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PRESS RELEASE

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

In the fourth quarter of 2007, the annual growth rate¹ of **net disposable income in the euro area** equalled 4.8%, compared with 5.3% in the third quarter of 2007 (see Annex Table 1). The annual growth rate of **consumption** was 3.7% in the fourth quarter, which was higher than in the third quarter (3.4%). In the fourth quarter the annual growth rate of **net saving** declined to 15.3%, from 26.8% in the previous quarter. The annual growth rate of **gross fixed capital formation** was 5.6% in the fourth quarter of 2007, compared with 6.4% in the previous quarter.

The annual growth rate of **households' gross disposable income** equalled 3.9% in the fourth quarter of 2007, compared with 3.3% in the previous quarter (see Table 2). The annual growth rate of **gross saving** of households increased to 5.3%, after equalling 2.9% previously. The households' gross saving rate² increased to 14.0%, from 13.7% in the fourth quarter of 2006. The annual growth rate of **financing** of households decreased to 5.9% in the fourth quarter, from 7.2% in the previous quarter, and the annual growth rate of their **financial investment** decreased to 3.2% in the fourth quarter, from 3.6% previously.

The annual growth rate of **gross fixed capital formation of non-financial corporations** in the euro area amounted to 7.8% in the fourth quarter of 2007, compared with 7.4% in the previous quarter (see Table 3). The annual growth rate of **financing** of non-financial corporations decreased to 4.8% in the fourth quarter, from 5.0% previously, and the annual growth rate of their **financial investment** decreased to 5.9% in the fourth quarter, from 6.3% previously.

Euro area

In the fourth quarter of 2007, the annual growth rate of euro area **net disposable income** decreased to 4.8%, from 5.3% in the previous quarter. The growth of euro area disposable income continued to accrue mainly to households and the government (see Chart 1). The annual growth rate of euro area **net saving** declined to 15.3%, following very high growth

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 disposable income.

rates in the previous quarters. While the savings of households and non-financial corporations grew strongly, the contributions of the government and financial corporations to the overall saving growth moderated. The decrease in the annual growth of **gross fixed capital formation** (5.6%), compared to the previous quarter (6.4%), was mainly due to lower investment growth by households and a decrease in investment by financial corporations, whereas the investment of non-financial corporations and of government continued to grow strongly (see Chart 2). The growth rate of **total gross capital formation** increased in the fourth quarter (to 7.3%, from 6.7%) due to a smaller decrease in inventories than in the fourth quarter of last year (see Chart 3).

Households

The annual growth rate of households' **gross disposable income** increased to 3.9% in the fourth quarter of 2007, from 3.3% in the previous quarter (see Chart 4). This acceleration was mainly driven by a higher annual growth rate of the **compensation of employees**, which equalled 4.4%, after 4.0% previously (see Table 2).

The annual growth rate of households' **consumption expenditure** (3.6%) was below that of their disposable income and thus the four-quarter average households' gross saving rate increased, to 14.0%, compared with 13.7% in the fourth quarter of 2006. The growth rate of their **non-financial investment** decreased to 3.4%, from 4.2% previously (see Chart 5).

The annual growth rate of **financing** of households via the incurrence of loans decreased to 6.8% in the fourth quarter from 7.3% in the previous quarter. This coincided with a decline in the annual growth of their **financial investment** to 3.2%, from 3.6%.

Turning to the components of **households' financial investment**, the annual growth rate of their holdings of currency and deposits remained unchanged at 5.6%. The annual growth rate of their investment in debt securities increased to 2.7%, from 2.4% previously. Their investment in shares and other equity decreased by 0.4%, after having grown by 0.2% previously. Specifically, whereas the annual growth rate of households' investment in unquoted shares and other equity remained broadly unchanged, the annual growth rates of their investment in quoted shares and mutual fund shares, which were already negative in the previous quarter, became more negative. The annual growth rate of their additions to life insurance and pension fund reserves decreased to 5.4%, from 5.8% in the previous quarter.

Finally, the annual growth rate of households' **net financial wealth** decreased to 1.0%, from 3.8% in the previous quarter; 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 5.8% in the fourth quarter of 2007, after 7.2% in the previous quarter (see Table 3). This deceleration was partly due to the stronger growth of compensation of employees payable by non-financial corporations. The annual growth rate of their net value added decreased to 4.5%, after 5.2% previously (see Chart 7 and Table 3).

The annual growth rate of **gross fixed capital formation** of non-financial corporations increased to 7.8% in the fourth quarter of 2007, after 7.4% in the previous quarter (see Chart 8). The increase in the annual growth rate of total gross non-financial investment was more pronounced (to 11.1%, after 7.4%) as the typical run-down of inventories in the fourth quarter was less strong than in the fourth quarter of 2006. The increase in non-financial investment was only partly financed internally, by increased saving (“retained earnings”), and thus the net borrowing of non-financial corporations increased as well.

In the fourth quarter of 2007, the annual growth rate of **financing** by non-financial corporations decreased to 4.8%, from 5.0% previously. The growth rate of their loan financing remained broadly stable at 11.3%, while the annual growth rate of their issuance of debt securities increased to 7.2%, from 5.4%. The annual growth rate of their equity financing, via the issuance of shares and other equity, decreased to 1.9%, from 2.3% (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 9.3%, from 11.9% previously. The growth rate of their investment in shares and other equity increased to 3.8%, from 3.4% previously.

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 6.0% in the fourth quarter of 2007, from 6.6% previously (see Table 6). The annual growth rate of the issuance of quoted shares by this sector decreased to 0.5%, from 0.9% previously. The annual growth rate of their **financial investment** declined to 5.6%, after 6.0% previously. The growth rate of their investment in debt securities remained broadly unchanged at 9.3%, while that of their investment in shares and other equity remained broadly unchanged at 3.4%.

Additional information on the euro area accounts

³ 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).

This press release incorporates revisions for the third quarter of 2007 and for previous quarters. These revisions have not substantially altered the main aggregates that were previously published.

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.⁴ The European sector accounts follow the methodology of the European System of Accounts 1995 (ESA 95).⁵

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 (SDW).

The publication of euro area economic and financial developments in the first quarter of 2008 is scheduled to take place on **1 August 2008** at 10.00 am (CEST).

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Annex:

⁴ See <http://ec.europa.eu/eurostat/sectoraccounts> (Eurostat) for the non-financial accounts of the EU.

⁵ 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)

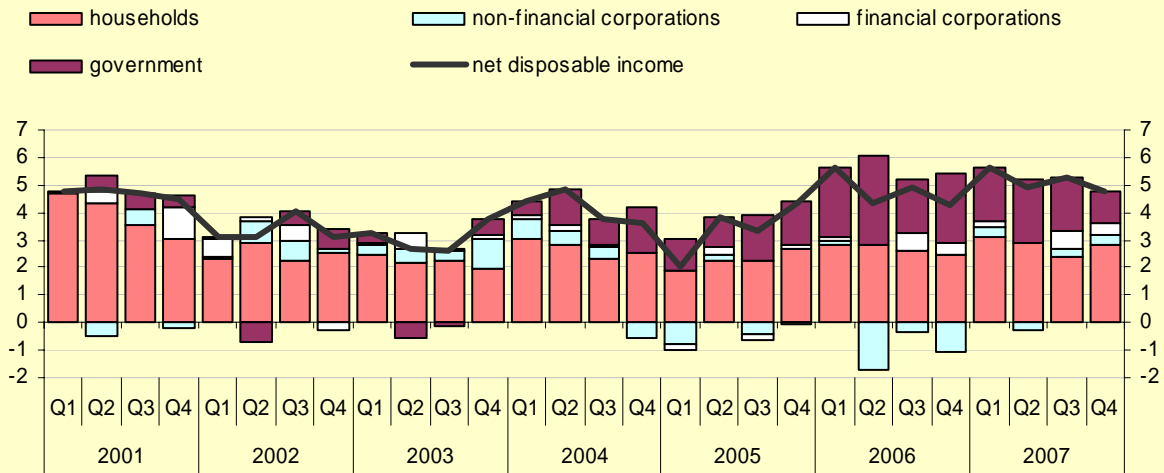


Chart 2 Growth of euro area gross fixed capital formation and contributions by sector
(annual percentage changes and percentage point contributions)

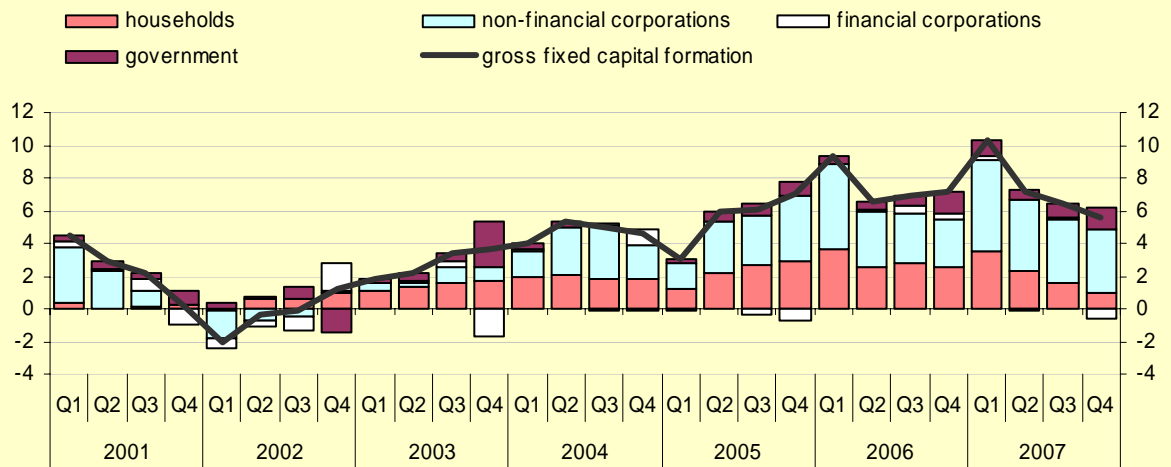
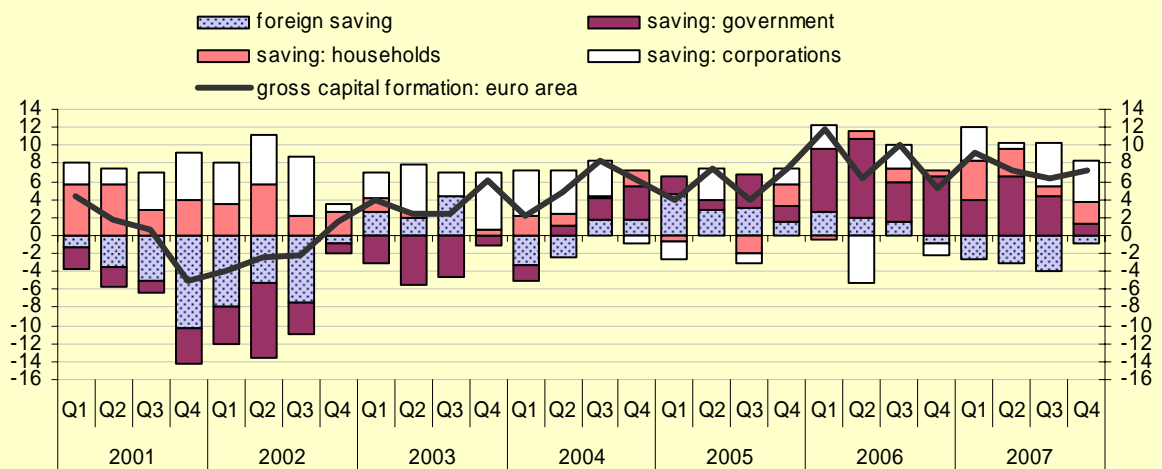


Chart 3 Growth of euro area gross capital formation and its financing by sectoral saving
(annual percentage changes and percentage point contributions)



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)

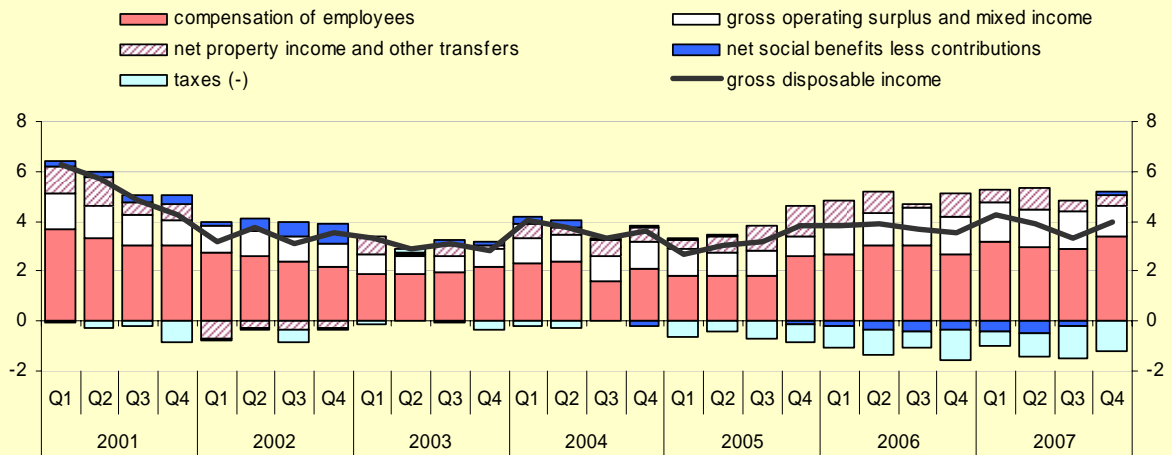


Chart 5 Growth of households' non-financial investments and contributions by source of internal and external financing
(annual percentage changes and percentage point contributions)

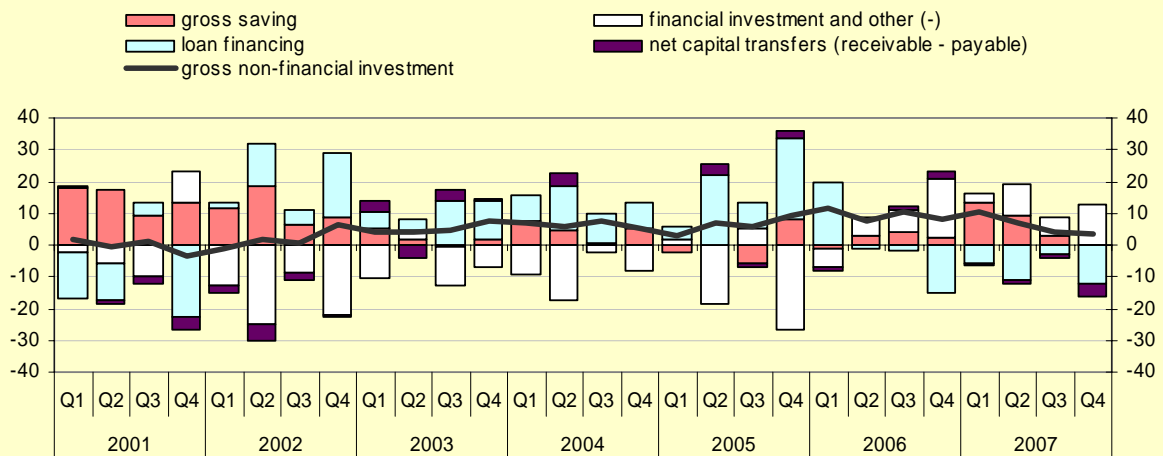
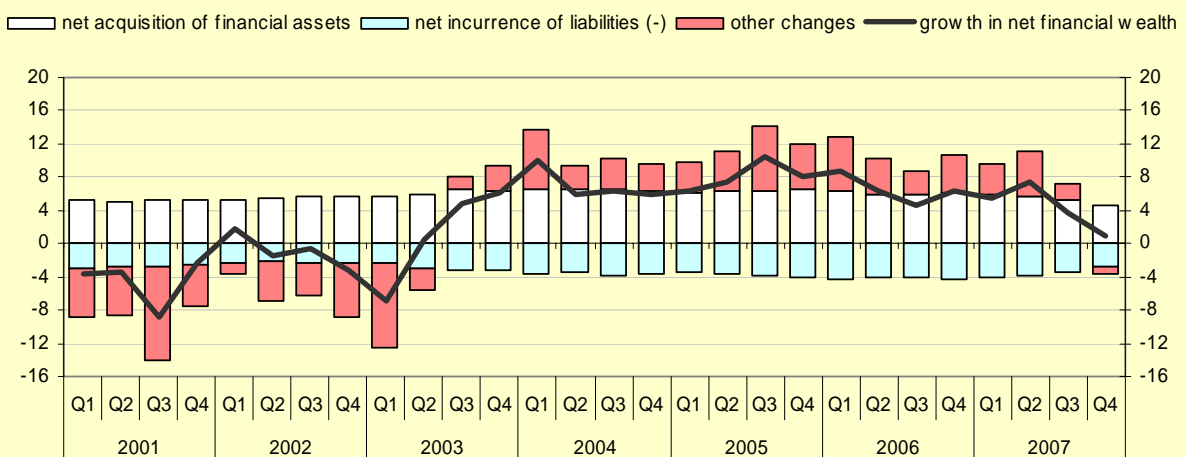


Chart 6 Growth of households' net financial wealth and contributions by type of wealth change
(annual percentage changes and percentage point contributions)



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)

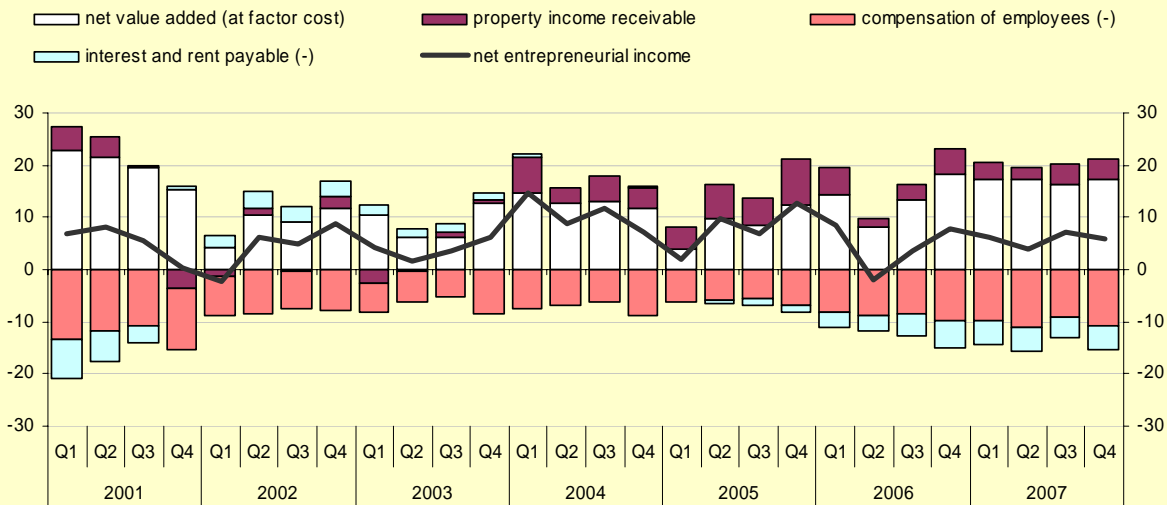
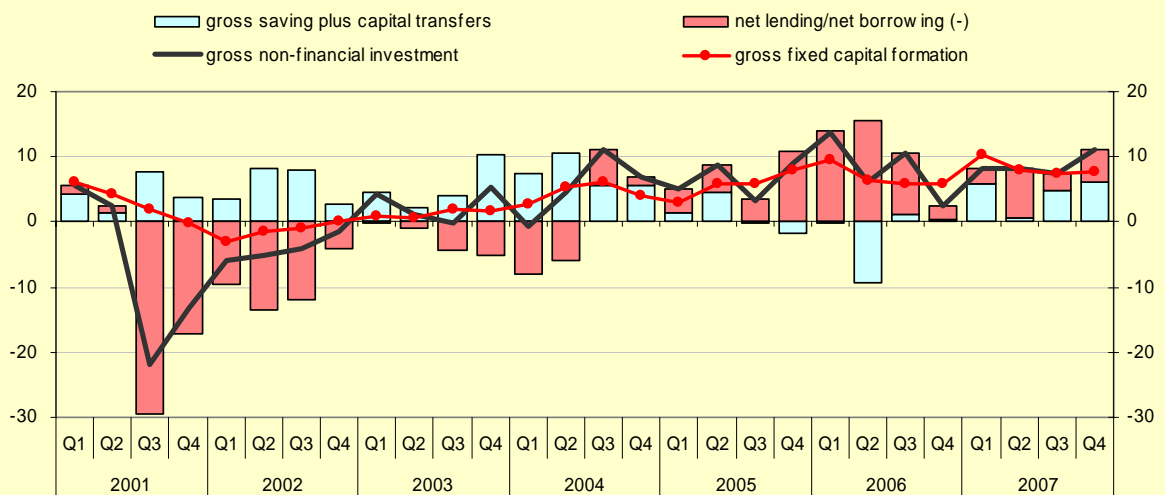


Chart 8 Growth of non-financial investment of non-financial corporations and contributions by source of internal and external financing
(annual percentage changes and percentage point contributions)



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		
	2004	2005	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2007Q3	2007Q4	2006Q4	2007Q4
Net disposable income (NDI):											
Euro area	6,602	6,826	7,151	7,247	7,335	7,428	7,518	5.3	4.8	100.0	100.0
Households ²⁾	4,881	5,031	5,213	5,267	5,319	5,362	5,415	3.3	4.0	72.9	72.0
Non-financial corporations	123	106	55	61	56	61	68			0.8	0.9
Financial corporations	133	134	155	158	158	169	176			2.2	2.3
General government	1,464	1,555	1,729	1,761	1,802	1,836	1,858	8.8	4.2	24.2	24.7
Consumption expenditure:											
Euro area	6,076	6,308	6,565	6,620	6,671	6,727	6,790	3.4	3.7	91.8	90.3
Households ²⁾	4,485	4,652	4,844	4,881	4,920	4,961	5,005	3.3	3.6	67.7	66.6
General government collective consumption	644	661	678	683	687	692	699	3.2	3.4	9.5	9.3
General government social transfers in kind ³⁾	947	995	1,043	1,055	1,063	1,074	1,085	4.4	4.0	14.6	14.4
Net saving:											
Euro area	526	519	586	628	664	701	728	26.8	15.3	8.2	9.7
Households ²⁾	453	438	433	449	460	462	471	3.0	7.0	6.1	6.3
Non-financial corporations	111	94	40	46	45	51	60			0.6	0.8
Financial corporations	89	87	107	110	109	118	123			1.5	1.6
General government	-127	-100	7	23	51	70	74			0.1	1.0
Consumption of fixed capital:											
Euro area	1,120	1,172	1,224	1,235	1,246	1,257	1,269	3.4	3.9	17.1	16.9
Households ²⁾	304	319	336	339	342	345	347	2.8	3.0	4.7	4.6
Non-financial corporations	632	660	687	693	699	704	711	3.4	3.9	9.6	9.5
Financial corporations	40	40	42	42	42	43	44	5.3	6.5	0.6	0.6
General government	145	152	160	161	163	165	167	4.1	5.4	2.2	2.2
Net capital transfers (receivables-payables):											
Euro area	16	14	16	18	17	16	15			0.2	0.2
Households ²⁾	19	25	28	28	26	24	18			0.4	0.2
Non-financial corporations	64	61	70	72	69	68	67			1.0	0.9
Financial corporations	-10	-13	-10	-10	-9	-9	-5			-0.1	-0.1
General government	-56	-59	-72	-72	-69	-67	-65			-1.0	-0.9
Gross fixed capital formation:											
Euro area	1,600	1,689	1,815	1,858	1,891	1,919	1,947	6.4	5.6	25.4	25.9
Households ²⁾	524	560	608	623	634	641	645	4.6	3.0	8.5	8.6
Non-financial corporations	841	889	950	974	993	1,011	1,030	7.4	7.8	13.3	13.7
Financial corporations	44	39	43	44	43	44	41	4.3	-21.9	0.6	0.5
General government	191	201	213	217	220	224	230	7.6	8.3	3.0	3.1
Net acquisition of other non-financial assets⁴⁾:											
Euro area	8	12	29	27	28	28	35			0.4	0.5
Households ²⁾	3	0	4	4	4	4	5			0.1	0.1
Non-financial corporations	5	12	25	23	24	24	31			0.4	0.4
Financial corporations	0	1	1	1	1	1	0			0.0	0.0
General government	-1	-1	-2	-1	-1	-1	0			0.0	0.0
Net lending (+) / net borrowing (-):											
Euro area	55	3	-18	-3	10	27	30			-0.2	0.4
Households ²⁾	249	222	184	188	190	186	186			2.6	2.5
Non-financial corporations	-40	-86	-179	-186	-204	-211	-222			-2.5	-3.0
Financial corporations	74	74	94	97	98	107	121			1.3	1.6
General government	-228	-207	-117	-103	-74	-56	-54			-1.6	-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⁾	
	2004	2005	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2007Q3	2007Q4	2006Q4	2007Q4
Compensation of employees	3,779	3,884	4,037	4,081	4,123	4,162	4,210	4.0	4.4	71.9	72.3
Gross operating surplus and mixed income	1,282	1,330	1,405	1,425	1,447	1,468	1,485	5.7	4.8	25.0	25.5
Property income (receivable - payable)	747	787	830	835	847	853	859			14.8	14.8
Net social benefits and contributions (rec. - pay.)	17	19	2	-4	-10	-13	-12			0.0	-0.2
Other current transfers (rec. - pay.)	65	68	64	65	65	66	66			1.1	1.1
Taxes (on income and wealth) (-)	706	738	789	797	810	828	846	10.1	7.5	14.1	14.5
Gross disposable income (HGDI)	5,185	5,350	5,549	5,607	5,662	5,707	5,763	3.3	3.9	98.9	99.0
+Adj. for change in net worth in pension fund ³⁾	57	59	63	63	61	61	61	-0.4	-1.6	1.1	1.0
Gross disposable income (HGDI) plus adjustment³⁾	5,242	5,409	5,612	5,670	5,723	5,768	5,823	3.2	3.9	100.0	100.0
Consumption expenditure	4,485	4,652	4,844	4,881	4,920	4,961	5,005	3.3	3.6	86.3	86.0
Gross saving	757	757	768	788	802	807	818	2.9	5.3	13.7	14.0
Net capital transfers (receivables-payables)	19	25	28	28	26	24	18			0.5	0.3
Gross fixed capital formation	524	560	608	623	634	641	645	4.6	3.0	10.8	11.1
Net acquisition of other non-financial assets ⁴⁾	3	0	4	4	4	4	5			0.1	0.1
Net lending (+) / net borrowing (-)	249	222	184	188	190	186	186			3.3	3.2
Financial transactions	four-quarter-cumulated sums							annual growth rates ⁵⁾		percentage of HGDI, adjusted ³⁾	
	2004	2005	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2007Q3	2007Q4	2006Q4	2007Q4
Financial investment	599	648	662	661	638	596	545	3.6	3.2	11.8	9.4
Currency and deposits	243	239	277	273	286	291	300	5.6	5.6	4.9	5.2
Debt securities	73	-8	90	80	56	31	36	2.4	2.7	1.6	0.6
Shares and other equity	-11	119	-30	3	7	8	-22	0.2	-0.4	-0.5	-0.4
Quoted shares	-46	3	-14	7	0	-11	-29	-1.0	-2.4	-0.2	-0.5
Unquoted shares and other equity	34	62	14	30	33	52	50	2.3	2.2	0.2	0.9
Mutual fund shares	0	53	-30	-33	-25	-32	-43	-2.0	-2.6	-0.5	-0.7
Life insurance and pension fund reserves	252	300	289	276	277	261	250	5.8	5.4	5.2	4.3
Other financial assets ⁶⁾	42	-2	35	29	12	4	-19			0.6	-0.3
Financing	335	406	459	458	427	394	331	7.2	5.9	8.2	5.7
Loans	312	391	390	382	365	360	341	7.3	6.8	6.9	5.9
Short-term	8	15	12	13	9	9	7	2.8	2.2	0.2	0.1
Long-term	303	376	378	369	356	352	334	7.6	7.1	6.7	5.7
Other liabilities ⁷⁾	23	16	69	76	62	33	-11			1.2	-0.2
Net lending (+) / net borrowing (-) (financial accounts)	264	242	203	203	210	202	215	1.8	1.9	3.6	3.7
Changes in financial wealth not due to transactions	306	564	497	405	611	226	-100			8.9	-1.7
Financial balance sheet	end-of-period stocks							annual percentage changes ²⁾		percentage of HGDI, adjusted ³⁾	
	2004	2005	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2007Q3	2007Q4	2006Q4	2007Q4
Financial investment	14,756	15,989	17,146	17,475	17,682	17,530	17,573	4.8	2.5	305.5	301.8
Currency and deposits	4,808	5,068	5,338	5,352	5,455	5,494	5,649	5.7	5.8	95.1	97.0
Debt securities	1,284	1,250	1,321	1,349	1,302	1,309	1,315	-0.9	-0.4	23.5	22.6
Shares and other equity	4,117	4,720	5,165	5,339	5,425	5,188	5,030	4.2	-2.6	92.0	86.4
Quoted shares	835	1,000	1,195	1,252	1,298	1,215	1,129	8.0	-5.5	21.3	19.4
Unquoted shares and other equity	1,803	2,102	2,330	2,431	2,437	2,321	2,287	4.3	-1.8	41.5	39.3
Mutual fund shares	1,479	1,617	1,640	1,656	1,690	1,651	1,615	1.5	-1.6	29.2	27.7
Life insurance and pension fund reserves	3,835	4,265	4,605	4,681	4,767	4,815	4,872	6.5	5.8	82.1	83.7
Other financial assets ⁶⁾	712	686	718	754	733	724	708			12.8	12.2
Financing	4,706	5,133	5,590	5,678	5,759	5,826	5,903	6.9	5.6	99.6	101.4
Loans	4,248	4,634	5,019	5,079	5,170	5,245	5,329	6.6	6.2	89.4	91.5
Short-term	292	305	311	308	314	309	315	0.9	1.1	5.5	5.4
Long-term	3,956	4,329	4,707	4,771	4,856	4,936	5,014	6.9	6.5	83.9	86.1
Other liabilities ⁷⁾	459	499	572	599	589	581	574			10.2	9.9
Net financial wealth	10,049	10,856	11,556	11,796	11,922	11,704	11,671	3.8	1.0	205.9	200.4

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 fund 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⁾	
	2004	2005	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2007Q3	2007Q4	2006Q4	2007Q4
Gross value added (GVA)	3,989	4,114	4,295	4,354	4,412	4,468	4,519	5.2	4.5	100.0	100.0
Net value added (NVA)	3,357	3,453	3,608	3,661	3,714	3,763	3,808	5.5	4.7	84.0	84.3
Net entrepreneurial income	1,048	1,129	1,178	1,196	1,208	1,230	1,246	7.2	5.8	32.6	32.7
Net disposable income	123	106	55	61	56	61	68			1.5	1.8
Adj. for change in net worth in pension fund	-13	-12	-15	-14	-12	-10	-8			-0.4	-0.2
Net saving	111	94	40	46	45	51	60			1.1	1.6
Net capital transfers (receivable-payable)	64	61	70	72	69	68	67			1.6	1.5
Consumption of fixed capital	632	660	687	693	699	704	711	3.4	3.9	16.0	15.7
Gross fixed capital formation	841	889	950	974	993	1,011	1,030	7.4	7.8	22.1	22.8
Net acquisitions of other non-financial assets ³⁾	5	12	25	23	24	24	31			0.6	0.7
Net lending (+) / net borrowing (-)	-40	-86	-179	-186	-204	-211	-222			-4.2	-4.9
Financial transactions	four-quarter-cumulated sums							annual growth rates ⁴⁾		percentage of GVA	
	2004	2005	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2007Q3	2007Q4	2006Q4	2007Q4
Financial investment	415	686	733	788	818	833	808	6.3	5.9	17.1	17.9
Currency and deposits	94	148	172	192	199	178	146	11.9	9.3	4.0	3.2
Debt securities	-55	-25	-14	-26	-24	-13	-10	-3.5	-2.6	-0.3	-0.2
Loans	81	131	163	178	195	209	193	11.7	10.4	3.8	4.3
Shares and other equity	196	237	211	217	230	234	277	3.4	3.8	4.9	6.1
Quoted shares	96	26	33	29	50	61	114	3.6	6.5	0.8	2.5
Unquoted shares and other equity	76	191	177	181	179	214	233	4.5	4.6	4.1	5.1
Mutual fund shares	23	20	1	7	2	-41	-70	-9.5	-16.4	0.0	-1.6
Other financial assets ⁵⁾	99	194	201	227	217	225	201			4.7	4.5
Financing	470	793	931	989	1,042	1,059	1,059	5.0	4.8	21.7	23.4
Debt securities	7	12	40	39	54	37	49	5.4	7.2	0.9	1.1
Short-term	9	13	20	20	37	28	29	11.3	11.7	0.5	0.6
Long-term	-2	0	20	19	16	9	20	2.1	4.6	0.5	0.4
Loans	214	397	603	607	629	702	722	11.2	11.3	14.0	16.0
Short-term	30	124	195	216	236	247	228	12.6	11.3	4.5	5.0
Long-term	185	273	408	391	393	455	494	10.6	11.3	9.5	10.9
Shares and other equity	197	257	224	246	256	260	231	2.3	1.9	5.2	5.1
Quoted shares	12	100	36	56	74	81	44	2.0	1.0	0.8	1.0
Unquoted shares and other equity	185	157	188	190	182	179	187	2.4	2.4	4.4	4.1
Pension fund reserves	14	13	15	14	13	11	9	3.3	2.8	0.3	0.2
Other liabilities ⁶⁾	38	114	49	82	90	49	47			1.1	1.0
Net lending (+) / net borrowing (-) (financial accounts)	-55	-107	-198	-200	-225	-227	-251			-4.6	-5.6
Financial balance sheet	end-of-period stocks							annual percentage changes ¹⁾		percentage of GVA	
	2004	2005	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2007Q3	2007Q4	2006Q4	2007Q4
Financial investment	10,867	12,159	13,702	14,167	14,629	14,616	14,877	11.4	8.6	319.0	329.2
Currency and deposits	1,240	1,401	1,567	1,627	1,674	1,686	1,735	12.8	10.7	36.5	38.4
Debt securities	441	398	373	362	365	346	362	-7.7	-2.9	8.7	8.0
Loans	1,537	1,675	1,851	1,926	1,980	2,016	2,071	13.1	11.9	43.1	45.8
Shares and other equity	5,355	6,197	7,236	7,513	7,843	7,752	7,841	12.8	8.4	168.5	173.5
Quoted shares	1,279	1,498	1,772	1,882	1,966	1,920	1,961	15.1	10.7	41.2	43.4
Unquoted shares and other equity	3,702	4,283	5,036	5,195	5,445	5,435	5,521	13.8	9.6	117.2	122.2
Mutual fund shares	374	416	429	437	433	397	359	-7.2	-16.3	10.0	8.0
Other financial assets ⁵⁾	2,294	2,489	2,675	2,739	2,767	2,816	2,867			62.3	63.5
Financing	17,615	19,531	21,971	22,633	23,545	23,570	23,886	12.3	8.7	511.6	528.6
Debt securities	651	669	691	698	730	722	734	4.4	6.3	16.1	16.2
Short-term	220	235	251	264	288	276	281	10.9	11.9	5.9	6.2
Long-term	430	434	439	434	443	446	453	0.7	3.1	10.2	10.0
Loans	5,393	5,806	6,403	6,559	6,773	6,932	7,115	10.8	11.1	149.1	157.4
Short-term	1,703	1,831	2,016	2,080	2,172	2,202	2,225	12.1	10.4	46.9	49.2
Long-term	3,690	3,975	4,388	4,479	4,600	4,730	4,890	10.2	11.4	102.2	108.2
Shares and other equity	9,217	10,539	12,230	12,685	13,316	13,150	13,215	14.6	8.1	284.8	292.5
Quoted shares	2,987	3,681	4,451	4,685	5,061	4,978	4,969	22.1	11.6	103.6	110.0
Unquoted shares and other equity	6,230	6,859	7,778	8,000	8,255	8,172	8,246	10.5	6.0	181.1	182.5
Pension fund reserves	301	314	329	332	334	336	338	3.3	2.8	7.7	7.5
Other liabilities ⁶⁾	2,054	2,203	2,319	2,359	2,392	2,432	2,484			54.0	55.0

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	
	2004	2005	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2007Q3	2007Q4	2006Q4	2007Q4
Net disposable income (GNDI)	1,464	1,555	1,729	1,761	1,802	1,836	1,858	8.8	4.2	100.0	100.0
Consumption expenditure	1,591	1,655	1,722	1,738	1,750	1,766	1,784	3.9	3.8	99.6	96.0
Net saving	-127	-100	7	23	51	70	74			0.4	4.0
Consumption of fixed capital	145	152	160	161	163	165	167	4.1	5.4	9.2	9.0
Net capital transfers (receivable-payable)	-56	-59	-72	-72	-69	-67	-65			-4.2	-3.5
Gross fixed capital formation	191	201	213	217	220	224	230	7.6	8.3	12.3	12.4
Net acquisition of other non-financial assets ²⁾	-1	-1	-2	-1	-1	-1	0			-0.1	0.0
Net lending (+) / net borrowing (-)	-228	-207	-117	-103	-74	-56	-54			-6.7	-2.9
Financial transactions	four-quarter-cumulated sums							annual growth rates ³⁾		percentage of GNDI	
	2004	2005	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2007Q3	2007Q4	2006Q4	2007Q4
Net acquisition of financial assets	41	88	47	79	142	129	82	4.9	3.0	2.7	4.4
Financial investment⁴⁾	46	72	36	57	101	94	72	4.4	3.3	2.1	3.9
Currency and deposits	19	35	35	43	80	52	24	9.9	4.6	2.0	1.3
Debt securities	16	20	31	29	34	44	34	19.6	14.5	1.8	1.8
Loans	10	8	-18	-17	-14	-9	7	-2.4	1.8	-1.0	0.4
Short-term	0	3	0	-1	2	3	7	8.3	16.1	0.0	0.4
Long-term	10	4	-18	-16	-17	-12	0	-3.6	-0.1	-1.0	0.0
Shares and other equity	1	10	-12	2	1	7	8	0.7	0.7	-0.7	0.4
Quoted shares	-22	-11	-19	-8	-11	-9	-4	-2.5	-1.0	-1.1	-0.2
Unquoted shares and other equity	12	10	-6	-4	-2	2	-2	0.3	-0.3	-0.4	-0.1
Mutual fund shares	12	11	13	15	15	14	13	11.3	10.0	0.7	0.7
Other financial assets ⁵⁾	-5	15	11	22	41	35	10			0.7	0.6
Net incurrence of liabilities	269	294	164	182	216	185	136	2.7	2.0	9.5	7.3
Financing⁴⁾	272	262	123	134	164	141	124	2.2	2.0	7.1	6.7
Currency and deposits	25	25	13	4	-8	-6	-3	-1.7	-0.8	0.7	-0.1
Debt securities	233	215	103	112	162	150	129	3.0	2.6	5.9	6.9
Short-term	12	-9	-28	14	47	65	40	11.0	7.2	-1.6	2.2
Long-term	222	223	131	98	114	85	88	1.9	2.0	7.6	4.8
Loans	14	23	8	19	10	-3	-2	-0.3	-0.2	0.5	-0.1
Short-term	-3	7	4	22	14	1	13	0.8	10.2	0.3	0.7
Long-term	16	16	4	-4	-4	-4	-15	-0.5	-1.6	0.2	-0.8
Other liabilities ⁶⁾	-3	32	41	48	52	44	12			2.3	0.6
Net lending (+) / net borrowing (-) (financial accounts)	-228	-207	-117	-103	-74	-56	-54			-6.7	-2.9
Financial balance sheet	end-of-period stocks							annual percentage changes ¹⁾		percentage of GNDI	
	2004	2005	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2007Q3	2007Q4	2006Q4	2007Q4
Financial assets	2,328	2,552	2,709	2,779	2,938	2,904	2,884	9.2	6.5	156.7	155.2
Financial investment⁴⁾	1,818	2,020	2,168	2,218	2,370	2,342	2,331	9.8	7.5	125.4	125.5
Currency and deposits	447	479	512	533	624	580	537	10.2	4.9	29.6	28.9
Debt securities	184	205	231	236	245	261	260	17.1	12.7	13.4	14.0
Loans	378	386	365	361	362	363	378	-2.6	3.6	21.1	20.3
Short-term	43	46	43	37	40	41	50	9.3	17.2	2.5	2.7
Long-term	335	340	322	323	321	322	328	-3.9	1.8	18.6	17.7
Shares and other equity	809	951	1,060	1,089	1,140	1,138	1,155	12.6	9.0	61.3	62.2
Quoted shares	223	316	385	398	445	427	439	23.8	14.2	22.2	23.6
Unquoted shares and other equity	499	521	543	548	546	561	568	4.1	4.6	31.4	30.6
Mutual fund shares	88	114	132	142	149	150	148	18.0	12.0	7.7	8.0
Other financial assets ⁵⁾	509	531	541	561	568	563	553			31.3	29.7
Liabilities	6,394	6,732	6,729	6,786	6,781	6,811	6,778	0.7	0.7	389.3	364.8
Financing⁴⁾	6,085	6,374	6,344	6,405	6,381	6,418	6,360	-0.1	0.2	367.0	342.2
Currency and deposits	310	333	346	342	329	331	253	-1.7	-26.8	20.0	13.6
Debt securities	4,720	4,962	4,916	4,970	4,968	5,005	4,929	0.1	0.3	284.4	265.3
Short-term	582	581	563	616	659	661	606	11.8	7.6	32.6	32.6
Long-term	4,137	4,381	4,353	4,355	4,309	4,343	4,324	-1.5	-0.7	251.8	232.7
Loans	1,056	1,079	1,083	1,093	1,084	1,082	1,177	-0.4	8.7	62.6	63.3
Short-term	120	127	128	157	159	161	141	0.9	10.1	7.4	7.6
Long-term	936	952	955	936	925	920	1,037	-0.6	8.5	55.3	55.8
Other liabilities ⁶⁾	309	358	385	381	400	394	418			22.3	22.5
<i>Memo: Government debt (at nominal value)⁷⁾</i>	5,429	5,678	5,803	5,912	5,995	5,983	5,899				

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) 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⁾	
	2004	2005	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2007Q3	2007Q4	2006Q4	2007Q4
Gross value added (GVA)	347	361	371	371	372	377	383	5.4	6.6	100.0	100.0
Net value added (NVA)	308	320	329	329	330	334	340	5.4	6.6	88.8	88.6
Net entrepreneurial income	315	352	397	412	431	447	457	17.5	10.6	120.6	134.5
Net disposable income	89	87	107	110	109	118	123			32.4	36.3
Adj. for change in net worth in pension fund	-44	-47	-48	-48	-49	-51	-53			-14.5	-15.5
Net saving	89	87	107	110	109	118	123			32.4	36.3
Net capital transfers (receivable-payable)	-10	-13	-10	-10	-9	-9	-5			-2.8	-1.2
Consumption of fixed capital	40	40	42	42	42	43	44	5.3	6.5	11.2	11.4
Gross fixed capital formation	44	39	43	44	43	44	41	4.3	-21.9	11.7	10.7
Net acquisition of other non-financial assets ³⁾	0	1	1	1	1	1	0			0.2	0.1
Net lending (+) / net borrowing (-)	74	74	94	97	98	107	121			25.3	31.4
Financial transactions	four-quarter-cumulated sums							annual growth rates ⁴⁾		percentage of GVA	
	2004	2005	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2007Q3	2007Q4	2006Q4	2007Q4
Financial investment	1,890	2,935	3,302	3,448	3,847	3,729	3,829	10.9	10.9	891.0	998.9
Currency and deposits	336	433	756	885	934	944	854	24.3	20.7	203.9	222.7
Debt securities	458	709	575	614	773	691	818	9.1	10.8	155.1	213.4
Short-term	101	24	114	181	199	158	137	31.1	25.9	30.7	35.8
Long-term	358	684	461	433	574	533	681	7.5	9.6	124.4	177.7
Loans	603	893	1,138	1,184	1,262	1,398	1,426	11.4	11.4	307.1	371.9
Short-term	90	177	309	329	373	370	389	12.5	13.0	83.5	101.4
Long-term	513	715	829	855	889	1,028	1,037	11.0	10.9	223.6	270.5
Shares and other equity	344	614	638	469	476	391	412	4.8	4.8	172.2	107.4
Other financial assets ⁵⁾	150	287	195	297	402	305	320			52.7	83.4
Financing	1,816	2,860	3,208	3,351	3,749	3,621	3,708	10.5	10.4	865.7	967.4
Currency and deposits	713	993	1,246	1,344	1,574	1,542	1,571	12.8	12.7	336.2	409.8
Debt securities	298	428	636	665	702	703	769	17.6	18.3	171.5	200.7
Short-term	30	41	83	88	96	126	147	34.4	37.6	22.4	38.3
Long-term	268	387	553	577	606	577	623	15.9	16.3	149.1	162.5
Loans	77	144	159	163	208	334	349	24.4	24.6	42.9	91.0
Short-term	12	75	59	101	134	148	148	20.5	19.9	15.9	38.6
Long-term	65	68	100	62	74	186	201	28.8	29.7	26.9	52.4
Shares and other equity	313	654	601	537	526	405	425	4.1	4.2	162.0	110.9
Quoted shares	28	20	36	42	44	41	51	2.6	3.0	9.6	13.3
Unquoted shares and other equity	10	29	112	104	44	49	179	2.0	7.5	30.2	46.7
Mutual fund shares	275	604	453	391	438	316	195	5.4	3.2	122.3	50.8
Insurance technical reserves	267	336	347	342	344	327	302	6.6	6.0	93.5	78.9
Other liabilities ⁶⁾	147	306	220	299	395	311	292			59.5	76.1
Net lending (+) / net borrowing (-) (financial accounts)	74	74	94	97	98	107	121			25.3	31.4
Financial balance sheet	end-of-period stocks							annual percentage changes ¹⁾			
	2004	2005	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2007Q3	2007Q4		
Financial investment	27,254	31,430	35,092	36,329	37,566	37,946	38,629	11.3	10.1		
Currency and deposits	2,739	3,421	4,123	4,467	4,625	4,732	4,769	21.7	15.7		
Debt securities	6,411	7,262	7,587	7,798	7,998	8,035	8,218	5.5	8.3		
Short-term	444	469	530	602	655	642	664	26.2	25.3		
Long-term	5,967	6,792	7,057	7,196	7,343	7,392	7,555	4.0	7.0		
Loans	10,533	11,474	12,543	12,844	13,182	13,543	13,923	10.5	11.0		
Short-term	2,509	2,731	2,995	3,115	3,233	3,275	3,309	10.9	10.5		
Long-term	8,024	8,743	9,548	9,730	9,949	10,268	10,614	10.3	11.2		
Shares and other equity	5,955	7,278	8,518	8,747	9,192	8,994	9,035	11.0	6.1		
Other financial assets ⁵⁾	1,616	1,995	2,320	2,473	2,568	2,643	2,685				
Financing	27,326	31,648	35,556	36,820	38,018	38,130	38,820	10.6	9.2		
Currency and deposits	9,948	11,259	12,402	12,797	13,256	13,409	13,750	11.1	10.9		
Debt securities	3,134	3,611	4,204	4,415	4,567	4,648	4,923	16.0	17.1		
Short-term	268	315	390	421	433	486	534	32.2	37.1		
Long-term	2,866	3,296	3,814	3,995	4,134	4,162	4,389	14.4	15.1		
Loans	1,115	1,262	1,420	1,459	1,508	1,667	1,726	21.9	21.5		
Short-term	612	684	744	783	822	860	879	19.0	18.2		
Long-term	503	578	676	676	687	807	846	25.2	25.2		
Shares and other equity	7,285	8,834	10,151	10,472	10,833	10,435	10,395	5.9	2.4		
Quoted shares	1,039	1,359	1,678	1,768	1,819	1,591	1,540	0.4	-8.2		
Unquoted shares and other equity	1,799	2,126	2,403	2,428	2,490	2,392	2,494	-0.8	3.8		
Mutual fund shares	4,447	5,349	6,070	6,277	6,524	6,451	6,360	10.0	4.8		
Insurance technical reserves	4,171	4,647	5,050	5,148	5,248	5,307	5,387	7.3	6.7		
Other liabilities ⁶⁾	1,673	2,035	2,330	2,529	2,605	2,664	2,640				

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⁾	
	2004	2005	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2007Q3	2007Q4
Financial investment	268	357	414	400	391	349	334	6.0	5.6
Currency and deposits	51	24	64	80	68	71	61	10.1	8.4
Debt securities	155	149	166	193	214	196	195	9.2	9.3
Short-term	22	16	33	38	42	28	22	12.0	9.4
Long-term	133	133	133	155	172	168	172	8.9	9.2
Loans	7	-3	-1	-18	-17	-23	-17	-6.3	-4.8
Shares and other equity	46	139	139	105	89	72	78	3.3	3.4
Quoted shares	13	32	19	15	8	7	9	0.9	1.0
Unquoted shares and other equity	0	20	28	21	23	29	31	7.0	7.0
Mutual fund shares	33	88	92	70	57	36	39	3.5	3.7
Other financial assets ²⁾	9	47	45	41	38	33	17		
Financing	276	395	406	382	391	352	339	5.9	5.6
Currency and deposits	0	0	0	0	0	0	0	7.1	8.8
Debt securities	-2	0	5	5	4	3	1	13.6	5.1
Loans	5	18	33	20	26	22	9	12.9	5.8
Short-term	7	14	16	10	20	22	20	24.6	23.5
Long-term	-3	5	17	10	5	0	-10	-0.2	-13.5
Shares and other equity	14	10	9	11	12	11	12	1.6	1.8
Quoted shares	3	6	3	5	6	3	2	0.9	0.5
Unquoted shares and other equity	11	4	5	6	6	8	10	2.2	2.9
Insurance technical reserves	262	335	344	340	341	324	302	6.6	6.0
Other liabilities ³⁾	-3	32	15	6	7	-8	14		
Net lending (+) / net borrowing (-) (financial accounts)	-8	-38	8	18	1	-3	-5		
Financial balance sheet	end-of-period stocks							annual percentage changes ⁴⁾	
	2004	2005	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2007Q3	2007Q4
Financial investment	4,871	5,429	5,956	6,077	6,191	6,221	6,246	6.7	4.9
Currency and deposits	631	658	725	751	754	776	781	10.4	7.7
Debt securities	1,835	2,003	2,104	2,157	2,184	2,218	2,252	4.5	7.0
Short-term	189	205	237	253	267	262	259	10.7	9.5
Long-term	1,646	1,798	1,867	1,904	1,917	1,956	1,993	3.7	6.7
Loans	364	360	354	337	339	335	331	-8.3	-6.5
Shares and other equity	1,682	1,997	2,313	2,362	2,440	2,415	2,409	9.7	4.2
Quoted shares	575	704	827	847	874	860	844	12.3	2.0
Unquoted shares and other equity	334	378	444	447	468	464	482	12.4	8.5
Mutual fund shares	773	916	1,042	1,067	1,098	1,090	1,084	6.6	4.0
Other financial assets ²⁾	360	410	460	470	474	478	473		
Financing	4,980	5,610	6,103	6,234	6,378	6,413	6,452	7.0	5.7
Currency and deposits	4	4	4	4	5	5	4	7.1	8.8
Debt securities	23	22	27	27	26	26	27	7.5	0.1
Loans	120	132	161	167	178	184	166	8.2	3.3
Short-term	63	70	84	92	104	111	100	23.4	20.2
Long-term	57	62	77	76	74	73	66	-8.8	-15.0
Shares and other equity	481	615	668	684	711	678	662	3.6	-0.9
Quoted shares	207	287	318	326	336	295	276	-4.8	-13.1
Unquoted shares and other equity	274	328	350	358	375	382	385	11.1	10.1
Insurance technical reserves	4,121	4,596	4,997	5,094	5,194	5,253	5,333	7.3	6.7
Other liabilities ³⁾	231	241	246	257	264	268	259		

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.