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FLOW DATA IN THE MACROECONOMIC ACCOUNTS**

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**Sector Accounts and Balance Sheets:
Key Indicators and Future Developments in the EU**

To be presented in Session 3, Item 3 by Denis Leythienne

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Sector accounts and balance sheets

- Key indicators and future developments in the EU -

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Abstract. The creation of the euro area has given rise to new statistical needs, not least for sector accounts and balance sheets. This document reports on the progress made in the EU over the last decade, thanks to the close cooperation between the European Statistical System (ESS) and the European System of Central Banks (ESCB). Special focus is given to a set of key indicators derived from sector accounts with an indication of possible developments in this field.

1. Background

The Annual Sector Accounts ("ASA") and balance sheets of the Member States have started being collected and disseminated² by Eurostat in the late 90s, further to the adoption of the ESA95 transmission programme³. These datasets have gained importance after 1999, with the creation of the euro area and the action plan of the European Commission on the statistical requirements of the Economic and Monetary Union (EMU). The latter "EMU Action Plan" aimed in particular at extending the scope and quality of economic statistics provided to the European Central Bank for the conduct of the monetary policy.

Although the focus of the EMU Action Plan was clearly on quarterly data, Eurostat and ECB worked first on annual data leading to the joint publication, in June 2006, of annual sector accounts for the euro area (non-financial accounts; financial accounts and balance sheets) and the European Union (non-financial accounts).

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² http://epp.eurostat.ec.europa.eu/portal/page/portal/sector_accounts/data/annual_data

³ Council Regulation (EC) N° 2223/96 of 25 June 1996, on the European system of national and regional accounts in the Community, OJEC L 310, 30.11.1996.

Further to the adoption, in 2005, of the "QSA regulation"⁴, the 17 Member States⁵ whose GDP exceeds 1% of the EU total have started delivering Quarterly non-financial Sector Accounts ("QSA") to Eurostat for European aggregation purposes. In parallel, Guidelines⁶ were adopted by ECB to collect quarterly financial accounts and balance sheets from euro area countries. As of August 2007, quarterly accounts started being published⁷ for the euro area (non-financial accounts, financial accounts and balance sheets) and the European Union (non-financial accounts) 4 months after every quarter.

From 2008 onwards, the compilation process was enhanced while more statistical products were made available to the users, focussing on a subset of "key indicators" presented in the next section.

Box: the compilation of European sector accounts

The compilation of European aggregates⁸ goes through six specific steps: (1) conversion to euro; (2) estimation of missing countries; (3) incorporation of the European institutions; (4) consolidation of intra- euro area / EU flows; (5) re-balancing of the accounts and (6) seasonal adjustment of key series.

The rest of the world accounts transmitted by Member States capture all transactions between the national economy and all non-resident units, including those in other EU Member States. In step (4), cross-border flows within the euro area / EU are estimated and withdrawn. However, intra-resources (*e.g.* intra-Community "imports" of goods) do not equal intra-uses (*e.g.* intra-Community "exports") due to measurement errors called "asymmetries". The latter cause discrepancies in the consolidated accounts which are allocated to the different sectors in a "re-balancing"⁹ step (5).

⁴ Regulation (EC) N° 1161/2005 of the European Parliament and of the Council of 6 July 2005 on the compilation of quarterly non-financial accounts by institutional sector, OJEC L191, 22.7.2005.

⁵ Belgium, Czech Republic, Denmark, Germany, Ireland, Greece, Spain, France, Italy, the Netherlands, Austria, Poland, Portugal, Romania, Finland, Sweden and the United-Kingdom (+ Norway under the European Economic Area agreement).

⁶ Guideline of the ECB of 21 November 2002 on the statistical reporting requirements of the ECB in the field of quarterly financial accounts (ECB/2002/7), OJEC L 334, 11.12.2002.

⁷ http://epp.eurostat.ec.europa.eu/portal/page/portal/sector_accounts/data/quarterly_data

⁸ http://epp.eurostat.ec.europa.eu/portal/page/portal/sector_accounts/methodology/from_national_to_european_accounts

⁹ For the euro area, "re-balancing" also entails the reduction of sector discrepancies between total resources plus transactions in liabilities and total uses plus transactions in financial assets.

2. Data requirements

Under the ESA transmission programme¹⁰, Member States have to deliver a full set of annual sector accounts 9 months after the reference year, back to 1995 minimum. These data include both financial and non-financial flow accounts together with financial balance sheets. Non-financial assets are collected on a voluntary basis only except for households dwellings. Information on sectors and transactions collected is provided in the following and further detail is given in annex 1.

Non-financial accounts

Annual non-financial accounts are collected at the 2/3 digits level of ESA transactions, for sectors: S11, S12, S13, S14+S15 and S2 (with some geographical breakdown on a voluntary basis). The country coverage is good with only Malta, Luxembourg and Bulgaria that have not transmitted most of the accounts so far.

Quarterly non-financial accounts are collected 90 days after the reference quarter, for the same sectors as mentioned above but at the 1/2 digit level of ESA transactions. Only countries with a GDP above 1% of the EU total have to transmit full accounts. Euro area and EU (consolidated) accounts are published by Eurostat/ECB about 120 days after the reference quarter.

Financial accounts and balance sheets

Annual financial accounts and balance sheets are collected at the 2/3 digits level of ESA financial instruments, for sectors: S11, S12 and sub-sectors, S13 and subsectors, S14+S15 and S2 (with some geographical on a voluntary basis). The data shall be transmitted on a consolidated and non-consolidated basis whereas counterpart information is collected on a voluntary basis only. The country coverage is good with only Malta and Luxembourg missing and, for consolidated data, United-Kingdom and Ireland.

Quarterly financial accounts and balance sheets are collected by the European Central Bank at the 1/2 digits level of ESA financial instruments and for sectors: S11, sub-sectors of S12, S13, S14+S15 and S2. Counterpart information, both on sectors and geographical area, is reported for deposits and loans. Data are transmitted 110 days after the reference quarter, on a non-consolidated basis.

¹⁰ Council Regulation (EC) N° 2223/96 of 25 June 1996, on the European system of national and regional accounts in the Community, OJEC L 310, 30.11.1996.

Euro area (consolidated) accounts are released by ECB/Eurostat about 120 days after the reference quarter, including counterpart information.

3. Key indicators

The main goal of the sector accounts project was to shed light on the economic behaviour of households and non-financial corporations, both sectors being poorly covered by pre-existing statistics. However, it was decided from the outset that the annual and quarterly data should cover the whole economy making it possible to analyze inter-linkages between sectors.

From the wealth of data transmitted by Member States, a limited set of non-financial "key indicators" have emerged over time. They now receive particular attention both in the validation process and in statistical publications.

As illustrated in the core part of the quarterly news releases provided in annex 2, these indicators concern:

- For the households sector: *the saving¹¹ and investment¹² rates* together with the underlying variables gross disposable income and (main) components, individual consumption expenditure and gross fixed capital formation;
- For non-financial corporations: *the profit share¹³ and investment rate¹⁴* with the underlying variables gross value added, gross operating surplus, gross fixed capital formation and changes in inventories.

¹¹ The gross saving rate of households is defined as gross saving divided by gross disposable income, with the latter being adjusted for the change in the net equity of households in pension funds reserve.

¹² The gross investment rate of households is defined as gross fixed capital formation divided by gross disposable income, with the latter being adjusted for the change in the net equity of households in pension funds reserves. Household investment mainly consists of the purchase and renovation of dwellings.

¹³ The profit share of non-financial corporations is defined as gross operating surplus divided by gross value added. This profitability-type indicator shows the share of the value added created during the production process remunerating capital. It is the complement of the share of wage costs (plus taxes less subsidies on production) in value added.

¹⁴ The gross investment rate of non-financial corporations is defined as gross fixed capital formation divided by gross value added. This ratio relates the investment of non-financial businesses in fixed assets (buildings, machinery etc.) to the value added created during the production process.

Plausibility checks

Annual key indicators are extensively used in the validation process as a way to check the plausibility of the data. Indeed, it is assumed that the levels and volatility of behavioural indicators such as the household saving rate should not depart from standard patterns.

Three kinds of checks have proven particularly useful:

- Plausibility of the household saving rate given the level of household income per head, in Purchasing Power Parities;
- Plausibility of short-term movements in the household saving rate;
- Comparison of the level and volatility of the household saving rate derived from non-financial versus financial (and capital) accounts.

As for the quarterly key indicators, the plausibility checks mainly rely on cross-country comparisons of the seasonal pattern of components.

Dissemination

Annual key indicators are published, next to the full accounts, for all Member States, the euro area and (non financial data) the European Union. Series are available back to 1995 minimum for country data and back to 1999 for the euro area / European Union. Full non-financial accounts, financial accounts and financial balance sheets are available, with the following sector breakdown:

- S11: Non financial corporations
- S12: Financial corporations
- S13: Government
- S14+S15: Households and non-profit institutions serving households
- S2: Rest of the world

Quarterly key indicators and the underlying main components have started being published, as four-quarter cumulated sums, for almost all the 17 Member States that have to deliver full accounts. For the euro area, key indicators and components are provided seasonally adjusted. In the case of the European Union, only ratios are provided as growth rates of components may be affected by movements in exchange rates between the euro and other European currencies. Moreover, a full

decomposition of euro area nominal growth¹⁵ is updated every quarter, as illustrated in the chart provided in annex 3.

4. Future developments

With the revision of the ESA transmission programme (as of 2014), it is planned to publish European accounts 3 months after each quarter instead of 4 months. Other developments are detailed below.

Seasonally adjusted and price/volume data

Since the first release of the European quarterly sector accounts, users have missed a country breakdown that would allow relating developments in the euro area / EU to trends in the individual Member States. Although most key indicators are now available with a country breakdown, they are provided as four quarter cumulated sums which prevents capturing the latest developments in sectors and their possible impact on nominal growth. Therefore, it has been proposed by the European Commission (Eurostat) to include a limited set of seasonally adjusted variables in the revised ESA2010 transmission programme to enter into force in 2014.

Moreover, value added and gross fixed capital formation of non-financial corporations should better be decomposed into price and volume which is also part of Eurostat proposal for the revised transmission programme.

Stiglitz/Sen/Fitoussi recommendations

Eurostat has started investigating with Member States how to follow-up on the recommendations of the so-called "Stiglitz/Sen/Fitoussi" report¹⁶, one of which recommends to give more prominence to the households' perspective. Preliminary work has shown that GDP growth does not necessarily capture developments in household disposable income as illustrated in the next chart.

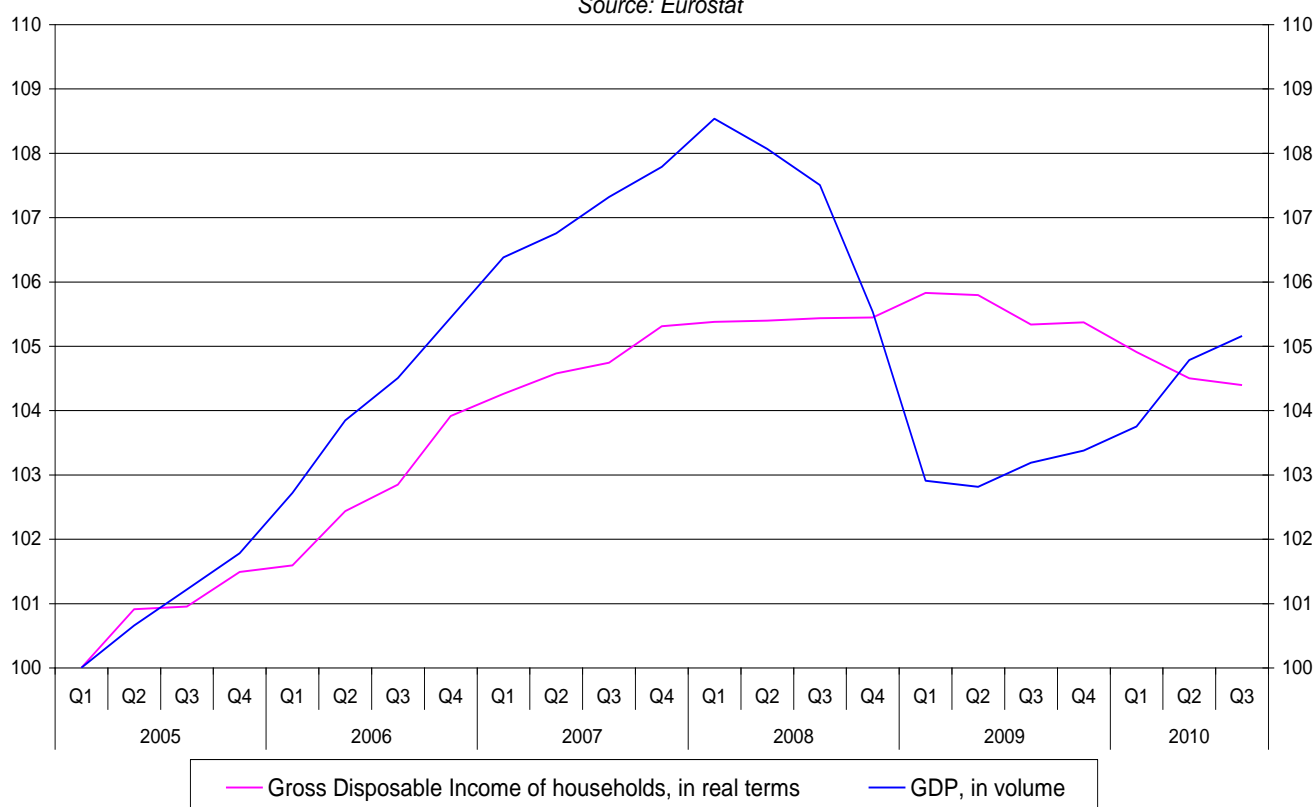
¹⁵ This mixed expenditure/income decomposition is detailed in the publication "European economic statistics" (§3.2): http://epp.eurostat.ec.europa.eu/portal/page/portal/product_details/publication?p_product_code=KS-GK-10-001

¹⁶ http://www.stiglitz-sen-fitoussi.fr/documents/rapport_anglais.pdf

Cumulated Growth of GDP versus Gross Disposable Income of households

- Euro area, seasonally adjusted data, volume/real terms, 2005Q1=100 -

Source: Eurostat



New key indicators could emerge from this work, such as the quarterly growth in the real (adjusted) gross disposable income of households per consumption unit. Moreover, new priority will be given to the transmission of data on households' non-financial assets, in particular dwellings and the underlying land.

Macro-economic surveillance

Besides existing rules on the monitoring of government deficit and debt, the European Union now studies how to better capture macro-economic imbalances through a scoreboard of statistical indicators. Sector accounts should have an important role to play in this context, as they allow relating domestic developments in *e.g.* government deficit or households' indebtedness to external imbalances.

Against this background, it is likely that hybrid indicators mixing financial and non-financial data such as net financial wealth to income will draw more attention. As an example, the chart provided in annex 4 displays information on (changes in the) net financial wealth by sector, in relation to Gross National Income, for a few Member States and the (consolidated) euro area as a whole.

ESA95 REQUIREMENTS FOR THE TRANSMISSION OF SECTOR ACCOUNTS DATA

I. Annual non-financial sector accounts**Table 8 – Non-financial accounts by sector**

Code	Transactions and Balancing items	Sectors														
		S.1	S.11	S.12	S.13	S.14/S.15	S.14 ^{a)}	S.15 ^{a)}	S.1N	S.2	S.21	S.211	S.2111	S.2112	S.212	S.22
I Production account/External account of goods and services		Total Economy	Non-financial corporations	Financial corporations	General government	Households + non-profit institution serving households	Households	Non-profit institution serving households	Not sectorised	Rest of the world	European Union	Member States of the EU	Members of the Monetary Union	Non-member of the Monetary Union	Institutions of the EU	Third countries and international organisations
Resources																
P.1	Output	x	x	x	x	x	x	x								
P.11	- Market Output	x	x	x	x	x	x	x								
P.12	- Output for own final use	x	x	x	x	x	x	x								
P.13	- Other non-market output	x			x	x		x								
P.7	Imports of goods and services									x	x	x	x	x	x	x
P.71	- Imports of goods									x	x	x	x	x	x	x
P.72	- Imports of services									x	x	x	x	x	x	x
P.72F	-- Imports of FISIM															
D.21 – D.31	Taxes less subsidies on products	x							x							
R1	Total resources	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Uses																
P.2	Intermediate consumption	x	x	x	x	x	x	x								
P.6	Exports of goods and services									x	x	x	x	x	x	x
P.61	- Exports of goods									x	x	x	x	x	x	x
P.62	- Exports of services									x	x	x	x	x	x	x
P.62F	-- Exports of FISIM															
B.1g	Gross domestic product/Gross value added	x	x	x	x	x	x	x	x							
B.11	External balance of goods and services									x	x	x	x	x	x	x
U1	Total uses	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
K.1	Consumption of fixed capital	x	x	x	x	x	x	x								
B.1n	Net domestic product/Net value added	x	x	x	x	x	x	x	x							

II.1.1 Generation of income account		Sectors														
		S.1	S.11	S.12	S.13	S.14/S.15	S.14 ²⁾	S.15 ²⁾	S.1N	S.2	S.21	S.211	S.2111	S.2112	S.212	S.22
Resources																
B.1g	Gross domestic product/Gross value added	x	x	x	x	x	x	x	x							
D.3	Subsidies, received	x	x	x	x	x	x	x	x							
D.31	- Subsidies on products	x														
D.39	- Other subsidies on production	x	x	x	x	x	x	x								
R211	Total resources	x	x	x	x	x	x	x	x							
Uses																
D.1	Compensation of employees	x	x	x	x	x	x	x		x	x	x	x	x	x	x
D.2	Taxes on production and imports, paid	x	x	x	x	x	x	x	x							
D.21	- Taxes on products	x														
D.29	- Other taxes on production	x	x	x	x	x	x	x								
B.2g_B.3g	Gross operating surplus plus gross mixed income	x	x	x	x	x	x	x	x							
B.3g	- Gross mixed income	x				x	x									
U211	Total uses	x	x	x	x	x	x	x	x							
II.1.2 Allocation of primary income account		Sectors														
		S.1	S.11	S.12	S.13	S.14/S.15	S.14 ³⁾	S.15 ³⁾	S.1N	S.2	S.21	S.211	S.2111	S.2112	S.212	S.22
Resources																
B.2g_B.3g	Gross operating surplus plus gross mixed income	x	x	x	x	x	x	x	x							
B.3g	- Gross mixed income	x				x	x									
D.1	Compensation of employees	x				x	x			x	x	x	x	x		x
D.11	- Wages and salaries	x				x	x			x	x	x	x	x		x
D.12	- Employers' social contributions	x				x	x			x	x	x	x	x		x
D.2	Taxes on production and imports, received	x			x					x	x				x	
D.21	- Taxes on products	x			x					x	x				x	
D.211	-- Value added type taxes (VAT)	x			x					x	x				x	
D.212	-- Taxes and duties on imports excluding VAT	x			x					x	x				x	
D.214	-- Taxes on products, except VAT and import taxes	x			x					x	x				x	
D.29	- Other taxes on production	x			x					x	x				x	
D.4	Property income	x	x	x	x	x	x	x		x	x	x	x	x	x	x
D.41	- Interest ^{1) 2)}	x	x	x	x	x	x	x		x	x	x	x	x	x	x
D.42	- Distributed income of corporations	x	x	x	x	x	x	x		x	x	x	x	x	x	x
D.43	- Reinvested earnings on direct foreign investment	x	x	x	x	x	x	x		x	x	x	x	x	x	x
D.44	- Property income attributed to insurance policy holders	x	x	x	x	x	x	x		x	x	x	x	x	x	x
D.45	- Rents	x	x	x	x	x	x	x								
R212	Total resources	x	x	x	x	x	x	x								
TINT	<i>Total interest (incl. FISIM)</i>	x	x	x	x	x	x	x		x	x	x	x	x	x	x

III.1.1 Change in net worth due to saving and capital transfers account		Sectors														
		S.1	S.11	S.12	S.13	S.14/S.15	S.14 ³⁾	S.15 ³⁾	S.1N	S.2	S.21	S.211	S.2111	S.2112	S.212	S.22
Changes in-net worth																
B.8g	Gross saving	x	x	x	x	x	x	x								
B.12	Current external balance									x	x	x	x	x	x	x
D.9	Capital transfers	x	x	x	x	x	x	x		x	x	x	x	x	x	x
D.91	- Capital taxes	x			x					x	x	x	x			x
D.92	- Investment grants ²⁾	x	x	x	x	x	x	x		x	x	x	x			x
D.92fromS212toS13	-- Investment grants from EU Institutions to General Government	x			x											
D.99	- Other capital transfers ²⁾	x	x	x	x	x	x	x		x	x	x	x	x	x	x
R311	Total change net worth	x	x	x	x	x	x	x		x	x	x	x	x	x	x
Changes in assets																
D.9	Capital transfers	x	x	x	x	x	x	x		x	x	x	x	x	x	x
D.91	- Capital taxes	x	x	x		x	x	x		x	x	x	x			x
D.92	- Investment grants ²⁾	x			x					x	x	x	x	x	x	x
D.92fromS212toS13	-- Investment grants from EU Institutions to General Government									x	x				x	
D.99	- Other capital transfers ²⁾	x	x	x	x	x	x	x		x	x	x	x	x	x	x
K.1	Consumption of fixed capital	x	x	x	x	x	x	x								
B.10.1	Changes in net worth due to saving and capital transfers	x	x	x	x	x	x	x		x	x	x	x	x	x	x
U311	Total changes in assets	x	x	x	x	x	x	x		x	x	x	x	x	x	x
III.1.2 Acquisitions of non-financial assets account		Sectors														
		S.1	S.11	S.12	S.13	S.14/S.15	S.14 ³⁾	S.15 ³⁾	S.1N	S.2	S.21	S.211	S.2111	S.2112	S.212	S.22
Changes net worth																
B.10.1	Changes in net worth due to saving and capital transfers	x	x	x	x	x	x	x		x	x	x	x	x	x	x
K.1	Consumption of fixed capital	x	x	x	x	x	x	x								
R312	Total change-net worth	x	x	x	x	x	x	x		x	x	x	x	x	x	x
Changes in assets																
P.5	Gross capital formation	x	x	x	x	x	x	x								
P.51	- Gross fixed capital formation	x	x	x	x	x	x	x								
P.52	- Changes in inventories	x	x	x	x	x	x	x								
P.53	- Acquisitions less disposals of valuables	x	x	x	x	x	x	x								
K.2	Acqu. Less disposals of non-produced non financial assets	x	x	x	x	x	x	x		x	x	x	x	x	x	x
B.9	Net lending (+)/Net borrowing (-)	x	x	x	x	x	x	x		x	x	x	x	x	x	x
U312	Total changes in assets	x	x	x	x	x	x	x		x	x	x	x	x	x	x
DB.9	Discrepancy with net lending/net borrowing of financial accounts	x	x	x	x	x	x	x		x	x	x	x	x	x	x

☐ = non relevant cells

☐ x ☐ = required

☐ = voluntary

¹⁾ Interest shall be recorded after adjustment for FISIM

²⁾ For this transaction of the sector S13, consolidation should be made within each sub-sector and between all sub-sectors of general government; i.e. central government, state government, local government and social security funds.

Breakdown of sector S2: Data to be provided for reference periods after 2006 must reflect the compositions of European Union (EU) and of the Economic and Monetary Union (EMU) as at the end of the period reported in the table. Only members of EMU during the reference period are required to provide a split of EMU – for non-members this split is voluntary.

Provision of data for S.212 (Institutions of the EU) voluntary

³⁾ Split between sector S.14 and S.15 on a voluntary basis

II. Annual financial sector accounts

Table 6 – Financial accounts by sector
(Transactions, other changes in volume and revaluation accounts – consolidated and non-consolidated
– and counterpart information*, **)

		Total economy	Non-financial corporations including sub-sectors	Financial corporations including sub-sectors ⁽¹⁾	General government including sub-sectors ⁽²⁾	Households and non-profit institutions serving households ⁽³⁾	Rest of the world including sub-sectors ⁽⁴⁾
Transactions/Changes in volume/revaluation of financial instruments	ESA	S.1	S.11	S.12	S.13	S.14+S.15	S.2
Financial assets	F.A	x	x	x	x	x	x
Monetary gold and special drawing rights (SDRs)	F.1	x	x	x	x	x	x
Monetary gold	F.11	x	x	x	x	x	x
SDRs	F.12	x	x	x	x	x	x
Currency and deposits	F.2	x	x	x	x	x	x
Currency	F.21	x	x	x	x	x	x
Transferable deposits	F.22	x	x	x	x	x	x
Other deposits	F.29	x	x	x	x	x	x
Securities other than shares	F.3	x	x	x	x	x	x
Securities other than shares, excluding financial derivatives	F.33	x	x	x	x	x	X
Short-term securities other than shares, excluding financial derivatives	F.331	x	x	x	x	x	X
Long-term securities other than shares, excluding financial derivatives	F.332	x	x	x	x	x	X
Financial derivatives	F.34	x	x	x	x	x	x
Loans	F.4	x	x	x	x	x	x
Short-term	F.41	x	x	x	x	x	x
Long-term	F.42	x	x	x	x	x	x
Shares and other equity	F.5	x	x	x	x	x	x
Shares and other equity excluding mutual fund shares	F.51	x	x	x	x	x	x
Quoted shares	F.511	x	x	x	x	x	x
Unquoted shares	F.512	x	x	x	x	x	x
Other equity	F.513	x	x	x	x	x	x
Mutual Fund Shares	F.52	x	x	x	x	x	x
Insurance technical provisions	F.6	x	x	x	x	x	x
Net equity of households in life insurance and pension funds reserves	F.61	x	x	x	x	x	x
Net equity of households in life insurance reserves	F.611	x	x	x	x	x	x

Net equity of households in pension funds reserves	F.612	x	x	x	x	x	x
Prepayment of insurance premiums and reserves for outstanding claims	F.62	x	x	x	x	x	x
Other accounts receivable	F.7	x	x	x	x	x	x
Trade credits and advances	F.71	x	x	x	x	x	x
Other	F.79	x	x	x	x	x	x
Liabilities	F.L	x	x	x	x	x	x
Monetary gold and special drawing rights (SDRs)	F.1	x	x	x	x	x	x
Monetary gold	F.11	x	x	x	x	x	x
SDRs	F.12	x	x	x	x	x	x
Currency and deposits	F.2	x	x	x	x	x	x
Currency	F.21	x	x	x	x	x	x
Transferable deposits	F.22	x	x	x	x	x	x
Securities other than shares	F.3	x	x	x	x	x	x
Securities other than shares, excluding financial derivatives	F.33	x	x	x	x	x	X
Short-term securities other than shares, excluding financial derivatives	F.331	x	x	x	x	x	X
Long-term securities other than shares, excluding financial derivatives	F.332	x	x	x	x	x	X
Financial derivatives	F.34	x	x	x	x	x	x
Loans	F.4	x	x	x	x	x	x
Short-term	F.41	x	x	x	x	x	x
Long-term	F.42	x	x	x	x	x	x
Shares and other equity	F.5	x	x	x	x	x	x
Shares and other equity excluding mutual fund shares	F.51	x	x	x	x	x	x
Quoted shares	F.511	x	x	x	x	x	x
Unquoted shares	F.512	x	x	x	x	x	x
Other equity	F.513	x	x	x	x	x	x
Mutual Fund Shares	F.52	x	x	x	x	x	x
Insurance technical provisions	F.6	x	x	x	x	x	x
Net equity of households in life insurance and pension funds reserves	F.61	x	x	x	x	x	x
Net equity of households in life insurance reserves	F.611	x	x	x	x	x	x
Net equity of households in pension funds reserves	F.612	x	x	x	x	x	x
Prepayment of insurance premiums and reserves for outstanding claims	F.62	x	x	x	x	x	x

Other accounts Payable	F.7	x	x	x	x	x	x
Trade credits and advances	F.71	x	x	x	x	x	x
Other Accounts	F.79	x	x	x	x	x	x
Net acquisition of Financial assets ⁽⁵⁾	F.A	x	x	x	x	x	x
Net incurrence of Liabilities ⁽⁵⁾	F.L	x	x	x	x	x	x
Net financial transactions ⁽⁵⁾		x	x	x	x	x	x

* Non-consolidated counterpart information to be provided on a voluntary basis and limited to the following counterpart sectors:

- S.11 Non-financial corporations
- S.12 Financial corporations
- S.13 General government
- S.14 + S.15 Households and non-profit institutions serving households
- S.2 Rest of the world

(**) Changes in volume, revaluation of financial instruments: tables on a voluntary basis

(1) Financial corporations:

- S.12 Financial corporations – total
- S.121+S.122 Monetary financial institutions
- S.121 Central Bank
- S.122 Other monetary financial institutions
- S.123 Other financial intermediaries
- S.124 Financial auxiliaries
- S.125 Insurance corporations and pension funds

(2) General government sub-sectors breakdown:

- S.13 General Government – total
- S.1311 Central Government
- S.1312 State Government
- S.1313 Local Government
- S.1314 Social Security Funds

(3) Households and non-profit institutions serving households:

- S.14+S.15 Households + non-profit institutions serving households – total
- S.14 Households
- S.15 Non-profit institutions serving households

(4) Rest of the world:

- S.2 Rest of the world – total
- S.21 European Union
- S.2111 Members of the EMU
- S.22 Others (not EU)

(5) Only for "transactions in financial instruments" but not meaningful for "changes in volume", "revaluation of financial instruments" and counterpart sector information.

III. Annual financial balance sheets

Table 7 – Balance Sheets for financial assets and liabilities

(Stock of financial instruments – consolidated and non-consolidated – and counterpart information*)

		Total economy	Non-financial corporations including sub-sectors	Financial corporations including sub-sectors ⁽¹⁾	General government including sub-sectors ⁽²⁾	Households and non-profit institutions serving households ⁽³⁾	Rest of the world including sub-sectors ⁽⁴⁾
Transactions/Changes in volume/revaluation of financial instruments	ESA	S.1	S.11	S.12	S.13	S.14+S.15	S.2
Financial assets	AF.A	x	x	x	x	x	x
Monetary gold and special drawing rights (SDRs)	AF.1	x	x	x	x	x	x
Monetary gold	AF.11	x	x	x	x	x	x
SDRs	AF.12	x	x	x	x	x	x
Currency and deposits	AF.2	x	x	x	x	x	x
Currency	AF.21	x	x	x	x	x	x
Transferable deposits	AF.22	x	x	x	x	x	x
Other deposits	AF.29	x	x	x	x	x	x
Securities other than shares	AF.3	x	x	x	x	x	x
Securities other than shares, excluding financial derivatives	AF.33	x	x	x	x	x	X
Short-term securities other than shares, excluding financial derivatives	AF.331	x	x	x	x	x	X
Long-term securities other than shares, excluding financial derivatives	AF.332	x	x	x	x	x	X
Financial derivatives	AF.34	x	x	x	x	x	x
Loans	AF.4	x	x	x	x	x	x
Short-term	AF.41	x	x	x	x	x	x
Long-term	AF.42	x	x	x	x	x	x
Shares and other equity	AF.5	x	x	x	x	x	x
Shares and other equity excluding mutual fund shares	AF.51	x	x	x	x	x	x
Quoted shares	AF.511	x	x	x	x	x	x
Unquoted shares	AF.512	x	x	x	x	x	x
Other equity	AF.513	x	x	x	x	x	x
Mutual Fund Shares	AF.52	x	x	x	x	x	x
Insurance technical provisions	AF.6	x	x	x	x	x	x
Net equity of households in life insurance and pension funds reserves	AF.61	x	x	x	x	x	x
Net equity of households in life insurance reserves	AF.611	x	x	x	x	x	x
Net equity of households	AF.612	x	x	x	x	x	x

in pension funds reserves							
Prepayment of insurance premiums and reserves for outstanding claims	AF.62	x	x	x	x	x	x
Other accounts receivable	AF.7	x	x	x	x	x	x
Trade credits and advances	AF.71	x	x	x	x	x	x
Other Accounts Receivable	AF.79	x	x	x	x	x	x
Liabilities	AF.L	x	x	x	x	x	x
Monetary gold and special drawing rights (SDRs)	AF.1	x	x	x	x	x	x
Monetary gold	AF.11	x	x	x	x	x	x
SDRs	AF.12	x	x	x	x	x	x
Currency and deposits	AF.2	x	x	x	x	x	x
Currency	AF.21	x	x	x	x	x	x
Transferable deposits	AF.22	x	x	x	x	x	x
Other deposits	AF.29	x	x	x	x	x	x
Securities other than shares	AF.3	x	x	x	x	x	x
Securities other than shares, excluding financial derivatives	AF.33	x	x	x	x	x	X
Short-term securities other than shares, excluding financial derivatives	AF.331	x	x	x	x	x	X
Long-term securities other than shares, excluding financial derivatives	AF.332	x	x	x	x	x	X
Financial derivatives	AF.34	x	x	x	x	x	x
Loans	AF.4	x	x	x	x	x	x
Short-term	AF.41	x	x	x	x	x	x
Long-term	AF.42	x	x	x	x	x	x
Shares and other equity	AF.5	x	x	x	x	x	x
Shares and other equity excluding mutual fund shares	AF.51	x	x	x	x	x	x
Quoted shares	AF.511	x	x	x	x	x	x
Unquoted shares	AF.512	x	x	x	x	x	x
Other equity	AF.513	x	x	x	x	x	x
Mutual Fund Shares	AF.52	x	x	x	x	x	x
Insurance technical provisions	AF.6	x	x	x	x	x	x
Net equity of households in life insurance and pension funds reserves	AF.61	x	x	x	x	x	x
Net equity of households in life insurance reserves	AF.611	x	x	x	x	x	x
Net equity of households in pension funds reserves	AF.612	x	x	x	x	x	x
Prepayment of insurance premiums and reserves for	AF.62	x	x	x	x	x	x

outstanding claims							
Other accounts payable	AF.7	x	x	x	x	x	x
Trade credits and advances	AF.71	x	x	x	x	x	x
Other Accounts Payable	AF.79	x	x	x	x	x	x
Financial assets ⁽⁵⁾	AF.A	x	x	x	x	x	x
Liabilities ⁽⁵⁾	AF.L	x	x	x	x	x	x
Net financial assets ⁽⁵⁾	BF.90	x	x	x	x	x	x

* Non-consolidated counterpart information to be provided on a voluntary basis and limited to the following counterpart sectors:

- S.11 Non-financial corporations
- S.12 Financial corporations
- S.13 General government
- S.14 + S.15 Households and non-profit institutions serving households
- S.2 Rest of the world
- (1) Financial corporations:
 - S.12 Financial corporations – total
 - S.121+S.122 Monetary financial institutions
 - S.121 Central Bank
 - S.122 Other monetary financial institutions
 - S.123 Other financial intermediaries
 - S.124 Financial auxiliaries
 - S.125 Insurance corporations and pension funds
- (2) General government sub-sectors breakdown:
 - S.13 General Government – total
 - S.1311 Central Government
 - S.1312 State Government
 - S.1313 Local Government
 - S.1314 Social Security Funds
- (3) Households and non-profit institutions serving households:
 - S.14+S.15 Households + non-profit institutions serving households – total
 - S.14 Households
 - S.15 Non-profit institutions serving households
- (4) Rest of the world:
 - S.2 Rest of the world – total
 - S.21 European Union
 - S.2111 Members of the EMU
 - S.22 Others (not EU)

** Institutional sectors and sub-sectors to be provided on a voluntary basis.

(5) Only for stocks of financial instruments but not meaningful for counterpart sector information.

EMBARGO: Friday 28 January 2011 - 11:00 CET

14/2011 - 28 January 2011

Quarterly Sector Accounts: third quarter of 2010

Household saving rate down to 13.8% in the euro area and 11.5% in the EU27

Household real disposable income decreased by 0.1% in the euro area

In the third quarter of 2010, in both the **euro area** (EA16) and the **EU27**, the seasonally adjusted household saving rate continued to decrease, while the household investment rate remained unchanged at a low level.

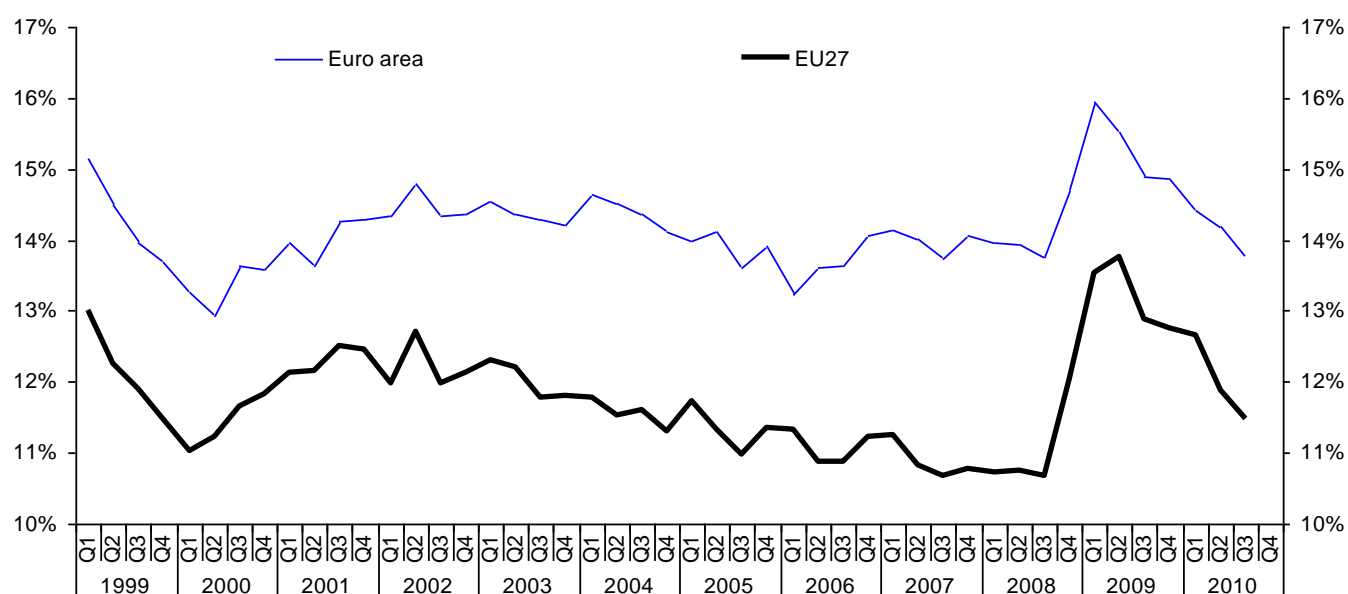
In the **euro area**, the household saving rate decreased due to an increase in real final consumption, while real disposable income fell slightly. This decrease in real disposable income was mainly the result of a slower growth of nominal wages than of the prices of goods and services.

These data come from a detailed set of quarterly European sector accounts¹ released by **Eurostat, the statistical office of the European Union**, and the **European Central Bank (ECB)**.

Household saving rate decreasing further in both zones

In the third quarter of 2010, the seasonally adjusted² gross saving rate³ of households was 11.5% in the **EU27**⁴, compared with 11.9% in the second quarter of 2010. In the **euro area**⁵, the household saving rate was 13.8% in the third quarter of 2010, compared with 14.2% in the previous quarter, and has returned to its level of the third quarter of 2008, just before the financial crisis.

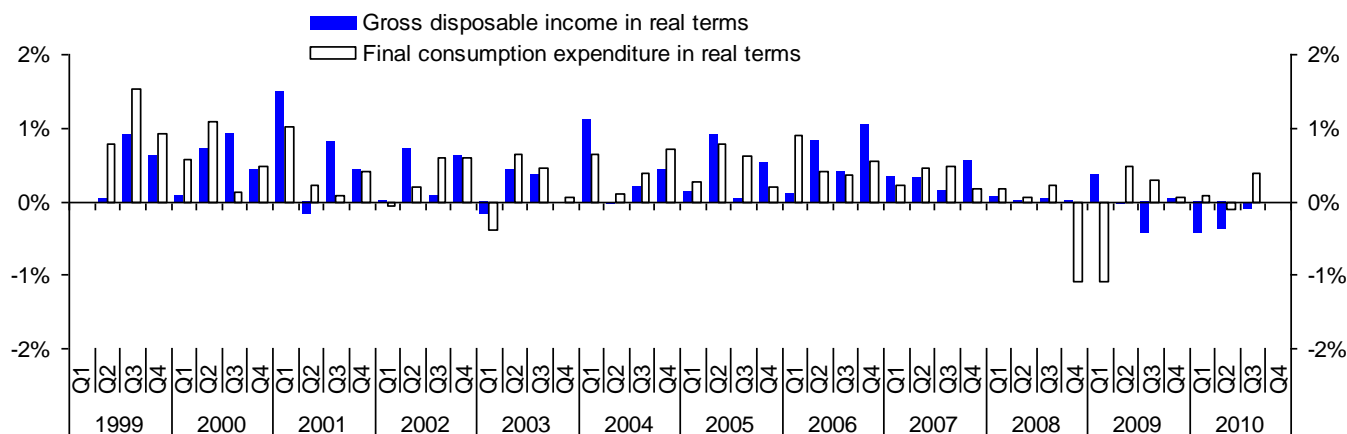
Household saving rate (seasonally adjusted)



Household real final consumption resumed growth in the euro area

In the **euro area**, the drop in the household saving rate was due to an increase in real final consumption (+0.4%), while real disposable income⁶ decreased slightly (-0.1%). The latter decrease was mainly caused by a slower growth of compensation of employees (wages) (+0.2%) than of the prices of goods and services consumed by households (+0.5%), as shown in table 3.

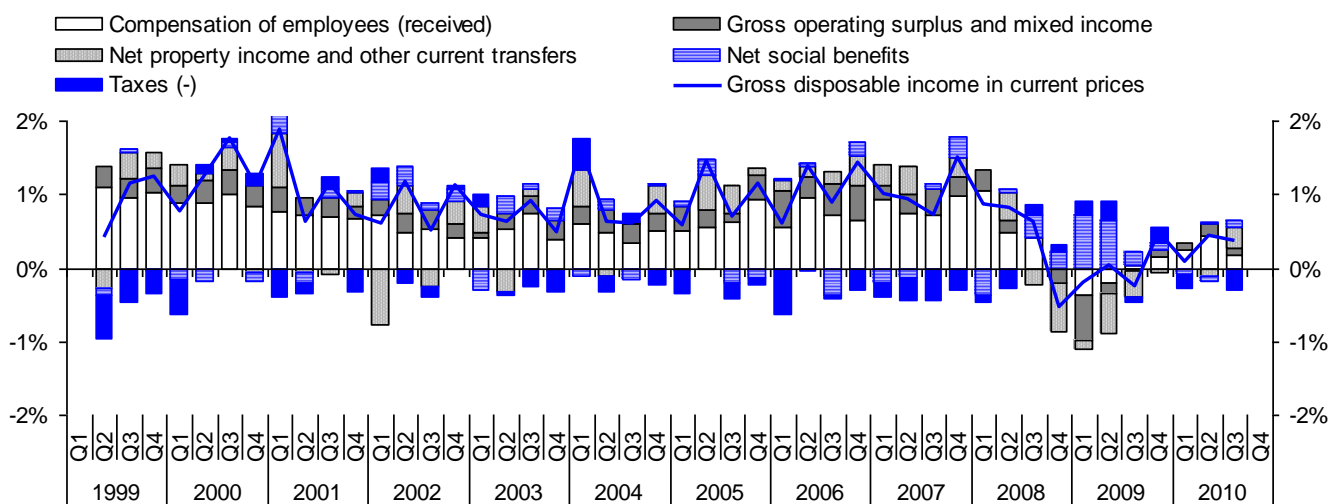
Real growth of household gross disposable income and final consumption expenditure (euro area) (seasonally adjusted data, change compared to the previous quarter)



Household nominal disposable income increased by only 0.4%, mainly due to a limited contribution of wages (+0.2 percentage points) compared with the period before the crisis. The contribution of net property income & other current transfers (+0.3 pp) was offset by the negative contribution of taxes (-0.3 pp).

Contributions of components to the growth of nominal household gross disposable income (euro area)

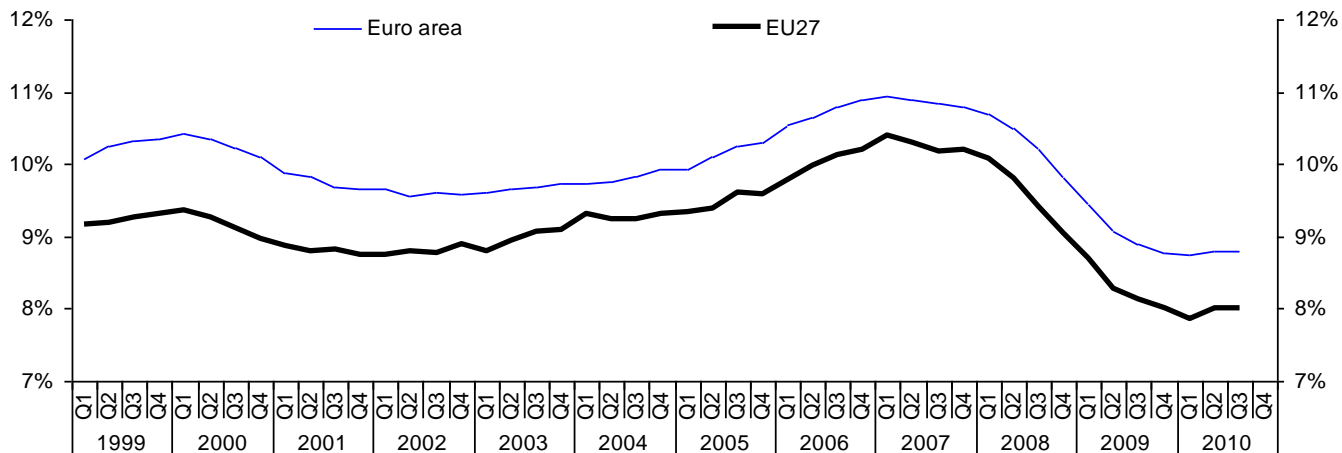
(seasonally adjusted data, change compared to the previous quarter)



Household investment rate stable in both zones at low level

In the **EU27**, the gross investment rate of households⁷ was 8.0% in the third quarter of 2010, as in the previous quarter. In the **euro area**, the household investment rate was 8.8% in the third quarter of 2010, also unchanged compared with the second quarter of 2010.

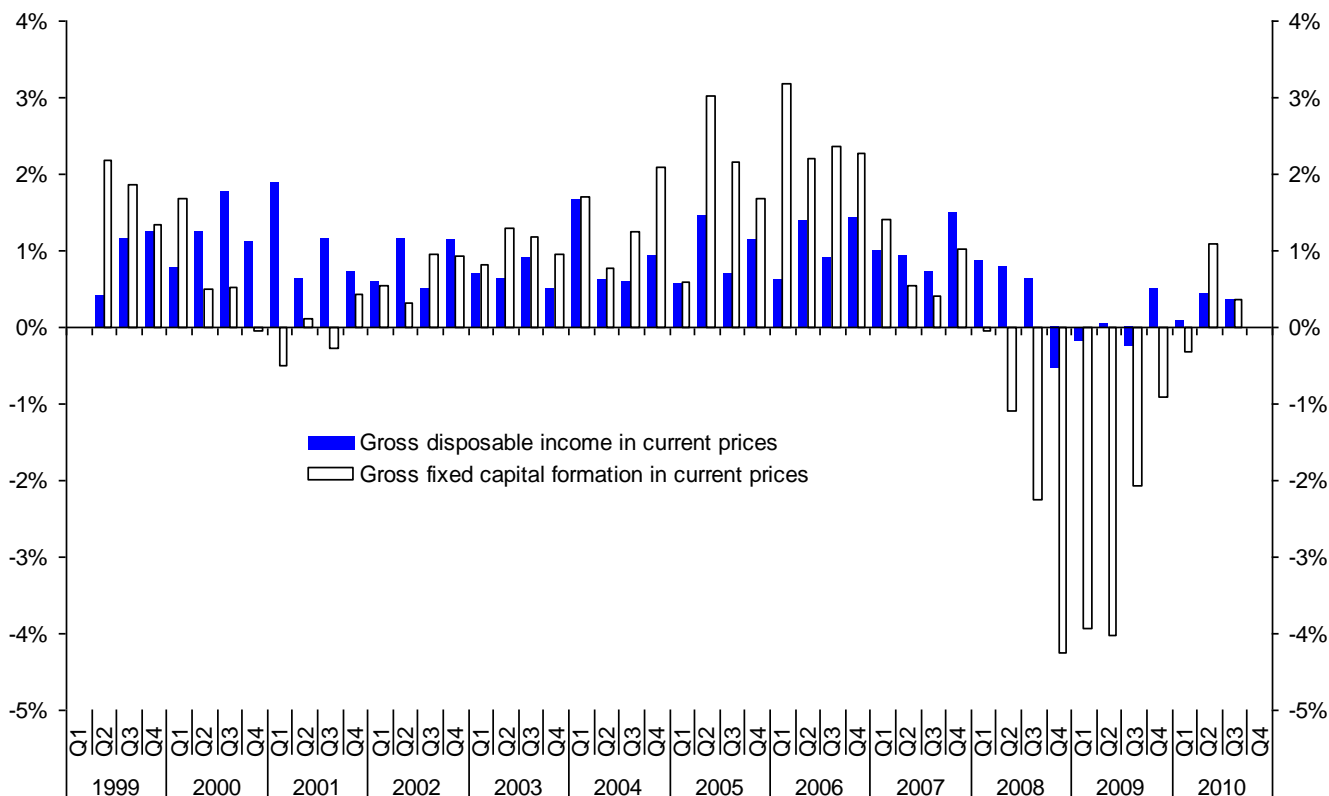
Household investment rate (seasonally adjusted)



In the **euro area**, the stability of the household investment rate was triggered by investment (gross fixed capital formation, mostly in dwellings) growing at the same pace as the nominal disposable income (+0.4%). The growth in household investment has slowed down compared with the previous quarter (+1.1%).

Nominal growth of household gross disposable income and gross fixed capital formation (euro area)

(seasonally adjusted data, change compared to the previous quarter)



Quarterly Sector Accounts: third quarter of 2010

Business investment rate nearly stable at 20.5% in the euro area and 20.0% in the EU27

Business profit share up to 38.0% in both zones

In the third quarter of 2010, in both the **euro area** (EA16) and the **EU27**, the seasonally adjusted business investment rate remained stable at low levels, while the profit share grew.

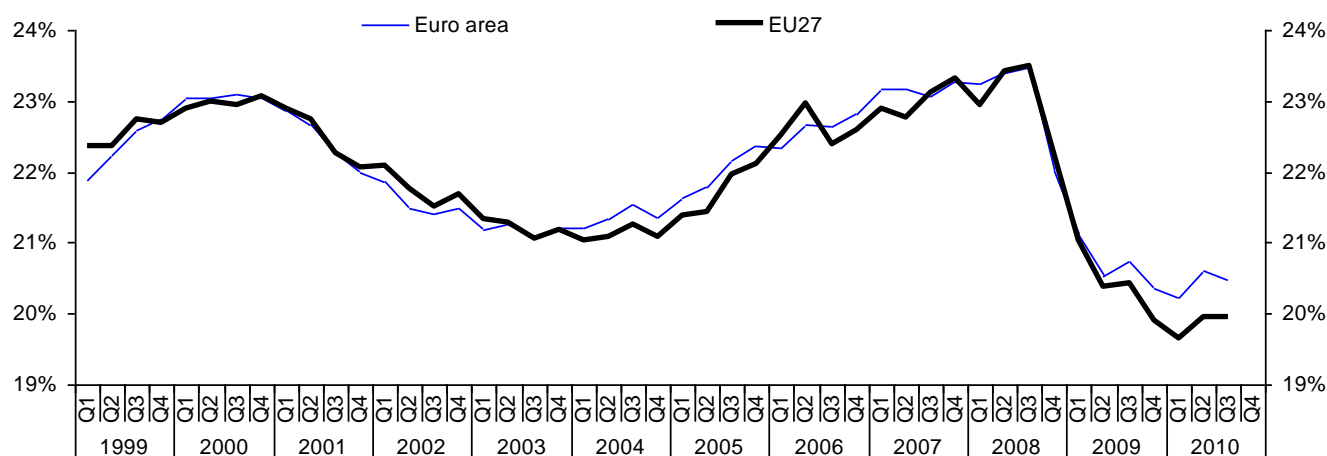
In the **euro area**, the business profit share continued to recover, as value added increased faster than wage costs. Stocks increased for the second quarter in a row, after five quarters of continuous destocking.

These data come from a detailed set of quarterly European sector accounts¹ released by **Eurostat, the statistical office of the European Union**, and the **European Central Bank (ECB)**.

Business investment rate still at low levels in both zones

In the third quarter of 2010, the seasonally adjusted² gross investment rate³ of non-financial corporations was 20.0% in the **EU27**⁴, compared with 19.9% in the second quarter of 2010. In the **euro area**⁵, the investment rate was 20.5% in the third quarter of 2010, compared with 20.6% in the previous quarter.

Investment rate of non-financial corporations (seasonally adjusted)

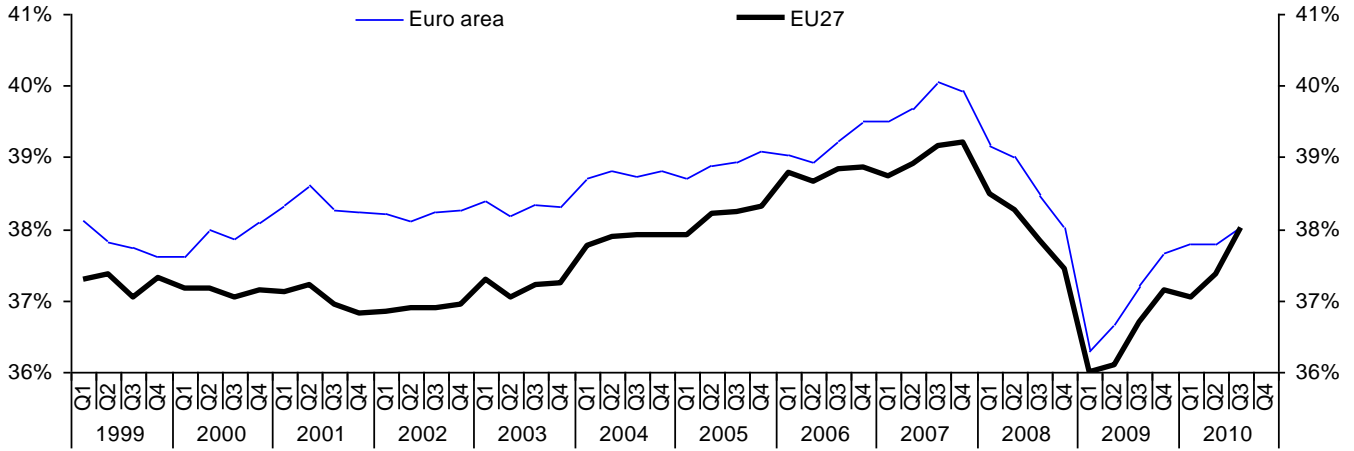


In the **euro area**, the slight decrease in the gross investment rate of non-financial corporations was due to value added increasing faster (+0.7%) than gross fixed capital formation (investment) (+0.2%). In particular, investment showed a clear slow down compared with the previous quarter (+3.0%). Stocks of materials, supplies and finished goods increased for the second quarter in a row after five quarters of continuous destocking (see table 2).

Business profit share continues to recover in both zones

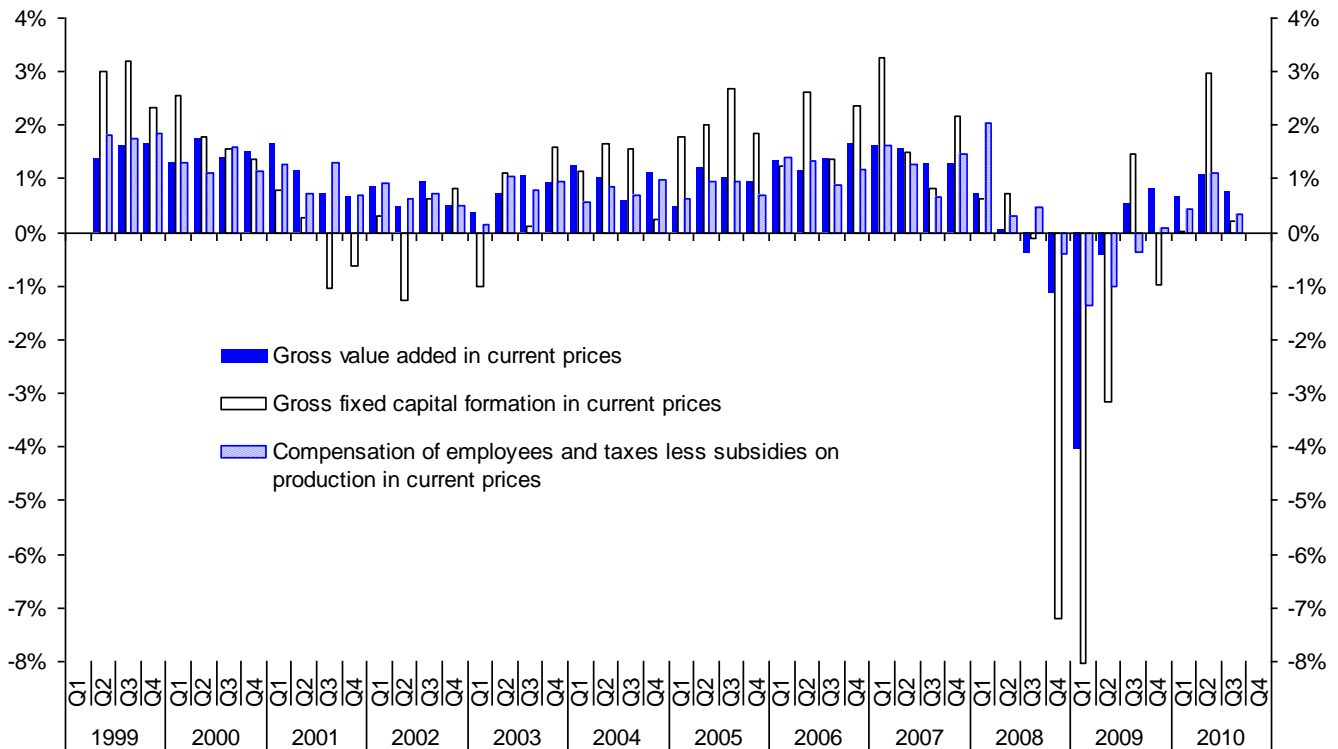
In the **EU27**, the gross profit share⁶ of non-financial corporations was 38.0% in the third quarter of 2010, compared with 37.4% in the second quarter of 2010. In the **euro area**, the profit share was 38.0% in the third quarter of 2010, compared with 37.8% in the previous quarter.

Profit share of non-financial corporations (seasonally adjusted)



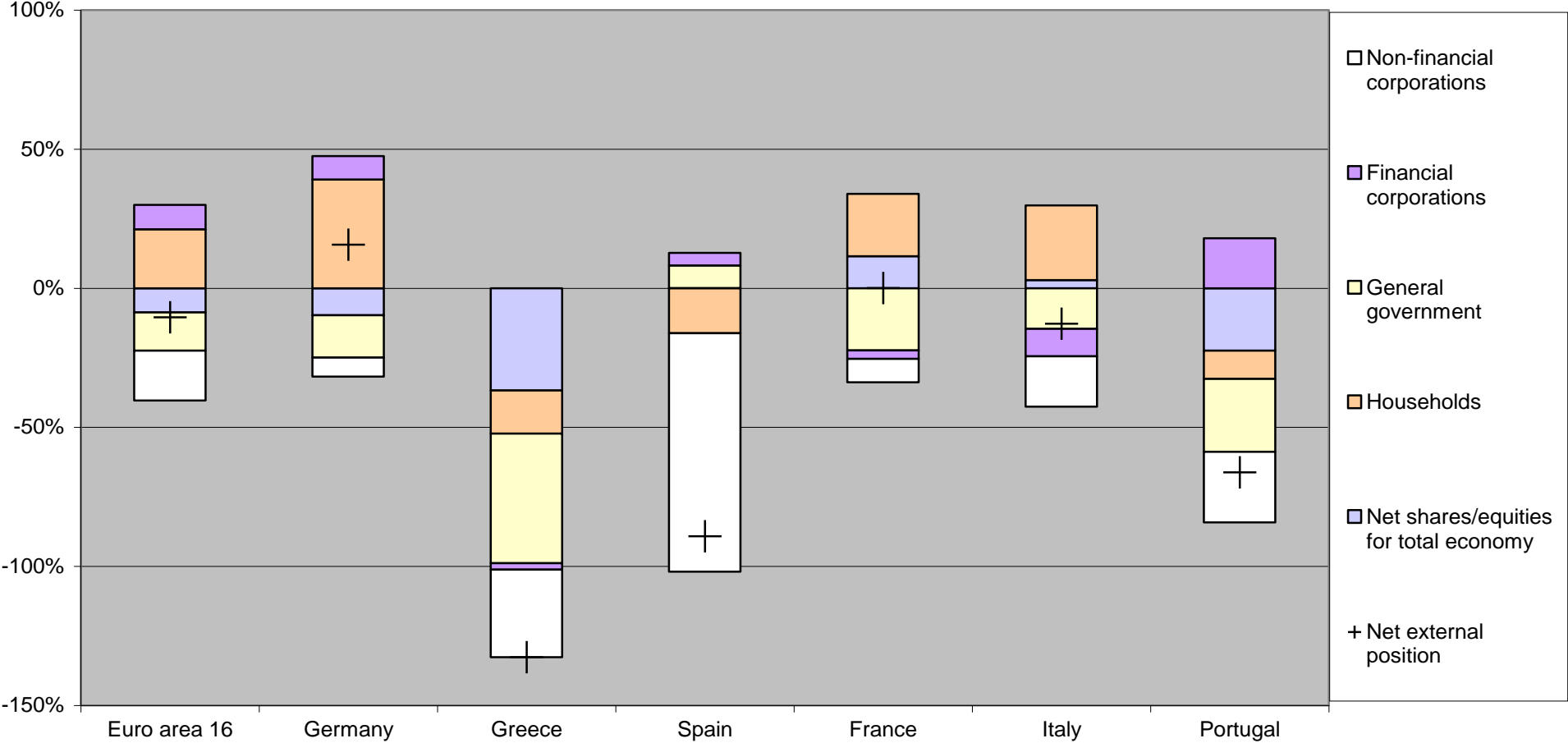
In the **euro area**, the increase in gross profit share of non-financial corporations was due to value added increasing faster (+0.7%) than wage costs (compensation of employees) plus taxes less subsidies on production (+0.3%). Wage costs in particular grew more slowly than in the previous quarter (+1.1%).

Nominal growth of components of the investment rate and the profit share (euro area)
(seasonally adjusted data, change compared to the previous quarter)



**Changes in the adjusted net financial wealth⁽¹⁾ by sector and net external position
2001/2007 comparison, in percentage points of Gross National Income**

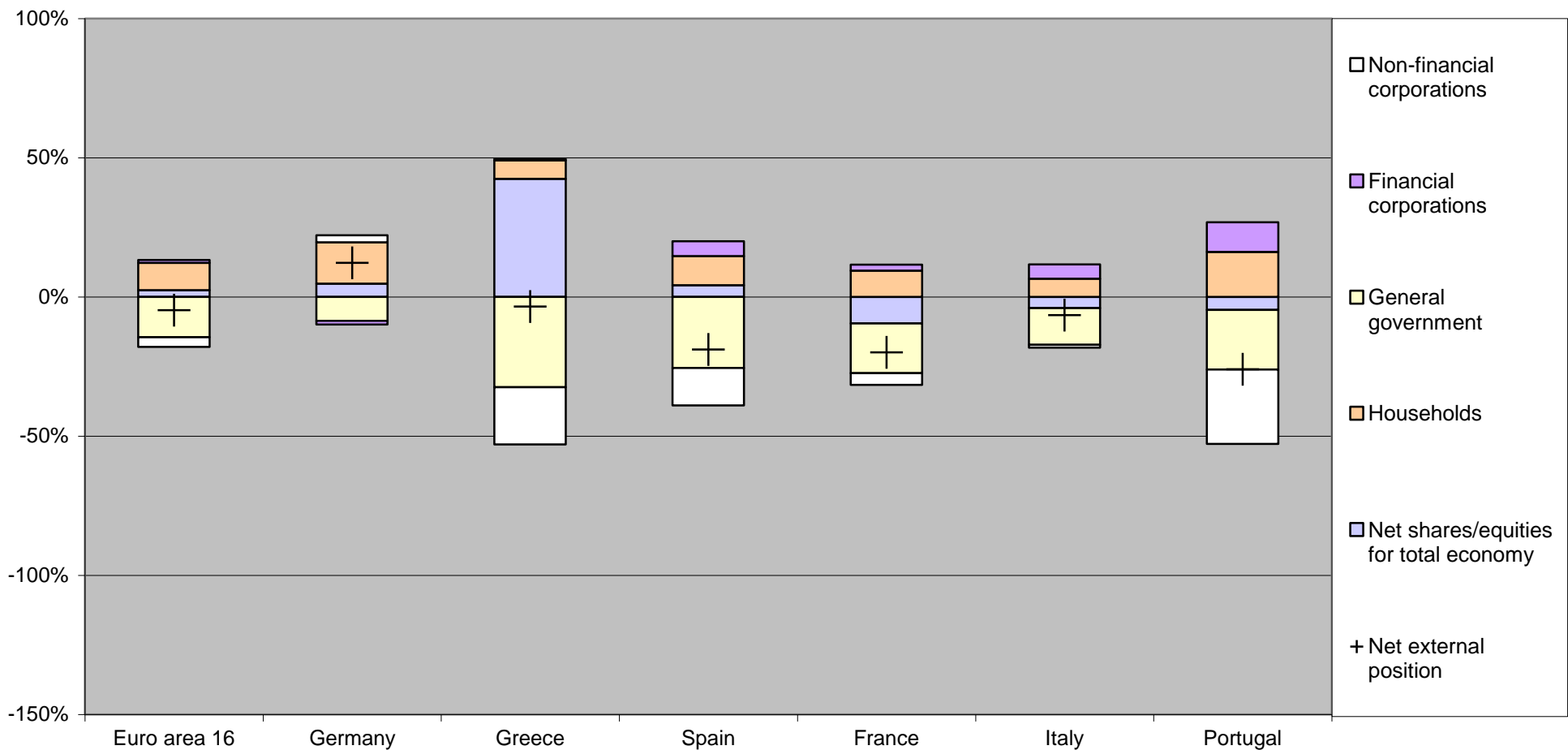
Source: Eurostat for country data, ECB for the euro area



⁽¹⁾ To make it interpretable for corporations, the adjusted net financial wealth is calculated as the difference between financial assets and liabilities other than "shares and other equities" (AF5) which are shown in a separate category together with monetary gold and Special Drawing Rights (SDRs).

**Changes in the adjusted net financial wealth⁽¹⁾ by sector and net external position
2007/2009 comparison, in percentage points of Gross National Income**

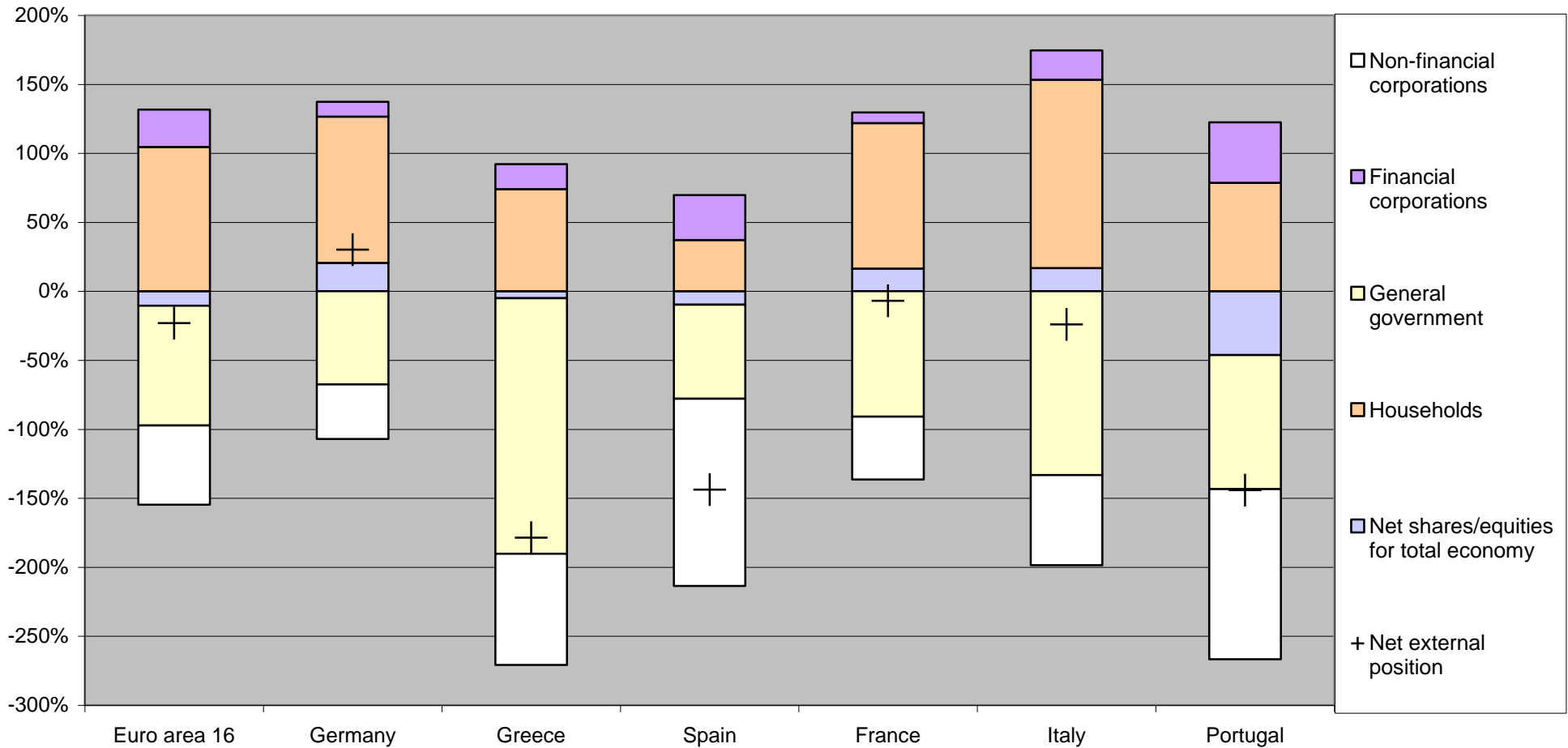
Source: Eurostat for country data, ECB for the euro area



⁽¹⁾ To make it interpretable for corporations, the adjusted net financial wealth is calculated as the difference between financial assets and liabilities other than "shares and other equities" (AF5) which are shown in a separate category together with monetary gold and Special Drawing Rights (SDRs).

**Net adjusted financial wealth⁽¹⁾ by sector and net external position
2009 data (closure), in percentage points of Gross National Income**

Source: Eurostat for country data, ECB for the euro area



⁽¹⁾ To make it interpretable for corporations, the adjusted net financial wealth is calculated as the difference between financial assets and liabilities other than "shares and other equities" (AF5) which are shown in a separate category together with monetary gold and Special Drawing Rights (SDRs).