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EUROSYSTEM

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PRESS RELEASE

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

*In the second quarter of 2008, the annual growth rate¹ of **net disposable income in the euro area** equalled 2.7%, compared with 3.1% in the first quarter of 2008 (see Annex Table 1). The annual growth rate of **consumption** was 4.2% in the second quarter, which was higher than in the first quarter (4.0%). In the second quarter the annual growth rate of **net saving** declined to -11.8%, from -4.8% in the previous quarter. The annual growth rate of **gross fixed capital formation** was 3.8% in the second quarter of 2008, compared with 4.4% in the previous quarter.*

*The annual growth rate of **households' gross disposable income** equalled 4.1% in the second quarter of 2008, compared with 3.8% in the previous quarter (see Table 2). The annual growth rate of **gross saving** of households increased to 5.7%, after equalling 2.0% previously. The households' gross saving rate² stood at 13.8%, the same level as in the second quarter of 2007. The annual growth rate of **financing** of households decreased to 5.0% in the second quarter, from 6.0% in the previous quarter, and the annual growth rate of their **financial investment** decreased to 3.0% in the second quarter, from 3.3% previously.*

*The annual growth rate of **gross fixed capital formation of non-financial corporations** in the euro area amounted to 4.5% in the second quarter of 2008, compared with 5.3% in the previous quarter (see Table 3). The annual growth rate of **financing** of non-financial corporations decreased to 3.8% in the second quarter, from 4.4% previously, and the annual growth rate of their **financial investment** decreased to 4.1% in the second quarter, from 5.1% previously.*

Euro area

The growth of euro area disposable income (3.1% in the second quarter of 2008) continued to accrue mainly to households (see Chart 1). The annual growth rate of euro area **net saving** declined to -11.8% due to decreased savings of non-financial corporations and

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

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

government. The decrease in the annual growth of **gross fixed capital formation** (3.8%), compared to the previous quarter (4.4%), was due to lower investment growth by households and non-financial corporations (see Chart 2). The growth rate of **total gross capital formation** also decreased in the second quarter (to 4.7%, from 4.8%) (see Chart 3).

Households

The annual growth rate of households' **gross disposable income** increased to 4.1% in the second quarter of 2008, from 3.8% in the previous quarter (see Chart 4). This increase was driven by a declining growth in taxes payable and an increase in net property income and other transfers. The annual growth rate of the **compensation of employees** decreased to 4.8% from 5.0% in the previous quarter (see Table 2).

The annual growth rate of households' **consumption expenditure** (3.9%) was below that of their disposable income and led to an increase in household saving. The four-quarter average households' gross saving rate increased slightly to 13.8% (from 13.7% in the previous quarter) and stood at the same level as in the second quarter of 2007. The growth rate of their **non-financial investment** decreased to -1.0%, from 1.6% previously (see Chart 5).

The annual growth rate of **financing** of households via the incurrence of loans decreased to 5.3% in the second quarter from 6.0% in the previous quarter. This coincided with a decline in the annual growth of their **financial investment** to 3.0%, from 3.3%.

Turning to the components of **households' financial investment**, the annual growth rate of their investment in currency and deposits remained unchanged at 6.3%. The annual growth rate of their investment in debt securities increased to 7.8%, from 5.6% previously. The growth rate of household's investment in shares and other equity decreased to -2.1% in the second quarter, down from -1.5% previously. Specifically, the decline was driven by stronger net sales of quoted shares and mutual fund shares compared to the previous quarters. The annual growth rate of households' investment in unquoted shares and other equity remained positive, increasing to 1.5% from 0.9% in the previous quarter. The annual growth rate of their additions to life insurance and pension fund reserves decreased to 4.9%, from 5.2% in the previous quarter.

Developments in **households' financial balance sheet** were dominated by valuation changes; the financial assets held by households declined in the second quarter of 2008 while households continued their financial investments. Households' **net financial wealth** decreased by 7.4%, after having decreased by 4.9% in the previous quarter (see Chart 6). This decrease is mainly due to holding losses on the market value of their shares and other

equity, which decreased by 20.2% from the second quarter of 2007 to the second quarter of 2008 (from EUR 5,583 billion to EUR 4,453 billion).

Non-financial corporations

The **net entrepreneurial income** of non-financial corporations³ declined at an annual rate of -0.2% in the second quarter of 2008, after -0.6% in the previous quarter (see Table 3), as the weaker growth of net value added by non-financial corporations (3.8%, after 4.1% previously) was broadly offset by the slower growth in the compensation of employees payable by this sector (see Chart 7 and Table 3).

The annual growth rate of **gross fixed capital formation** of non-financial corporations decreased to 4.5% in the second quarter of 2008, after 5.3% in the previous quarter (see Chart 8). The annual growth rate of total gross non-financial investment, which includes inventories increased more strongly (6.7%), up from the previous quarter. With non-financial corporations' saving declining, this increase in non-financial investment was financed to a lesser extent through internal financing (in particular via "retained earnings") and thus the net borrowing of non-financial corporations increased.⁴

In the second quarter of 2008, the annual growth rate of **financing** by non-financial corporations decreased to 3.8%, from 4.4% previously. The growth rate of their loan financing decreased to 9.5% from 10.6%, while the annual growth rate of their issuance of debt securities decreased to 1.5%, from 5.2%. The annual growth rate of their equity financing, via the issuance of shares and other equity, decreased to 1.3%, from 1.6% (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 5.4%, from 7.3% previously. The growth rate of their investment in shares and other equity was broadly unchanged at 4.6%.

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

Insurance corporations and pension funds

The annual growth rate of **insurance technical reserves**, the major financing instrument of insurance corporations and pension funds, decreased to 5.3% in the second quarter of 2008, from 5.7% previously (see Table 6). The annual growth rate of the issuance of quoted

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

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

shares increased to 0.4%, from 0.2% previously. The annual growth rate of their **financial investment** decreased to 4.4%, from 4.9% in the previous quarter. The growth rate of their investment in debt securities decreased to 5.7%, after 6.0% previously, while that of their investment in shares and other equity decreased to 2.9%, after 3.6% previously.

The **financial balance sheet** of insurance corporations and pension funds declined marginally while their financing and financial investment increased as the market value of both shares and other equity held as well as the outstanding amount issued by insurance corporations and pension funds declined. In particular the market value of quoted shares held declined by 21.0 % and that of mutual fund shares declined by 5.1% between the second quarter 2007 and the second quarter of 2008.

Additional information on the euro area accounts

This press release incorporates revisions for the first quarter of 2008 and for previous quarters. The euro area accounts encompass integrated non-financial and financial accounts, including financial balance sheets. These quarterly European sector accounts are jointly compiled by the ECB and the European Commission (Eurostat), in close cooperation with the national central banks and the national statistical institutes in the EU.⁵ The European sector accounts follow the methodology of the European System of Accounts 1995 (ESA 95).⁶ A detailed set of quarterly data is published in Tables 3.1 - 3.5, "Euro area accounts", of the statistics section of the ECB's Monthly Bulletin. A comprehensive set of tables is made available at <http://www.ecb.eu/stats/acc/html/index.en.html> (ECB). The time series for the euro area accounts can be downloaded from the ECB's Statistical Data Warehouse. The publication of euro area economic and financial developments in the third quarter of 2008 is scheduled to take place on **30 January 2009** at 10.00 am (CET).

European Central Bank

Press and Information Division

Kaiserstrasse 29, D-60311 Frankfurt am Main

Tel.: 0049 69 1344 7455, Fax: 0049 69 1344 7404

Internet: <http://www.ecb.eu>

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Annex:

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

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

Euro area

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

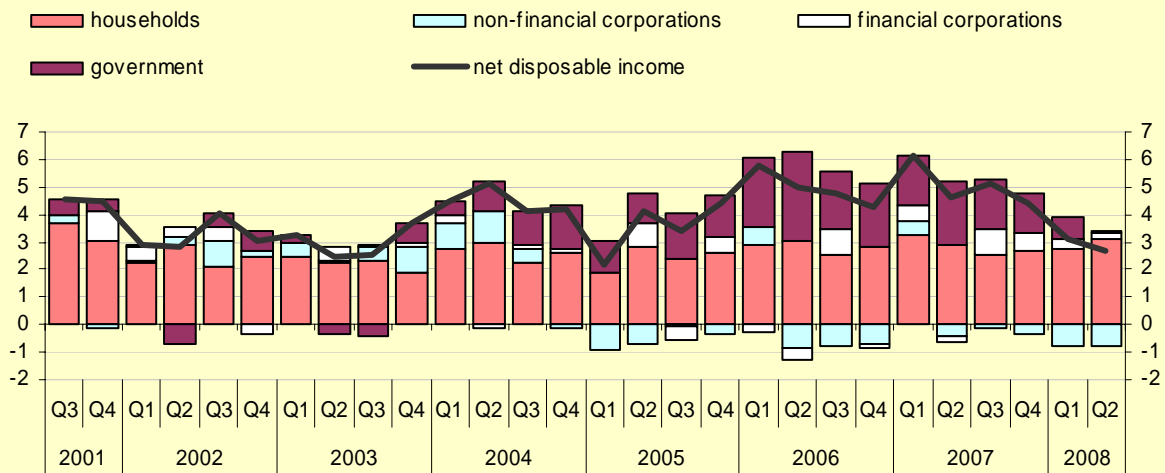


Chart 2 Growth of euro area gross fixed capital formation and contributions by sector
(annual percentage changes and percentage point contributions)

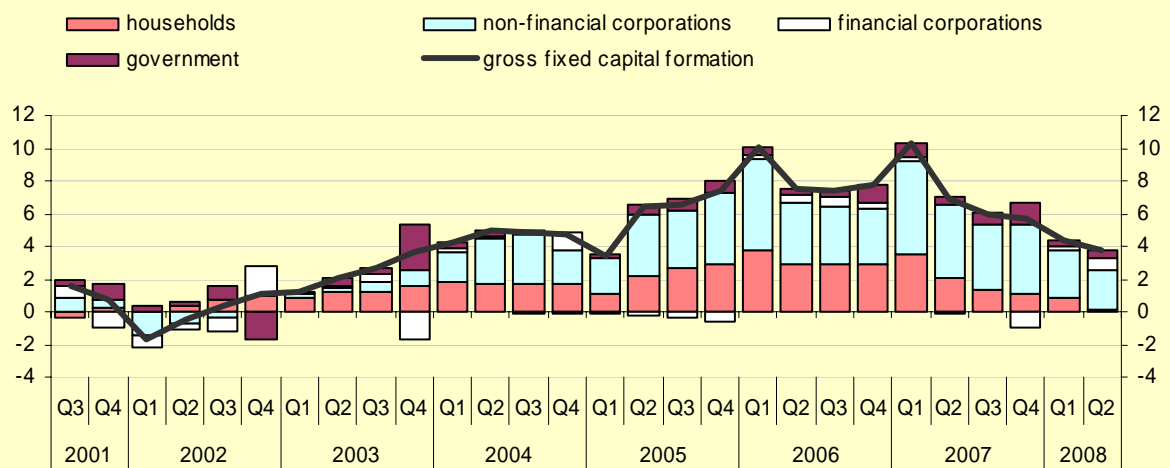
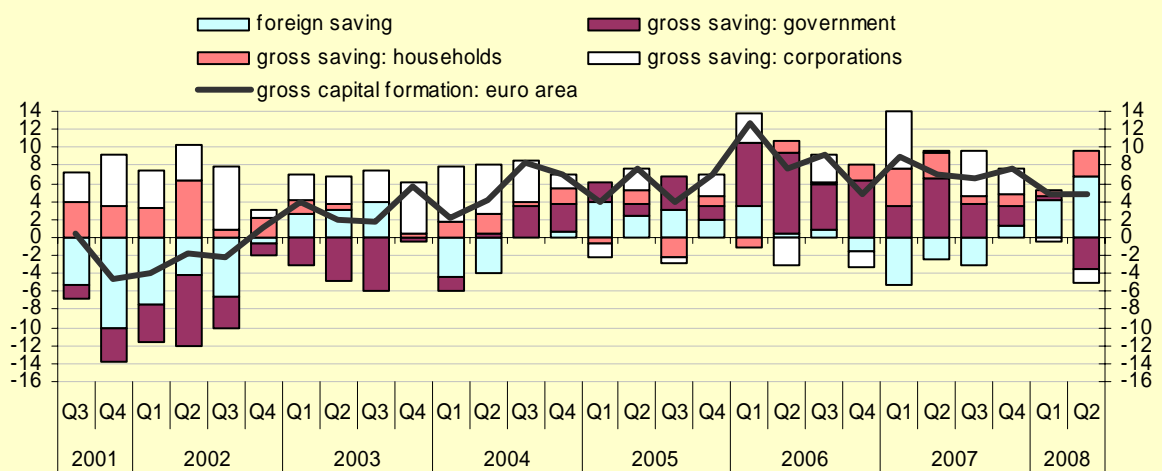


Chart 3 Growth of euro area gross capital formation and its financing by sectoral (net) saving
(annual percentage changes and percentage point contributions)



Sources: ECB and Eurostat

Euro area households

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

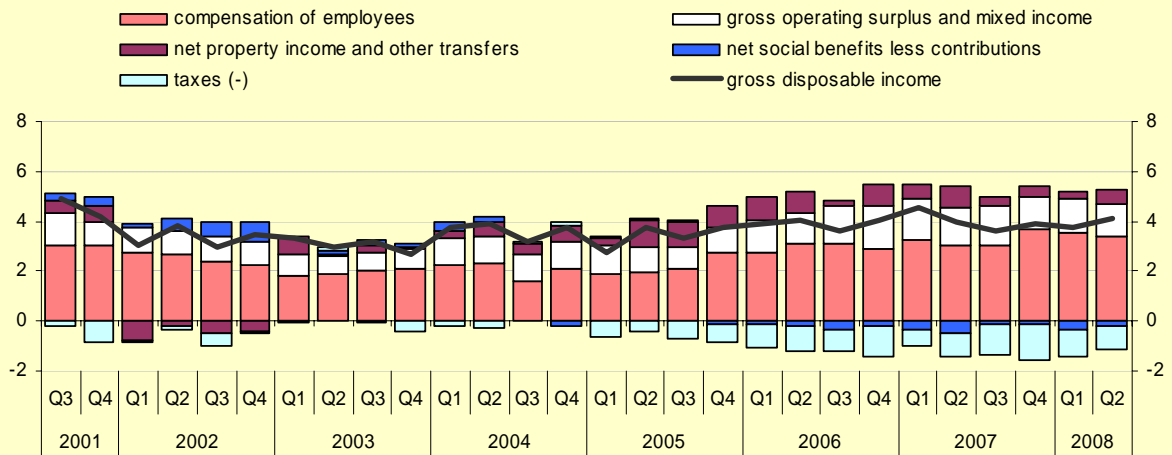


Chart 5 Growth of households' non-financial investments and contributions by source of internal and external financing
(annual percentage changes and percentage point contributions)

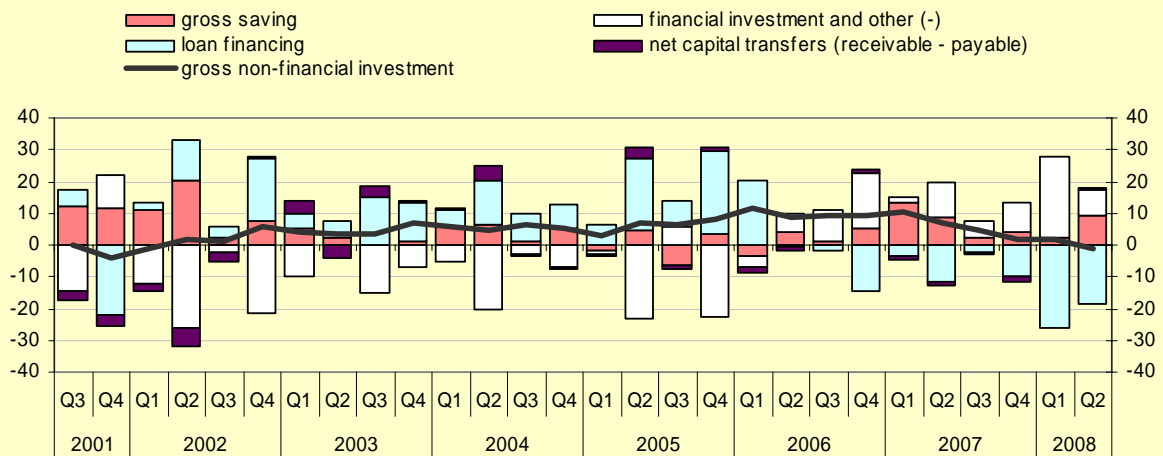
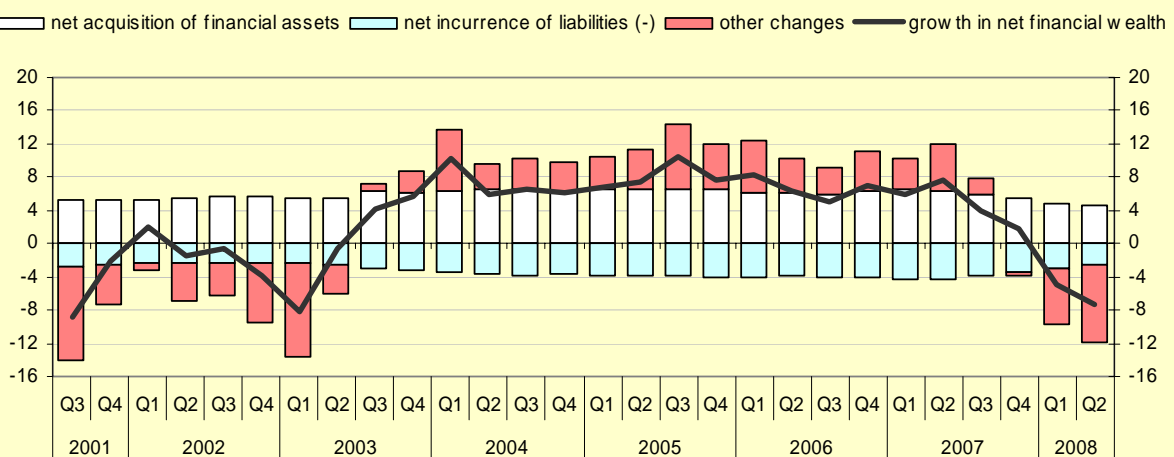


Chart 6 Growth of households' net financial wealth and contributions by type of wealth change
(annual percentage changes and percentage point contributions)



Sources: ECB and Eurostat

Euro area non-financial corporations

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

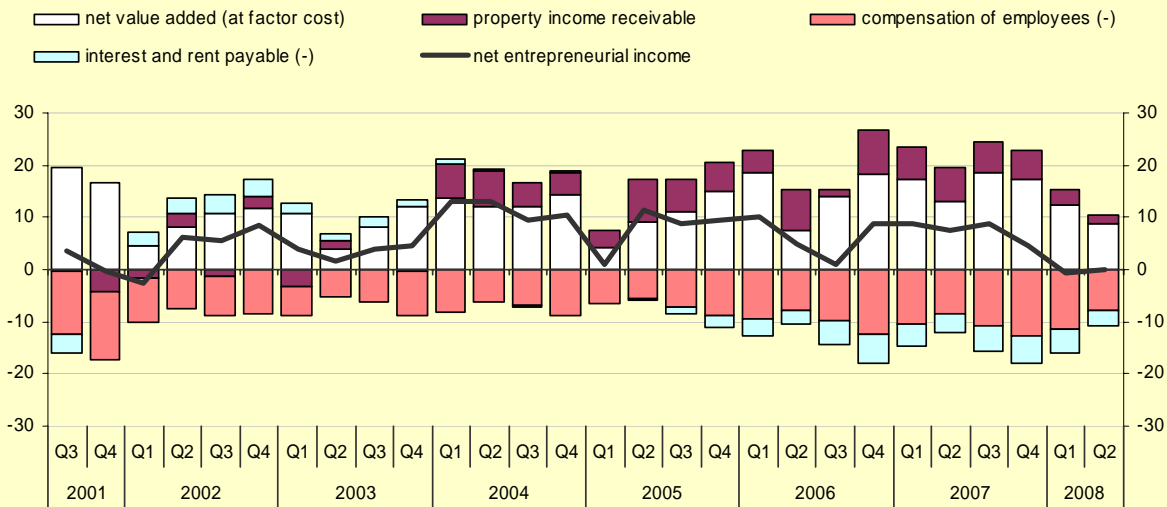
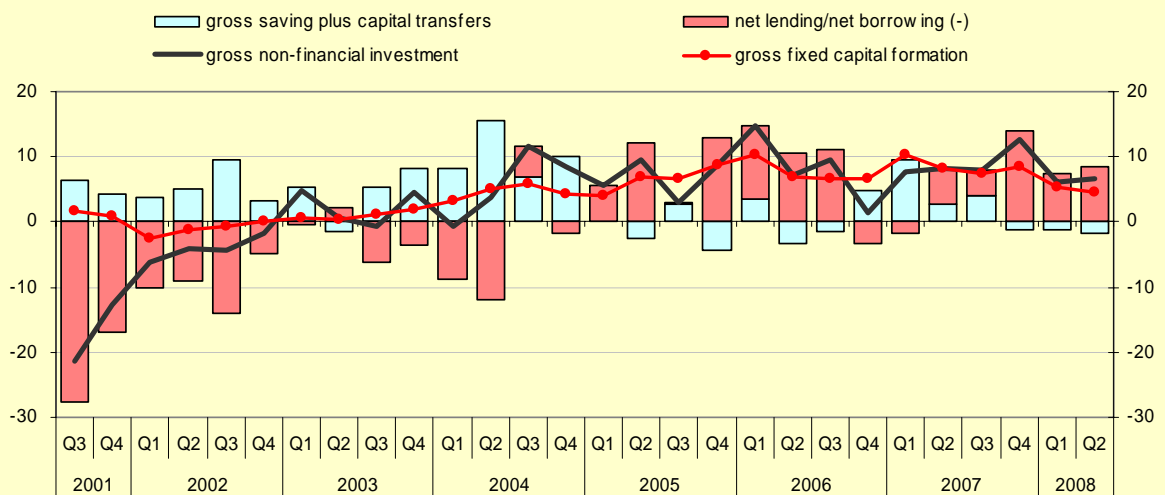


Chart 8 Growth of non-financial investment of non-financial corporations and contributions by source of internal and external financing
(annual percentage changes and percentage point contributions)



Sources: ECB and Eurostat

Notes

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

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

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

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

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

EUR billions

Non-financial transactions	four-quarter-cumulated sums						annual percentage changes ¹⁾		percentage of euro area NDI		
	2005	2006	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2	2008Q1	2008Q2	2007Q2	2008Q2
Net disposable income (NDI):											
Euro area	6,850	7,189	7,378	7,469	7,553	7,610	7,660	3.1	2.7	100.0	100.0
Households ²⁾	5,045	5,237	5,345	5,389	5,440	5,490	5,549	3.8	4.1	72.4	72.4
Non-financial corporations	100	70	72	69	63	48	34			1.0	0.4
Financial corporations	148	150	156	173	186	192	196			2.1	2.6
General government	1,557	1,732	1,805	1,837	1,864	1,879	1,882	3.8	0.5	24.5	24.6
Consumption expenditure:											
Euro area	6,326	6,589	6,704	6,767	6,837	6,902	6,974	4.0	4.2	90.9	91.0
Households ²⁾	4,669	4,867	4,951	4,996	5,047	5,097	5,147	4.1	3.9	67.1	67.2
General government collective consumption	660	678	689	696	703	709	718	3.4	5.3	9.3	9.4
General government social transfers in kind ³⁾	997	1,045	1,064	1,074	1,087	1,096	1,109	3.8	4.7	14.4	14.5
Net saving:											
Euro area	525	600	674	703	717	708	687	-4.8	-11.8	9.1	9.0
Households ²⁾	437	430	452	451	453	454	465	0.7	6.5	6.1	6.1
Non-financial corporations	88	56	64	65	61	49	33			0.9	0.4
Financial corporations	100	105	106	120	128	132	134			1.4	1.7
General government	-99	9	52	67	74	74	55			0.7	0.7
Consumption of fixed capital:											
Euro area	1,178	1,235	1,270	1,285	1,300	1,311	1,322	3.5	3.6	17.2	17.3
Households ²⁾	317	334	344	349	353	356	359	3.5	4.0	4.7	4.7
Non-financial corporations	667	698	718	727	736	742	749	3.6	3.5	9.7	9.8
Financial corporations	41	43	43	44	44	44	44	1.8	-0.1	0.6	0.6
General government	152	160	164	165	167	169	170	3.6	3.9	2.2	2.2
Net capital transfers (receivables-payables):											
Euro area	11	10	10	10	10	12	13			0.1	0.2
Households ²⁾	23	20	17	16	13	14	14			0.2	0.2
Non-financial corporations	59	69	72	72	64	67	71			1.0	0.9
Financial corporations	-13	-7	-6	-6	4	4	4			-0.1	0.0
General government	-59	-71	-72	-71	-72	-73	-75			-1.0	-1.0
Gross fixed capital formation:											
Euro area	1,698	1,836	1,912	1,939	1,967	1,987	2,006	4.4	3.8	25.9	26.2
Households ²⁾	553	605	630	636	641	645	645	2.4	0.3	8.5	8.4
Non-financial corporations	904	972	1,017	1,034	1,055	1,069	1,081	5.3	4.5	13.8	14.1
Financial corporations	40	48	48	48	43	45	48	12.0	29.8	0.7	0.6
General government	202	211	218	221	227	229	232	4.2	4.9	2.9	3.0
Net acquisition of other non-financial assets⁴⁾:											
Euro area	7	13	10	12	20	23	29			0.1	0.4
Households ²⁾	-1	0	1	2	-1	-2	-4			0.0	-0.1
Non-financial corporations	9	16	12	14	22	26	32			0.2	0.4
Financial corporations	0	0	-2	-2	-2	-1	0			0.0	0.0
General government	-1	-3	-2	-1	0	1	1			0.0	0.0
Net lending (+) / net borrowing (-):											
Euro area	8	-4	32	47	40	20	-12			0.4	-0.2
Households ²⁾	225	179	182	178	179	180	197			2.5	2.6
Non-financial corporations	-98	-165	-175	-184	-216	-237	-260			-2.4	-3.4
Financial corporations	88	93	97	111	134	136	134			1.3	1.7
General government	-206	-111	-72	-59	-57	-59	-83			-1.0	-1.1

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 x in quarter t , and x_{t-4} for the transaction four quarters earlier.
- 2) Households and non-profit institutions serving households.
- 3) Transfers of goods and services by government units and non-profit institutions serving households (NPISHs) to individual households.
- 4) Changes in inventories, acquisitions less disposals of valuables and acquisitions less disposals of non-produced non-financial assets (e.g. land).

Table 2 Households¹⁾

EUR billions

Non-financial transactions	four-quarter-cumulated sums							annual percentage changes ²⁾		percentage of HGDI, adjusted ³⁾	
	2005	2006	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2	2008Q1	2008Q2	2007Q2	2008Q2
Compensation of employees	3,898	4,057	4,145	4,186	4,238	4,288	4,339	5.0	4.8	72.1	72.7
Gross operating surplus and mixed income	1,338	1,416	1,460	1,481	1,499	1,519	1,539	5.3	5.3	25.4	25.8
Property income (receivable - payable)	781	819	837	842	848	852	857			14.6	14.3
Net social benefits and contributions (rec. -pay.)	18	5	-6	-8	-10	-15	-18			-0.1	-0.3
Other current transfers (rec. - pay.)	67	67	69	69	69	69	72			1.2	1.2
Taxes (on income and wealth) (-)	740	792	815	831	852	866	880	7.6	6.7	14.2	14.7
Gross disposable income (HGDI)	5,362	5,572	5,689	5,738	5,793	5,846	5,908	3.8	4.1	99.0	98.9
+Adj. for change in net worth in pension fund ³⁾	60	59	58	58	60	61	63	8.5	17.0	1.0	1.1
Gross disposable income (HGDI) plus adjustment³⁾	5,423	5,631	5,747	5,796	5,853	5,907	5,971	3.8	4.2	100.0	100.0
Consumption expenditure	4,669	4,867	4,951	4,996	5,047	5,097	5,147	4.1	3.9	86.2	86.2
Gross saving	754	764	796	800	806	810	825	2.0	5.7	13.8	13.8
Net capital transfers (receivables-payables)	23	20	17	16	13	14	14			0.3	0.2
Gross fixed capital formation	553	605	630	636	641	645	645	2.4	0.3	11.0	10.8
Net acquisition of other non-financial assets ⁴⁾	-1	0	1	2	-1	-2	-4			0.0	-0.1
Net lending (+) / net borrowing (-)	225	179	182	178	179	180	197			3.2	3.3
Financial transactions	four-quarter-cumulated sums							annual growth rates ⁵⁾		percentage of HGDI, adjusted ³⁾	
	2005	2006	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2	2008Q1	2008Q2	2007Q2	2008Q2
Financial investment	664	679	696	667	639	573	539	3.3	3.0	12.1	9.0
Currency and deposits	243	284	300	304	318	342	346	6.3	6.3	5.2	5.8
Debt securities	-15	101	64	36	65	78	105	5.6	7.8	1.1	1.8
Shares and other equity	113	-19	0	3	-12	-80	-118	-1.5	-2.1	0.0	-2.0
Quoted shares	2	-16	3	-6	-8	-37	-56	-3.0	-4.4	0.0	-0.9
Unquoted shares and other equity	61	16	12	35	30	22	38	0.9	1.5	0.2	0.6
Mutual fund shares	50	-19	-15	-25	-34	-65	-100	-3.8	-5.8	-0.3	-1.7
Life insurance and pension fund reserves	293	286	277	267	252	240	232	5.2	4.9	4.8	3.9
Other financial assets ⁶⁾	30	27	56	58	16	-7	-27			1.0	-0.4
Financing	418	449	475	440	404	346	295	6.0	5.0	8.3	4.9
Loans	390	392	369	366	350	309	278	6.0	5.3	6.4	4.7
Short-term	16	11	9	9	10	10	13	3.0	3.9	0.2	0.2
Long-term	374	381	360	356	340	299	266	6.2	5.4	6.3	4.5
Other liabilities ⁷⁾	28	57	105	74	54	37	16			1.8	0.3
Net lending (+) / net borrowing (-) (financial accounts)	245	230	222	227	235	227	244	1.9	2.0	3.9	4.1
Changes in financial wealth not due to transactions	530	533	636	231	-38	-802	-1,133			11.1	-19.0
Financial balance sheet	end-of-period stocks							annual percentage changes ²⁾		percentage of HGDI, adjusted ³⁾	
	2005	2006	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2	2008Q1	2008Q2	2007Q2	2008Q2
Financial investment	16,032	17,267	17,873	17,735	17,834	17,380	17,269	-1.4	-3.4	311.0	289.2
Currency and deposits	5,123	5,403	5,534	5,574	5,726	5,763	5,875	6.2	6.2	96.3	98.4
Debt securities	1,222	1,349	1,354	1,363	1,410	1,452	1,458	4.9	7.7	23.6	24.4
Shares and other equity	4,847	5,312	5,583	5,361	5,225	4,674	4,453	-14.7	-20.2	97.1	74.6
Quoted shares	987	1,179	1,277	1,197	1,124	915	826	-25.6	-35.4	22.2	13.8
Unquoted shares and other equity	2,221	2,453	2,577	2,477	2,449	2,229	2,147	-12.9	-16.7	44.8	36.0
Mutual fund shares	1,638	1,680	1,729	1,687	1,653	1,530	1,480	-9.6	-14.4	30.1	24.8
Life insurance and pension fund reserves	4,249	4,589	4,748	4,793	4,843	4,836	4,859	3.7	2.3	82.6	81.4
Other financial assets ⁶⁾	591	615	654	644	631	655	625			11.4	10.5
Financing	5,218	5,691	5,907	5,972	6,061	6,151	6,191	5.8	4.8	102.8	103.7
Loans	4,694	5,095	5,262	5,334	5,416	5,450	5,512	5.4	4.8	91.6	92.3
Short-term	311	318	323	318	325	321	331	1.5	2.5	5.6	5.5
Long-term	4,382	4,777	4,939	5,016	5,091	5,129	5,181	5.7	4.9	85.9	86.8
Other liabilities ⁷⁾	524	596	645	638	645	701	679			11.2	11.4
Net financial wealth	10,814	11,576	11,966	11,764	11,774	11,229	11,077	-4.9	-7.4	208.2	185.5

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⁾	
	2005	2006	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2	2008Q1	2008Q2	2007Q2	2008Q2
Gross value added (GVA)	4,129	4,319	4,440	4,499	4,555	4,599	4,641	4.0	3.7	100.0	100.0
Net value added (NVA)	3,462	3,621	3,722	3,773	3,819	3,857	3,893	4.1	3.8	83.8	83.9
Net entrepreneurial income	1,129	1,197	1,250	1,273	1,286	1,284	1,283	-0.6	-0.2	33.6	33.0
Net disposable income	100	70	72	69	63	48	34			1.9	0.9
Adj. for change in net worth in pension fund	-12	-14	-8	-4	-1	0	-1			-0.2	0.0
Net saving	88	56	64	65	61	49	33			1.7	0.9
Net capital transfers (receivable-payable)	59	69	72	72	64	67	71			1.6	1.5
Consumption of fixed capital	667	698	718	727	736	742	749	3.6	3.5	16.2	16.1
Gross fixed capital formation	904	972	1,017	1,034	1,055	1,069	1,081	5.3	4.5	22.9	23.3
Net acquisitions of other non-financial assets ³⁾	9	16	12	14	22	26	32			0.3	0.7
Net lending (+) / net borrowing (-)	-98	-165	-175	-184	-216	-237	-260			-3.9	-5.6
Financial transactions	four-quarter-cumulated sums							annual growth rates ⁴⁾		percentage of GVA	
	2005	2006	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2	2008Q1	2008Q2	2007Q2	2008Q2
Financial investment	713	783	866	849	823	747	625	5.1	4.1	19.5	13.5
Currency and deposits	138	171	204	188	174	120	92	7.3	5.4	4.6	2.0
Debt securities	-26	-16	-32	-35	-35	-40	-98	-10.8	-26.4	-0.7	-2.1
Loans	143	175	195	216	193	193	195	9.3	9.1	4.4	4.2
Shares and other equity	253	235	268	280	305	360	375	4.6	4.6	6.0	8.1
Quoted shares	25	33	61	73	113	166	195	9.0	10.3	1.4	4.2
Unquoted shares and other equity	208	197	200	234	250	261	241	4.8	4.2	4.5	5.2
Mutual fund shares	20	4	8	-28	-59	-67	-61	-15.1	-13.8	0.2	-1.3
Other financial assets ⁵⁾	205	219	230	201	186	114	61			5.2	1.3
Financing	832	1,000	1,080	1,082	1,096	1,031	932	4.4	3.8	24.3	20.1
Debt securities	11	37	48	29	35	36	11	5.2	1.5	1.1	0.2
Short-term	14	19	34	26	23	22	10	8.2	3.5	0.8	0.2
Long-term	-3	18	14	2	11	15	1	3.4	0.2	0.3	0.0
Loans	410	650	674	724	730	730	673	10.6	9.5	15.2	14.5
Short-term	141	223	263	268	246	239	215	10.5	9.1	5.9	4.6
Long-term	269	426	411	456	485	492	458	10.6	9.7	9.3	9.9
Shares and other equity	261	230	257	272	248	210	173	1.6	1.3	5.8	3.7
Quoted shares	101	39	68	83	42	22	-13	0.5	-0.3	1.5	-0.3
Unquoted shares and other equity	159	192	188	189	206	188	186	2.2	2.1	4.2	4.0
Pension fund reserves	13	15	8	5	2	0	1	0.1	0.4	0.2	0.0
Other liabilities ⁶⁾	138	68	92	54	82	55	74			2.1	1.6
Net lending (+) / net borrowing (-) (financial accounts)	-119	-216	-214	-233	-273	-284	-307			-4.8	-6.6
Financial balance sheet	end-of-period stocks							annual percentage changes ¹⁾		percentage of GVA	
	2005	2006	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2	2008Q1	2008Q2	2007Q2	2008Q2
Financial investment	12,688	54,648	15,233	15,172	15,432	14,813	14,611	0.3	-4.1	343.1	314.8
Currency and deposits	1,417	5,987	1,689	1,705	1,774	1,747	1,771	6.3	4.8	38.0	38.2
Debt securities	389	1,568	371	338	358	354	306	-3.9	-17.5	8.3	6.6
Loans	1,844	7,794	2,145	2,191	2,240	2,275	2,329	8.9	8.6	48.3	50.2
Shares and other equity	6,443	28,419	8,106	7,984	8,017	7,371	7,148	-5.3	-11.8	182.6	154.0
Quoted shares	1,522	6,659	1,902	1,853	1,889	1,697	1,608	-7.5	-15.4	42.8	34.6
Unquoted shares and other equity	4,508	20,073	5,761	5,720	5,754	5,310	5,188	-3.5	-10.0	129.7	111.8
Mutual fund shares	412	1,687	443	412	374	364	352	-18.3	-20.6	10.0	7.6
Other financial assets ⁵⁾	2,595	10,880	2,922	2,954	3,043	3,066	3,057			65.8	65.9
Financing	20,175	86,991	24,413	24,394	24,651	23,451	23,270	0.0	-4.7	549.8	501.4
Debt securities	671	2,743	726	710	715	721	723	3.9	-0.3	16.3	15.6
Short-term	235	996	284	272	274	285	294	8.2	3.5	6.4	6.3
Long-term	436	1,747	442	437	441	435	430	1.2	-2.8	10.0	9.3
Loans	6,045	25,914	7,117	7,261	7,445	7,606	7,776	10.4	9.3	160.3	167.5
Short-term	1,971	8,454	2,373	2,399	2,424	2,478	2,556	9.0	7.7	53.4	55.1
Long-term	4,075	17,460	4,745	4,862	5,021	5,128	5,220	11.0	10.0	106.8	112.5
Shares and other equity	10,924	47,981	13,810	13,627	13,640	12,267	11,855	-6.7	-14.2	311.0	255.4
Quoted shares	3,689	16,601	5,041	4,961	4,981	4,198	3,970	-10.0	-21.2	113.5	85.5
Unquoted shares and other equity	7,235	31,380	8,770	8,666	8,659	8,069	7,885	-4.8	-10.1	197.5	169.9
Pension fund reserves	314	1,292	328	328	328	329	329	0.1	0.4	7.4	7.1
Other liabilities ⁶⁾	2,220	9,061	2,432	2,469	2,522	2,529	2,587			54.8	55.7

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 derivative net liabilities and deposits.

Table 4 General government

EUR billions

Non-financial transactions	four-cumulated sums							annual percentage changes ¹⁾		percentage of GNDI	
	2005	2006	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2	2008Q1	2008Q2	2007Q2	2008Q2
Net disposable income (GNDI)	1,557	1,732	1,805	1,837	1,864	1,879	1,882	3.8	0.5	100.0	100.0
Consumption expenditure	1,657	1,723	1,754	1,770	1,790	1,805	1,827	3.6	4.9	97.1	97.1
Net saving	-99	9	52	67	74	74	55			2.9	2.9
Consumption of fixed capital	152	160	164	165	167	169	170	3.6	3.9	9.1	9.1
Net capital transfers (receivable-payable)	-59	-71	-72	-71	-72	-73	-75			-4.0	-4.0
Gross fixed capital formation	202	211	218	221	227	229	232	4.2	4.9	12.1	12.3
Net ion of other non-financial assets ²⁾	-1	-3	-2	-1	0	1	1			-0.1	0.0
Net lending (+) / net borrowing (-)	-206	-111	-72	-59	-57	-59	-83			-4.0	-4.4
Financial transactions	four-cumulated sums							annual growth rates ³⁾		percentage of GNDI	
	2005	2006	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2	2008Q1	2008Q2	2007Q2	2008Q2
Net acquisition of financial assets	90	58	155	141	81	43	-12	1.5	-0.4	8.6	-0.6
Financial investment⁴⁾	70	33	101	92	69	47	-5	2.1	-0.2	5.6	-0.3
Currency and deposits	34	31	76	50	22	32	-14	6.0	-2.2	4.2	-0.7
Debt securities	20	31	34	45	34	10	7	4.3	2.8	1.9	0.4
Loans	7	-18	-14	-6	8	-1	0	-0.2	0.0	-0.8	0.0
Short-term	3	-1	2	2	6	-1	-2	-2.6	-4.2	0.1	-0.1
Long-term	4	-17	-16	-8	2	0	2	0.1	0.5	-0.9	0.1
Shares and other equity	9	-11	4	4	5	5	2	0.5	0.1	0.2	0.1
Quoted shares	-11	-19	-11	-9	-4	-4	-3	-1.1	-0.6	-0.6	-0.2
Unquoted shares and other equity	9	-5	-1	-4	-6	-4	-6	-0.7	-1.0	-0.1	-0.3
Mutual fund shares	11	13	17	16	15	14	10	9.6	7.0	0.9	0.6
Other financial assets ⁵⁾	20	25	54	50	12	-3	-7			3.0	-0.4
Net incurrence of liabilities	297	168	227	200	138	103	71	1.5	1.0	12.6	3.7
Financing⁴⁾	264	128	165	144	125	109	93	1.7	1.5	9.1	5.0
Currency and deposits	25	12	-8	-6	-3	-13	1	-3.9	0.2	-0.4	0.0
Debt securities	216	103	162	150	129	133	85	2.7	1.7	9.0	4.5
Short-term	-9	-28	47	65	39	35	16	5.7	2.3	2.6	0.8
Long-term	224	131	115	86	90	98	69	2.2	1.6	6.3	3.7
Loans	24	13	11	0	-1	-10	8	-0.9	0.7	0.6	0.4
Short-term	7	5	15	1	18	6	15	4.0	9.6	0.8	0.8
Long-term	17	8	-4	-1	-19	-17	-8	-1.8	-0.8	-0.2	-0.4
Other liabilities ⁶⁾	32	40	62	56	14	-7	-23			3.4	-1.2
Net lending (+) / net borrowing (-) (financial accounts)	-206	-111	-72	-59	-57	-59	-83			-4.0	-4.4
Financial balance sheet	end-of-period stocks							annual percentage changes ¹⁾		percentage of GNDI	
	2005	2006	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2	2008Q1	2008Q2	2007Q2	2008Q2
Financial assets	2,594	2,758	2,997	2,967	2,932	2,861	2,917	1.0	-2.7	166.0	155.0
Financial investment⁴⁾	2,059	2,207	2,418	2,388	2,367	2,290	2,345	1.3	-3.0	134.0	124.6
Currency and deposits	481	510	623	579	533	560	606	5.3	-2.7	34.5	32.2
Debt securities	210	236	250	267	265	249	255	3.6	1.9	13.8	13.5
Loans	386	365	362	364	379	366	369	1.5	2.0	20.0	19.6
Short-term	46	42	39	39	49	36	38	-2.0	-3.8	2.2	2.0
Long-term	340	323	322	325	331	330	331	1.9	2.7	17.9	17.6
Shares and other equity	982	1,097	1,184	1,177	1,190	1,115	1,116	-1.2	-5.7	65.6	59.3
Quoted shares	317	386	447	429	442	362	366	-9.4	-18.1	24.7	19.4
Unquoted shares and other equity	552	578	587	598	599	608	605	3.7	3.1	32.5	32.2
Mutual fund shares	114	133	150	151	150	144	145	1.3	-3.5	8.3	7.7
Other financial assets ⁵⁾	535	551	579	579	565	572	572			32.1	30.4
Liabilities	6,753	6,750	6,800	6,841	6,811	6,897	6,829	1.2	0.4	376.7	362.9
Financing⁴⁾	6,392	6,371	6,403	6,442	6,399	6,519	6,451	1.4	0.8	354.7	342.9
Currency and deposits	333	346	329	331	253	238	239	-30.3	-27.3	18.2	12.7
Debt securities	4,975	4,931	4,984	5,020	4,957	5,092	5,016	2.1	0.6	276.1	266.6
Short-term	588	569	665	667	610	656	679	5.5	2.1	36.9	36.1
Long-term	4,387	4,362	4,319	4,353	4,346	4,436	4,337	1.6	0.4	239.3	230.5
Loans	1,084	1,093	1,090	1,091	1,189	1,189	1,196	7.9	9.7	60.4	63.6
Short-term	127	128	160	161	146	164	175	4.0	9.7	8.8	9.3
Long-term	957	964	931	929	1,042	1,025	1,021	8.6	9.7	51.6	54.3
Other liabilities ⁶⁾	361	379	397	399	412	378	378			22.0	20.1
<i>Memo: Government debt (at nominal value)⁷⁾</i>	5,693	5,823	6,011	6,001	5,921	6,041	6,106				

Sources: ECB and Eurostat

1) Annual percentage changes are calculated as $100 \cdot (xt - xt-4) / xt-4$ where xt stands for the transaction or end-or stock x i t, and xt-4 for the transaction or stock four quarters earlier.

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

3) Annual growth rates for financial transactions are calculated as $100 \cdot (ft + ft-1 + ft-2 + ft-3) / Ft-4$ where ft stands for the transactions i t, and Ft-4 for the end-or 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 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 shares and other equity

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

Table 5 Financial corporations

EUR billions

Non-financial transactions	four-quarter-cumulated sums							annual percentage changes ¹⁾		percentage of GVA or (NVA) ²⁾	
	2005	2006	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2	2008Q1	2008Q2	2007Q2	2008Q2
Gross value added (GVA)	365	378	379	383	388	393	397	4.9	4.4	100.0	100.0
Net value added (NVA)	324	335	336	339	344	348	353	5.3	5.0	88.6	88.8
Net entrepreneurial income	365	411	461	483	502	507	521	5.9	7.6	137.2	147.8
Net disposable income	100	105	106	120	128	132	134			31.6	37.9
Adj. for change in net worth in pension fund	-48	-44	-50	-54	-58	-61	-62			-14.8	-17.7
Net saving	100	105	106	120	128	132	134			31.6	37.9
Net capital transfers (receivable-payable)	-13	-7	-6	-6	4	4	4			-1.7	0.9
Consumption of fixed capital	41	43	43	44	44	44	44	1.8	-0.1	11.4	11.2
Gross fixed capital formation	40	48	48	48	43	45	48	12.0	29.8	12.7	12.1
Net acquisition of other non-financial assets ³⁾	0	0	-2	-2	-2	-1	0			-0.5	0.0
Net lending (+) / net borrowing (-)	88	93	97	111	134	136	134			25.6	33.7
Financial transactions	four-quarter-cumulated sums							annual growth rates ⁴⁾		percentage of GVA	
	2005	2006	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2	2008Q1	2008Q2	2007Q2	2008Q2
Financial investment	2,988	3,402	3,984	3,836	3,994	3,624	3,180	9.8	8.3	1049.8	800.9
Currency and deposits	433	782	938	935	833	681	491	15.1	10.5	247.3	123.6
Debt securities	728	580	757	668	759	666	602	8.4	7.5	199.6	151.6
Short-term	76	91	154	122	122	96	87	14.0	11.9	40.7	22.0
Long-term	652	489	603	546	637	570	515	7.9	7.0	158.9	129.6
Loans	910	1,206	1,345	1,444	1,470	1,544	1,456	11.8	10.8	354.3	366.7
Short-term	173	332	379	359	360	471	447	14.9	13.7	99.9	112.7
Long-term	738	874	965	1,086	1,110	1,072	1,009	10.8	9.9	254.4	254.0
Shares and other equity	610	643	557	484	534	355	271	4.0	2.9	146.9	68.2
Other financial assets ⁵⁾	307	191	386	304	398	378	360			101.8	90.7
Financing	2,900	3,309	3,887	3,725	3,860	3,488	3,046	9.4	7.9	1024.2	767.2
Currency and deposits	990	1,256	1,564	1,548	1,581	1,592	1,380	12.4	10.4	412.0	347.5
Debt securities	462	677	750	736	776	605	629	13.3	13.3	197.6	158.3
Short-term	44	88	101	127	146	91	88	21.0	19.7	26.5	22.1
Long-term	419	589	649	609	630	514	541	12.5	12.6	171.1	136.2
Loans	150	171	243	336	369	425	400	28.1	25.6	64.1	100.7
Short-term	80	71	177	157	159	202	155	24.1	17.6	46.5	39.2
Long-term	70	100	67	179	210	223	244	33.3	36.1	17.6	61.5
Shares and other equity	657	645	595	476	489	312	183	2.9	1.7	156.7	46.0
Quoted shares	23	47	47	44	49	43	47	2.4	2.6	12.4	11.9
Unquoted shares and other equity	26	137	100	110	240	210	199	8.0	7.5	26.4	50.2
Mutual fund shares	608	462	448	323	200	59	-64	0.9	-1.0	117.9	-16.1
Insurance technical reserves	335	335	339	328	307	289	276	5.7	5.3	89.5	69.6
Other liabilities ⁶⁾	305	225	396	300	338	264	179			104.3	45.2
Net lending (+) / net borrowing (-) (financial accounts)	88	93	97	111	134	136	134			25.6	33.7
Financial balance sheet	end-of-period stocks							annual percentage changes ¹⁾			
	2005	2006	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2	2008Q1	2008Q2		
Financial investment	31,719	136,665	38,141	38,514	39,349	39,156	39,376	6.1	3.2		
Currency and deposits	3,448	15,581	4,667	4,755	4,792	4,904	4,886	8.8	4.7		
Debt securities	7,235	30,082	8,063	8,086	8,268	8,329	8,450	5.6	4.8		
Short-term	536	2,368	732	740	756	781	811	13.5	10.8		
Long-term	6,699	27,714	7,332	7,345	7,512	7,548	7,640	4.9	4.2		
Loans	11,631	49,375	13,450	13,810	14,222	14,566	14,827	11.2	10.2		
Short-term	2,760	11,822	3,265	3,300	3,333	3,535	3,621	12.0	10.9		
Long-term	8,871	37,553	10,185	10,510	10,889	11,031	11,206	10.9	10.0		
Shares and other equity	7,396	32,789	9,376	9,197	9,290	8,571	8,322	-4.0	-11.2		
Other financial assets ⁵⁾	2,010	8,839	2,585	2,667	2,778	2,786	2,891				
Financing	31,925	137,799	38,464	38,589	39,367	39,027	39,115	4.7	1.7		
Currency and deposits	11,291	47,998	13,298	13,469	13,818	14,084	14,352	9.7	7.9		
Debt securities	3,696	16,328	4,722	4,796	5,063	5,055	5,248	11.2	11.1		
Short-term	322	1,484	446	496	545	516	523	18.9	17.2		
Long-term	3,374	14,844	4,275	4,300	4,518	4,539	4,725	10.4	10.5		
Loans	1,302	5,533	1,560	1,697	1,772	1,872	1,901	23.9	21.9		
Short-term	733	3,000	884	902	932	1,028	1,021	22.1	15.5		
Long-term	570	2,533	676	796	841	844	880	26.2	30.2		
Shares and other equity	8,946	39,405	11,016	10,636	10,623	9,916	9,493	-7.2	-13.8		
Quoted shares	1,372	6,266	1,815	1,624	1,574	1,353	1,082	-23.5	-40.4		
Unquoted shares and other equity	2,215	9,855	2,666	2,550	2,682	2,578	2,541	-1.8	-4.7		
Mutual fund shares	5,360	23,284	6,535	6,463	6,366	5,985	5,870	-4.9	-10.2		
Insurance technical reserves	4,631	19,491	5,213	5,272	5,340	5,347	5,355	4.5	2.7		
Other liabilities ⁶⁾	2,059	9,045	2,655	2,718	2,750	2,753	2,766				

Sources: ECB and Eurostat

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

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

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

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

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

6) Other accounts payable and financial derivative net liabilities.

Table 6 Insurance corporations and pension funds

EUR billions

Financial transactions	four-quarter-cumulated sums							annual growth rates ¹⁾	
	2005	2006	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2	2008Q1	2008Q2
Financial investment	373	418	371	336	293	303	272	4.9	4.4
Currency and deposits	24	89	69	75	61	62	51	8.0	6.5
Debt securities	151	167	202	192	165	129	124	6.0	5.7
Short-term	18	34	38	26	20	8	14	3.1	5.2
Long-term	133	134	164	165	145	121	110	6.3	5.8
Loans	-4	1	-16	-22	-17	17	17	4.9	5.0
Shares and other equity	149	119	85	70	74	87	71	3.6	2.9
Quoted shares	33	2	5	3	-1	3	1	0.4	0.1
Unquoted shares and other equity	30	29	20	24	24	43	39	9.0	7.9
Mutual fund shares	87	87	60	43	52	41	31	3.6	2.6
Other financial assets ²⁾	53	41	31	21	11	9	10		
Financing	407	408	384	348	324	333	307	5.3	4.8
Currency and deposits	0	0	0	0	0	0	0	21.5	11.0
Debt securities	0	5	4	3	1	1	2	3.7	7.4
Loans	17	40	28	22	7	32	18	17.6	9.3
Short-term	12	25	23	22	17	42	23	40.5	20.1
Long-term	5	16	5	0	-10	-10	-5	-12.6	-7.0
Shares and other equity	14	11	13	9	1	2	4	0.2	0.6
Quoted shares	6	3	6	3	2	1	1	0.2	0.4
Unquoted shares and other equity	8	7	7	6	0	1	3	0.2	0.7
Insurance technical reserves	334	332	337	324	305	287	273	5.7	5.3
Other liabilities ³⁾	41	19	3	-11	9	11	10		
Net lending (+) / net borrowing (-) (financial accounts)	-33	10	-13	-13	-30	-30	-35		
Financial balance sheet	end-of-period stocks							annual percentage changes ⁴⁾	
	2005	2006	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2	2008Q1	2008Q2
Financial investment	5,471	6,008	6,231	6,262	6,247	6,211	6,156	1.4	-1.2
Currency and deposits	664	753	782	801	811	837	830	7.5	6.2
Debt securities	1,992	2,101	2,175	2,213	2,219	2,257	2,279	4.8	4.8
Short-term	207	240	267	262	259	261	281	2.8	5.4
Long-term	1,785	1,861	1,908	1,951	1,960	1,996	1,998	5.0	4.7
Loans	353	350	335	333	328	354	353	5.2	5.4
Shares and other equity	2,036	2,332	2,452	2,426	2,404	2,272	2,201	-4.2	-10.2
Quoted shares	650	729	776	766	735	664	613	-11.4	-21.0
Unquoted shares and other equity	403	475	494	484	497	479	466	1.2	-5.6
Mutual fund shares	983	1,128	1,183	1,176	1,171	1,129	1,123	-1.8	-5.1
Other financial assets ²⁾	427	472	487	490	485	490	492		
Financing	5,615	6,100	6,383	6,404	6,416	6,390	6,382	2.5	0.0
Currency and deposits	2	2	2	2	2	3	2	21.5	11.0
Debt securities	21	27	27	26	27	26	27	-3.9	0.3
Loans	136	172	191	195	176	210	207	16.5	8.6
Short-term	74	94	115	120	110	143	138	39.5	19.7
Long-term	62	77	76	75	66	67	69	-13.9	-8.2
Shares and other equity	630	688	731	698	668	614	582	-12.8	-20.4
Quoted shares	285	318	336	295	277	244	216	-25.0	-35.7
Unquoted shares and other equity	344	369	395	402	390	369	366	-2.3	-7.4
Insurance technical reserves	4,579	4,964	5,158	5,216	5,284	5,290	5,296	4.5	2.7
Other liabilities ³⁾	247	247	274	267	259	248	267		

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.