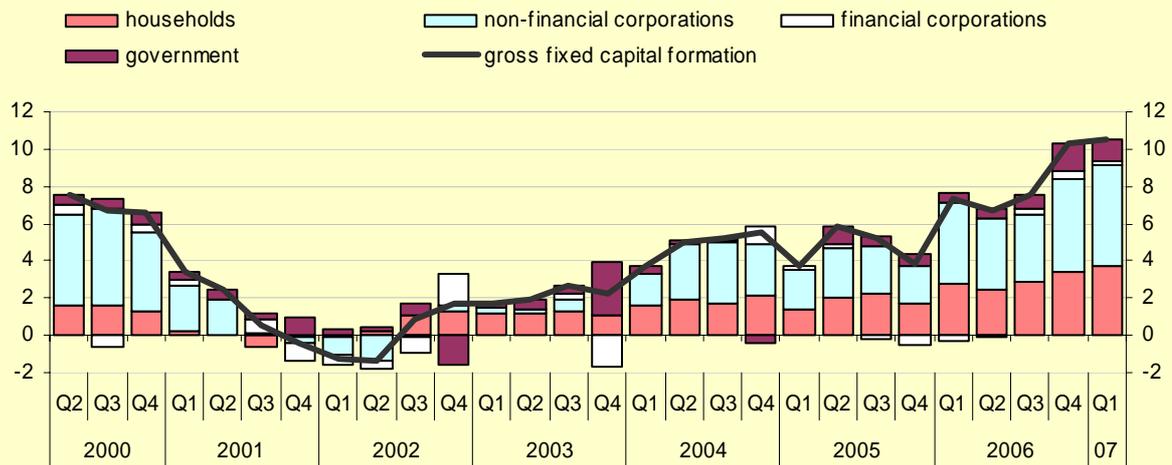
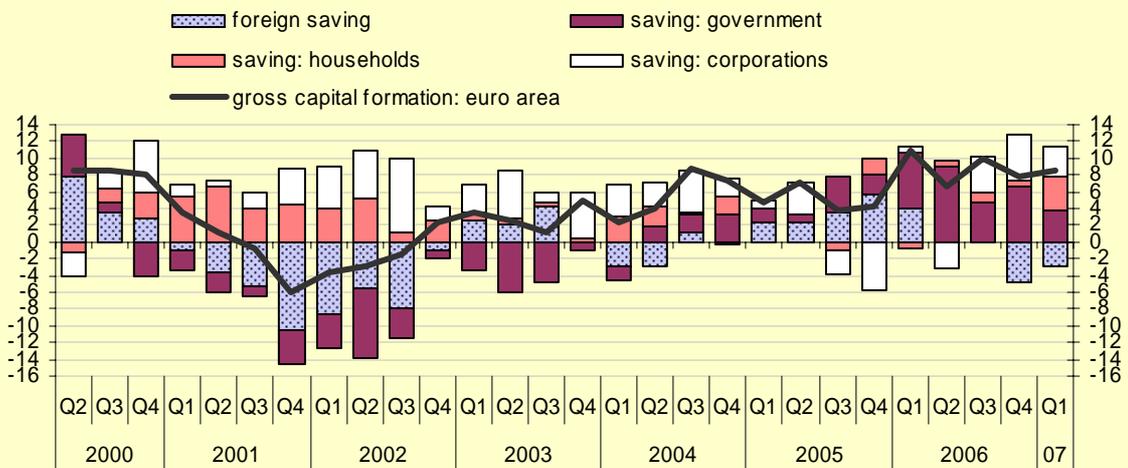


Chart 3 Growth of euro area gross capital formation and its financing by sectoral saving
(annual percentage changes and percentage point contributions)



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)

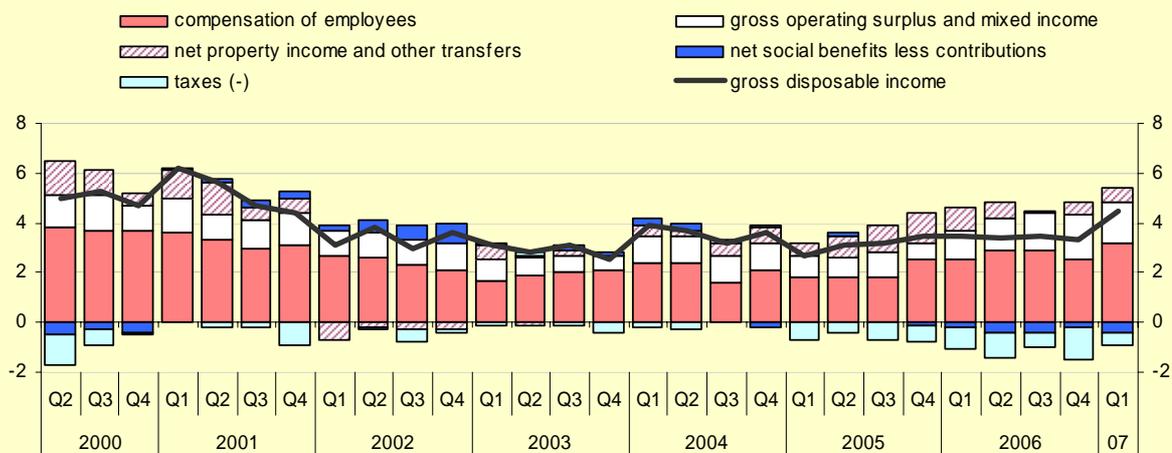


Chart 5 Growth of households' acquisition of non-financial assets and contributions by source of financing
(annual percentage changes and percentage point contributions)

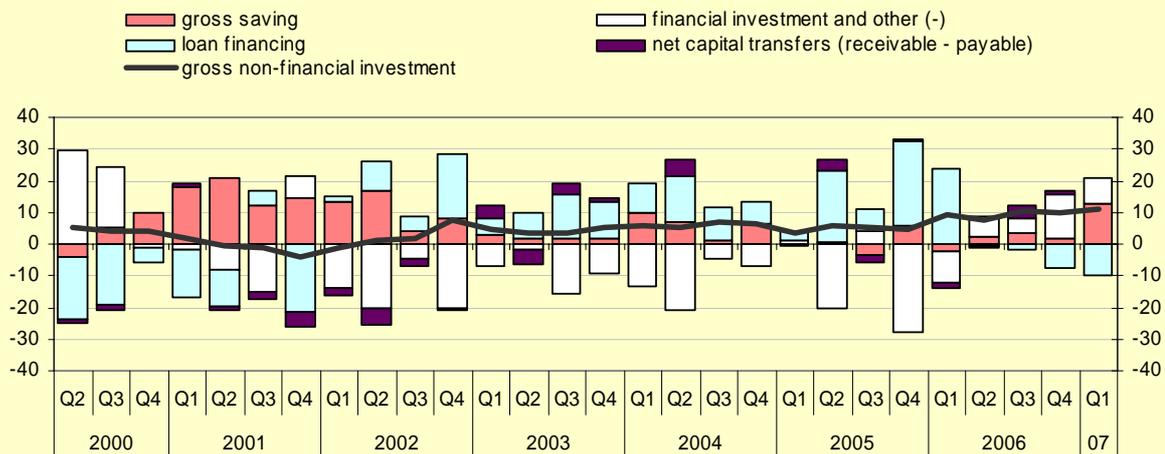
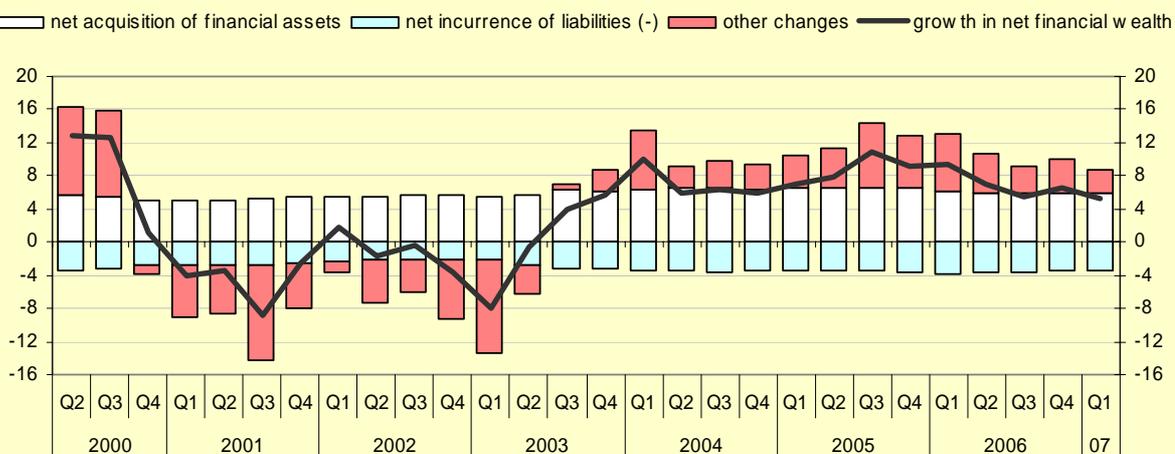


Chart 6 Growth of households' net financial wealth and contributions by type of wealth change
(annual percentage changes and percentage point contributions)



Sources: ECB and Eurostat

Euro area non-financial corporations

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

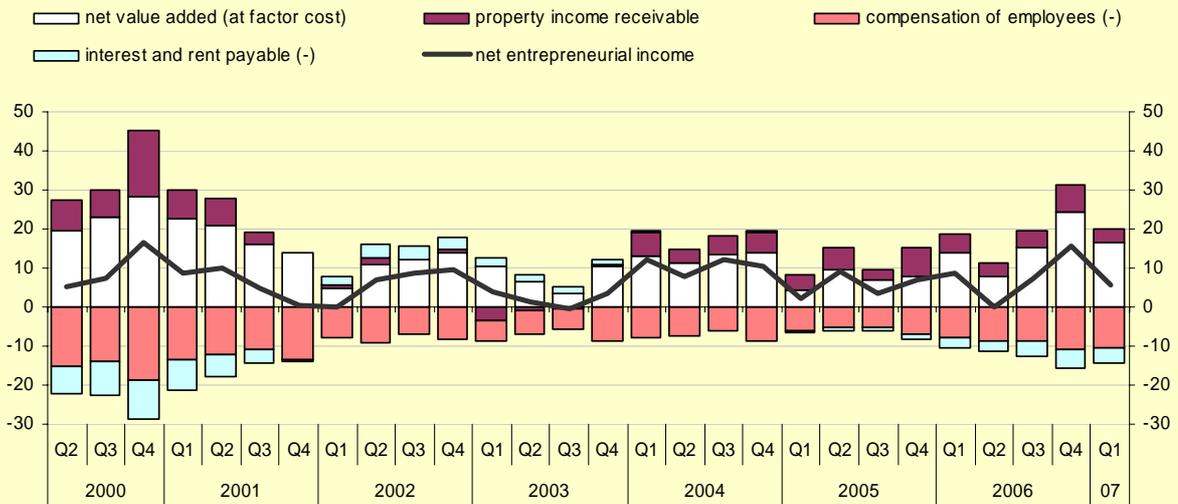
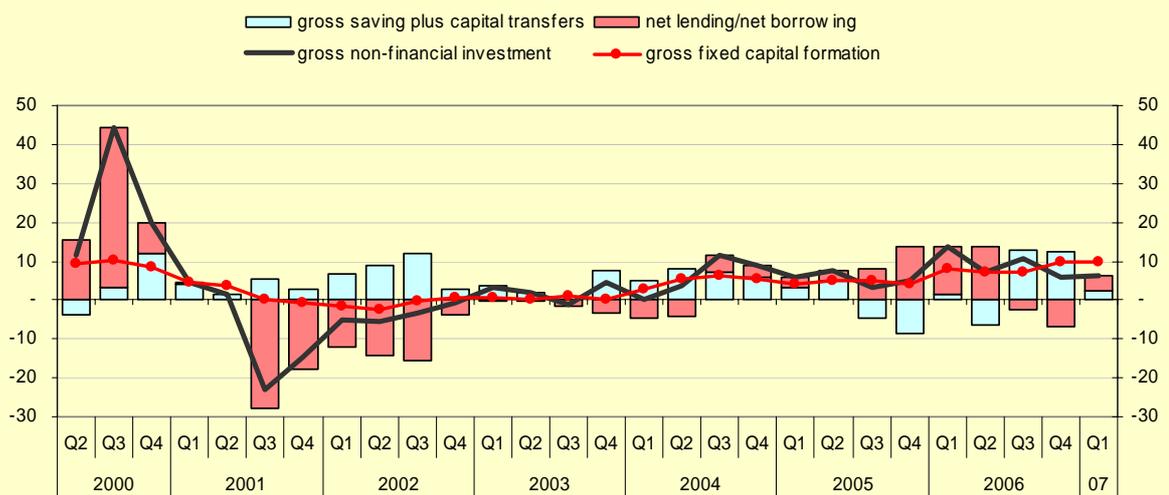


Chart 8 Growth of non-financial investment of non-financial corporations and contributions by source of financing
(annual percentage changes and percentage point contributions)



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	
	2004	2005	2006Q1	2006Q2	2006Q3	2006Q4	2007Q1	2006Q4	2007Q1	2006Q1	2007Q1
Net disposable income (NDI):											
Euro area	6,551	6,746	6,825	6,903	6,989	7,092	7,188	5.8	5.7	100.0	100.0
Households ²⁾	4,865	5,013	5,055	5,098	5,140	5,183	5,240	3.3	4.6	74.1	72.9
Non-financial corporations	80	35	42	20	26	31	26			0.6	0.4
Financial corporations	140	139	130	133	137	149	164			1.9	2.3
General government	1,467	1,558	1,599	1,652	1,685	1,729	1,759	9.0	8.5	23.4	24.5
Consumption expenditure:											
Euro area	6,054	6,277	6,340	6,402	6,459	6,519	6,579	3.6	3.8	92.9	91.5
Households ²⁾	4,462	4,622	4,670	4,715	4,756	4,799	4,843	3.7	3.8	68.4	67.4
General government collective consumption	644	660	664	670	674	681	687	3.8	4.1	9.7	9.6
General government social transfers in kind ³⁾	949	994	1,006	1,018	1,029	1,039	1,049	3.5	3.8	14.7	14.6
Net saving:											
Euro area	497	469	486	501	530	573	609	33.2	29.3	7.1	8.5
Households ²⁾	461	451	445	444	446	445	459	-0.4	13.9	6.5	6.4
Non-financial corporations	67	24	30	8	14	18	13			0.4	0.2
Financial corporations	95	91	82	84	88	101	114			1.2	1.6
General government	-126	-96	-71	-36	-18	9	23			-1.0	0.3
Consumption of fixed capital:											
Euro area	1,121	1,172	1,183	1,195	1,208	1,219	1,233	3.8	4.4	17.3	17.1
Households ²⁾	303	318	321	324	328	331	334	3.7	4.5	4.7	4.7
Non-financial corporations	633	661	667	674	681	688	696	4.1	4.5	9.8	9.7
Financial corporations	40	41	42	42	42	42	42	-1.1	2.8	0.6	0.6
General government	145	152	153	155	157	159	160	4.4	4.3	2.2	2.2
Net capital transfers (receivables-payables):											
Euro area	17	14	14	12	13	13	15			0.2	0.2
Households ²⁾	19	21	18	17	23	25	25			0.3	0.3
Non-financial corporations	54	59	50	51	65	81	84			0.7	1.2
Financial corporations	-8	-7	-7	-6	-5	-6	-6			-0.1	-0.1
General government	-48	-58	-48	-50	-71	-87	-87			-0.7	-1.2
Gross fixed capital formation:											
Euro area	1,555	1,628	1,655	1,683	1,713	1,758	1,800	10.3	10.5	24.2	25.0
Households ²⁾	508	536	547	557	569	583	598	10.5	11.1	8.0	8.3
Non-financial corporations	815	851	867	882	897	919	941	10.0	9.9	12.7	13.1
Financial corporations	41	41	40	39	40	42	43	14.7	11.2	0.6	0.6
General government	191	200	202	204	207	214	218	9.9	12.0	3.0	3.0
Net acquisition of other non-financial assets⁴⁾:											
Euro area	12	19	35	35	46	34	29			0.5	0.4
Households ²⁾	4	1	2	2	5	3	3			0.0	0.0
Non-financial corporations	8	16	31	31	39	29	24			0.5	0.3
Financial corporations	0	1	1	1	1	1	1			0.0	0.0
General government	0	1	1	0	0	0	0			0.0	0.0
Net lending (+) / net borrowing (-):											
Euro area	68	9	-7	-9	-8	14	28			-0.1	0.4
Households ²⁾	272	252	235	227	223	214	217			3.4	3.0
Non-financial corporations	-69	-124	-151	-180	-176	-161	-172			-2.2	-2.4
Financial corporations	85	83	76	80	84	94	106			1.1	1.5
General government	-220	-203	-167	-135	-140	-133	-123			-2.5	-1.7

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⁾	
	2004	2005	2006Q1	2006Q2	2006Q3	2006Q4	2007Q1	2006Q4	2007Q1	2006Q1	2007Q1
Compensation of employees	3,770	3,871	3,903	3,943	3,981	4,015	4,057	3.2	4.5	71.8	72.0
Gross operating surplus and mixed income	1,285	1,330	1,346	1,364	1,383	1,408	1,429	7.4	6.4	24.8	25.4
Property income (receivable - payable)	739	783	794	804	807	813	818			14.6	14.5
Net social benefits and contributions (rec. - pay.)	16	17	14	9	3	-1	-6			0.3	-0.1
Other current transfers (rec. - pay.)	65	69	69	68	67	69	72			1.3	1.3
Taxes (on income and wealth) (-)	707	740	751	764	772	790	796	8.2	3.7	13.8	14.1
Gross disposable income (HGDI)	5,168	5,331	5,376	5,423	5,468	5,514	5,574	3.3	4.5	98.9	98.9
+Adj. for change in net worth in pension funds ³⁾	58	60	60	61	61	61	62	1.5	7.6	1.1	1.1
Gross disposable income (HGDI) plus adjustment³⁾	5,226	5,391	5,436	5,483	5,529	5,575	5,636	3.3	4.6	100.0	100.0
Consumption expenditure	4,462	4,622	4,670	4,715	4,756	4,799	4,843	3.7	3.8	85.9	85.9
Gross saving	765	769	766	769	773	776	793	1.2	9.7	14.1	14.1
Net capital transfers (receivables-payables)	19	21	18	17	23	25	25			0.3	0.4
Gross fixed capital formation	508	536	547	557	569	583	598	10.5	11.1	10.1	10.6
Net acquisition of other non-financial assets ⁴⁾	4	1	2	2	5	3	3			0.0	0.1
Net lending (+) / net borrowing (-)	272	252	235	227	223	214	217			4.3	3.8
Financial transactions	four-quarter-cumulated sums							annual growth rates ⁵⁾		percentage of HGDI, adjusted ³⁾	
	2004	2005	2006Q1	2006Q2	2006Q3	2006Q4	2007Q1	2006Q4	2007Q1	2006Q1	2007Q1
Net acquisition of financial assets	592	652	622	613	635	641	649	4.0	4.0	11.4	11.5
Financial investment	555	676	674	635	648	616	597	4.0	3.7	12.4	10.6
Currency and deposits	246	239	246	250	270	282	278	5.6	5.5	4.5	4.9
Debt securities	78	11	36	43	96	89	69	6.4	4.8	0.7	1.2
Loans	-1	-1	-2	-2	-3	-3	-3	-12.0	-12.4	0.0	-0.1
Shares and other equity	-19	129	85	46	-10	-23	-2	-0.5	0.0	1.6	0.0
Quoted shares	-51	9	-25	-25	-35	-15	-4	-1.4	-0.3	-0.5	-0.1
Unquoted shares and other equity	37	61	67	44	36	17	34	0.9	1.7	1.2	0.6
Mutual funds shares	-4	59	43	27	-10	-26	-33	-1.6	-2.0	0.8	-0.6
Life insurance and pension fund reserves	251	298	309	298	294	272	255	6.4	5.8	5.7	4.5
Other financial assets ⁶⁾	37	-24	-52	-22	-13	25	52			-1.0	0.9
Net incurrence of liabilities	326	369	385	379	396	381	387	7.5	7.5	7.1	6.9
Financing	314	391	420	419	416	405	391	8.6	8.2	7.7	6.9
Loans	312	389	418	417	415	404	391	8.7	8.3	7.7	6.9
Short-term	8	15	11	10	11	12	13	3.9	4.3	0.2	0.2
Long-term	304	374	407	407	404	392	378	9.0	8.5	7.5	6.7
Pension fund reserves	2	2	2	1	1	0	0	0.8	0.6	0.0	0.0
Other liabilities ⁷⁾	11	-23	-35	-39	-20	-24	-4			-0.6	-0.1
Changes in financial wealth not due to transactions	286	618	712	499	351	447	327			13.1	5.8
Financial balance sheet	end-of-period stocks							annual percentage changes ²⁾		percentage of HGDI, adjusted ³⁾	
	2004	2005	2006Q1	2006Q2	2006Q3	2006Q4	2007Q1	2006Q4	2007Q1	2006Q1	2007Q1
Financial assets	14,587	15,861	16,283	16,294	16,566	16,918	17,240	6.7	5.9	299.5	305.9
Financial investment	14,261	15,598	16,024	16,042	16,301	16,640	16,936	6.7	5.7	294.8	300.5
Currency and deposits	4,807	5,053	5,075	5,167	5,197	5,334	5,349	5.6	5.4	93.4	94.9
Debt securities	1,384	1,387	1,441	1,447	1,472	1,462	1,502	5.4	4.2	26.5	26.6
Loans	27	26	25	25	24	24	22	-10.6	-11.9	0.5	0.4
Shares and other equity	3,917	4,554	4,802	4,682	4,797	4,927	5,099	8.2	6.2	88.3	90.5
Quoted shares	850	1,039	1,141	1,071	1,154	1,213	1,254	16.7	9.9	21.0	22.3
Unquoted shares and other equity	1,576	1,878	1,988	1,985	2,018	2,068	2,191	10.1	10.2	36.6	38.9
Mutual funds shares	1,492	1,637	1,673	1,626	1,626	1,646	1,654	0.5	-1.1	30.8	29.4
Life insurance and pension fund reserves	3,850	4,284	4,383	4,423	4,510	4,591	4,655	7.2	6.2	80.6	82.6
Other financial assets ⁶⁾	326	263	258	252	265	278	303			4.7	5.4
Liabilities	4,687	5,059	5,145	5,222	5,318	5,409	5,513	6.9	7.2	94.6	97.8
Financing	4,307	4,683	4,766	4,872	4,953	5,054	5,136	7.9	7.8	87.7	91.1
Loans	4,277	4,651	4,733	4,839	4,920	5,021	5,103	8.0	7.8	87.1	90.5
Short-term	296	308	302	311	308	311	311	1.1	2.8	5.6	5.5
Long-term	3,981	4,343	4,431	4,528	4,612	4,710	4,793	8.5	8.2	81.5	85.0
Pension fund reserves	30	32	32	33	33	33	33	0.8	0.6	0.6	0.6
Other liabilities ⁷⁾	380	376	379	350	365	355	377			7.0	6.7
Net financial wealth	9,900	10,802	11,138	11,072	11,248	11,509	11,727	6.5	5.3	204.9	208.1

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

7) Other accounts payable and financial derivatives.

Table 3 Non-financial corporations

EUR billions

Non-financial transactions	four-quarter-cumulated sums							annual percentage changes ¹⁾		percentage of GVA or (NVA) ²⁾	
	2004	2005	2006Q1	2006Q2	2006Q3	2006Q4	2007Q1	2006Q4	2007Q1	2006Q1	2007Q1
Gross value added (GVA)	3,928	4,034	4,076	4,107	4,155	4,217	4,269	5.9	5.2	100.0	100.0
Net value added (NVA)	3,295	3,373	3,409	3,433	3,474	3,529	3,574	6.3	5.3	83.6	83.7
Net entrepreneurial income	995	1,047	1,069	1,070	1,089	1,125	1,141	15.5	5.5	31.4	31.9
Net disposable income	80	35	42	20	26	31	26			1.2	0.7
Adj. for change in net worth in pension funds	-13	-12	-12	-12	-12	-12	-12			-0.3	-0.3
Net saving	67	24	30	8	14	18	13			0.9	0.4
Net capital transfers (receivable-payable)	54	59	50	51	65	81	84			1.5	2.0
Consumption of fixed capital	633	661	667	674	681	688	696	4.1	4.5	16.4	16.3
Gross fixed capital formation	815	851	867	882	897	919	941	10.0	9.9	21.3	22.0
Net acquisitions of other non-financial assets ³⁾	8	16	31	31	39	29	24			0.8	0.6
Net lending (+) / net borrowing (-)	-69	-124	-151	-180	-176	-161	-172			-3.7	-4.0
Financial transactions	four-quarter-cumulated sums							annual growth rates ⁴⁾		percentage of GVA	
	2004	2005	2006Q1	2006Q2	2006Q3	2006Q4	2007Q1	2006Q4	2007Q1	2006Q1	2007Q1
Net acquisition of financial assets	377	524	613	708	698	750	789	6.3	6.4	15.0	18.5
Financial investment	265	433	435	515	463	533	582	5.6	5.8	10.7	13.6
Currency and deposits	83	153	161	169	164	175	188	12.4	13.2	4.0	4.4
Debt securities	-57	-20	-5	14	-1	22	4	7.7	1.3	-0.1	0.1
Loans	61	138	100	105	109	129	157	8.5	10.2	2.4	3.7
Shares and other equity	178	162	179	228	191	207	233	3.3	3.5	4.4	5.5
Quoted shares	93	26	29	71	103	52	54	3.5	3.3	0.7	1.3
Unquoted shares and other equity	61	116	141	157	93	163	175	3.8	3.8	3.5	4.1
Mutual funds shares	24	20	9	1	-4	-9	4	-2.2	1.0	0.2	0.1
Other financial assets ⁵⁾	112	91	178	192	235	217	207			4.4	4.9
Net incurrence of liabilities	440	679	765	895	889	957	1,006	5.0	5.0	18.8	23.6
Financing	405	588	677	815	802	864	893	5.1	5.0	16.6	20.9
Debt securities	7	-5	-8	9	25	40	42	6.0	6.3	-0.2	1.0
Loans	196	395	462	556	593	605	619	10.7	10.6	11.3	14.5
Short-term	28	147	170	198	214	198	206	10.6	10.9	4.2	4.8
Long-term	168	248	293	357	379	408	413	10.7	10.5	7.2	9.7
Shares and other equity	189	185	209	239	172	207	222	2.0	2.0	5.1	5.2
Quoted shares	12	101	96	113	40	32	41	0.9	1.0	2.4	1.0
Unquoted shares and other equity	177	84	113	125	132	175	181	2.6	2.5	2.8	4.2
Pension fund reserves	13	13	13	12	12	12	10	3.8	3.2	0.3	0.2
Other liabilities ⁶⁾	36	91	89	80	87	92	114			2.2	2.7
Financial balance sheet	end-of-period stocks							annual percentage changes ¹⁾		percentage of GVA	
	2004	2005	2006Q1	2006Q2	2006Q3	2006Q4	2007Q1	2006Q4	2007Q1	2006Q1	2007Q1
Financial assets	10,612	11,885	12,424	12,475	12,868	13,409	13,767	12.8	10.8	304.8	322.5
Financial investment	8,303	9,478	9,966	9,968	10,322	10,799	11,106	13.9	11.4	244.5	260.1
Currency and deposits	1,262	1,417	1,429	1,472	1,513	1,577	1,604	11.3	12.3	35.1	37.6
Debt securities	310	286	297	308	296	301	295	5.3	-0.6	7.3	6.9
Loans	1,389	1,524	1,544	1,578	1,608	1,677	1,717	10.0	11.2	37.9	40.2
Shares and other equity	5,341	6,250	6,696	6,611	6,905	7,244	7,489	15.9	11.8	164.3	175.4
Quoted shares	1,266	1,492	1,638	1,645	1,671	1,781	1,876	19.4	14.5	40.2	43.9
Unquoted shares and other equity	3,706	4,350	4,648	4,571	4,826	5,058	5,193	16.3	11.7	114.0	121.6
Mutual funds shares	369	408	411	394	408	405	421	-0.7	2.4	10.1	9.9
Other financial assets ⁵⁾	2,309	2,407	2,458	2,506	2,546	2,610	2,661			60.3	62.3
Liabilities	17,206	19,234	20,151	20,167	20,687	21,609	22,249	12.4	10.4	494.4	521.1
Financing	15,214	17,115	18,010	18,019	18,492	19,339	19,942	13.0	10.7	441.9	467.1
Debt securities	668	665	669	686	689	693	707	4.3	5.7	16.4	16.6
Loans	5,268	5,668	5,817	5,997	6,116	6,250	6,423	10.3	10.4	142.7	150.4
Short-term	1,703	1,860	1,892	1,967	1,996	2,036	2,097	9.4	10.9	46.4	49.1
Long-term	3,565	3,807	3,925	4,030	4,120	4,214	4,325	10.7	10.2	96.3	101.3
Shares and other equity	8,977	10,468	11,207	11,016	11,365	12,070	12,484	15.3	11.4	275.0	292.4
Quoted shares	2,987	3,681	4,088	3,947	4,092	4,458	4,662	21.1	14.0	100.3	109.2
Unquoted shares and other equity	5,990	6,787	7,118	7,069	7,273	7,612	7,822	12.2	9.9	174.7	183.2
Pension fund reserves	301	314	317	319	323	326	327	3.8	3.2	7.8	7.7
Other liabilities ⁶⁾	1,992	2,119	2,142	2,148	2,195	2,270	2,308			52.5	54.1

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 derivatives and deposits.

Table 4 **General government**
EUR billions

Non-financial transactions	four-quarter-cumulated sums							annual percentage changes ¹⁾		percentage of GNDI	
	2004	2005	2006Q1	2006Q2	2006Q3	2006Q4	2007Q1	2006Q4	2007Q1	2006Q1	2007Q1
Net disposable income (GNDI)	1,467	1,558	1,599	1,652	1,685	1,729	1,759	9.0	8.5	100.0	100.0
Consumption expenditure	1,593	1,655	1,670	1,687	1,703	1,720	1,736	3.6	3.9	104.4	98.7
Net saving	-126	-96	-71	-36	-18	9	23			-4.4	1.3
Consumption of fixed capital	145	152	153	155	157	159	160	4.4	4.3	9.6	9.1
Net capital transfers (receivable-payable)	-48	-58	-48	-50	-71	-87	-87			-3.0	-5.0
Gross fixed capital formation	191	200	202	204	207	214	218	9.9	12.0	12.6	12.4
Net acquisition of other non-financial assets ²⁾	0	1	1	0	0	0	0			0.0	0.0
Net lending (+) / net borrowing (-)	-220	-203	-167	-135	-140	-133	-123			-10.5	-7.0
Financial transactions	four-quarter-cumulated sums							annual growth rates ³⁾		percentage of GNDI	
	2004	2005	2006Q1	2006Q2	2006Q3	2006Q4	2007Q1	2006Q4	2007Q1	2006Q1	2007Q1
Net acquisition of financial assets	43	82	92	72	123	45	43	1.8	1.6	5.8	2.4
Financial investment	47	67	39	27	61	33	46	1.7	2.2	2.4	2.6
Currency and deposits	18	31	26	28	60	33	37	6.9	7.5	1.6	2.1
Debt securities	17	20	24	19	13	26	25	12.6	11.7	1.5	1.4
Loans	9	5	-3	-7	-4	-15	-14	-4.0	-3.9	-0.2	-0.8
Short-term	0	2	-1	-5	0	-1	-1	-1.2	-2.9	-0.1	-0.1
Long-term	10	3	-2	-2	-4	-15	-13	-4.4	-4.0	-0.1	-0.7
Shares and other equity	2	10	-8	-13	-7	-10	0	-1.0	0.0	-0.5	0.0
Quoted shares	-20	-12	-23	-26	-20	-18	-7	-5.6	-1.9	-1.5	-0.4
Unquoted shares and other equity	11	11	2	-1	-2	-5	-5	-1.0	-0.9	0.1	-0.3
Mutual funds shares	11	11	13	14	14	13	11	11.5	9.4	0.8	0.6
Other financial assets ⁴⁾	-4	15	53	44	62	12	-3			3.3	-0.2
Net incurrence of liabilities	263	285	260	207	263	178	166	2.6	2.5	16.2	9.4
Financing	272	262	218	154	164	121	126	1.9	2.0	13.7	7.1
Currency and deposits	25	26	38	22	20	13	1	3.9	0.4	2.4	0.1
Debt securities	234	215	165	110	122	102	111	2.1	2.2	10.3	6.3
Short-term	11	-8	-11	-23	-25	-32	10	-5.4	1.6	-0.7	0.6
Long-term	223	223	177	133	147	134	102	3.1	2.3	11.0	5.8
Loans	13	22	16	22	23	6	13	0.6	1.2	1.0	0.7
Short-term	-3	6	13	21	29	5	21	3.9	15.3	0.8	1.2
Long-term	16	16	3	1	-6	2	-8	0.2	-0.9	0.2	-0.5
Other liabilities ⁵⁾	-9	22	41	53	99	56	40			2.6	2.3
Financial balance sheet	end-of-period stocks							annual percentage changes ¹⁾		percentage of GNDI	
	2004	2005	2006Q1	2006Q2	2006Q3	2006Q4	2007Q1	2006Q4	2007Q1	2006Q1	2007Q1
Financial assets	2,322	2,541	2,638	2,655	2,678	2,689	2,743	5.8	4.0	165.0	155.9
Financial investment	1,814	2,014	2,078	2,109	2,118	2,149	2,185	6.7	5.2	130.0	124.2
Currency and deposits	447	473	484	538	523	504	520	6.7	7.5	30.3	29.6
Debt securities	184	205	209	213	218	226	233	10.4	11.3	13.1	13.3
Loans	368	376	371	370	366	361	357	-4.0	-3.8	23.2	20.3
Short-term	43	45	40	39	39	44	39	-1.4	-2.8	2.5	2.2
Long-term	325	331	331	331	328	317	318	-4.3	-3.9	20.7	18.1
Shares and other equity	815	961	1,014	988	1,011	1,057	1,075	10.1	6.1	63.4	61.1
Quoted shares	223	316	350	331	342	380	391	20.5	11.8	21.9	22.2
Unquoted shares and other equity	505	532	543	536	541	544	547	2.3	0.9	33.9	31.1
Mutual funds shares	87	113	121	121	128	133	137	17.6	13.0	7.6	7.8
Other financial assets ⁴⁾	508	527	560	546	560	540	557			35.0	31.7
Liabilities	6,380	6,719	6,699	6,686	6,797	6,713	6,778	-0.1	1.2	419.0	385.3
Financing	6,075	6,365	6,353	6,335	6,415	6,339	6,395	-0.4	0.7	397.4	363.6
Currency and deposits	309	333	337	336	337	346	338	3.9	0.4	21.1	19.2
Debt securities	4,720	4,962	4,947	4,931	5,002	4,918	4,978	-0.9	0.6	309.5	283.0
Short-term	582	581	591	603	590	561	613	-3.6	3.6	37.0	34.8
Long-term	4,138	4,381	4,356	4,328	4,411	4,357	4,365	-0.5	0.2	272.5	248.2
Loans	1,047	1,069	1,069	1,068	1,077	1,075	1,079	0.6	1.0	66.9	61.4
Short-term	120	126	137	148	161	131	159	4.0	15.6	8.6	9.0
Long-term	927	943	932	920	916	944	921	0.1	-1.2	58.3	52.3
Other liabilities ⁵⁾	305	354	346	351	381	374	383			21.6	21.7
<i>Memo: Government debt (at nominal value)⁶⁾</i>	5,419	5,669	5,769	5,838	5,861	5,794	5,894				

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 $100 \cdot (f_t + f_{t-1} + f_{t-2} + f_{t-3}) / F_{t-4}$ 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) Other accounts receivable, and prepayments of insurance premiums and reserves for outstanding claims.

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

6) 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⁾	
	2004	2005	2006Q1	2006Q2	2006Q3	2006Q4	2007Q1	2006Q4	2007Q1	2005	2007Q1
Gross value added (GVA)	347	358	359	361	362	361	365	-0.3	4.3	100.0	100.0
Net value added (NVA)	307	317	318	319	320	319	323	-0.2	4.5	88.5	88.4
Net entrepreneurial income	318	352	351	366	368	384	410	20.1	34.3	111.2	126.8
Net disposable income	95	91	82	84	88	101	114			28.8	35.2
Adj. for change in net worth in pension funds	-45	-48	-48	-48	-49	-49	-50			-15.2	-15.4
Net saving	95	91	82	84	88	101	114			28.8	35.2
Net capital transfers (receivable-payable)	-8	-7	-7	-6	-5	-6	-6			-2.1	-1.6
Consumption of fixed capital	40	41	42	42	42	42	42	-1.1	2.8	11.5	11.6
Gross fixed capital formation	41	41	40	39	40	42	43	14.7	11.2	11.4	11.7
Net acquisition of other non-financial assets ³⁾	0	1	1	1	1	1	1			0.3	0.4
Net lending (+) / net borrowing (-)	85	83	76	80	84	94	106			23.3	29.1
Financial transactions	four-quarter-cumulated sums							annual growth rates ⁴⁾		percentage of GVA	
	2004	2005	2006Q1	2006Q2	2006Q3	2006Q4	2007Q1	2006Q4	2007Q1	2005	2007Q1
Net acquisition of financial assets	1,947	3,016	3,333	3,082	3,297	3,463	3,550	11.1	10.9	842.4	971.8
Currency and deposits	331	434	498	463	495	753	867	22.0	23.7	121.3	237.4
Debt securities	459	700	677	628	623	543	580	7.5	7.9	195.7	158.9
Short-term	100	25	10	18	61	82	160	17.3	33.5	7.0	43.9
Long-term	359	676	666	610	562	461	420	6.9	6.1	188.7	115.0
Loans	606	879	1,022	1,089	1,159	1,148	1,204	10.1	10.3	245.5	329.6
Short-term	88	174	246	260	306	309	335	11.4	11.9	48.6	91.6
Long-term	518	705	776	829	852	840	869	9.6	9.8	196.9	238.0
Shares and other equity	411	669	854	784	796	778	565	10.8	7.2	187.0	154.8
Other financial assets ⁵⁾	141	333	283	117	224	241	333			92.9	91.2
Net incurrence of liabilities	1,862	2,932	3,257	3,002	3,214	3,369	3,444	10.7	10.4	819.1	942.8
Currency and deposits	711	988	1,054	1,032	1,125	1,238	1,311	11.0	11.3	276.1	359.0
Debt securities	298	435	502	504	545	621	650	17.2	17.2	121.4	177.9
Short-term	30	42	46	53	68	80	85	24.6	23.9	11.8	23.2
Long-term	268	393	456	451	477	541	565	16.4	16.5	109.7	154.8
Loans	80	139	160	143	162	162	178	12.8	13.6	39.0	48.6
Short-term	15	56	32	26	52	56	111	8.3	16.3	15.6	30.4
Long-term	65	84	129	117	110	106	67	18.0	10.7	23.4	18.3
Shares and other equity	347	730	871	812	776	744	639	8.5	6.7	203.9	174.9
Quoted shares	28	21	25	21	43	41	47	3.0	3.1	5.8	12.9
Unquoted shares and other equity	3	3	19	111	127	126	120	6.1	5.3	0.9	32.8
Mutual funds shares	316	706	827	680	606	577	472	10.8	8.3	197.2	129.1
Insurance technical reserves	266	332	341	332	330	310	298	6.6	6.3	92.8	81.7
Other liabilities ⁶⁾	159	307	329	179	275	294	368			85.9	100.7
Financial balance sheet	end-of-period stocks							annual percentage changes ¹⁾			
	2004	2005	2006Q1	2006Q2	2006Q3	2006Q4	2007Q1	2006Q4	2007Q1		
Financial assets	27,112	31,259	32,544	32,879	34,003	35,043	36,338	12.1	11.7		
Currency and deposits	2,744	3,424	3,656	3,746	3,890	4,123	4,454	20.4	21.8		
Debt securities	6,364	7,198	7,326	7,381	7,570	7,578	7,798	5.3	6.4		
Short-term	440	473	479	503	522	560	652	18.3	36.2		
Long-term	5,924	6,725	6,847	6,878	7,048	7,018	7,145	4.4	4.4		
Loans	10,496	11,423	11,671	11,946	12,208	12,504	12,836	9.5	10.0		
Short-term	2,497	2,920	2,810	2,885	2,946	2,984	3,115	9.7	10.9		
Long-term	7,998	8,703	8,861	9,061	9,263	9,520	9,721	9.4	9.7		
Shares and other equity	5,954	7,232	7,820	7,719	8,105	8,534	8,779	18.0	12.3		
Other financial assets ⁵⁾	1,554	1,982	2,071	2,086	2,230	2,303	2,470				
Liabilities	27,271	31,521	32,962	33,206	34,395	35,466	36,727	12.5	11.4		
Currency and deposits	9,924	11,231	11,562	11,752	12,034	12,366	12,779	10.1	10.5		
Debt securities	3,133	3,623	3,789	3,901	3,986	4,174	4,376	15.2	15.5		
Short-term	268	324	354	352	371	396	425	22.0	19.9		
Long-term	2,865	3,299	3,435	3,549	3,615	3,778	3,951	14.5	15.0		
Loans	1,121	1,264	1,303	1,307	1,363	1,416	1,475	12.1	13.2		
Short-term	621	677	682	680	707	726	782	7.3	14.7		
Long-term	500	587	621	627	655	690	692	17.6	11.5		
Shares and other equity	7,302	8,779	9,464	9,315	9,866	10,177	10,514	15.9	11.1		
Quoted shares	1,039	1,360	1,523	1,416	1,581	1,676	1,772	23.2	16.3		
Unquoted shares and other equity	1,818	2,067	2,248	2,278	2,401	2,419	2,469	17.0	9.8		
Mutual funds shares	4,445	5,351	5,693	5,621	5,884	6,083	6,273	13.7	10.2		
Insurance technical reserves	4,186	4,663	4,770	4,824	4,925	5,021	5,101	7.7	6.9		
Other liabilities ⁶⁾	1,605	1,961	2,074	2,106	2,221	2,311	2,483				

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 derivatives.

Table 6 Insurance corporations and pension funds

EUR billions

Financial transactions	four-quarter-cumulated sums							annual growth rates ¹⁾	
	2004	2005	2006Q1	2006Q2	2006Q3	2006Q4	2007Q1	2006Q4	2007Q1
Net lending (+) / net borrowing (-)	-6	-25	-38	-30	-26	-8	0		
Net acquisition of financial assets	268	344	347	351	368	366	351	6.7	6.2
Currency and deposits	50	27	17	38	50	69	85	10.4	12.7
Debt securities	155	162	150	133	129	128	145	6.3	7.1
Short-term	23	21	15	0	-9	-1	12	-0.2	5.5
Long-term	133	141	135	133	138	129	134	7.1	7.3
Loans	7	-8	8	15	18	14	-5	3.8	-1.3
Shares and other equity	46	120	141	139	147	133	103	6.6	4.9
Quoted shares	14	21	18	17	16	18	13	2.6	1.7
Unquoted shares and other equity	-1	14	17	23	28	25	24	6.3	5.6
Mutual funds shares	33	85	106	100	103	90	67	9.8	6.9
Other financial assets ²⁾	10	42	31	25	24	22	22		
Net incurrence of liabilities	274	370	385	381	394	374	351	6.7	6.1
Currency and deposits	0	0	0	0	0	0	0	-4.2	-4.7
Debt securities	-2	0	-1	0	0	4	4	18.5	18.2
Loans	5	10	22	24	33	28	27	21.7	18.3
Short-term	7	4	11	12	20	14	17	21.7	20.9
Long-term	-3	6	11	12	13	14	10	21.8	15.1
Shares and other equity	13	10	10	9	13	8	11	1.3	1.7
Quoted shares	3	6	5	4	7	3	5	1.2	1.6
Unquoted shares and other equity	10	5	5	5	5	5	6	1.5	1.8
Insurance technical reserves	261	331	340	330	328	307	295	6.7	6.3
Other liabilities ³⁾	-2	18	13	19	21	28	14		
Financial balance sheet	end-of-period stocks							annual percentage changes ⁴⁾	
	2004	2005	2006Q1	2006Q2	2006Q3	2006Q4	2007Q1	2006Q4	2007Q1
Financial assets	4,892	5,457	5,624	5,635	5,834	5,956	6,079	9.1	8.1
Currency and deposits	631	661	671	686	705	730	757	10.5	12.8
Debt securities	1,866	2,033	2,050	2,066	2,130	2,117	2,157	4.1	5.2
Short-term	206	213	216	214	214	213	228	0.0	5.5
Long-term	1,660	1,820	1,835	1,852	1,916	1,904	1,930	4.6	5.2
Loans	359	357	369	371	371	362	351	1.4	-4.8
Shares and other equity	1,686	2,007	2,126	2,101	2,209	2,324	2,379	15.8	11.9
Quoted shares	575	698	735	706	754	820	842	17.5	14.6
Unquoted shares and other equity	336	396	422	424	439	463	471	16.9	11.7
Mutual funds shares	775	913	970	972	1,017	1,041	1,066	14.0	9.9
Other financial assets ²⁾	133	134	137	139	142	144	147		
Liabilities	4,981	5,592	5,751	5,782	5,946	6,067	6,184	8.5	7.5
Currency and deposits	4	4	4	4	4	4	4	-4.2	-4.7
Debt securities	22	22	22	22	23	26	26	19.6	18.3
Loans	119	128	147	152	162	156	173	22.0	17.2
Short-term	63	65	80	83	84	76	92	16.9	14.7
Long-term	57	63	67	69	78	80	80	27.2	20.2
Shares and other equity	463	592	621	585	636	656	673	10.8	8.5
Quoted shares	207	286	300	275	310	321	328	12.2	9.3
Unquoted shares and other equity	256	306	320	311	326	335	345	9.6	7.7
Insurance technical reserves	4,136	4,612	4,719	4,772	4,873	4,968	5,047	7.7	6.9
Other liabilities ³⁾	237	234	238	246	248	257	261		

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 derivatives.

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