

31 October 2007

PRESS RELEASE

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

*In the second quarter of 2007, the annual growth rate¹ of **net disposable income in the euro area** equalled 5.0%, compared with 5.6% in the first quarter of 2007 (see Annex Table 1). The annual growth of **consumption** was 3.0% in the second quarter, which was lower than in the first quarter (3.4%). In the second quarter the annual growth rate of **net saving** equalled 28.2%, compared with 33.5% in the previous quarter. The annual growth rate of **gross fixed capital formation** was 7.4% in the second quarter of 2007, compared with 11.1% in the previous quarter.*

*The annual growth rate of **households' gross disposable income** equalled 3.8% in the second quarter of 2007, compared with 4.3% in the previous quarter (see Table 2). The annual growth rate of **gross saving** of households decreased to 7.5%, after 11.4% previously, and their gross saving rate in the last four quarters equalled 14.1%. The annual growth rate of **financing** of households decreased to 7.4% in the second quarter, from 8.0% in the previous quarter, and the annual growth rate of their **financial investment** remained unchanged at 4.0%.²*

*The annual growth rate of **gross fixed capital formation of non-financial corporations** in the euro area amounted to 9.3% in the second quarter of 2007, compared with 11.1% in the previous quarter (see Table 3). The annual growth rate of **financing** of non-financial corporations increased to 5.1% in the second quarter, from 4.9% in the previous quarter and the annual growth rate of their **financial investment** remained broadly unchanged at 6.2%.*

Euro area

In the second quarter of 2007, the annual growth rate of euro area **net disposable income** decreased to 5.0% from 5.6% in the previous quarter. The growth of euro area

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

² Financing and financial investment comprise all financial instruments for all sectors except general government. 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 prepayments of insurance premiums and reserves for outstanding claims and other accounts receivable.

disposable income continued to accrue mainly to households and government (see Chart 1). Euro area **net saving** continued to grow at a high annual rate (28.2%), but somewhat less than in the previous quarter (33.5%). While household and government savings continued to grow strongly, the contribution of corporations to the overall saving growth moderated. The decrease in the annual growth of **gross fixed capital formation** (7.4%), compared to the previous quarter (11.1%), was due to a lower investment growth by all sectors (see Chart 2). The growth rate of **total gross capital formation** in the second quarter decreased as well (to 7.7%, from 9.1%). These developments were reflected in a growing **current account surplus of the euro area** with the rest of the world, or a negative foreign saving (see Chart 3).

Households

The annual growth rate of households' **gross disposable income** decreased to 3.8% in the second quarter of 2007, from 4.3% in the previous quarter (see Table 2). This deceleration was mainly driven by a decrease in the annual growth rate of **compensation of employees**, to 3.9%, from 4.5% in the previous quarter, and by a higher increase of households' **tax payments**; the annual growth rate of households' taxes on income and wealth increased to 6.6% from 4.6% previously (see Chart 4).

The annual growth rate of households' **consumption expenditure** (3.1%) was lower than that of their disposable income and hence the four-quarter average household gross saving rate increased, to 14.1%. The net lending of households increased only slightly as the increase in households' saving was almost matched by the increase in households' **non-financial investment** (see Chart 5).³ Yet, the growth rate of their gross fixed capital formation decreased to 6.9%, from 11.1% previously.

The annual growth rate of **financing** of households via the incurrence of loans in the euro area decreased to 7.6% in the second quarter, from 8.1% in the previous quarter. This coincided with an unchanged growth of their **financial investment** of 4.0% per year.

Turning to the components of **households' financial investment**, the annual growth rate of their holdings of currency and deposits increased to 5.6% in the second quarter from 5.4% the previous quarter. The annual growth rate of their investment in debt securities decreased to 4.1%, from 5.4% previously. The growth rate of their investment in shares and other equity recovered somewhat (0.3%, after -0.1%). Specifically, the annual growth rate of their investment in unquoted shares and other equity was a bit higher and their annual sales of mutual fund shares were a bit lower than in the previous quarter. Yet, households

³ For the households and non-financial corporations sectors, the figures for net lending / net borrowing derived from the financial accounts may differ from those derived from the non-financial accounts, due to statistical discrepancies.

became net sellers of quoted shares. The annual growth rate of their additions to life insurance and pension fund reserves remained broadly unchanged at 5.7%.

All in all, the annual growth rate of households' **net financial wealth** increased to 6.6%, from 5.5% in the previous quarter, as households benefited from increased holding gains on financial assets, in particular quoted shares and mutual fund shares (see Chart 6).

Non-financial corporations

The **net entrepreneurial income** of non-financial corporations⁴ grew at an annual rate of 8.0% in the second quarter of 2007, after 4.8% in the previous quarter (see Table 3). This increase of the growth rate can be largely explained by a higher increase in their property income receivable, which includes the profits of foreign subsidiaries (see Chart 7).

The annual growth rate of **gross fixed capital formation** of non-financial corporations decreased to 9.3% in the second quarter of 2007 after 11.1% in the previous quarter (see Chart 8), whereas the annual growth rate of total gross non-financial investment increased to 9.5% from 7.4% as inventories were less reduced than a year ago. At the same time, saving ("retained earnings") of these corporations decreased and thus their net borrowing increased.

In the second quarter of 2007, the annual growth rate of **financing** by non-financial corporations increased to 5.1%, after 4.9% previously. The growth rate of their loan financing was unchanged at 10.3%, while the annual growth rate of their issuance of debt securities increased to 8.5%, from 6.5%. The annual growth rate of their equity financing, via the issuance of shares and other equity, increased to 2.1%, from 1.9% previously (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 12.8%, from 13.8% previously. The growth rate of their investment in shares and other equity increased from 3.0% to 3.3%.

Insurance corporations and pension funds

The annual growth rate of **insurance technical reserves**, the major financing instrument of insurance corporations and pension funds, remained broadly stable, at 6.2% in the second quarter of 2007 (see Table 6). The annual growth rate of the issuance of quoted shares by this sector increased to 1.9%, from 1.5% previously. The annual growth rate of their **financial investment** remained broadly stable at 6.2%. The growth rate of their

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).

investment in debt securities increased to 9.2%, from 7.9%, and that of their investment in shares and other equity decreased to 3.3%, from 4.2%.

Additional information on the euro area accounts

This press release incorporates revisions for the first 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.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. An explanation of the relationship between several variables in the tables of this press release is provided in the General Notes for that section of the 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 third quarter of 2007 is scheduled to take place on **1 February 2008** at 10.00 am (CET).

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Annex:

⁵ See http://epp.eurostat.ec.europa.eu/pls/portal/url/page/PGP_DS_NA/PGE_DS_NA_01 (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)

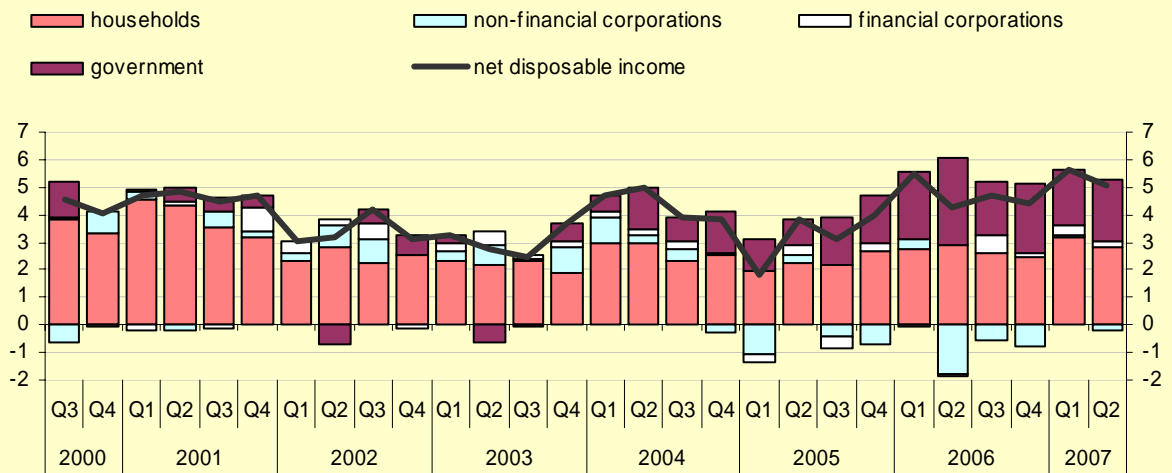


Chart 2 Growth of euro area gross fixed capital formation and contributions by sector
(annual percentage changes and percentage point contributions)

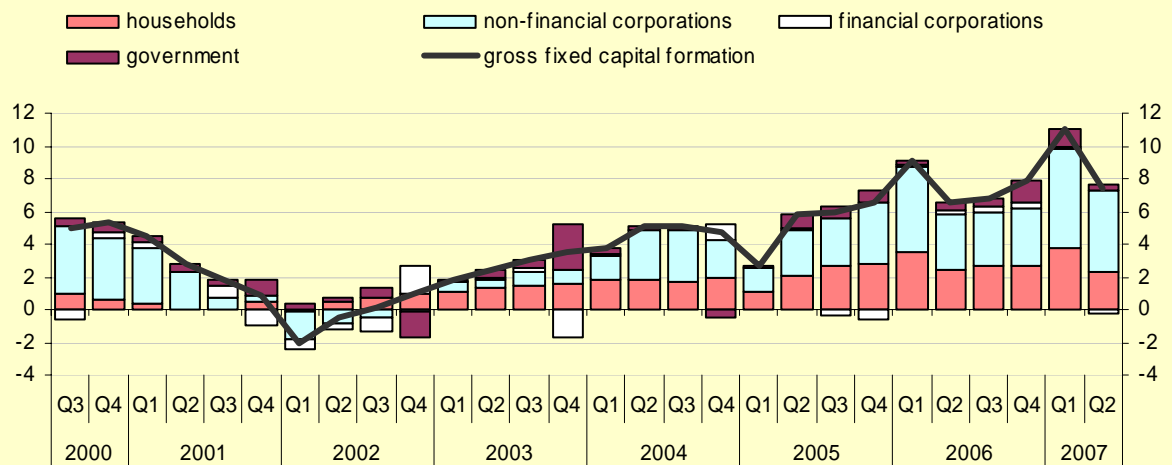
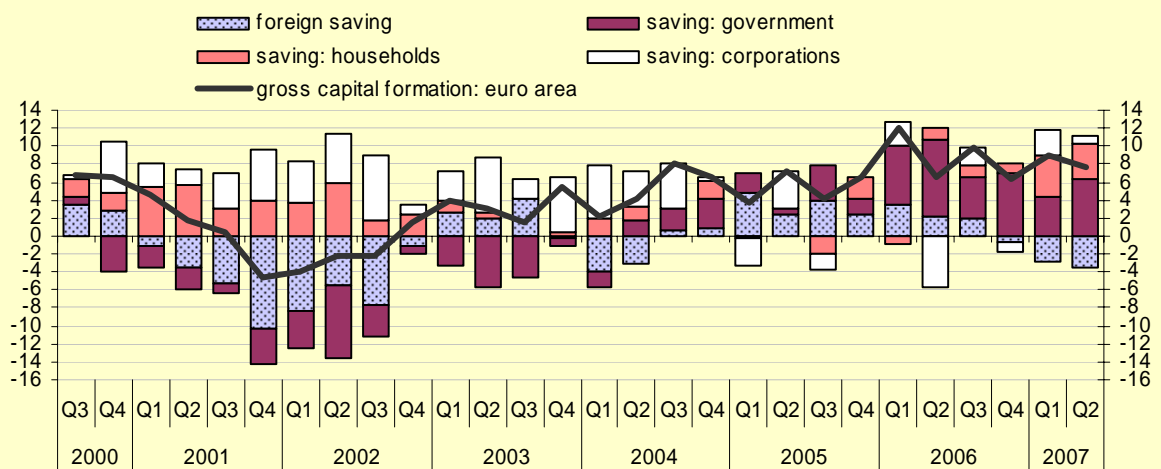


Chart 3 Growth of euro area gross capital formation and its financing by sectoral saving
(annual percentage changes and percentage point contributions)



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)

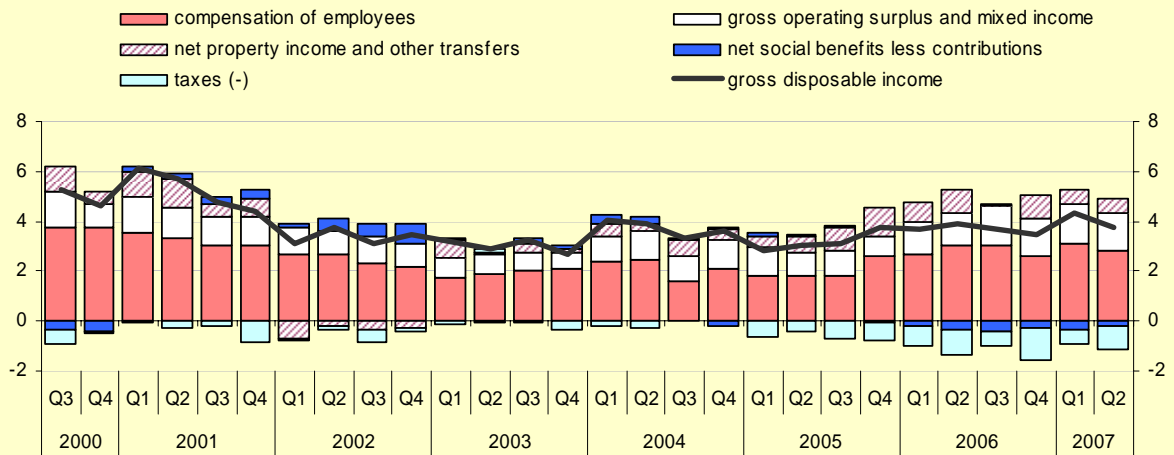


Chart 5 Growth of households' acquisition of non-financial assets and contributions by source of financing
(annual percentage changes and percentage point contributions)

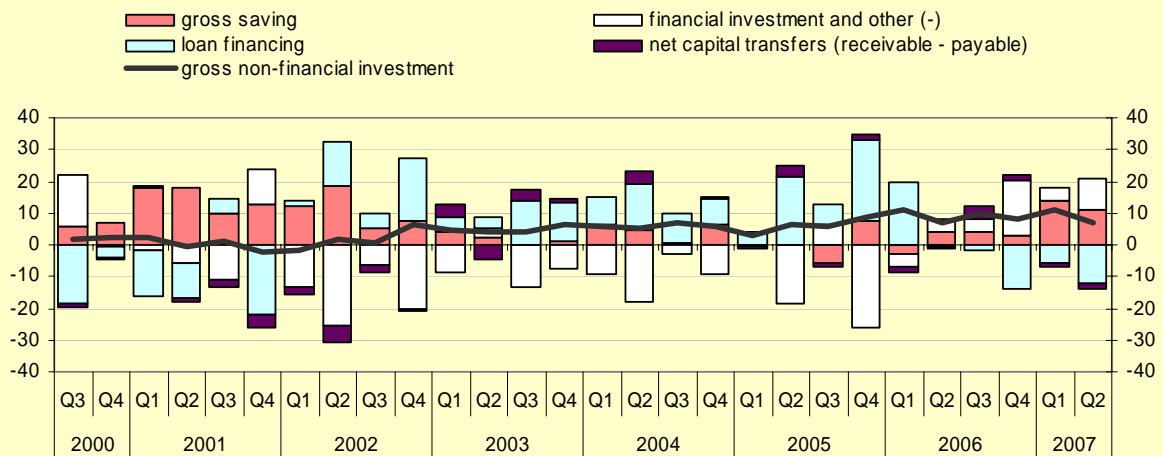
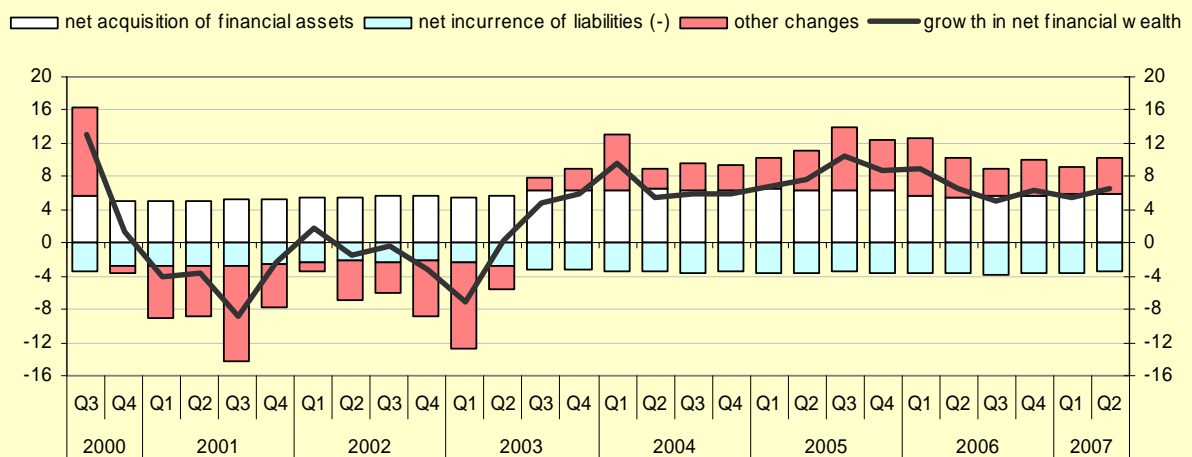


Chart 6 Growth of households' net financial wealth and contributions by type of wealth change
(annual percentage changes and percentage point contributions)



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)

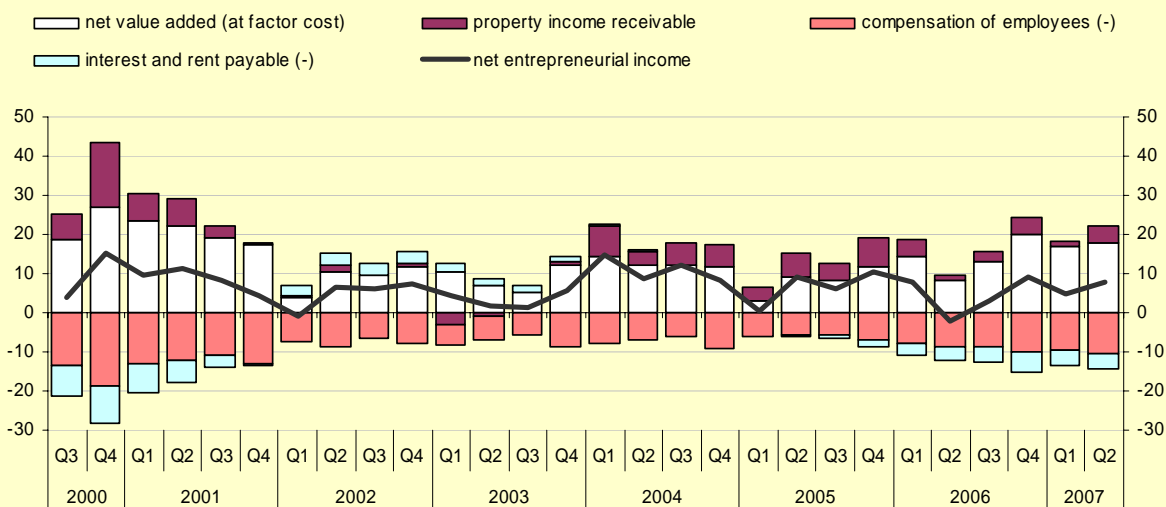
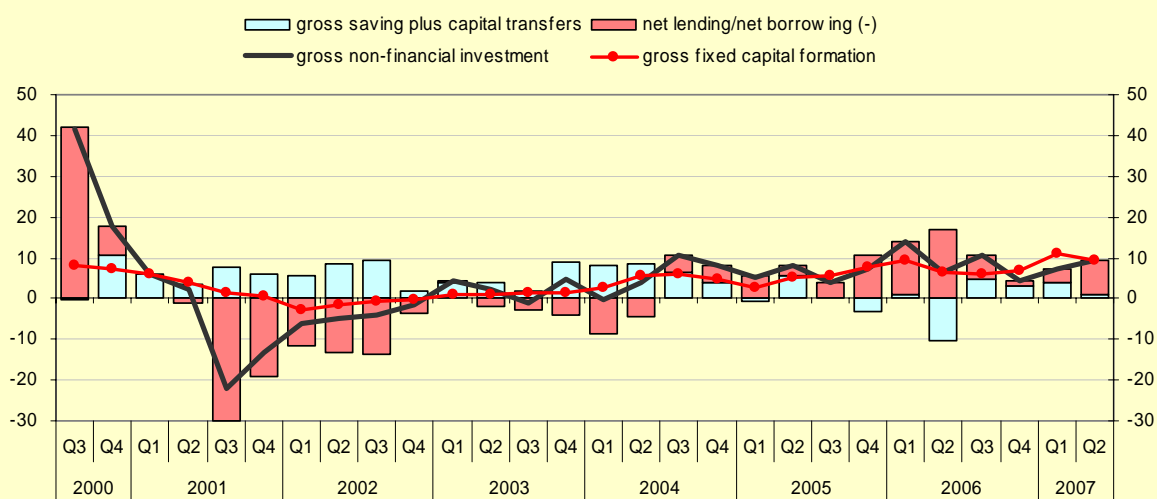


Chart 8 Growth of non-financial investment of non-financial corporations and contributions by source of financing
(annual percentage changes and percentage point contributions)



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	2006Q2	2006Q3	2006Q4	2007Q1	2007Q2	2007Q1	2007Q2	2006Q2	2007Q2
Net disposable income (NDI):											
Euro area	6,612	6,823	6,985	7,064	7,144	7,240	7,329	5.6	5.0	100.0	100.0
Households ²⁾	4,879	5,030	5,124	5,168	5,212	5,267	5,318	4.3	3.8	73.4	72.6
Non-financial corporations	128	98	73	64	51	52	48			1.0	0.7
Financial corporations	137	137	136	146	149	155	159			1.9	2.2
General government	1,467	1,559	1,652	1,685	1,732	1,766	1,805	9.4	8.8	23.7	24.6
Consumption expenditure:											
Euro area	6,076	6,307	6,442	6,501	6,562	6,616	6,664	3.4	3.0	92.2	90.9
Households ²⁾	4,482	4,649	4,750	4,793	4,837	4,875	4,912	3.2	3.1	68.0	67.0
General government collective consumption	645	662	671	675	681	687	690	3.5	1.8	9.6	9.4
General government social transfers in kind ³⁾	948	996	1,021	1,033	1,044	1,054	1,063	4.1	3.2	14.6	14.5
Net saving:											
Euro area	536	516	543	563	582	624	665	33.5	28.2	7.8	9.1
Households ²⁾	454	440	435	436	437	454	468	18.3	9.8	6.2	6.4
Non-financial corporations	115	86	60	50	36	37	33			0.9	0.5
Financial corporations	93	90	89	100	102	109	111			1.3	1.5
General government	-126	-100	-40	-23	7	25	53			-0.6	0.7
Consumption of fixed capital:											
Euro area	1,122	1,175	1,200	1,213	1,225	1,236	1,246	3.5	3.4	17.2	17.0
Households ²⁾	303	319	326	331	335	338	341	3.8	3.6	4.7	4.6
Non-financial corporations	633	663	676	683	689	695	701	3.4	3.2	9.7	9.6
Financial corporations	40	41	42	43	42	43	43	2.8	3.4	0.6	0.6
General government	145	152	155	157	159	160	162	4.0	3.8	2.2	2.2
Net capital transfers (receivables-payables):											
Euro area	17	14	13	13	14	15	15			0.2	0.2
Households ²⁾	19	24	22	27	30	29	26			0.3	0.4
Non-financial corporations	56	60	51	65	80	84	85			0.7	1.2
Financial corporations	-8	-11	-10	-8	-9	-9	-8			-0.1	-0.1
General government	-51	-60	-51	-72	-88	-88	-88			-0.7	-1.2
Gross fixed capital formation:											
Euro area	1,597	1,682	1,745	1,774	1,809	1,855	1,889	11.1	7.4	25.0	25.8
Households ²⁾	523	558	582	593	606	621	632	11.1	6.9	8.3	8.6
Non-financial corporations	840	884	919	932	948	973	996	11.1	9.3	13.2	13.6
Financial corporations	43	39	40	42	43	44	43	6.9	-8.0	0.6	0.6
General government	191	200	204	206	212	217	218	11.5	3.1	2.9	3.0
Net acquisition of other non-financial assets⁴⁾:											
Euro area	8	11	25	38	30	25	26			0.4	0.4
Households ²⁾	4	1	1	4	4	4	5			0.0	0.1
Non-financial corporations	4	11	24	33	27	21	22			0.3	0.3
Financial corporations	0	1	1	1	1	1	1			0.0	0.0
General government	-1	-1	-1	-1	-2	-2	-1			0.0	0.0
Net lending (+) / net borrowing (-):											
Euro area	70	11	-14	-22	-19	-4	11			-0.2	0.2
Households ²⁾	249	224	200	196	192	195	198			2.9	2.7
Non-financial corporations	-39	-86	-155	-167	-170	-178	-199			-2.2	-2.7
Financial corporations	82	80	80	91	91	97	102			1.1	1.4
General government	-222	-207	-140	-143	-132	-118	-90			-2.0	-1.2

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	2006Q2	2006Q3	2006Q4	2007Q1	2007Q2	2007Q1	2007Q2	2006Q2	2007Q2
Compensation of employees	3,777	3,882	3,958	3,997	4,033	4,075	4,115	4.5	3.9	71.8	71.9
Gross operating surplus and mixed income	1,285	1,335	1,369	1,389	1,410	1,431	1,452	6.1	6.0	24.8	25.4
Property income (receivable - payable)	745	784	809	812	825	831	839			14.7	14.7
Net social benefits and contributions (rec. -pay.)	17	19	12	6	3	-1	-4			0.2	-0.1
Other current transfers (rec. - pay.)	65	68	65	64	64	66	66			1.2	1.1
Taxes (on income and wealth) (-)	706	739	764	771	789	797	810	4.6	6.6	13.9	14.2
Gross disposable income (HGDI)	5,183	5,349	5,450	5,499	5,547	5,605	5,658	4.3	3.8	98.9	98.9
+Adj. for change in net worth in pension fund ³⁾	57	59	61	61	62	62	62	1.2	3.0	1.1	1.1
Gross disposable income (HGDI) plus adjustment³⁾	5,240	5,408	5,511	5,560	5,608	5,666	5,720	4.3	3.8	100.0	100.0
Consumption expenditure	4,482	4,649	4,750	4,793	4,837	4,875	4,912	3.2	3.1	86.2	85.9
Gross saving	758	759	761	767	772	791	809	11.4	7.5	13.8	14.1
Net capital transfers (receivables-payables)	19	24	22	27	30	29	26			0.4	0.5
Gross fixed capital formation	523	558	582	593	606	621	632	11.1	6.9	10.6	11.0
Net acquisition of other non-financial assets ⁴⁾	4	1	1	4	4	4	5			0.0	0.1
Net lending (+) / net borrowing (-)	249	224	200	196	192	195	198			3.6	3.5
Financial transactions	four-quarter-cumulated sums							annual growth rates ⁵⁾		percentage of HGDI, adjusted ³⁾	
	2004	2005	2006Q2	2006Q3	2006Q4	2007Q1	2007Q2	2007Q1	2007Q2	2006Q2	2007Q2
Financial investment	590	631	577	610	620	651	647	4.0	4.0	10.5	11.3
Currency and deposits	248	240	247	267	279	276	289	5.4	5.6	4.5	5.1
Debt securities	75	3	31	83	77	76	57	5.4	4.1	0.6	1.0
Shares and other equity	-14	116	22	-27	-34	-4	14	-0.1	0.3	0.4	0.2
Quoted shares	-48	3	-27	-31	-13	2	-1	0.2	-0.1	-0.5	0.0
Unquoted shares and other equity	37	57	27	21	8	24	32	1.2	1.6	0.5	0.6
Mutual fund shares	-3	56	22	-16	-29	-30	-18	-1.8	-1.1	0.4	-0.3
Life insurance and pension fund reserves	251	300	301	298	276	255	253	5.8	5.7	5.5	4.4
Other financial assets ⁵⁾	29	-29	-24	-12	21	48	34			-0.4	0.6
Financing	329	372	381	405	387	410	389	8.0	7.4	6.9	6.8
Loans	314	392	416	413	392	384	366	8.1	7.6	7.5	6.4
Short-term	11	16	12	12	14	15	11	4.7	3.4	0.2	0.2
Long-term	303	375	404	401	379	370	355	8.4	7.9	7.3	6.2
Other liabilities ⁷⁾	14	-19	-35	-8	-6	26	23			-0.6	0.4
Net lending (+) / net borrowing (-) (financial accounts)	261	258	197	205	234	240	257	2.2	2.3	3.6	4.5
Changes in financial wealth not due to transactions	285	600	481	333	457	367	477			8.7	8.3
Financial balance sheet	end-of-period stocks							annual percentage changes ²⁾		percentage of HGDI, adjusted ³⁾	
	2004	2005	2006Q2	2006Q3	2006Q4	2007Q1	2007Q2	2007Q1	2007Q2	2006Q2	2007Q2
Financial investment	56,981	15,867	16,282	16,556	16,940	17,278	17,405	6.2	6.9	295.4	304.3
Currency and deposits	18,796	5,078	5,182	5,205	5,343	5,365	5,463	5.3	5.4	94.0	95.5
Debt securities	5,509	1,354	1,407	1,420	1,422	1,465	1,407	4.5	0.0	25.5	24.6
Shares and other equity	15,216	4,559	4,670	4,798	4,956	5,129	5,182	7.0	11.0	84.7	90.6
Quoted shares	3,151	1,001	1,042	1,128	1,192	1,253	1,296	14.1	24.4	18.9	22.7
Unquoted shares and other equity	6,020	1,918	1,999	2,042	2,119	2,213	2,195	9.6	9.8	36.3	38.4
Mutual fund shares	6,045	1,640	1,629	1,628	1,645	1,664	1,692	-0.9	3.8	29.6	29.6
Life insurance and pension fund reserves	14,935	4,279	4,426	4,517	4,604	4,669	4,723	6.6	6.7	80.3	82.6
Other financial assets ⁶⁾	2,526	596	597	615	615	650	631			10.8	11.0
Financing	18,164	5,055	5,241	5,345	5,437	5,544	5,631	7.7	7.4	95.1	98.4
Loans	16,491	4,633	4,837	4,919	5,017	5,097	5,200	7.9	7.5	87.8	90.9
Short-term	1,183	316	322	319	323	325	330	4.4	2.7	5.8	5.8
Long-term	15,308	4,317	4,516	4,601	4,694	4,772	4,870	8.2	7.8	81.9	85.1
Other liabilities ⁷⁾	1,673	422	404	426	420	447	431			7.3	7.5
Net financial wealth	38,817	10,812	11,040	11,210	11,503	11,734	11,774	5.5	6.6	200.3	205.8

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 derivatives, 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	2006Q2	2006Q3	2006Q4	2007Q1	2007Q2	2007Q1	2007Q2	2006Q2	2007Q2
Gross value added (GVA)	3,983	4,102	4,181	4,226	4,283	4,338	4,396	5.5	5.4	100.0	100.0
Net value added (NVA)	3,350	3,439	3,505	3,543	3,593	3,643	3,696	5.9	5.8	83.8	84.1
Net entrepreneurial income	1,050	1,116	1,131	1,140	1,163	1,178	1,201	4.8	8.0	32.3	32.5
Net disposable income	128	98	73	64	51	52	48			2.1	1.3
Adj. for change in net worth in pension fund	-13	-12	-13	-14	-15	-15	-15			-0.4	-0.4
Net saving	115	86	60	50	36	37	33			1.7	0.9
Net capital transfers (receivable-payable)	56	60	51	65	80	84	85			1.2	1.9
Consumption of fixed capital	633	663	676	683	689	695	701	3.4	3.2	16.2	15.9
Gross fixed capital formation	840	884	919	932	948	973	996	11.1	9.3	22.0	22.7
Net acquisitions of other non-financial assets ³⁾	4	11	24	33	27	21	22			0.6	0.5
Net lending (+) / net borrowing (-)	-39	-86	-155	-167	-170	-178	-199			-3.7	-4.5
Financial transactions	four-quarter-cumulated sums							annual growth rates ⁴⁾		percentage of GVA	
	2004	2005	2006Q2	2006Q3	2006Q4	2007Q1	2007Q2	2007Q1	2007Q2	2006Q2	2007Q2
Financial investment	388	536	701	677	724	757	774	6.1	6.2	16.8	17.6
Currency and deposits	91	145	155	146	167	194	185	13.8	12.8	3.7	4.2
Debt securities	-55	-22	-1	-14	4	-9	0	-3.0	0.1	0.0	0.0
Loans	66	133	131	137	161	176	189	11.3	11.8	3.1	4.3
Shares and other equity	183	173	222	183	186	199	217	3.0	3.3	5.3	4.9
Quoted shares	93	28	58	87	39	37	41	2.2	2.5	1.4	0.9
Unquoted shares and other equity	68	124	164	103	159	161	179	3.5	3.9	3.9	4.1
Mutual fund shares	22	21	0	-6	-11	1	-2	0.3	-0.6	0.0	-0.1
Other financial assets ⁵⁾	103	107	195	224	205	197	182			4.7	4.1
Financing	439	656	853	852	935	981	1,031	4.9	5.1	20.4	23.5
Debt securities	7	2	13	28	41	44	59	6.5	8.5	0.3	1.3
Loans	196	382	530	560	578	594	614	10.3	10.3	12.7	14.0
Short-term	28	127	175	195	196	215	236	11.6	12.2	4.2	5.4
Long-term	168	256	355	365	382	379	377	9.6	9.4	8.5	8.6
Shares and other equity	188	172	228	164	202	216	228	1.9	2.1	5.4	5.2
Quoted shares	12	101	114	37	33	43	60	1.1	1.5	2.7	1.4
Unquoted shares and other equity	177	71	113	127	169	173	168	2.4	2.4	2.7	3.8
Pension fund reserves	13	13	13	14	14	12	11	3.9	3.5	0.3	0.3
Other liabilities ⁶⁾	35	87	70	85	99	115	120			1.7	2.7
Net lending (+) / net borrowing (-) (financial accounts)	-51	-120	-152	-175	-211	-224	-258			-3.6	-5.9
Financial balance sheet	end-of-period stocks							annual percentage changes ¹⁾		percentage of GVA	
	2004	2005	2006Q2	2006Q3	2006Q4	2007Q1	2007Q2	2007Q1	2007Q2	2006Q2	2007Q2
Financial investment	41,198	45,379	12,491	12,886	13,448	13,870	14,266	11.5	14.2	298.8	324.5
Currency and deposits	4,780	5,270	1,452	1,491	1,564	1,631	1,666	15.9	14.7	34.7	37.9
Debt securities	1,469	1,237	307	293	287	282	301	-4.8	-1.9	7.3	6.8
Loans	5,525	5,942	1,596	1,627	1,695	1,745	1,798	11.8	12.6	38.2	40.9
Shares and other equity	20,475	23,639	6,644	6,947	7,303	7,552	7,815	12.2	17.6	158.9	177.8
Quoted shares	4,890	5,610	1,655	1,692	1,805	1,915	1,990	15.0	20.2	39.6	45.3
Unquoted shares and other equity	14,117	16,406	4,592	4,845	5,093	5,218	5,415	12.2	17.9	109.8	123.2
Mutual fund shares	1,469	1,623	397	410	405	418	411	0.9	3.5	9.5	9.3
Other financial assets ⁵⁾	8,950	9,292	2,492	2,528	2,600	2,661	2,686			59.6	61.1
Financing	66,664	73,909	20,162	20,687	21,615	22,276	22,977	10.6	14.0	482.3	522.7
Debt securities	2,591	2,738	691	694	698	710	743	5.5	7.4	16.5	16.9
Loans	20,720	21,856	5,965	6,070	6,201	6,380	6,594	10.3	10.5	142.7	150.0
Short-term	6,712	7,072	1,937	1,962	2,011	2,080	2,167	11.7	11.9	46.3	49.3
Long-term	14,008	14,783	4,028	4,107	4,190	4,300	4,427	9.6	9.9	96.3	100.7
Shares and other equity	34,273	39,730	11,016	11,376	12,088	12,497	12,925	11.7	17.3	263.5	294.0
Quoted shares	11,446	13,654	3,945	4,083	4,457	4,664	5,061	14.1	28.3	94.4	115.1
Unquoted shares and other equity	22,828	26,076	7,071	7,293	7,631	7,833	7,864	10.2	11.2	169.1	178.9
Pension fund reserves	1,186	1,236	321	324	328	330	332	3.9	3.5	7.7	7.5
Other liabilities ⁶⁾	7,894	8,350	2,169	2,224	2,301	2,335	2,360			51.9	53.7

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 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	2006Q2	2006Q3	2006Q4	2007Q1	2007Q2	2007Q1	2007Q2	2006Q2	2007Q2
Net disposable income (GNDI)	1,467	1,559	1,652	1,685	1,732	1,766	1,805	9.4	8.8	100.0	100.0
Consumption expenditure	1,593	1,658	1,692	1,708	1,726	1,741	1,753	3.8	2.7	102.4	97.1
Net saving	-126	-100	-40	-23	7	25	53			-2.4	2.9
Consumption of fixed capital	145	152	155	157	159	160	162	4.0	3.8	9.4	9.0
Net capital transfers (receivable-payable)	-51	-60	-51	-72	-88	-88	-88			-3.1	-4.9
Gross fixed capital formation	191	200	204	206	212	217	218	11.5	3.1	12.4	12.1
Net acquisition of other non-financial assets ²⁾	-1	-1	-1	-1	-2	-2	-1			0.0	-0.1
Net lending (+) / net borrowing (-)	-222	-207	-140	-143	-132	-118	-90			-8.4	-5.0
Financial transactions	four-quarter-cumulated sums							annual growth rates ³⁾		percentage of GNDI	
	2004	2005	2006Q2	2006Q3	2006Q4	2007Q1	2007Q2	2007Q1	2007Q2	2006Q2	2007Q2
Net acquisition of financial assets	42	78	64	113	34	39	107	1.5	4.0	3.9	5.9
Financial investment	46	71	30	60	33	48	92	2.3	4.4	1.8	5.1
Currency and deposits	19	35	30	61	35	40	77	8.2	14.2	1.8	4.3
Debt securities	17	20	20	14	26	25	30	11.8	14.0	1.2	1.7
Loans	10	7	-6	-4	-16	-15	-11	-4.1	-3.1	-0.4	-0.6
Short-term	0	3	-3	1	1	-1	3	-1.5	7.7	-0.2	0.2
Long-term	10	4	-3	-6	-17	-15	-14	-4.4	-4.4	-0.2	-0.8
Shares and other equity	1	9	-14	-9	-12	-2	-4	-0.2	-0.4	-0.8	-0.2
Quoted shares	-20	-11	-26	-21	-19	-8	-11	-2.3	-3.2	-1.6	-0.6
Unquoted shares and other equity	9	10	-2	-3	-6	-6	-5	-1.0	-1.0	-0.1	-0.3
Mutual fund shares	11	11	14	14	13	12	12	9.6	10.3	0.9	0.7
Other financial assets ⁴⁾	-4	7	34	53	1	-9	15			2.1	0.8
Net incurrence of liabilities	264	285	204	256	167	157	197	2.4	2.9	12.3	10.9
Financing	273	263	155	166	122	130	162	2.1	2.6	9.4	9.0
Currency and deposits	25	25	22	20	13	1	-11	0.3	-3.2	1.3	-0.6
Debt securities	234	215	110	122	102	112	164	2.3	3.3	6.6	9.1
Short-term	12	-9	-23	-25	-31	10	44	1.7	7.3	-1.4	2.4
Long-term	222	224	133	147	134	102	120	2.3	2.8	8.0	6.6
Loans	14	23	23	24	7	17	9	1.6	0.8	1.4	0.5
Short-term	-3	6	21	30	6	23	15	17.3	10.2	1.3	0.8
Long-term	17	16	2	-6	1	-6	-6	-0.6	-0.7	0.1	-0.3
Other liabilities ⁵⁾	-9	22	49	90	45	27	35			3.0	1.9
Net lending (+) / net borrowing (-) (financial accounts)	-222	-207	-140	-143	-132	-118	-90			-8.4	-5.0
Financial balance sheet	end-of-period stocks							annual percentage changes ¹⁾		percentage of GNDI	
	2004	2005	2006Q2	2006Q3	2006Q4	2007Q1	2007Q2	2007Q1	2007Q2	2006Q2	2007Q2
Financial assets	2,322	2,544	2,648	2,668	2,677	2,742	2,907	4.1	9.8	160.3	161.1
Financial investment	1,813	2,024	2,113	2,122	2,156	2,200	2,359	5.7	11.6	127.9	130.7
Currency and deposits	447	479	542	527	513	529	621	8.4	14.4	32.8	34.4
Debt securities	184	205	214	218	227	232	240	10.5	12.4	12.9	13.3
Loans	368	378	370	366	359	355	357	-4.2	-3.4	22.4	19.8
Short-term	43	46	39	39	45	39	42	-1.4	7.9	2.4	2.3
Long-term	325	332	331	327	315	316	315	-4.5	-4.8	20.0	17.4
Shares and other equity	815	961	987	1,011	1,057	1,084	1,141	7.0	15.5	59.8	63.2
Quoted shares	223	316	331	342	380	393	440	12.4	32.8	20.1	24.4
Unquoted shares and other equity	505	531	535	541	544	550	553	1.4	3.3	32.4	30.6
Mutual fund shares	87	114	121	128	133	141	148	16.2	22.5	7.3	8.2
Other financial assets ⁴⁾	509	520	535	547	521	542	549			32.4	30.4
Liabilities	6,377	6,715	6,678	6,786	6,703	6,760	6,751	1.0	1.1	404.2	373.9
Financing	6,075	6,365	6,333	6,414	6,337	6,389	6,358	0.6	0.4	383.3	352.2
Currency and deposits	308	332	336	336	345	338	325	0.3	-3.2	20.3	18.0
Debt securities	4,720	4,962	4,931	5,002	4,918	4,971	4,962	0.5	0.6	298.4	274.8
Short-term	582	581	603	590	561	613	656	3.6	8.7	36.5	36.3
Long-term	4,138	4,381	4,328	4,411	4,357	4,359	4,306	0.1	-0.5	261.9	238.5
Loans	1,047	1,070	1,067	1,077	1,074	1,080	1,071	1.3	0.4	64.5	59.3
Short-term	120	127	145	160	129	158	160	17.3	10.3	8.8	8.9
Long-term	927	944	921	917	945	922	911	-1.1	-1.1	55.8	50.5
Other liabilities ⁵⁾	302	350	345	372	366	371	393			20.9	21.8
<i>Memo: Government debt (at nominal value)⁶⁾</i>	5,419	5,669	5,838	5,861	5,794	5,894	5,990				

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	2006Q2	2006Q3	2006Q4	2007Q1	2007Q2	2007Q1	2007Q2	2006Q2	2007Q2
Gross value added (GVA)	346	359	366	368	368	368	368	0.1	0.2	100.0	100.0
Net value added (NVA)	306	318	323	326	326	325	325	-0.3	-0.2	88.4	88.3
Net entrepreneurial income	317	353	371	384	399	417	439	23.3	16.7	114.8	134.9
Net disposable income	93	90	89	100	102	109	111			27.5	34.3
Adj. for change in net worth in pension fund	-44	-47	-47	-47	-46	-47	-47			-14.5	-14.5
Net saving	93	90	89	100	102	109	111			27.5	34.3
Net capital transfers (receivable-payable)	-8	-11	-10	-8	-9	-9	-8			-2.7	-2.2
Consumption of fixed capital	40	41	42	43	42	43	43	2.8	3.4	11.6	11.7
Gross fixed capital formation	43	39	40	42	43	44	43	6.9	-8.0	11.0	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 (-)	82	80	80	91	91	97	102			21.9	27.7
Financial transactions	four-quarter-cumulated sums							annual growth rates ⁴⁾		percentage of GVA	
	2004	2005	2006Q2	2006Q3	2006Q4	2007Q1	2007Q2	2007Q1	2007Q2	2006Q2	2007Q2
Financial investment	1,953	3,073	3,133	3,344	3,490	3,575	4,036	10.9	12.1	856.6	1095.5
Currency and deposits	328	441	470	506	767	903	959	24.5	25.4	128.4	260.3
Debt securities	466	698	650	647	571	593	733	8.0	9.8	177.8	199.0
Short-term	101	19	20	68	90	164	184	36.1	39.5	5.4	50.0
Long-term	365	679	631	578	481	429	549	6.2	7.9	172.4	149.1
Loans	619	905	1,099	1,167	1,160	1,216	1,301	10.2	10.7	300.4	353.1
Short-term	90	179	261	308	316	341	381	11.9	12.9	71.5	103.4
Long-term	528	726	837	859	843	876	920	9.7	10.0	228.9	249.7
Shares and other equity	394	700	799	789	757	536	621	6.8	8.0	218.3	168.5
Other financial assets ⁵⁾	147	329	116	234	235	327	422			31.7	114.6
Financing	1,871	2,993	3,053	3,252	3,399	3,478	3,934	10.4	11.7	834.7	1067.8
Currency and deposits	725	1,021	1,066	1,158	1,277	1,372	1,604	11.6	13.3	291.3	435.5
Debt securities	299	428	503	549	630	659	675	17.4	17.2	137.5	183.3
Short-term	30	42	53	69	81	85	88	23.9	24.9	14.5	23.9
Long-term	268	386	450	480	549	574	587	16.7	16.5	123.0	159.4
Loans	77	140	143	164	162	174	225	13.4	17.2	39.2	61.0
Short-term	12	70	37	62	64	112	151	16.2	21.7	10.1	40.9
Long-term	65	70	106	101	98	62	74	10.2	12.1	29.1	20.1
Shares and other equity	346	747	818	770	735	629	708	6.6	7.6	223.5	192.3
Quoted shares	28	21	18	39	36	41	43	2.7	3.0	5.0	11.6
Unquoted shares and other equity	7	29	107	118	115	102	40	4.4	1.7	29.3	11.0
Mutual fund shares	311	697	692	613	585	486	625	8.5	11.1	189.3	169.7
Insurance technical reserves	266	336	337	336	316	302	299	6.3	6.2	92.0	81.3
Other liabilities ⁶⁾	158	321	187	275	278	342	422			51.1	114.5
Net lending (+) / net borrowing (-) (financial accounts)	82	80	80	91	91	97	102			21.9	27.7
Financial balance sheet	end-of-period stocks							annual percentage changes ¹⁾			
	2004	2005	2006Q2	2006Q3	2006Q4	2007Q1	2007Q2	2007Q1	2007Q2		
Financial investment	106,524	120,378	33,248	34,368	35,385	36,657	37,784	11.3	13.6		
Currency and deposits	10,813	12,983	3,782	3,930	4,166	4,524	4,690	22.6	24.0		
Debt securities	24,969	28,019	7,455	7,644	7,635	7,846	8,035	5.8	7.8		
Short-term	1,327	1,810	466	491	507	587	644	29.1	38.0		
Long-term	23,643	26,209	6,989	7,153	7,128	7,259	7,392	4.3	5.8		
Loans	41,812	44,872	12,152	12,421	12,713	13,047	13,392	9.9	10.2		
Short-term	10,190	10,853	2,949	3,010	3,052	3,184	3,302	10.9	12.0		
Long-term	31,622	34,019	9,203	9,411	9,661	9,864	10,090	9.5	9.6		
Shares and other equity	22,929	27,086	7,765	8,129	8,555	8,758	9,102	11.1	17.2		
Other financial assets ⁵⁾	6,000	7,417	2,095	2,244	2,316	2,482	2,565				
Financing	107,300	120,985	33,597	34,743	35,844	37,130	38,253	11.3	13.9		
Currency and deposits	39,830	43,964	12,027	12,314	12,659	13,101	13,569	10.8	12.8		
Debt securities	12,104	13,807	3,917	4,014	4,212	4,423	4,552	16.5	16.2		
Short-term	1,006	1,225	354	373	398	427	437	19.9	23.5		
Long-term	11,099	12,582	3,563	3,641	3,814	3,996	4,115	16.2	15.5		
Loans	4,340	4,750	1,307	1,364	1,420	1,478	1,528	13.9	16.9		
Short-term	2,464	2,632	695	724	744	798	841	15.5	21.0		
Long-term	1,876	2,119	612	640	675	680	687	12.2	12.2		
Shares and other equity	28,385	32,953	9,365	9,876	10,175	10,493	10,827	10.1	15.6		
Quoted shares	3,829	4,797	1,416	1,581	1,676	1,771	1,822	16.2	28.6		
Unquoted shares and other equity	7,146	8,041	2,326	2,427	2,422	2,437	2,476	5.3	6.5		
Mutual fund shares	17,409	20,116	5,623	5,868	6,077	6,285	6,529	10.4	16.1		
Insurance technical reserves	16,194	17,927	4,830	4,935	5,035	5,116	5,168	7.3	7.0		
Other liabilities ⁶⁾	6,447	7,583	2,151	2,240	2,344	2,518	2,609				

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	2006Q2	2006Q3	2006Q4	2007Q1	2007Q2	2007Q1	2007Q2
Net lending (+) / net borrowing (-)	-10	-38	-36	-29	-7	3	-7		
Financial investment	266	348	357	375	374	352	348	6.3	6.2
Currency and deposits	50	26	37	49	65	82	73	12.2	10.6
Debt securities	155	150	133	136	144	161	188	7.9	9.2
Short-term	22	20	0	-9	0	13	27	5.9	12.4
Long-term	133	129	134	145	144	149	162	8.2	8.8
Loans	7	-3	10	11	5	-9	-7	-2.5	-1.9
Shares and other equity	45	137	145	141	125	89	69	4.2	3.3
Quoted shares	13	32	24	15	17	12	5	1.7	0.7
Unquoted shares and other equity	-1	18	21	26	20	13	15	3.1	3.6
Mutual fund shares	33	87	99	101	88	64	48	6.6	5.0
Other financial assets ²⁾	9	38	32	38	36	29	25		
Financing	275	386	393	404	381	349	356	6.1	6.2
Currency and deposits	0	0	0	0	0	0	0	-4.7	-5.9
Debt securities	-2	0	0	0	4	4	4	18.2	16.1
Loans	4	12	28	37	33	34	43	22.4	27.5
Short-term	7	8	17	26	20	24	36	28.2	39.3
Long-term	-3	5	11	11	12	10	8	14.6	11.5
Shares and other equity	13	9	7	11	7	9	11	1.5	1.9
Quoted shares	3	6	4	7	3	5	5	1.6	1.8
Unquoted shares and other equity	10	3	3	4	4	5	6	1.4	2.0
Insurance technical reserves	261	335	335	334	314	300	297	6.3	6.2
Other liabilities ³⁾	-1	29	24	23	23	3	1		
Net lending (+) / net borrowing (-) (financial accounts)	-10	-38	-36	-29	-7	3	-7		
Financial balance sheet	end-of-period stocks							annual percentage changes ⁴⁾	
	2004	2005	2006Q2	2006Q3	2006Q4	2007Q1	2007Q2	2007Q1	2007Q2
Financial assets	4,898	5,456	5,642	5,838	5,961	6,071	6,159	8.0	9.2
Currency and deposits	631	659	684	704	724	752	760	12.2	11.1
Debt securities	1,865	2,021	2,057	2,124	2,115	2,155	2,184	5.7	6.2
Short-term	206	212	213	213	213	228	239	5.8	11.8
Long-term	1,659	1,809	1,843	1,911	1,902	1,927	1,945	5.7	5.5
Loans	359	362	372	372	362	351	355	-5.5	-4.7
Shares and other equity	1,684	2,012	2,112	2,213	2,329	2,376	2,427	11.4	14.9
Quoted shares	575	701	717	761	832	853	858	15.1	19.6
Unquoted shares and other equity	337	397	422	435	457	461	478	9.1	13.2
Mutual fund shares	773	913	973	1,016	1,039	1,063	1,091	9.6	12.2
Other financial assets ²⁾	133	133	139	141	143	146	145		
Liabilities	4,976	5,595	5,786	5,952	6,074	6,192	6,288	7.6	8.7
Currency and deposits	4	4	4	4	4	4	4	-4.7	-5.9
Debt securities	22	22	22	23	26	26	25	18.2	14.3
Loans	120	132	158	169	165	184	193	21.3	22.1
Short-term	63	70	91	93	87	105	120	22.3	31.5
Long-term	57	62	67	76	78	79	74	20.0	9.4
Shares and other equity	463	589	579	628	646	662	691	7.4	19.4
Quoted shares	207	286	275	310	321	328	338	9.3	23.2
Unquoted shares and other equity	256	303	304	318	325	334	353	5.7	16.0
Insurance technical reserves	4,135	4,610	4,778	4,883	4,982	5,063	5,114	7.3	7.0
Other liabilities ³⁾	232	238	245	244	251	253	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.