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PRESS RELEASE

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Financial wealth of Belgians fell by €53 billion in the second quarter of 2022

- Falling stock market prices and rising interest rates caused a sharp drop in the value of financial assets in the second quarter of 2022.
- Private sector debt fell to 62.1% of GDP at the end of 2021.

In the second quarter of 2022, the net financial wealth of individuals fell by €53.3 billion to €1145.1 billion as of 30 June 2022. This is the sharpest decline since the start of the COVID-19 crisis in the first quarter of 2020.

The drop is attributable to falling stock market prices and rising interest rates. This combination of factors resulted in write-downs in investment fund holdings (-€24.2 billion). The dip in equity markets in turn caused the value of listed shares to drop (-€12.7 billion), while a rising yield curve led to a fall in the value of insurance products (-€23.8 billion) in the second quarter of the year. This curve is an important factor in the valuation of technical provisions for life insurance and pension rights. Finally, rising interest rates also caused the value of debt securities to slump (-€0.7 billion).

Private investment rose by €11.5 billion in the second quarter of 2022, mainly as the result of an increase of investment fund holdings (+€5.5 billion). Sight deposits (+€4.5 billion) and other deposits (+€3.6 billion) also climbed, partially due to the introduction in April 2022 of a deposit limit on regulated savings accounts held with a major bank. As a result, regulated savings deposits remained more or less stable (+€0.1 billion). Sales of insurance products (-€2.7 billion) and debt securities (-€0.8 billion) by individuals were down somewhat in the second quarter of 2022.

New financial liabilities of individuals rose by €5.4 billion to an outstanding amount of €332.5 billion as of 30 June 2022, mainly due to an increase in mortgage loans (+€3.7 billion) and short-term loans (+€0.9 billion).

Evolution of the yield curve

The macroeconomic imbalance procedure (MIP) relies on various indicators, including "consolidated private sector debt", corresponding to total loans and debt securities contracted by non-financial corporations and individuals, expressed as a percentage of GDP.¹

In 2021, Belgium's private sector debt fell from 182.1% to 167.7% of GDP. This can largely be explained by the increase in GDP in 2021. Indeed, in nominal terms, GDP growth outpaced the increase in the debt levels of non-financial corporations and individuals, which rose by 0.5% (from €531.9 billion to €534.7 billion) and 4.8% (from €299.7 billion to €314.2 billion), respectively. The latter was mainly due to growth in mortgage loans. Since 2016, the debt ratio of individuals has been higher in Belgium than the euro area average.

¹For more information, see https://www.nbb.be/doc/dg/mip/en/MIP_home.htm.

CHANGE IN THE NET FINANCIAL WEALTH OF INDIVIDUALS IN THE SECOND QUARTER OF 2022

(in € billion)

Financial instruments	Net financial wealth as at 31 March 2022	Financial transactions in the 2nd quarter of 2022	Other flows ¹	Net financial wealth as at 30 June 2022
Financial assets	1525,5	11,5	-59,4	1477,5
Notes and coins	33,5	0,5	0,0	34,1
Sight deposits	110,4	4,5	0,2	115,1
Regulated savings deposits	296,0	0,1	0,0	296,0
Other deposits	38,1	3,6	0,1	41,8
Debt securities	26,8	-0,8	-0,7	25,3
Listed shares	88,7	1,1	-12,7	77,2
Unlisted shares and other equity	334,0	0,4	1,6	335,9
Investment fund shares	267,7	5,5	-24,2	249,0
Insurance products	314,1	-2,7	-23,8	287,6
Miscellaneous ²	16,3	-0,8	0,1	15,6
Financial liabilities	327,1	5,4	0,0	332,5
Short-term loans	8,2	0,9	0,0	9,1
Mortgage loans	279,7	3,7	0,0	283,4
Other long-term loans	31,5	0,4	0,0	31,9
Miscellaneous ³	7,7	0,4	0,0	8,1
Net financial wealth	1198,4	6,1	-59,4	1145,1

Source: NBB.

- 1 Other flows include price and exchange rate variations. They may also include selective elements such as the reclassification of operations with regard to other sectors.
- 2 Consists of the other financial instruments as determined by the ESA 2010, i.e. mainly loans, trade credit and other accounts receivable/payable, among which general government assessments.
- 3 Consists of the other financial instruments as determined by the ESA 2010, that is other equity, trade credit and other accounts receivable/payable, among which taxes due but not yet paid.

CONSOLIDATED PRIVATE SECTOR DEBT IN BELGIUM¹

(in percent of GDP)

	2015	2016	2017	2018	2019	2020	2021
Non-financial corporations	115,7%	135,2%	126,7%	121,1%	118,1%	116,5%	105,6%
Private individuals	57,9%	58,2%	58,9%	59,0%	60,4%	65,6%	62,1%
Total	173,6%	193,4%	185,5%	180,1%	178,4%	182,1%	167,7%

Source: NBB.

- 1 The outstanding amounts of loans and debt securities at the end of the year, excluding intrasectoral debt, as defined in the macroeconomic imbalance procedure