

1 February 2008

## PRESS RELEASE

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

*In the third quarter of 2007, the annual growth rate<sup>1</sup> of **net disposable income in the euro area** equalled 5.2%, compared with 4.7% in the second quarter of 2007 (see Annex Table 1). The annual growth rate of **consumption** was 3.4% in the third quarter, which was higher than in the second quarter (3.0%). In the third quarter the annual growth rate of **net saving** equalled 27.8%, compared with 22.9% in the previous quarter. The annual growth rate of **gross fixed capital formation** was 6.5% in the third quarter of 2007, compared with 7.0% in the previous quarter.*

*The annual growth rate of **households' gross disposable income** equalled 3.3% in the third quarter of 2007, compared with 3.9% in the previous quarter (see Table 2). The annual growth rate of **gross saving** of households decreased to 3.7%, after 7.6% previously. The households' gross saving rate<sup>2</sup> remained unchanged at 14.0%. The annual growth rate of **financing** of households decreased to 6.7% in the third quarter, from 7.5% in the previous quarter, and the annual growth rate of their **financial investment** decreased to 3.4% in the third quarter, from 3.9% previously.*

*The annual growth rate of **gross fixed capital formation of non-financial corporations** in the euro area amounted to 7.7% in the third quarter of 2007, compared with 8.4% in the previous quarter (see Table 3). The annual growth rate of **financing** of non-financial corporations remained broadly unchanged at 4.9% in the third quarter and the annual growth rate of their **financial investment** also remained broadly unchanged, at 6.1%.*

### **Euro area**

In the third quarter of 2007, the annual growth rate of euro area **net disposable income** increased to 5.2%, from 4.7% in the previous quarter. The growth of euro area disposable income continued to accrue mainly to households and the government (see Chart 1). Euro area **net saving** grew at a high annual rate (27.8%), which was even stronger than in the previous quarter (22.9%). While the savings of the government and financial corporations

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<sup>1</sup> 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).

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

grew strongly, the contributions of households and non-financial corporations to the overall saving growth moderated. The decrease in the annual growth of **gross fixed capital formation** (6.5%), compared to the previous quarter (7.0%), was mainly due to a lower investment growth by households (see Chart 2). The growth rate of **total gross capital formation** decreased as well in the third quarter (to 6.7%, from 7.1%). These developments were reflected in a growing **current account surplus of the euro area** with the rest of the world, or an increasingly negative foreign saving (see Chart 3).

## Households

The annual growth rate of households' **gross disposable income** decreased to 3.3% in the third quarter of 2007, from 3.9% in the previous quarter (see Chart 4). This deceleration was mainly driven by a higher increase of households' **tax payments**; the annual growth rate of households' taxes on income and wealth increased to 10.6%, from 6.8% previously (see Table 2). By contrast, the annual growth rate of **compensation of employees** remained broadly unchanged at 4.1%.

The annual growth rate of households' **consumption expenditure** (3.3%) equalled that of their disposable income and the four-quarter average household gross saving rate remained unchanged at 14.0%. The growth rate of their gross fixed capital formation decreased to 4.5%, from 7.1% previously (see Table 2).<sup>3</sup> Yet, the overall increase in households' **non-financial investment**, in combination with lower net capital transfers receivable, more than offset the increase in households' saving, so that the growth rate of households' **net lending** decreased as well (see Chart 5).

The annual growth rate of **financing** of households via the incurrence of loans remained broadly unchanged at 7.4% in the third quarter. This coincided with a decline in the annual growth of their **financial investment** to 3.4%, from 3.9%.

Turning to the components of **households' financial investment**, the annual growth rate of their holdings of currency and deposits remained broadly unchanged at 5.7%. The annual growth rate of their investment in debt securities decreased to 1.9%, from 3.6% previously. The growth rate of their investment in shares and other equity remained broadly unchanged at 0.2%. Specifically, the annual growth rate of their investment in unquoted shares and other equity continued to increase whereas they sold quoted shares and mutual fund shares at a higher rate. The annual growth rate of their additions to life insurance and pension fund reserves decreased to 5.0%, from 5.8% in the previous quarter.

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

Finally, the annual growth rate of households' **net financial wealth** decreased to 3.6%, from 7.2% in the previous quarter, mainly because of lower holding gains on their shares and other equity (see Chart 6).

### **Non-financial corporations**

The **net entrepreneurial income** of non-financial corporations<sup>4</sup> grew at an annual rate of 5.7% in the third quarter of 2007, after 3.2% in the previous quarter (see Table 3). This acceleration was mainly due to a moderation of the growth of compensation of employees payable by non-financial corporations; the growth of their net value added remained unchanged at 5.6% (see Chart 7 and Table 3).

The annual growth rate of **gross fixed capital formation** of non-financial corporations decreased to 7.7% in the third quarter of 2007, after 8.4% in the previous quarter (see Chart 8). The decline in the annual growth rate of total gross non-financial investment (from 8.5% to 8.1%) was less pronounced as inventories grew slightly stronger than a year ago. At the same time, the sum of saving ("retained earnings") and net capital transfers receivable by non-financial corporations decreased and thus their **net borrowing** was higher.

In the third quarter of 2007, the annual growth rate of **financing** by non-financial corporations remained broadly stable at 4.9%. The growth rate of their loan financing increased to 11.4%, from 10.3%, while the annual growth rate of their issuance of debt securities decreased to 5.8%, from 8.6%. The annual growth rate of their equity financing, via the issuance of shares and other equity, remained unchanged at 2.0% (see Table 3).

As regards the **financial investment** of non-financial corporations, the annual growth rate of their investment in currency and deposits decreased to 11.7% from 13.3% previously. The growth rate of their investment in shares and other equity remained broadly stable at 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, decreased to 5.6% in the third quarter of 2007 from 6.2% previously (see Table 6). The annual growth rate of the issuance of quoted shares by this sector decreased to 0.7%, from 2.0% previously. The annual growth rate of their **financial investment** decreased to 5.3%, from 6.2% previously. The growth rate of their investment in debt securities decreased to 8.1%, from 9.3%, and that of their investment in shares and other equity decreased to 2.3%, from 3.3%.

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<sup>4</sup> 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).

**Additional information on the euro area accounts**

This press release incorporates revisions for the second 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.<sup>5</sup> The European sector accounts follow the methodology of the European System of Accounts 1995 (ESA 95)<sup>6</sup>.

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.europa.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 fourth quarter of 2007 is scheduled to take place on **6 May 2008** at 10.00 am (CEST).

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

<sup>6</sup> 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)

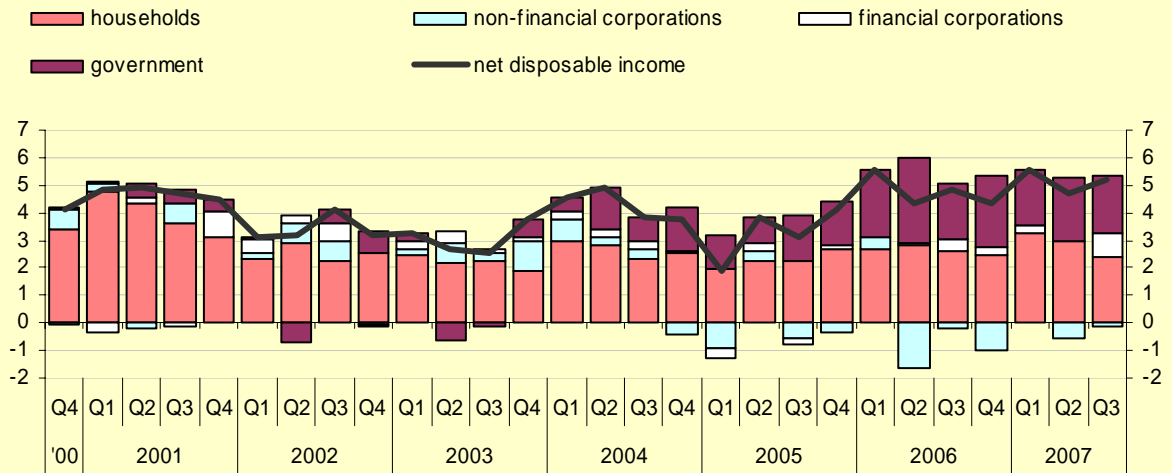


Chart 2 Growth of euro area gross fixed capital formation and contributions by sector  
(annual percentage changes and percentage point contributions)

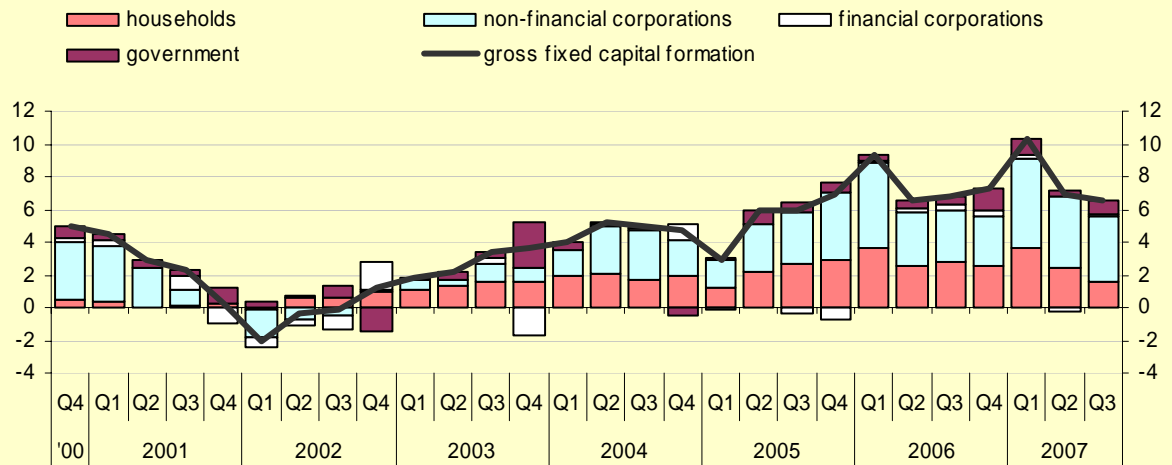
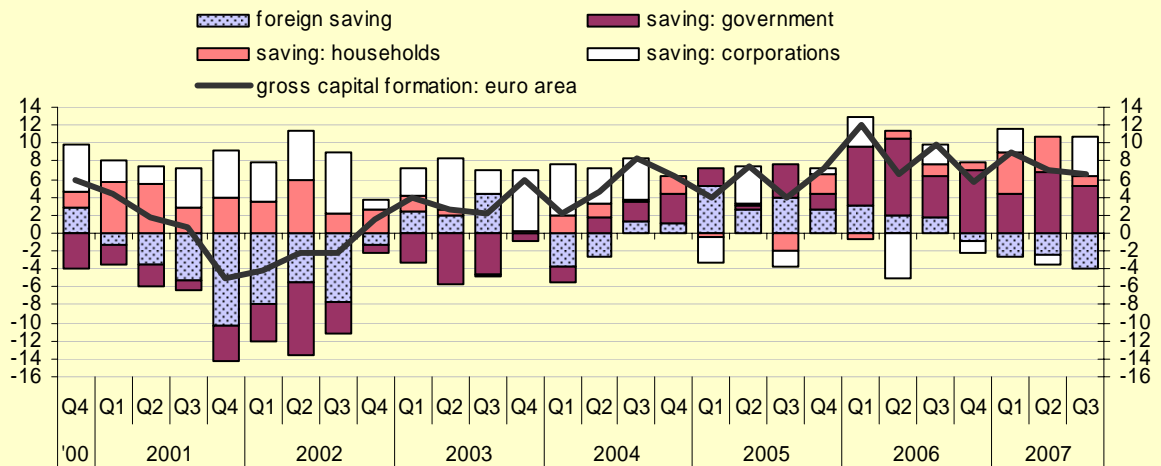


Chart 3 Growth of euro area gross capital formation and its financing by sectoral saving  
(annual percentage changes and percentage point contributions)



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)

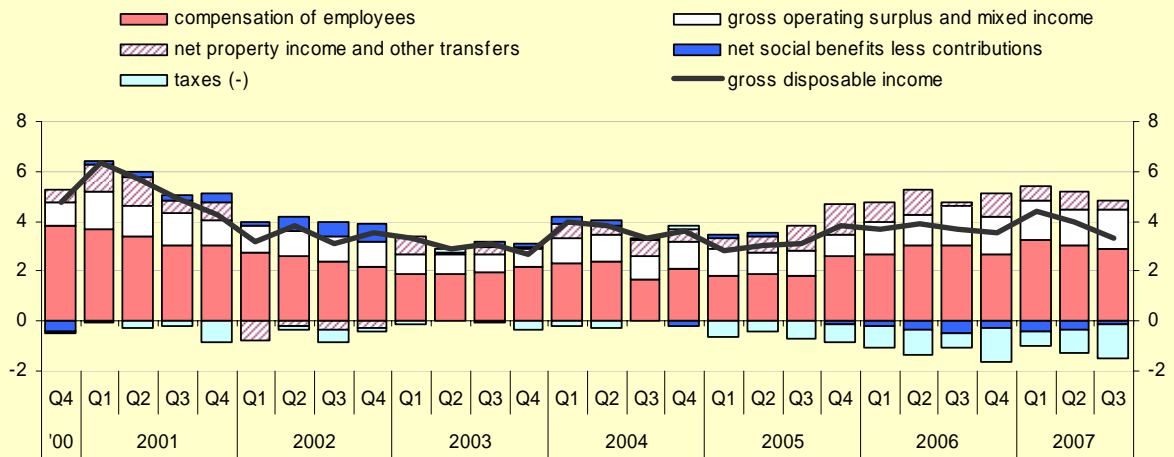


Chart 5 Growth of households' acquisition of non-financial assets and contributions by source of financing  
(annual percentage changes and percentage point contributions)

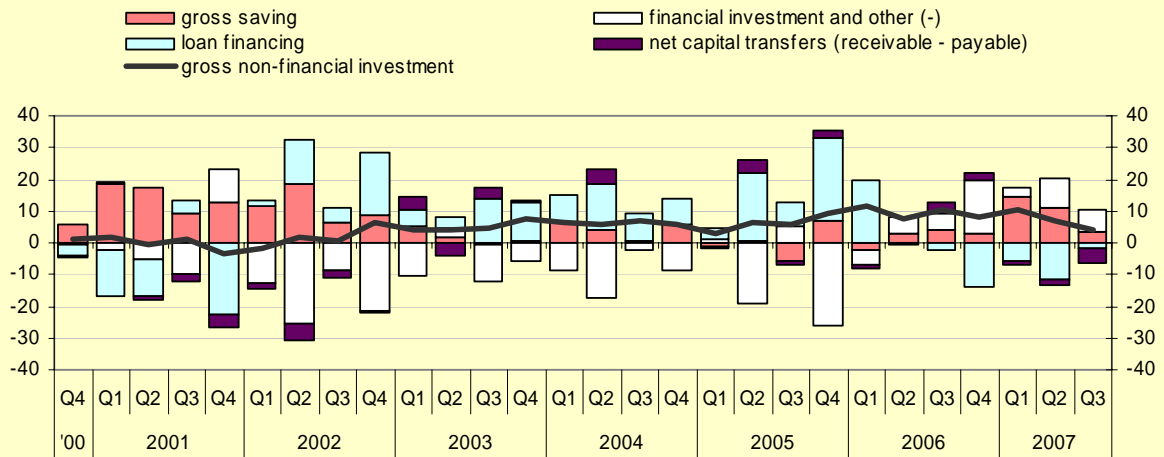
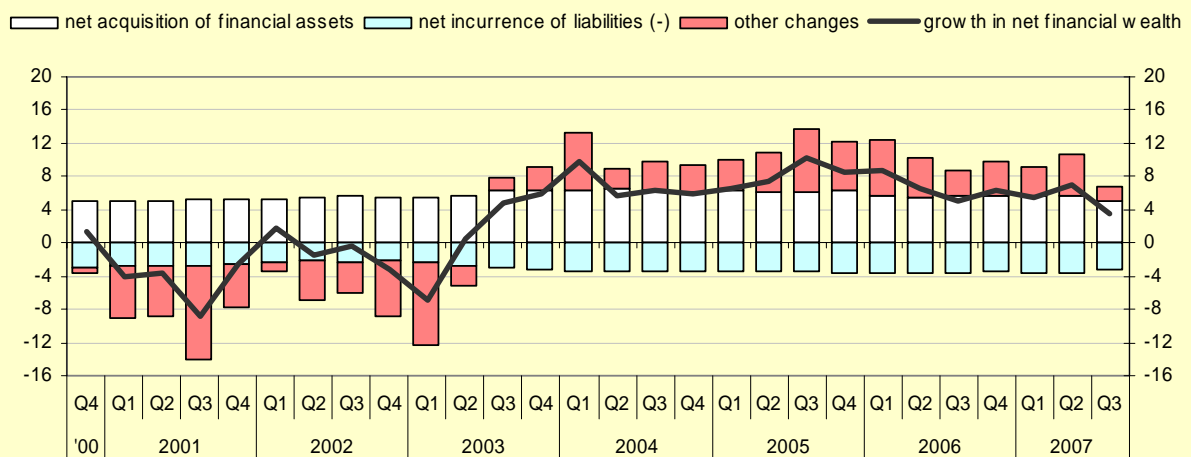


Chart 6 Growth of households' net financial wealth and contributions by type of wealth change  
(annual percentage changes and percentage point contributions)



Sources: ECB and Eurostat

## Euro area non-financial corporations

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

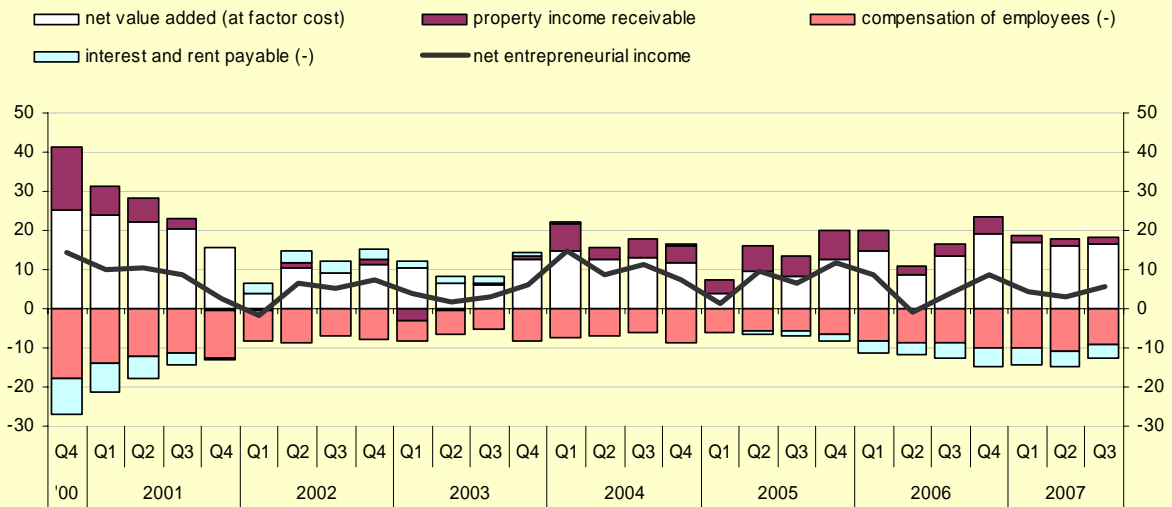
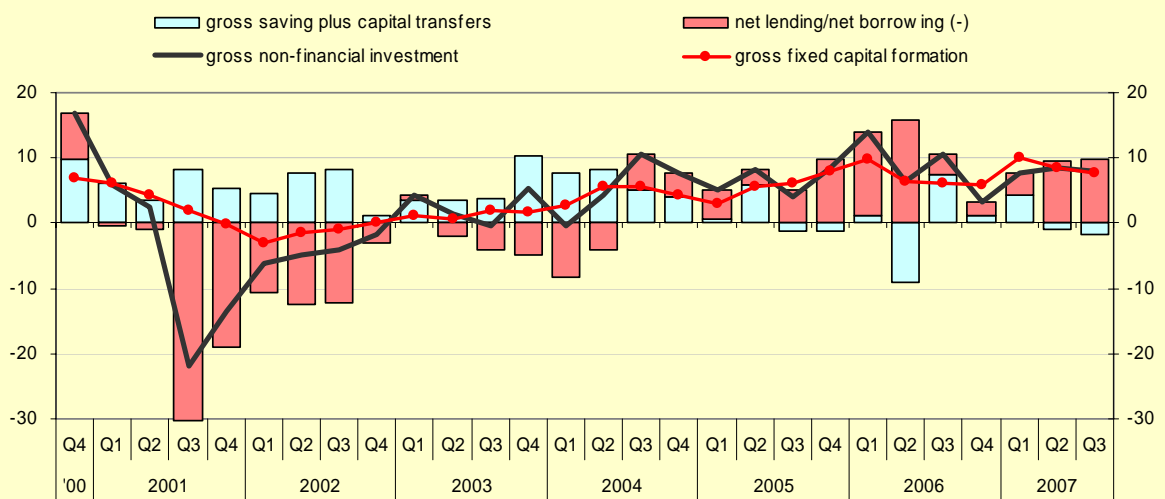


Chart 8 Growth of non-financial investment of non-financial corporations and contributions by source of financing (annual percentage changes and percentage point contributions)



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 <sup>1)</sup>		percentage of euro area NDI		
	2004	2005	2006Q3	2006Q4	2007Q1	2007Q2	2007Q3	2007Q2	2007Q3	2006Q3	2007Q3
<b>Net disposable income (NDI):</b>											
Euro area	6,607	6,822	7,067	7,145	7,241	7,324	7,416	4.7	5.2	100.0	100.0
Households <sup>2)</sup>	4,879	5,030	5,167	5,211	5,266	5,319	5,361	3.9	3.3	73.1	72.3
Non-financial corporations	123	99	75	57	56	46	44			1.1	0.6
Financial corporations	140	137	145	151	156	156	171			2.0	2.3
General government	1,465	1,555	1,681	1,727	1,762	1,803	1,839	9.1	9.3	23.8	24.8
<b>Consumption expenditure:</b>											
Euro area	6,076	6,308	6,503	6,565	6,619	6,669	6,724	3.0	3.4	92.0	90.7
Households <sup>2)</sup>	4,485	4,653	4,798	4,843	4,882	4,921	4,961	3.2	3.3	67.9	66.9
General government collective consumption	644	661	673	678	684	687	693	2.2	3.4	9.5	9.3
General government social transfers in kind <sup>3)</sup>	947	994	1,032	1,043	1,054	1,061	1,070	2.8	3.6	14.6	14.4
<b>Net saving:</b>											
Euro area	531	514	565	581	622	655	692	22.9	27.8	8.0	9.3
Households <sup>2)</sup>	450	436	430	430	447	461	464	9.7	4.4	6.1	6.3
Non-financial corporations	110	87	61	42	42	34	34			0.9	0.5
Financial corporations	96	90	97	103	108	105	118			1.4	1.6
General government	-126	-100	-23	6	24	54	77			-0.3	1.0
<b>Consumption of fixed capital:</b>											
Euro area	1,121	1,173	1,212	1,225	1,237	1,248	1,259	3.6	3.7	17.2	17.0
Households <sup>2)</sup>	303	318	331	335	339	342	345	4.0	3.2	4.7	4.6
Non-financial corporations	633	662	681	688	694	700	706	3.3	3.9	9.6	9.5
Financial corporations	40	41	43	42	43	43	44	3.8	5.2	0.6	0.6
General government	145	152	157	159	161	163	164	3.9	3.7	2.2	2.2
<b>Net capital transfers (receivables-payables):</b>											
Euro area	16	14	14	15	18	17	16			0.2	0.2
Households <sup>2)</sup>	19	25	29	32	30	28	21			0.4	0.3
Non-financial corporations	58	61	66	81	86	86	76			0.9	1.0
Financial corporations	-10	-13	-9	-10	-10	-9	-9			-0.1	-0.1
General government	-51	-60	-72	-88	-88	-87	-71			-1.0	-1.0
<b>Gross fixed capital formation:</b>											
Euro area	1,600	1,688	1,781	1,814	1,856	1,889	1,918	7.0	6.5	25.2	25.9
Households <sup>2)</sup>	524	560	596	608	623	634	641	7.1	4.5	8.4	8.6
Non-financial corporations	841	889	937	950	973	994	1,012	8.4	7.7	13.3	13.6
Financial corporations	44	39	42	43	44	43	43	-8.3	6.0	0.6	0.6
General government	191	200	206	212	217	218	222	3.0	7.1	2.9	3.0
<b>Net acquisition of other non-financial assets<sup>4)</sup>:</b>											
Euro area	6	10	37	29	26	27	28			0.5	0.4
Households <sup>2)</sup>	3	0	4	4	4	4	4			0.1	0.1
Non-financial corporations	4	10	32	26	22	23	24			0.5	0.3
Financial corporations	0	1	1	1	1	1	1			0.0	0.0
General government	-1	-1	-1	-2	-2	-1	-1			0.0	0.0
<b>Net lending (+) / net borrowing (-):</b>											
Euro area	62	2	-27	-22	-7	4	21			-0.4	0.3
Households <sup>2)</sup>	246	220	190	186	189	193	185			2.7	2.5
Non-financial corporations	-43	-89	-161	-165	-174	-197	-220			-2.3	-3.0
Financial corporations	81	78	87	90	95	95	108			1.2	1.4
General government	-222	-207	-143	-132	-118	-87	-51			-2.0	-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 Households<sup>1)</sup>

EUR billions

Non-financial transactions	four-quarter-cumulated sums							annual percentage changes <sup>2)</sup>		percentage of HGDI, adjusted <sup>3)</sup>	
	2004	2005	2006Q3	2006Q4	2007Q1	2007Q2	2007Q3	2007Q2	2007Q3	2006Q3	2007Q3
	Compensation of employees	3,779	3,884	4,000	4,037	4,081	4,124	4,163	4.2	4.1	72.0
Gross operating surplus and mixed income	1,281	1,329	1,384	1,404	1,425	1,446	1,467	6.0	5.8	24.9	25.4
Property income (receivable - payable)	746	787	817	830	836	846	850			14.7	14.7
Net social benefits and contributions (rec. - pay.)	17	19	5	1	-5	-9	-11			0.1	-0.2
Other current transfers (rec. - pay.)	65	67	63	63	65	65	66			1.1	1.2
Taxes (on income and wealth) (-)	705	738	771	789	797	811	830	6.8	10.6	13.9	14.4
<b>Gross disposable income (HGDI)</b>	<b>5,182</b>	<b>5,348</b>	<b>5,498</b>	<b>5,546</b>	<b>5,605</b>	<b>5,661</b>	<b>5,706</b>	<b>3.9</b>	<b>3.3</b>	<b>98.9</b>	<b>98.9</b>
+Adj. for change in net worth in pension fund <sup>3)</sup>	57	59	62	63	63	63	64	2.2	6.6	1.1	1.1
<b>Gross disposable income (HGDI) plus adjustment<sup>3)</sup></b>	<b>5,239</b>	<b>5,408</b>	<b>5,560</b>	<b>5,609</b>	<b>5,668</b>	<b>5,724</b>	<b>5,770</b>	<b>3.9</b>	<b>3.4</b>	<b>100.0</b>	<b>100.0</b>
<b>Consumption expenditure</b>	<b>4,485</b>	<b>4,653</b>	<b>4,798</b>	<b>4,843</b>	<b>4,882</b>	<b>4,921</b>	<b>4,961</b>	<b>3.2</b>	<b>3.3</b>	<b>86.3</b>	<b>86.0</b>
<b>Gross saving</b>	<b>754</b>	<b>754</b>	<b>761</b>	<b>765</b>	<b>786</b>	<b>803</b>	<b>809</b>	<b>7.6</b>	<b>3.7</b>	<b>13.7</b>	<b>14.0</b>
<b>Net capital transfers (receivables-payables)</b>	<b>19</b>	<b>25</b>	<b>29</b>	<b>32</b>	<b>30</b>	<b>28</b>	<b>21</b>			<b>0.5</b>	<b>0.4</b>
<b>Gross fixed capital formation</b>	<b>524</b>	<b>560</b>	<b>596</b>	<b>608</b>	<b>623</b>	<b>634</b>	<b>641</b>	<b>7.1</b>	<b>4.5</b>	<b>10.7</b>	<b>11.1</b>
Net acquisition of other non-financial assets <sup>4)</sup>	3	0	4	4	4	4	4			0.1	0.1
<b>Net lending (+) / net borrowing (-)</b>	<b>246</b>	<b>220</b>	<b>190</b>	<b>186</b>	<b>189</b>	<b>193</b>	<b>185</b>			<b>3.4</b>	<b>3.2</b>
Financial transactions	four-quarter-cumulated sums							annual growth rates <sup>5)</sup>		percentage of HGDI, adjusted <sup>3)</sup>	
	2004	2005	2006Q3	2006Q4	2007Q1	2007Q2	2007Q3	2007Q2	2007Q3	2006Q3	2007Q3
	<b>Financial investment</b>	<b>592</b>	<b>634</b>	<b>614</b>	<b>624</b>	<b>653</b>	<b>642</b>	<b>574</b>	<b>3.9</b>	<b>3.4</b>	<b>11.1</b>
Currency and deposits	247	238	265	277	274	288	294	5.6	5.7	4.8	5.1
Debt securities	74	-3	83	80	73	47	26	3.6	1.9	1.5	0.4
Shares and other equity	-15	116	-25	-29	-1	12	10	0.2	0.2	-0.4	0.2
Quoted shares	-47	3	-31	-12	0	-2	-17	-0.2	-1.5	-0.6	-0.3
Unquoted shares and other equity	33	58	22	11	30	35	55	1.5	2.4	0.4	1.0
Mutual fund shares	-1	54	-16	-28	-31	-20	-28	-1.3	-1.7	-0.3	-0.5
Life insurance and pension fund reserves	251	300	298	277	257	255	226	5.8	5.0	5.4	3.9
Other financial assets <sup>6)</sup>	36	-17	-8	19	49	41	18			-0.1	0.3
<b>Financing</b>	<b>328</b>	<b>378</b>	<b>401</b>	<b>384</b>	<b>411</b>	<b>398</b>	<b>362</b>	<b>7.5</b>	<b>6.7</b>	<b>7.2</b>	<b>6.3</b>
Loans	312	390	411	391	382	365	362	7.5	7.4	7.4	6.3
Short-term	8	15	11	12	13	9	9	2.9	2.8	0.2	0.2
Long-term	303	375	401	379	370	356	353	7.9	7.7	7.2	6.1
Other liabilities <sup>7)</sup>	16	-13	-10	-7	29	33	1			-0.2	0.0
Net lending (+) / net borrowing (-) (financial accounts)	265	257	213	240	242	245	212	2.2	1.9	3.8	3.7
<b>Changes in financial wealth not due to transactions</b>	<b>300</b>	<b>618</b>	<b>367</b>	<b>479</b>	<b>386</b>	<b>604</b>	<b>200</b>			<b>6.6</b>	<b>3.5</b>
Financial balance sheet	end-of-period stocks							annual percentage changes <sup>2)</sup>		percentage of HGDI, adjusted <sup>3)</sup>	
	2004	2005	2006Q3	2006Q4	2007Q1	2007Q2	2007Q3	2007Q2	2007Q3	2006Q3	2007Q3
	<b>Financial investment</b>	<b>14,840</b>	<b>16,106</b>	<b>16,830</b>	<b>17,210</b>	<b>17,550</b>	<b>17,772</b>	<b>17,602</b>	<b>7.5</b>	<b>4.6</b>	<b>302.7</b>
Currency and deposits	4,803	5,061	5,189	5,327	5,345	5,450	5,485	5.6	5.7	93.3	95.1
Debt securities	1,279	1,257	1,328	1,320	1,354	1,308	1,325	-0.2	-0.2	23.9	23.0
Shares and other equity	4,192	4,830	5,094	5,260	5,441	5,546	5,300	12.1	4.1	91.6	91.9
Quoted shares	833	1,001	1,128	1,194	1,251	1,301	1,212	25.0	7.4	20.3	21.0
Unquoted shares and other equity	1,880	2,207	2,334	2,419	2,525	2,541	2,423	10.8	3.8	42.0	42.0
Mutual fund shares	1,480	1,622	1,632	1,647	1,666	1,704	1,666	5.6	2.1	29.3	28.9
Life insurance and pension fund reserves	3,849	4,279	4,518	4,605	4,671	4,747	4,774	7.2	5.7	81.3	82.7
Other financial assets <sup>6)</sup>	717	680	701	698	738	722	718			12.6	12.5
<b>Financing</b>	<b>4,735</b>	<b>5,126</b>	<b>5,413</b>	<b>5,511</b>	<b>5,622</b>	<b>5,709</b>	<b>5,774</b>	<b>7.5</b>	<b>6.7</b>	<b>97.4</b>	<b>100.1</b>
Loans	4,246	4,630	4,916	5,016	5,099	5,196	5,275	7.5	7.3	88.4	91.4
Short-term	292	305	307	311	310	316	312	2.1	1.9	5.5	5.4
Long-term	3,954	4,325	4,609	4,705	4,789	4,879	4,963	7.8	7.7	82.9	86.0
Other liabilities <sup>7)</sup>	489	496	497	495	523	514	499			8.9	8.6
<b>Net financial wealth</b>	<b>10,106</b>	<b>10,980</b>	<b>11,416</b>	<b>11,700</b>	<b>11,927</b>	<b>12,063</b>	<b>11,828</b>	<b>7.6</b>	<b>3.6</b>	<b>205.3</b>	<b>205.0</b>

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 <sup>1)</sup>		percentage of GVA or (NVA) <sup>2)</sup>	
	2004	2005	2006Q3	2006Q4	2007Q1	2007Q2	2007Q3	2007Q2	2007Q3	2006Q3	2007Q3
<b>Gross value added (GVA)</b>	3,989	4,113	4,240	4,296	4,354	4,410	4,467	5.2	5.3	100.0	100.0
Net value added (NVA)	3,357	3,451	3,559	3,608	3,660	3,710	3,761	5.6	5.6	83.9	84.2
<b>Net entrepreneurial income</b>	1,048	1,123	1,155	1,178	1,190	1,200	1,217	3.2	5.7	32.5	32.4
Net disposable income	123	99	75	57	56	46	44			2.1	1.2
Adj. for change in net worth in pension fund	-13	-12	-14	-15	-14	-13	-11			-0.4	-0.3
<b>Net saving</b>	110	87	61	42	42	34	34			1.7	0.9
<b>Net capital transfers (receivable-payable)</b>	58	61	66	81	86	86	76			1.6	1.7
Consumption of fixed capital	633	662	681	688	694	700	706	3.3	3.9	16.1	15.8
<b>Gross fixed capital formation</b>	841	889	937	950	973	994	1,012	8.4	7.7	22.1	22.7
Net acquisitions of other non-financial assets <sup>3)</sup>	4	10	32	26	22	23	24			0.8	0.5
<b>Net lending (+) / net borrowing (-)</b>	-43	-89	-161	-165	-174	-197	-220			-3.8	-4.9
Financial transactions	four-quarter-cumulated sums							annual growth rates <sup>4)</sup>		percentage of GVA	
	2004	2005	2006Q3	2006Q4	2007Q1	2007Q2	2007Q3	2007Q2	2007Q3	2006Q3	2007Q3
<b>Financial investment</b>	384	593	664	706	754	777	783	6.2	6.1	15.7	17.5
Currency and deposits	90	144	144	166	193	193	174	13.3	11.7	3.4	3.9
Debt securities	-56	-23	-12	9	-3	-1	6	-0.2	1.5	-0.3	0.1
Loans	66	131	123	147	167	179	198	11.3	12.3	2.9	4.4
Shares and other equity	192	223	199	178	196	216	231	3.3	3.3	4.7	5.2
Quoted shares	94	25	84	33	37	56	66	3.4	3.9	2.0	1.5
Unquoted shares and other equity	76	177	122	157	159	163	207	3.6	4.3	2.9	4.6
Mutual fund shares	23	21	-6	-12	0	-4	-42	-1.0	-10.3	-0.2	-0.9
Other financial assets <sup>5)</sup>	92	119	209	206	201	191	174			4.9	3.9
<b>Financing</b>	446	719	849	925	980	1,026	1,031	5.0	4.9	20.0	23.1
Debt securities	7	3	28	41	44	60	41	8.6	5.8	0.7	0.9
Short-term	10	3	9	25	28	44	34	16.9	12.9	0.2	0.8
Long-term	-2	0	20	16	16	16	7	3.6	1.6	0.5	0.2
Loans	198	385	555	572	591	614	692	10.3	11.4	13.1	15.5
Short-term	30	129	192	192	211	229	248	11.7	12.6	4.5	5.6
Long-term	168	256	362	380	380	385	444	9.6	10.8	8.5	9.9
Shares and other equity	192	230	162	197	213	224	229	2.0	2.0	3.8	5.1
Quoted shares	12	100	38	34	46	66	74	1.7	1.8	0.9	1.7
Unquoted shares and other equity	180	130	125	163	166	158	155	2.2	2.0	2.9	3.5
Pension fund reserves	14	13	14	15	14	13	11	4.0	3.4	0.3	0.2
Other liabilities <sup>6)</sup>	35	88	90	100	118	115	58			2.1	1.3
<b>Net lending (+) / net borrowing (-) (financial accounts)</b>	-62	-126	-185	-219	-226	-249	-248			-4.4	-5.5
Financial balance sheet	end-of-period stocks							annual percentage changes <sup>1)</sup>		percentage of GVA	
	2004	2005	2006Q3	2006Q4	2007Q1	2007Q2	2007Q3	2007Q2	2007Q3	2006Q3	2007Q3
<b>Financial investment</b>	10,575	11,944	12,920	13,488	13,887	14,345	14,301	14.4	10.7	304.7	320.1
Currency and deposits	1,239	1,396	1,491	1,563	1,625	1,670	1,681	15.1	12.7	35.2	37.6
Debt securities	426	388	387	391	377	392	380	-3.8	-1.8	9.1	8.5
Loans	1,399	1,520	1,614	1,680	1,733	1,780	1,824	12.2	13.0	38.1	40.8
Shares and other equity	5,211	6,225	6,892	7,245	7,488	7,810	7,689	18.4	11.6	162.5	172.1
Quoted shares	1,257	1,499	1,692	1,805	1,911	1,993	1,900	20.5	12.3	39.9	42.5
Unquoted shares and other equity	3,582	4,313	4,791	5,036	5,161	5,406	5,416	19.0	13.1	113.0	121.2
Mutual fund shares	372	413	410	404	416	411	372	3.7	-9.1	9.7	8.3
Other financial assets <sup>5)</sup>	2,300	2,415	2,536	2,609	2,664	2,693	2,726			59.8	61.0
<b>Financing</b>	17,425	19,498	20,970	21,903	22,558	23,478	23,449	14.8	11.8	494.5	524.9
Debt securities	668	671	697	699	710	743	733	7.1	5.2	16.4	16.4
Short-term	237	243	261	266	281	305	294	16.8	12.8	6.2	6.6
Long-term	430	428	436	433	429	438	439	1.2	0.6	10.3	9.8
Loans	5,252	5,648	6,082	6,218	6,389	6,609	6,775	10.5	11.4	143.4	151.7
Short-term	1,702	1,841	1,973	2,023	2,087	2,182	2,220	11.8	12.5	46.5	49.7
Long-term	3,550	3,807	4,109	4,195	4,302	4,427	4,555	9.8	10.8	96.9	102.0
Shares and other equity	9,172	10,716	11,634	12,349	12,771	13,416	13,201	19.0	13.5	274.4	295.5
Quoted shares	2,987	3,681	4,077	4,452	4,664	5,061	4,935	28.4	21.0	96.2	110.5
Unquoted shares and other equity	6,185	7,035	7,557	7,898	8,106	8,355	8,267	13.9	9.4	178.2	185.1
Pension fund reserves	301	314	325	329	332	334	336	4.0	3.4	7.7	7.5
Other liabilities <sup>6)</sup>	2,032	2,150	2,231	2,308	2,356	2,377	2,403			52.6	53.8

Sources: ECB and Eurostat

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

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

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

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

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

6) Other accounts payable, financial derivatives and deposits.

Table 4 General government

EUR billions

Non-financial transactions	four-quarter-cumulated sums							annual percentage changes <sup>1)</sup>		percentage of GNDI	
	2004	2005	2006Q3	2006Q4	2007Q1	2007Q2	2007Q3	2007Q2	2007Q3	2006Q3	2007Q3
<b>Net disposable income (GNDI)</b>	1,465	1,555	1,681	1,727	1,762	1,803	1,839	9.1	9.3	100.0	100.0
<b>Consumption expenditure</b>	1,591	1,655	1,705	1,721	1,737	1,748	1,763	2.6	3.5	101.4	95.8
<b>Net saving</b>	-126	-100	-23	6	24	54	77			-1.4	4.2
Consumption of fixed capital	145	152	157	159	161	163	164	3.9	3.7	9.4	8.9
<b>Net capital transfers (receivable-payable)</b>	-51	-60	-72	-88	-88	-87	-71			-4.3	-3.9
<b>Gross fixed capital formation</b>	191	200	206	212	217	218	222	3.0	7.1	12.3	12.1
Net acquisition of other non-financial assets <sup>2)</sup>	-1	-1	-1	-2	-2	-1	-1			0.0	0.0
<b>Net lending (+) / net borrowing (-)</b>	-222	-207	-143	-132	-118	-87	-51			-8.5	-2.8
Financial transactions	four-quarter-cumulated sums							annual growth rates <sup>3)</sup>		percentage of GNDI	
	2004	2005	2006Q3	2006Q4	2007Q1	2007Q2	2007Q3	2007Q2	2007Q3	2006Q3	2007Q3
<b>Net acquisition of financial assets</b>	42	78	114	34	44	111	90	4.2	3.3	6.8	4.9
<b>Financial investment<sup>4)</sup></b>	46	71	61	33	52	95	86	4.5	4.1	3.6	4.7
Currency and deposits	19	35	61	35	44	79	51	14.6	9.7	3.6	2.8
Debt securities	17	20	13	26	25	30	42	14.2	19.2	0.8	2.3
Loans	10	7	-4	-16	-15	-12	-7	-3.2	-1.9	-0.3	-0.4
Short-term	0	3	1	1	0	3	3	7.8	8.1	0.1	0.2
Long-term	10	4	-6	-18	-15	-15	-10	-4.5	-3.1	-0.3	-0.5
Shares and other equity	1	9	-9	-12	-2	-3	0	-0.3	0.0	-0.5	0.0
Quoted shares	-20	-11	-21	-19	-8	-11	-7	-3.2	-2.0	-1.2	-0.4
Unquoted shares and other equity	9	9	-3	-6	-6	-5	-7	-1.0	-1.3	-0.2	-0.4
Mutual fund shares	11	11	14	13	12	13	14	10.7	11.2	0.9	0.8
Other financial assets <sup>5)</sup>	-4	7	53	1	-8	16	3			3.2	0.2
<b>Net incurrence of liabilities</b>	264	285	257	167	161	198	141	3.0	2.1	15.3	7.7
<b>Financing<sup>4)</sup></b>	273	263	165	121	133	163	143	2.6	2.2	9.8	7.7
Currency and deposits	25	25	20	13	5	-8	-6	-2.3	-1.7	1.2	-0.3
Debt securities	234	215	122	102	112	162	151	3.3	3.0	7.2	8.2
Short-term	12	-9	-25	-31	10	44	63	7.3	10.6	-1.5	3.4
Long-term	222	224	147	133	102	118	88	2.7	2.0	8.7	4.8
Loans	13	23	24	7	17	9	-3	0.8	-0.2	1.4	-0.1
Short-term	-3	7	30	5	23	15	2	10.2	1.2	1.8	0.1
Long-term	16	16	-6	1	-6	-6	-5	-0.7	-0.5	-0.4	-0.3
Other liabilities <sup>6)</sup>	-9	22	91	46	28	35	-1			5.4	-0.1
<b>Net lending (+) / net borrowing (-) (financial accounts)</b>	-222	-207	-143	-132	-118	-87	-51			-8.5	-2.8
Financial balance sheet	end-of-period stocks							annual percentage changes <sup>1)</sup>		percentage of GNDI	
	2004	2005	2006Q3	2006Q4	2007Q1	2007Q2	2007Q3	2007Q2	2007Q3	2006Q3	2007Q3
<b>Financial assets</b>	2,333	2,555	2,679	2,687	2,758	2,919	2,882	9.7	7.6	159.3	156.6
<b>Financial investment<sup>4)</sup></b>	1,822	2,033	2,130	2,164	2,214	2,365	2,329	11.4	9.4	126.7	126.6
Currency and deposits	447	479	527	513	533	624	579	14.8	9.9	31.3	31.5
Debt securities	184	205	218	226	231	240	257	12.2	17.8	13.0	14.0
Loans	368	378	366	359	355	357	358	-3.6	-2.1	21.7	19.5
Short-term	43	46	39	45	39	42	42	7.5	8.4	2.3	2.3
Long-term	325	332	327	314	316	315	315	-4.9	-3.4	19.4	17.2
Shares and other equity	824	970	1,019	1,065	1,094	1,145	1,135	14.9	11.4	60.6	61.7
Quoted shares	223	316	342	380	395	441	423	33.1	23.7	20.3	23.0
Unquoted shares and other equity	514	540	549	552	558	555	562	2.1	2.3	32.7	30.5
Mutual fund shares	87	114	128	133	142	148	150	23.1	17.5	7.6	8.2
Other financial assets <sup>5)</sup>	511	522	549	524	545	554	553			32.7	30.0
<b>Liabilities</b>	6,386	6,724	6,793	6,710	6,771	6,767	6,805	1.2	0.2	404.1	369.9
<b>Financing<sup>4)</sup></b>	6,084	6,373	6,421	6,344	6,399	6,375	6,417	0.5	-0.1	381.9	348.9
Currency and deposits	308	332	336	345	341	328	330	-2.3	-1.7	20.0	18.0
Debt securities	4,720	4,962	5,000	4,917	4,970	4,967	5,008	0.8	0.2	297.4	272.3
Short-term	582	581	590	561	613	656	658	8.7	11.5	35.1	35.8
Long-term	4,138	4,381	4,410	4,356	4,357	4,312	4,350	-0.4	-1.4	262.3	236.5
Loans	1,056	1,079	1,085	1,082	1,088	1,079	1,078	0.4	-0.6	64.5	58.6
Short-term	120	127	160	129	158	160	163	10.3	1.6	9.5	8.8
Long-term	936	952	925	953	930	919	916	-1.1	-1.0	55.0	49.8
Other liabilities <sup>6)</sup>	302	351	372	366	372	393	388			22.1	21.1
<i>Memo: Government debt (at nominal value)<sup>7)</sup></i>	5,428	5,677	5,870	5,802	5,906	5,989	5,978				

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 prepayments of insurance premiums and reserves for outstanding claims and other accounts receivable.

5) Other accounts receivable, 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 6 Insurance corporations and pension funds

EUR billions

Financial transactions	four-quarter-cumulated sums							annual growth rates <sup>1)</sup>	
	2004	2005	2006Q3	2006Q4	2007Q1	2007Q2	2007Q3	2007Q2	2007Q3
<b>Financial investment</b>	266	348	375	377	356	353	309	6.2	5.3
Currency and deposits	50	26	49	65	82	74	78	10.8	11.1
Debt securities	155	150	136	147	165	191	172	9.3	8.1
Short-term	22	20	-9	0	12	26	21	12.2	10.1
Long-term	133	129	145	147	153	165	150	9.0	7.9
Loans	7	-3	11	4	-9	-8	-15	-2.2	-3.9
Shares and other equity	45	137	142	125	89	70	51	3.3	2.3
Quoted shares	13	32	15	17	12	6	3	0.8	0.4
Unquoted shares and other equity	-1	18	26	21	13	15	22	3.6	5.0
Mutual fund shares	33	87	101	88	64	49	26	5.0	2.6
Other financial assets <sup>2)</sup>	9	38	38	36	29	26	23		
<b>Financing</b>	276	386	404	383	351	357	316	6.2	5.3
Currency and deposits	0	0	0	0	0	0	0	-5.9	0.9
Debt securities	-2	0	0	4	4	4	3	16.8	14.3
Loans	4	12	37	33	34	44	42	27.9	25.1
Short-term	7	8	26	20	24	36	38	39.5	41.0
Long-term	-3	5	11	12	10	8	4	12.1	5.8
Shares and other equity	13	9	11	7	10	12	10	2.0	1.7
Quoted shares	3	6	7	3	5	5	2	2.0	0.7
Unquoted shares and other equity	10	3	4	4	5	6	8	2.1	2.5
Insurance technical reserves	261	335	334	314	300	297	272	6.2	5.6
Other liabilities <sup>3)</sup>	-1	29	22	25	4	1	-12		
Net lending (+) / net borrowing (-) (financial accounts)	-10	-37	-30	-6	5	-5	-8		
Financial balance sheet	end-of-period stocks							annual percentage changes <sup>4)</sup>	
	2004	2005	2006Q3	2006Q4	2007Q1	2007Q2	2007Q3	2007Q2	2007Q3
<b>Financial investment</b>	4,902	5,461	5,843	5,965	6,079	6,176	6,206	9.4	6.2
Currency and deposits	631	659	704	724	752	761	785	11.2	11.5
Debt securities	1,865	2,021	2,124	2,116	2,156	2,183	2,190	6.1	3.1
Short-term	206	212	213	213	227	238	232	11.7	9.0
Long-term	1,659	1,809	1,911	1,904	1,929	1,945	1,958	5.5	2.4
Loans	364	367	376	366	355	358	354	-5.0	-5.9
Shares and other equity	1,685	2,012	2,214	2,328	2,379	2,433	2,412	15.2	9.0
Quoted shares	575	702	762	831	855	860	853	19.9	12.0
Unquoted shares and other equity	337	397	435	457	460	482	480	14.3	10.2
Mutual fund shares	773	913	1,017	1,040	1,063	1,091	1,080	12.1	6.2
Other financial assets <sup>2)</sup>	358	401	424	431	438	441	464		
<b>Financing</b>	4,976	5,595	5,953	6,073	6,191	6,315	6,341	9.2	6.5
Currency and deposits	4	4	4	4	4	4	4	-5.9	0.9
Debt securities	22	22	24	26	26	25	26	19.3	8.3
Loans	120	132	169	165	184	194	199	22.5	18.1
Short-term	63	70	93	87	105	120	129	31.7	38.5
Long-term	57	62	76	78	79	74	71	10.0	-6.8
Shares and other equity	463	589	629	645	661	688	652	18.9	3.7
Quoted shares	207	286	310	321	328	338	295	23.2	-4.8
Unquoted shares and other equity	256	303	318	324	332	350	357	15.1	12.0
Insurance technical reserves	4,135	4,610	4,883	4,982	5,063	5,142	5,192	7.6	6.3
Other liabilities <sup>3)</sup>	233	238	245	251	254	262	268		

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 transaction or end-of-quarter stock  $x$  in quarter  $t$ , and  $x_{t-4}$  for the transaction or stock four quarters earlier.