



**CONFERENCE ON STRENGTHENING SECTORAL POSITION AND  
FLOW DATA IN THE MACROECONOMIC ACCOUNTS**

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**Integrated Euroarea Accounts: Main Issues and Challenges (ECB)**

To be presented in Session 3, Item 4 by Gabriel Quirós, European Central Bank

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# **Integrated Euro Area Accounts**

## **Main issues and challenges**

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**IMF/OECD Conference on Strengthening Position and Flow Data in the  
Macroeconomic Accounts**  
**Washington, 28 February – 2 March 2011**

# Euro Area Accounts new developments

## **An overview**

- **Main features**
- **Data sources and compilation issues**

## **User needs and medium term priorities**

- **Timeliness**
- **Who to whom detail**
- **Non-financial assets**
- **Seasonal adjustment**
- **Country data, European Systemic Risk Board**

# What are the EAA? synopsis of the accounts

		Euro area accounts Transactions								Uses								Resources									
		GS	S1	S11	S12	S13	S14_5	S2	GS	S1	S11	S12	S13	S14_5	S2	GS	S1	S11	S12	S13	S14_5	S2	GS	S1	S11	S12	S13
		<b>GDP</b>																									
		<b>M3</b>																									
		D2-D31 Taxes less subsidies on products																									
		D29-D39 Other Taxes less subsidies on products																									
		<b>HH Consumption</b>																									
		D62 Social security benefits																									
		D7 Current transfers																									
		<b>Gov Deficit</b>																									
		K1 Consumption of fixed capital																									
		K2 Acq.-disp. of non-prod non-fin assets																									
		<b>Gov Debt</b>																									
		P7 Imports																									
		B9 Net lending																									
Non financial accounts	B9F Net lending																										
	F1 SDR and Monetary Gold																										
	F2-4 Currency, Deposits, Loans																										
	F3 Securities oth. Than shares																										
	F5 Shares																										
	F6 Insurance technical reserves																										
	F7 Oth. accs receivable/payable																										
	Financial Accounts																										

- Available in 2007
- Balance of Payments
- Macro Economic Data
- BSI Statistics (MFI Balance Sheets)

# EAA and national accounting

- **National accounts (and thus EAA) follow three guiding principles**
  - **Completeness and comprehensiveness.**

Are all EA countries accounted for? All instruments and transactions?  
Do we properly reflect the EA as an economic area?
  - **Compliance with the international standards (ESA, SNA)**

Are all the data, including from the building blocks, conform the international and European manuals? Need for adjustments.
  - **Consistency (i.e. Integration, Confrontation and Reconciliation)**

Are the internal accounting constraints of the sector accounts met?  
Are developments consistent with underlying building blocks?

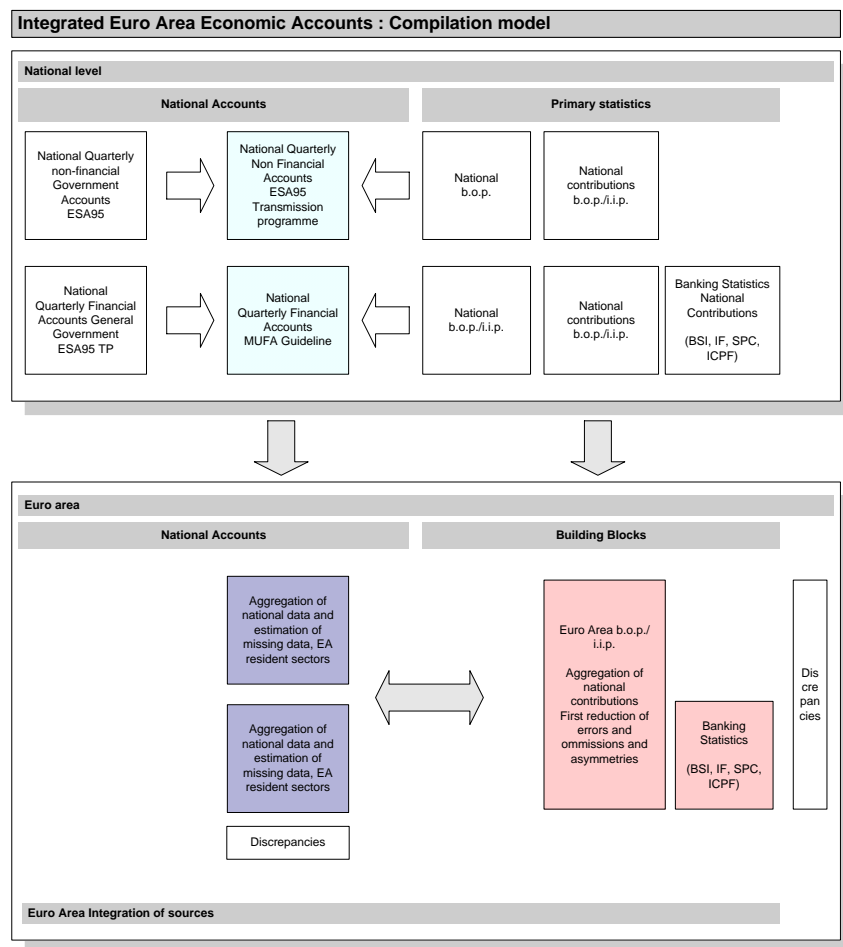
# Importance of integration

- Consistency in the sector accounts transactions

## Principle of quadruple accounting

	Euro area accounts Transactions	Uses								Resources							
		GS	S1	S1N	S11	S12	S13	S14_5	S2	GS	S1	S1N	S11	S12	S13	S14_5	S2
		Goods and Services	Total Economy	Nominal sector	Non-financial corporations	Financial corporations	General Government	Hopuseholds and NPISH	Rest of the World	Goods and Services	Total Economy	Nominal sector	Non-financial corporations	Financial corporations	General Government	Hopuseholds and NPISH	Rest of the World
Non financial accounts	B1G Value Added/GDP																
	D1 Compensation of Employees				+X											+X	
	D21-D31 Taxes less subsidies on products																
	D29-D39 Other Taxes less subsidies on production																
	D4 Property Income																
	D5 Taxes on income and wealth																
	D61 Social security contr.																
	D62 Social security benefits																
	D7 Current transfers																
	D8 Equity attr to policy holders																
	D9 Capital Transfers																
	K1 Consumption of fixed capital																
	K2 Acq.-disp. of non-prod non-fin assets																
	P3 Final consumption																
	P5 Gross Capital Formation																
	P6 Exports																
P7 Imports																	
B9 Net lending																	
Financial Accounts	B9F Net lending																
	F1 SDR and Monetary Gold																
	F2-4 Currency, Deposits, Loans				-X												
	F3 Securities oth. Than shares																
	F5 Shares																
	F6 Insurance technical reserves																
	F7 Oth. accs receivable/payable																

# EAA Compilation model



- **National Datasets**
  - Integration of primary data at national level
  - Consistency
- **Building blocks**
  - External account EA
  - Policy relevant sectoral data sets (Banking and Government)
- **Data source selection and reconciliation**

# Medium perspective and achievements

- High frequency (Q) to capture business cycle ✓
- Structural relationships ✓
- Timeliness of estimates (t+120 ✓ => t+90) [ESA 2010 : 2014]
- Complete and consistent accounts
  - Who to whom detail (loans and deposits ✓)
  - Volume series  
(Macro aggregates ✓, Value added by sector ✓, GFCF by sector ✓ (review))
  - Non-financial assets ✓
  - Full consistency (S12, S13, S2 ✓)
- Seasonal adjustment ✓ (Further development in 2011)
- Revision policy (Alignment between NA and BOP : 2014)



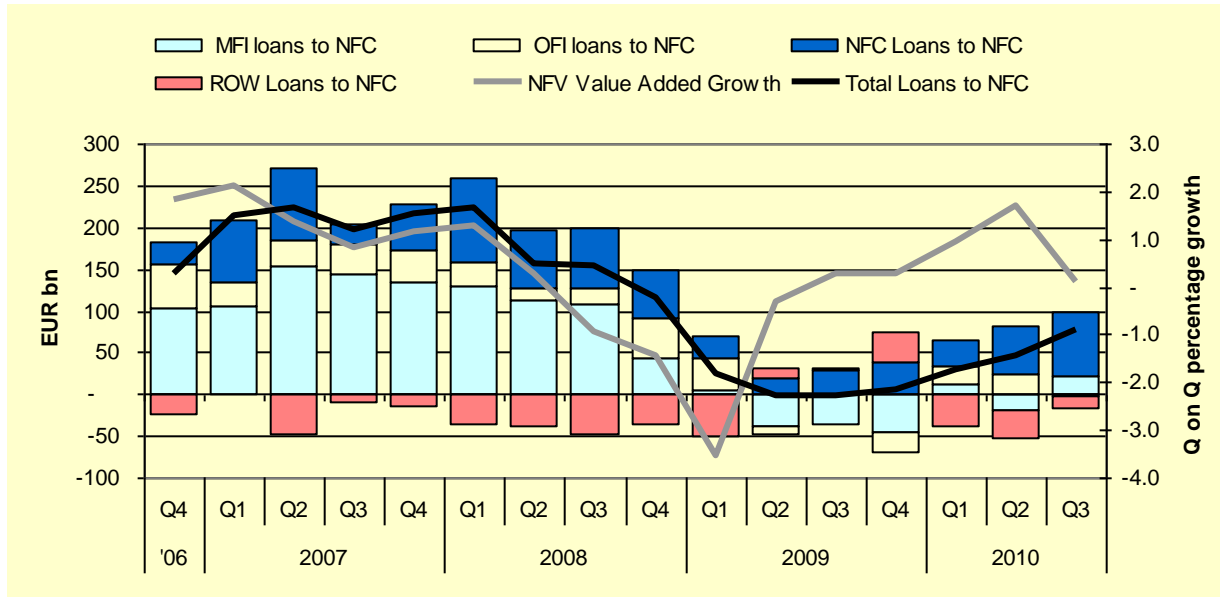
# Who to Whom detail

- Data on loans and deposits obtained from comprehensive national data sources.
- National data sources not only distinguish counterpart sectors within the national economy, but also in other EA countries, in order to compile EA aggregate
- National W2W data is complemented by building block data.
- Difficult choices in reconciliation; hierarchy of sources and counterpart sector delineation (general government) and rules of recording (banking statistics).
- After 2012: W2W for securities?

# Example of W2W : A credit-less recovery?

Issuance of loans to non-financial corporations, by lender, seasonally adjusted

NFC Value Added, quarterly growth, seasonally adjusted



- Decline in banks loans partly buffered by non bank financials loans (2009Q1) and inter-company loans

- Recovery in value added preceding pick up in loan financing:
  - use of spare capacity
  - internal financing (undistributed profits)

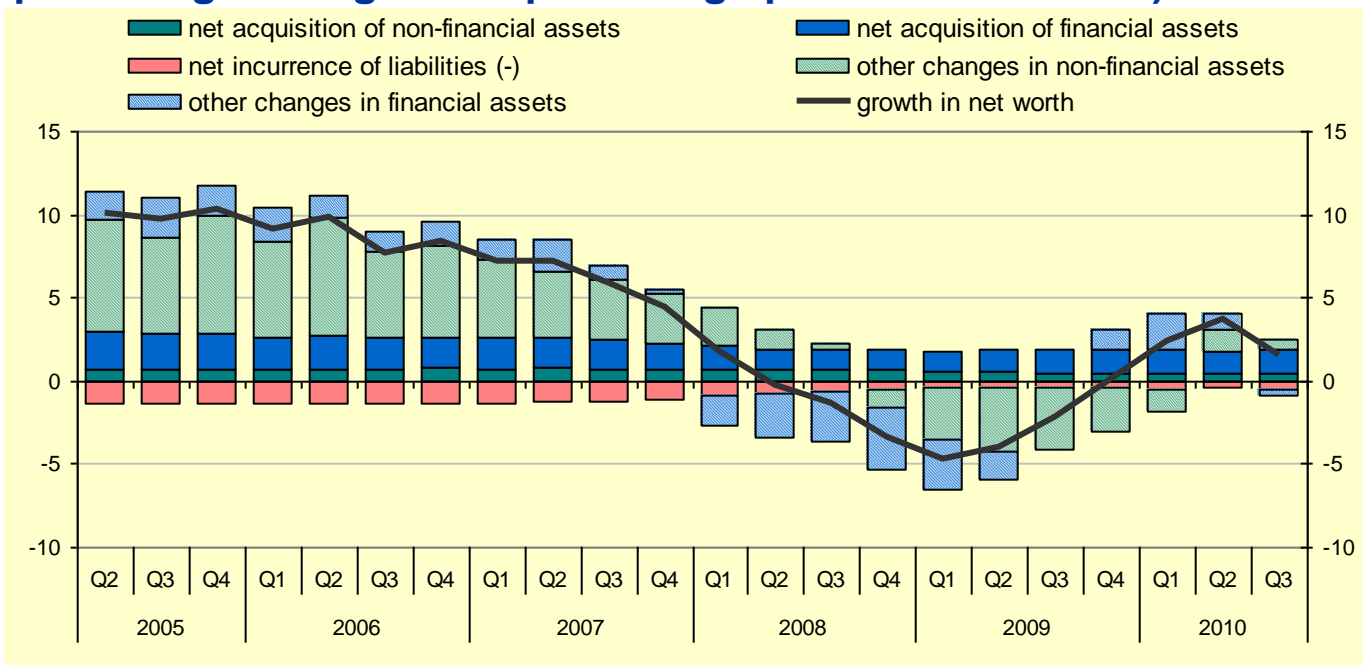
Source: EAA, ECB and Eurostat

# Non-financial assets

- **Methodology** developed by EAE; integrated in EAA quarterly production process
- **Scope** (covers both, gross and net of depreciation)
  - Non-financial produced assets **by type** for total economy (dwellings, other buildings and structures, machinery and equipment, other produced assets)  
Non-financial produced assets **by institutional sector**
  - Housing wealth (dwellings and residential land) for households.
- **Methods and Sources**
  - **Annual** and **quarterly** estimates based on application of capital accumulation equations (equivalent to perpetual inventory method)
  - Make use of available **annual** national data - (for retirement and depreciation rates and deflators).
  - Quarterly HHs housing wealth
  - Estimates at constant and current replacement prices (from 1999Q4)

# Household wealth development

## Growth of households' net worth and contributions by type of wealth change (annual percentage changes and percentage point contributions)



Source: EAA, ECB and Eurostat

### • Growth of households net worth is dominated by Other Changes:

- OC in non-financial asset: mostly valuation changes of housing wealth
- OC in financial assets: mostly valuation changes of shares (including mutual fund shares)

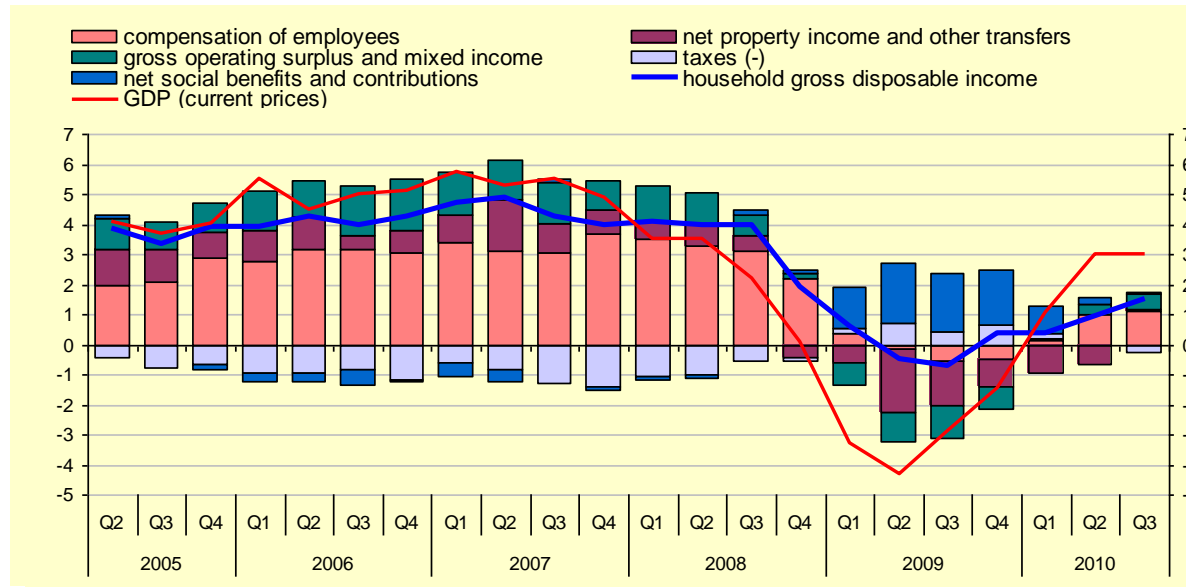
# Seasonal Adjustment

**Comprehensive** seasonal adjustment - highly policy relevant!

- **Non-financial accounts**
  - Broad consistency with the macro economic aggregates (i.e. total economy data)
  - Horizontal consistency for individual instruments
- **Financial Accounts**
  - Individual series using notional stock indices
  - Transactions using stock flow accounting identity
  - Horizontal consistency remains to be achieved
    - Except for who to whom! (loans and deposits)
- **Quality currently assessed by internal users**

# GDP and households' gross disposable income

## Growth of GDP, growth of households' gross disposable income and contributions by income component annual percentage changes and percentage point contributions



- **Large decline in GDP growth**
- **more stable HH disposable income !**
- decline in:
  - property income,
  - operating surplus and mixed income)
- partly offset by:
  - higher social benefits, and
  - lower taxes

Source: EAA, ECB and Eurostat

# Country data dissemination

**Of increased interest for monetary policy and financial stability (European Systemic Risk Board) purposes**

- **Quarterly Non Financial Accounts dissemination (Eurostat)**
  - HH savings rate
  - HH Investment share
  - NFC Profit Share (Gross Margin)
  - NFC Investment Share
- **Quarterly National Financial Accounts dissemination**
  - Public dissemination of main data excluding w2w details

# EAA – Where to find?

## **ECB Website**

### **Press releases**

#### [EAA – press release](#)

<http://www.ecb.europa.eu/press/pr/stats/ffi/html/index.en.html>

### **MOBU Tables**

#### [MOBU Tables in SDW](#)

<http://sdw.ecb.europa.eu/reports.do?node=10000039>

- **ECB Statistical Pocket Book, Chapter 6**
- **Article**

#### [MOBU Article 2007 November](#)

<http://www.ecb.europa.eu/pub/pdf/mobu/mb200711en.pdf>



# Euro Area Accounts

**Thank you for your attention.  
Any questions?**