Investment and financing in 2004

Despite a number of positive signs, the weak momentum of investment that has been evident for some time persisted last year. In 2004, the corporate sector did not even fully utilise its own resources for financing fixed asset formation. The internal financing ratio climbed to the extremely high figure of almost 120% of the total use of funds. In effect, the cash flow as well as part of the financial assets were used to improve the capital structure. Households, with a similarly low propensity to spend, likewise significantly strengthened their financial position. Their indebtedness remained almost unchanged, while their aggregate financial assets broke the €4 trillion barrier for the first time at the end of 2004. This means that the net financial assets of the household sector have more than doubled since the beginning of the 1990s, although the figure was little more than 50% at constant prices and per household.

The government sector again showed a large deficit. The fact that an increasing share of domestic savings nevertheless flowed abroad in 2004 has to be seen, first, in the context of low domestic demand, but the rising surplus on current account – which is a mirror image of net capital exports – also reflects the favourable competitive position of the German economy.

50 years of financial accounts in Germany

This report on investment and financing in Germany has a long tradition. It was in September 1955 that the first attempt was made to model and analyse the financial flows for western Germany at the sectoral level.[1] The guiding principle, then as now, is to closely interlink the Federal Statistical Office's national accounts figures with the financial accounts data of the Bundesbank so as to tabulate the real and financial flows, as well as the linkages between the two, in a consistent and concise form. Nevertheless, the reporting has become much more multifaceted over the course of the decades. Rapid structural change on the financial markets has led to it constantly dealing with new issues. This has only been possible due to the availability of more extensive and detailed primary statistics on which the financial accounts, as secondary statistics, are based.

Domestic investment

Low aggregate fixed capital formation

The German economy's weak level of investment persisted in 2004. According to the latest revised national accounts figures, the aggregate net investment ratio, at not quite 3% of the domestic sectors' disposable income, was, in fact, even somewhat down on the very low prior-year figures. In the past four years, the acquisition of non-financial assets therefore amounted to only 3½% of income on average or €65 billion in absolute terms. Comparison with the previous decade, when the relevant figures were almost 10%, and €135 billion respectively, clearly reveals how low the propensity to invest has become.

Differences between the public and private sectors

In contrast to the situation in the private sectors, investment by general government, as in 2003, did not even match the consumption of fixed capital – despite a high level of new borrowing. Investment resources amounting to just over €30 billion were disbursed last year but the consumption of assets shown in the statistics was around €5 billion higher. The private domestic sectors, on the other hand, were able to maintain the additions to their capital stock at the prior-year level. Combined gross investment in these sectors increased by 1½% in nominal terms in 2004. There were differing developments within the individual components, however. Spending on fixed investment, which had fallen sharply in the years before, virtually stagnated. Expenditure on machinery and equipment showed a moderate increase, while construction activity was again cut back considerably. By contrast, inventories were built up again somewhat after stock levels had been reduced in the three preceding years.

Lower investment once again by households ...

Since 2002, households have been the sector with the largest acquisition of non-financial assets in terms of volume. At the end of the period under review, they accounted for some two-thirds of all investment. Even so, investment activity eased off somewhat in 2004, continuing the downward trend since the mid-1990s. While 6½% net of disposable income flowed into real assets at that time, the figure was just over 2% in 2004. This development is due primarily to declining housing construction, which is the most im-

1 See Bank deutscher Länder, The Formation of Wealth and its Financing in the Year 1954, *Monthly Report,* September 1955, pp 39-53.

portant investment component in this sector. The expenditure of sole proprietors (who are classified as households) on new machinery and equipment likewise played a part in this downward trend, but played no more than a minor role owing to its small share of just over one-tenth. The sector "non-financial corporations", which in 2004 stood only in second place in the macroeconomic investment table, was able to stabilise its non-financial asset formation compared with 2003, albeit at a low level. The net investment ratio of little more than 1% was far below its 1990s average of 3½%.

... and stabilisation in the corporate sector

Aggregate saving

Overall increase in saving ...

Unlike the propensity to invest, domestic saving showed a clear increase in 2004. At €125 billion, it was, in fact, around one-quarter higher than the previous year's figure, thus almost matching the peaks of the early 1990s. In relation to aggregate disposable income, however, this improvement to almost 7% should be seen more as a return to normal since the (net) saving of all sectors, at 5½%, had been relatively low in the three preceding years. On an average of the period 1991 to 2000, the figure had been almost 8%.

... due mainly to enterprises' improved profit situation

This increase was due mainly to non-financial corporations' improved profitability. Overall, they were able to retain profits (excluding net capital transfers received) to the amount of just over €20 billion, after having released reserves as recently as a year earlier. Such changes in the plus or minus sign are nothing unusual, however. Not only enterprises but also households increased their volume of savings, albeit only on a very minor scale. By contrast, general government failed once again to cover its consumption expenditure with current revenue. Moreover, the deterioration in the current account balance since the beginning of the decade continued in 2004 as well. At €86 billion (including net capital transfers made), the deficit was again somewhat higher in year-on-year terms. In 2000, dissaving by general government had been "only" about €24 billion.

Net lending/net borrowing of sectors

Net lending at record level

Given the slight decline in investment and noticeably higher domestic saving, aggregate net lending in 2004 was significantly up on the year. It amounted to more than €70 billion (or 4% of disposable income) and was almost €30 billion higher than in 2003. More than one-half of the aggregate acquisition of assets consisted of net claims on non-residents. Net capital exports, as a ratio of aggregate disposable income, had been higher only in the late 1980s.

Enterprises have positive balance for the first time

As mentioned above, this was notably assisted by the positive performance of non-financial corporations. Their financing balance showed a "turnaround" of about €25 billion from a deficit in 2003 to a surplus of just over €10 billion in 2004. This means that, based on the latest national accounts data, the corporate sector in the strict sense was a net lender for the first time since German reunification. Nevertheless, a comparison of the

Aggregate acquisition of non-financial assets, saving and net lending/net borrowing

€ billion

Item	1991	1993	1995	1997	1999	2001	2003	2004
Acquisition of non-financial assets								
Net investment [1]								
Households [2]	58.4	68.2	80.0	71.5	70.1	45.2	36.7	34.2
Non-financial corporations	79.0	38.0	48.5	44.1	58.8	49.2	21.8	22.4
Fixed assets	69.8	45.9	44.2	43.7	56.4	54.8	26.2	22.3
Inventories	9.2	– 7.9	4.3	0.3	2.4	– 5.6	– 4.4	0.1
Financial sectors	3.6	5.2	4.9	4.2	3.1	0.7	– 0.6	1.1
General government	12.8	14.2	6.9	1.5	3.3	1.8	– 3.0	– 4.7
Total	153.8	125.5	140.3	121.3	135.3	96.9	55.0	53.0
Memo item								
Net investment [3]	11.8	8.8	9.1	7.6	8.1	5.5	3.1	2.9
Acquisitions less disposals of non-financial non-produced assets								
Households [2]	0.6	0.7	0.9	1.0	1.4	0.9	1.0	1.0
Non-financial corporations	0.3	0.7	0.6	0.5	0.6	0.4	0.5	0.5
General government	– 0.9	– 1.4	– 1.5	– 1.5	– 1.9	– 1.3	– 1.4	– 1.5
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Saving [4]								
Households [2]	135.4	141.4	137.7	135.3	140.9	143.4	162.8	166.5
Non-financial corporations [5]	12.5	– 7.5	18.8	17.7	– 11.0	– 3.3	10.0	34.7
Financial sectors	14.8	11.9	13.2	10.2	9.3	11.6	14.3	10.5
General government [5]	– 32.0	– 38.1	– 53.4	– 50.6	– 27.9	– 58.3	– 85.8	– 86.3
Total	130.7	107.7	116.3	112.7	111.3	93.5	101.3	125.4
Memo item								
Saving [3,6]	10.2	7.6	7.6	7.0	6.7	5.4	5.6	6.8
Net lending/net borrowing								
Households [2]	76.4	72.5	56.8	62.8	69.4	97.3	125.1	131.3
Non-financial corporations [5]	– 66.9	– 46.1	– 30.2	– 26.8	– 70.3	– 52.9	– 12.3	11.9
Financial sectors	11.2	6.8	8.3	6.0	6.2	10.9	14.9	9.4
General government [5]	– 43.8	– 50.9	– 58.8	– 50.6	– 29.3	– 58.7	– 81.4	– 80.1
Total	– 23.1	– 17.8	– 24.0	– 8.6	– 24.0	– 3.4	46.3	72.5
Memo item								
Net lending/net borrowing [3]								
Households [2]	5.9	5.1	3.7	3.9	4.1	5.6	6.9	7.1
Non-financial corporations [5]	– 5.1	– 3.2	– 2.0	– 1.7	– 4.2	– 3.0	– 0.7	0.6
Financial sectors	0.9	0.5	0.5	0.4	0.4	0.6	0.8	0.5
General government [5]	– 3.4	– 3.6	– 3.8	– 3.2	– 1.8	– 3.4	– 4.5	– 4.3
Total	– 1.8	– 1.2	– 1.5	– 0.5	– 1.4	– 0.2	2.6	3.9

Sources: Federal Statistical Office and Bundesbank calculations. — **1** Net capital formation in the form of fixed assets and changes in inventories. — **2** Including non-profit institutions serving households. — **3** As a percentage of aggregate disposable income. — **4** Including capital transfers (net). — **5** In 1991 including partial remission of the German railways' debt by the Federal Government amounting to €6.4 billion; in 1995 after eliminating the assumption of the Treuhand agency's debt and part of the old debt of the east German housing enterprises by the Redemption Fund for Inherited Liabilities amounting to around €105 billion and €15 billion respectively. — **6** Excluding capital transfers (net).

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data published at different times in the past two years reveals that the profit ratio (including errors and omissions) and, therefore, the differential between saving and investment are subject to considerable revision.

Not only enterprises but also households, which in Germany are traditionally the largest suppliers of capital to the other sectors, increased their financial surplus in 2004 – for what was the tenth time in succession. At more than €130 billion, or 7% of aggregate disposable incomes, the positive balance was almost twice the average of the 1990s. Combining all the areas in which there was a surplus, ie including the financial sectors, there was a net aggregate provision of funds in 2004 amounting to over €150 billion. General government absorbed more than half of this with its deficit of €80 billion. The rest flowed abroad.

Basic structure of financial flows

Financial activities in sharp decline

The net lending or borrowing balance shown in the national accounts indicate which sector, in net terms, has supplied funds to other sectors or required funds from other sectors. This does not permit any conclusions to be drawn about the underlying (gross) financial flows, however. Last year, the financial investment as well as the external financing of the non-financial sectors – in contrast to their saving and investment – showed a sharp decline and reached an all-time low. “Financial saving” amounted to little more than 5% of aggregate disposable income and external financing, in fact, barely 1%. Comparison with the average of the period 1991 to 2003, at more than 15% in each case, vividly highlights the exceptional situation in 2004. This development was shaped to a significant extent by the producing enterprises, which, since the stock market boom came to an end, have been endeavouring to improve their financial situation.

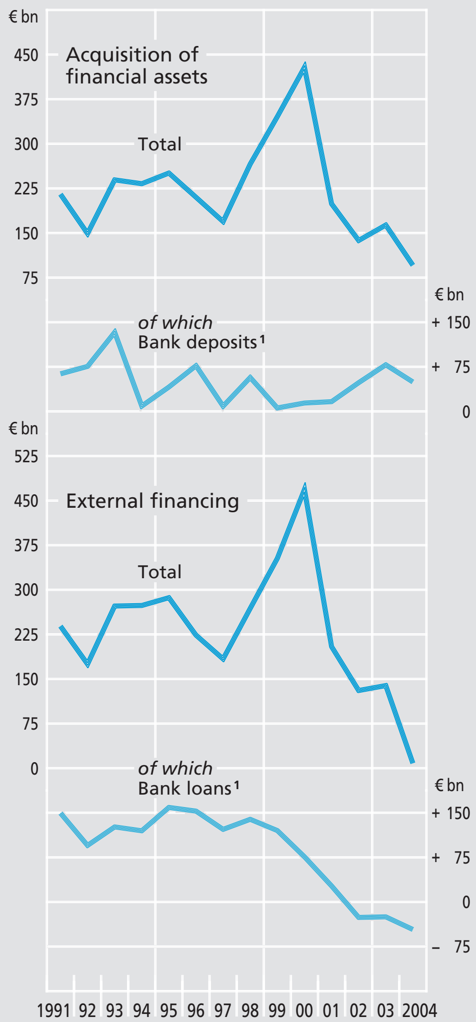
Negative financial investment in the case of general government and enterprises

The weak financial asset formation of the non-financial sectors last year was due mainly to the smaller amount of short-term investment, which had been stepped up very sharply in the years before. Longer-term investments, on the other hand, were made on roughly the same scale as in 2003, although the level was relatively low at around €30 billion. Investment with a maturity of one year or more accounted for only about one-third of aggregate financial investment in 2004. The declining investment in short-term financial assets was primarily to the detriment of the acquisition of bank products. It was mainly enterprises that invested fewer such resources, although this was true of households, too. In sectoral terms, it was only households that built up their financial assets again in 2004, while enterprises reduced their financial assets for the first time. General government likewise offloaded financial assets last year, in particular, selling equity holdings and transferring claims in respect of loans to other sectors.

External borrowing at a low level

The decline in demand for external financing was even more dramatic, having already been comparatively moderate at around €140 billion in each of the two preceding years. On balance, borrowing by the non-

Overall financial flows *



* Domestic non-financial sectors. — 1 In Germany and abroad.

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financial sectors in 2004 amounted to a total of €13 billion. Enterprises, in particular, played a part in this with a high level of debt repayments (over €80 billion net). In addition, households had no recourse to loans on balance, which meant that general government was the sole net borrower on the market last year. Its borrowing was concentrated almost exclusively on the sale of bonds in the amount of just over €70 billion. Including securitised borrowing by enterprises, the longer-term securities-based financing of the non-financial sectors added up to nearly €100 billion in 2004, and was therefore quite considerable *per se*. Conversely, other outstanding debt was reduced on balance, which led to longer-term financing, at just over €50 billion, falling to its lowest level since 1991. In the short-term segment, there were only (net) redemptions in the various items including, in particular, bank loans. This meant that liabilities with a maturity of less than one year were reduced by a total of more than €40 billion. In terms of volume, this was significantly more than in comparable periods.

Investment and financing behaviour of enterprises

Use of funds declining again

In 2004, the real and financial investment of non-financial corporations declined for the fourth year in succession and was well down on the average of the period 1991 to 2000. Last year, it was, in fact, even below the multi-year low of 1992. Although enterprises increased their spending on machinery and equipment, buildings and inventories slightly to almost €210 billion, they simultaneously reduced their financial assets by €23 billion. There had not been such a sharp shift on the assets side in the past 15 years.

Marked reduction in financial assets

The reduction in financial investment was reflected statistically in almost all items. Most significant was the extensive sale of debt securities, which, at almost €60 billion net, was around €10 billion more than in 2003. Participating interests in other firms were also sold on balance, albeit, at €2 billion, on a much smaller scale than bonds. Sales were concentrated on foreign participating interests and on domestic private limited companies and partnerships, whereas domestic purchases of equities were, in fact, quite significant on balance. In addition, enterprises increased their bank deposits and granted loans to the private sector on balance, although this was on a distinctly smaller scale than in 2003. Therefore, these forms of investment, too, played a certain part in the negative acquisition of financial assets.

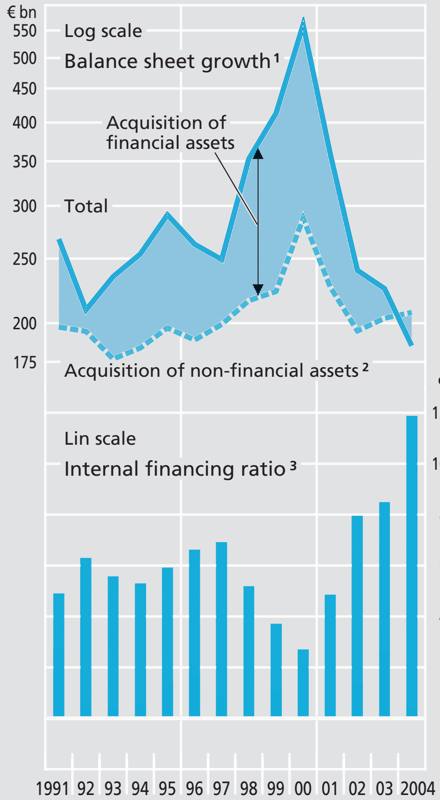
Internal financing ratio at a very high level

In the sources of funds, too, there were new developments last year. For example, for the first time since 1991, there was no demand on the part of producing enterprises for external finance. Instead, liabilities on a scale of almost €60 billion were redeemed on balance. This development derived, firstly, from the reduction in financial assets outlined above and, secondly, from the sharp increase in own funds. At around €220 billion, the latter were €30 billion higher than in 2003, thus hitting a record level. This sharp rise was due, first and foremost, to the positive earnings trend. Including net capital transfers received, the retained profits amounted to €35 billion. Given real investment of almost €210 billion, enterprises were able to fully finance their investment expenditure from their own resources and also to use funds for debt repayment. In 2004, the internal financing ratio thus reached the exceptional figure of nearly 120% of the total use of funds.

Even though external financing was negative on balance in 2004, there were still a small number of expansionary items. These notably included sales of securities and participating interests. Borrowing via securities, at €2 billion last year, was considerably down on the figure for 2003, when the exceptionally large amount of €27 billion was raised. It should nevertheless be noted that the corporate sector was able to sell bonds in 2004 to the amount of nearly €10 billion. By contrast, short-term paper was redeemed to the

Positive (net) sales of securities and participating interests ...

Balance sheet growth and internal financing of the corporate sector



1 Transaction-related increase in the assets of non-financial corporations. — **2** Gross fixed capital formation and changes in inventories plus acquisitions less disposals of non-financial non-produced assets. — **3** Net retained income, net capital transfers received and depreciation allowances as a percentage of the total use of funds; figures for 1995 adjusted for the "Treuhand effect".

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Non-financial corporations' investment and financing

€ billion

Item	1991	1993	1995	1997	1999	2001	2003	2004
Investment								
Gross capital formation	198.6	177.6	197.8	200.4	224.5	228.1	204.7	208.8
Gross fixed capital formation	189.4	185.4	193.5	200.0	222.1	233.7	209.1	208.7
Changes in inventories	9.2	– 7.9	4.3	0.3	2.4	– 5.6	– 4.4	0.1
Acquisitions less disposals of non-financial non-produced assets	0.3	0.7	0.6	0.5	0.6	0.4	0.5	0.5
Acquisition of financial assets	70.8	58.7	85.6	50.5	191.4	133.5	22.1	– 22.8
with banks [1]	8.2	24.0	10.6	– 15.7	– 5.6	35.3	31.9	8.8
Short-term	8.9	26.6	5.2	– 17.6	– 8.4	35.4	30.9	8.0
Longer-term	– 0.8	– 2.6	5.4	1.9	2.8	– 0.1	1.0	0.8
in securities [2]	13.6	3.4	34.9	2.3	49.6	28.6	– 36.4	– 44.3
in equities [3]	19.3	3.2	18.6	23.6	115.0	30.2	3.1	– 1.9
in Germany	0.7	– 8.1	– 6.9	– 2.2	39.7	– 28.1	– 18.1	12.9
abroad	18.6	11.2	25.5	25.7	75.3	58.3	21.2	– 14.8
Loans [4]	28.3	26.5	19.0	37.9	31.2	37.7	22.9	13.5
to residents [5]	23.0	24.7	7.5	18.5	– 6.1	28.6	15.6	7.0
to non-residents	5.2	1.8	11.5	19.4	37.2	9.1	7.3	6.5
Short-term	4.7	2.2	9.4	16.5	31.6	3.4	3.1	1.5
Longer-term	0.6	– 0.4	2.1	2.9	5.7	5.7	4.2	5.1
with insurance corporations	1.4	1.6	2.6	2.4	1.2	1.7	0.6	1.2
Total [5]	269.7	236.9	284.0	251.3	416.4	362.0	227.3	186.5
Financing								
Internal financing	132.1	132.1	168.1	174.0	154.7	175.6	192.9	221.2
Net retained income [5,6]	12.5	– 7.5	18.8	17.7	– 11.0	– 3.3	10.0	34.7
Depreciation allowances	119.6	139.6	149.3	156.3	165.7	178.9	182.9	186.5
Memo item								
Internal financing ratio [5,7]	49.0	55.7	59.2	69.2	37.2	48.5	84.9	118.6
External financing	126.9	113.7	119.6	77.2	238.7	177.5	41.3	– 59.1
via banks	90.1	37.0	57.9	44.0	71.2	35.4	– 44.2	– 43.9
Short-term	34.3	– 10.5	19.0	7.4	10.2	2.1	– 25.3	– 32.2
in Germany [5]	27.7	– 7.9	16.5	4.7	– 5.3	6.7	– 24.8	– 27.1
abroad	6.6	– 2.7	2.5	2.7	15.5	– 4.6	– 0.5	– 5.2
Longer-term	55.8	47.5	38.9	36.6	61.0	33.3	– 19.0	– 11.6
in Germany [5]	55.5	45.3	39.1	36.1	58.2	21.5	– 16.9	– 13.5
abroad	0.3	2.2	– 0.2	0.5	2.7	11.8	– 2.0	1.9
via other lenders [4]	9.5	11.3	41.4	15.9	84.1	60.1	29.8	– 40.6
in Germany	– 2.0	7.0	30.1	– 0.5	17.1	6.5	15.4	6.0
Short-term	0.3	0.1	– 0.0	– 0.2	1.7	1.3	1.2	1.0
Longer-term	– 2.3	6.9	30.1	– 0.3	15.3	5.2	14.2	5.0
abroad	11.4	4.4	11.3	16.4	67.1	53.6	14.5	– 46.6
Short-term	7.4	0.8	6.0	12.5	39.7	6.5	12.7	– 4.7
Longer-term	4.0	3.6	5.2	3.9	27.4	47.1	1.8	– 41.9
in the securities market [5,8]	3.7	46.9	– 3.3	– 3.0	1.3	9.8	27.2	2.1
in the form of equities [3]	16.5	14.2	16.5	16.7	75.8	64.1	21.8	16.6
in Germany	14.2	15.8	14.0	12.7	57.1	51.7	– 11.7	0.7
abroad	2.3	– 1.7	2.5	4.0	18.6	12.4	33.4	15.9
Pension fund provisions	7.2	4.2	7.1	3.6	6.3	8.2	6.7	6.7
Total [5]	258.9	245.7	287.7	251.2	393.4	353.2	234.2	162.1
Net acquisition of financial assets [5]	– 56.1	– 54.9	– 34.0	– 26.7	– 47.4	– 44.0	– 19.2	36.3
Statistical discrepancy [9]	10.8	– 8.8	– 3.7	0.1	22.9	8.9	– 6.9	24.4
Net lending/net borrowing [5, 10]	– 66.9	– 46.1	– 30.3	– 26.8	– 70.3	– 52.9	– 12.3	11.9

1 In Germany and abroad. — **2** Money market paper, bonds, financial derivatives and mutual fund shares. — **3** Shares and other equity. — **4** Including other claims or liabilities. — **5** In 1995 after the elimination of transactions associated with the transfer of the Treuhand agency's debt to the Redemption Fund for Inherited Liabilities. — **6** Including net capital transfers received. — **7** Internal financing as a percentage of total asset formation. — **8** Through the sale of money market paper and bonds. — **9** Corresponds to the balancing item in the financial account with the rest of the world owing to statistically unclassifiable payment transactions with non-residents. — **10** Internal financing less gross capital formation and acquisitions less disposals of non-financial non-produced assets.

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amount of €7 billion on balance. The issuance of equities, at €17 billion, was somewhat weaker than in 2003, although, in terms of volume, it was comparable with the figures prior to the stock market boom. As in the two preceding years, almost all the paper was acquired by non-residents. Sales of shares at market prices were relatively moderate, totalling €2 billion, although countervailing positions were behind this. Cash receipts from share sales amounting to €4 billion were lessened, in particular, by reductions in capital and transactions in the course of changes in legal form.

... exceeded by very high level of loan repayments

The raising of fresh resources through the issuance of securities and equities ran in parallel with high (net) redemptions of financial loans and trade credits last year, which together reached a new record level of over €80 billion. This was more than five times as much as in 2003. This involved both bank loans and credit from other bodies on a roughly equal scale. As far as banks loans are concerned, this was a continuation of the underlying trend of the past three years. Overall, the redemptions mainly to domestic institutions amounted to more than €40 billion on balance in 2004 and were thus on much the same scale as in 2003. The (net) repayments to other bodies were a new phenomenon, however. These bodies were mainly lenders from abroad, mostly within a group of affiliated companies.

Fall in debt and interest expenditure

The high level of redemption payments on loans led to a further decline in corporate debt in 2004 and therefore to a further improvement in the balance sheet structures, which had deteriorated as result of the stock market boom. Outstanding debt at the end of last year is likely to have been around €1,750 billion, ie more than €100 billion less than in 2002. In relation to gross domestic product, indebtedness thus fell by 7 percentage points to around 80%. The consolidation efforts were reflected directly in lower interest expenditure. In 2004, (gross) interest expenditure amounted to just under 18% of the operating surplus; two years previously, the figure had been more than 22%. Favourable financing costs also contributed to this relief on the expense side. In the early 1990s, the corporate interest burden was more than 10 percentage points higher.

Households' borrowing, saving and investment behaviour

Net borrowing negative for the first time

As in the corporate sector, the uses and sources of funds fell in the household sector in terms of volume. The aggregate financing sum declined in 2004 by €15 billion to €165 billion and was therefore low on a longer-term comparison. The main factor behind this was the continuing weak credit demand from households, which has been falling steadily since 1999. Last year, however, redemptions exceeded demand for external funds for the first time, resulting in €1 billion on balance flowing back to banks and insurance corporations. In 2003, external borrowing had amounted to around €15 billion. In 1999, the figure was, in fact, more than €80 billion. Broken down by the individual types of use, lending for commercial and consumption purposes was the main factor behind the ex-

Households' saving and asset acquisition *

€ billion

Item	1991	1993	1995	1997	1999	2001	2003	2004
Sources of funds								
Disposable income	1,010.1	1,121.8	1,198.9	1,241.2	1,297.7	1,388.0	1,440.3	1,459.5
Household final consumption expenditure	879.9	986.5	1,067.2	1,115.8	1,175.0	1,257.5	1,286.3	1,304.2
Saving	130.2	135.2	131.7	125.5	122.7	130.5	154.1	155.3
Memo item								
Saving ratio [1]	12.9	12.1	11.0	10.1	9.5	9.4	10.7	10.6
Net capital transfers received	5.2	6.2	6.0	9.9	18.1	12.9	8.7	11.2
Own investable funds	135.4	141.4	137.7	135.3	140.9	143.4	162.8	166.5
Incurrence of liabilities [2]	65.7	86.6	75.8	64.2	83.6	21.4	16.6	– 0.6
Total sources of funds	201.1	228.0	213.5	199.5	224.5	164.8	179.3	165.8
Uses of funds								
Net capital formation [3]	58.4	68.2	80.0	71.5	70.1	45.2	36.7	34.2
Acquisitions less disposals of non-financial non-produced assets	0.6	0.7	0.9	1.0	1.4	0.9	1.0	1.0
Acquisition of financial assets	142.1	159.0	132.6	127.0	153.1	118.7	141.7	130.7
with banks [4]	57.8	98.8	34.5	28.6	10.7	27.3	58.3	51.7
Transferable deposits [5]	9.9	23.1	13.2	10.9	30.4	8.8	65.5	47.1
Time deposits [6]	38.9	34.1	– 37.0	– 7.8	– 5.5	17.4	– 17.6	– 5.9
Savings deposits [6]	4.7	49.1	54.8	24.1	– 4.3	2.5	14.7	12.2
Savings certificates	4.4	– 7.6	3.5	1.4	– 9.9	– 1.4	– 4.4	– 1.7
with insurance corporations [7]	33.3	44.4	53.0	60.4	68.2	48.3	41.1	40.9
in securities	42.8	10.6	37.2	34.0	67.4	33.2	32.8	28.6
Bonds [8]	24.4	– 15.5	23.6	5.6	– 3.9	5.7	21.8	38.6
Shares	0.3	3.4	– 1.7	4.1	21.4	– 28.7	– 20.0	– 6.5
Other equity	4.4	4.3	4.4	3.4	5.9	3.5	3.1	3.2
Mutual fund shares	13.8	18.5	10.9	21.0	44.0	52.8	27.9	– 6.7
Claims arising from company pension commitments	8.1	5.2	7.9	4.0	6.8	9.9	9.4	9.5
Total uses of funds	201.1	228.0	213.5	199.5	224.5	164.8	179.3	165.8

* Including non-profit institutions serving households. — **1** As a percentage of households' disposable income. — **2** Including other liabilities. — **3** Including acquisitions less disposals of valuables. — **4** Domestic and foreign banks. — **5** Including currency. — **6** Up to 1998 deposits with savings and loan associations are included under savings deposits and from 1999 (in accordance with the banking statistics) under time deposits. — **7** Including private pension funds, occupational pension schemes, supplementary pension funds and other claims (including accumulated interest-bearing surplus shares with insurance corporations). — **8** Including money market paper.

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ceptional development in 2004. The reduction in liabilities incurred for this type of lending totalled around €15 billion. Real estate loans were taken up on almost the same scale in net terms.

But slight rise in own funds

In contrast to external borrowing, there was an increase in internal financing last year as well – to €166 billion. This was due both to the higher capital transfers, which totalled more than €10 billion, and savings. As the main source of investable funds, they went up only marginally on 2003 by €1 billion to €155 billion, however. In nominal terms, this volume of savings was the highest since German reunification, although the saving ratio in the early 1990s had been around 2 percentage points higher. According to the revised national accounts figures, the saving ratio at the end of the period under review was 10.6% of disposable income.

Reasons for the higher saving ratio

The fact that the saving ratio has increased in the past few years despite a weak income trend has been a recurring cause of debate. The finding that there has been a growing propensity to save does not apply solely to Germany, however, but also on an average of all the OECD countries. Comparing earlier, similar periods for Germany reveals that households reduced their savings in most cases as a "buffer" to support their level of consumption. It was only in the period of the first oil crisis in the 1970s that an increase in the saving ratio was also observed. The recent development is likely to be motivated not only by greater caution on account of the difficult situation on the labour market but also, first and foremost, by an awareness of the need for greater private pension provision. Furthermore, the increased spread of incomes is probably a factor. Disaggregated figures from the income and expenditure survey of the Federal Statistical Office for 2003 clearly reveal that the saving ratios for the individual income categories show a wide dispersion. Thus, while households with a below-average income saved very little or even dissaved, the saving ratios in the segments with very high earnings were well above the average at more than 20%. Owing to this situation, the change in the distribution of income, which has been observed for several years, is tending to lead to a higher saving ratio at an aggregated level.

Real investment somewhat lower than in 2003

Last year, the overall uses of funds were financed by disposable resources. Traditionally, households finance the acquisition of real estate and of industrial machinery and equipment to a considerable extent through borrowed funds. Nevertheless, the sharp decline in credit demand in 2004, which has already been described above, is not reflected in a matching lower level of real asset formation. This fell only slightly last year to €34 billion. This was due to the continuing weakness in housebuilding. The budgeted amounts for commercial investment – which, admittedly, play only a secondary role in the household sector in terms of their weight – remained unchanged last year. Just how much households' real asset formation has declined in the past few years is clearly shown by the fact that nominal investment budgets halved between the late 1990s and 2004.

Marked decline in financial investment

The decline in the use of funds was accompanied mainly by a considerably lower level of financial investment. This was reflected in the development of nearly all financial assets. Thus, inflows into bank deposits in 2004, the most important investment category with a volume of more than €50 billion, or just under one-third of overall financial asset formation, were around €7 billion down on 2003 on balance. Restraint in the acquisition of securitised paper as a whole was not quite as marked. Within this very heterogeneous item, there were widely diverging developments, however, which have been characteristic features of investment behaviour since the time of the stock market boom. The strongest demand from households was for bonds, for which there were net inflows of almost €40 billion in 2004, which was €16 billion more than in 2003. That was simultaneously a new record figure. Households acquired bank bonds, including index certificates and similar products from credit institutions, on a large scale.

By contrast, households sold shares again in net terms, albeit to a much smaller extent than in previous periods. The current widespread mistrust vis-à-vis this risk-prone asset category as a long-term investment vehicle is shown by the fact that the volume of paper sold by households since the end of the stock market boom amounts to some €125 billion net, whereas – admittedly, given lower prices overall – not even €60 billion was spent on acquiring shares in the ten years prior to that. Investment in mutual funds underwent a dramatic slump in 2004. This form of investment, which had very much flourished even after 2000 owing to the many different options for risk diversification, was reduced by households on balance for the first time since 1991 – by almost €7 billion. Nearly all types of fund were affected by this reversal. In contrast to this, saving through insurance corporations has been relatively stable over the past few years. Compared with 2003, the decline in saving with insurance corporations and pension funds, which totalled just over €40 billion, was relatively slight.

Households' financial assets and indebtedness

Financial assets over €4 trillion

Households' nominal financial assets at the end of 2004 broke through the €4 trillion barrier for the first time. This means that their marked-to-market financial assets increased by almost €400 billion in the past two years. At just over €270 billion, this growth was very largely due to transactions. In addition, there were valuation gains in the case of shares and, to a lesser extent, bonds. In relation to disposable income, financial assets, at nearly 280%, were nearly 3 percentage points higher in 2004 than the previous peak of 1999.

Balanced structure of financial assets

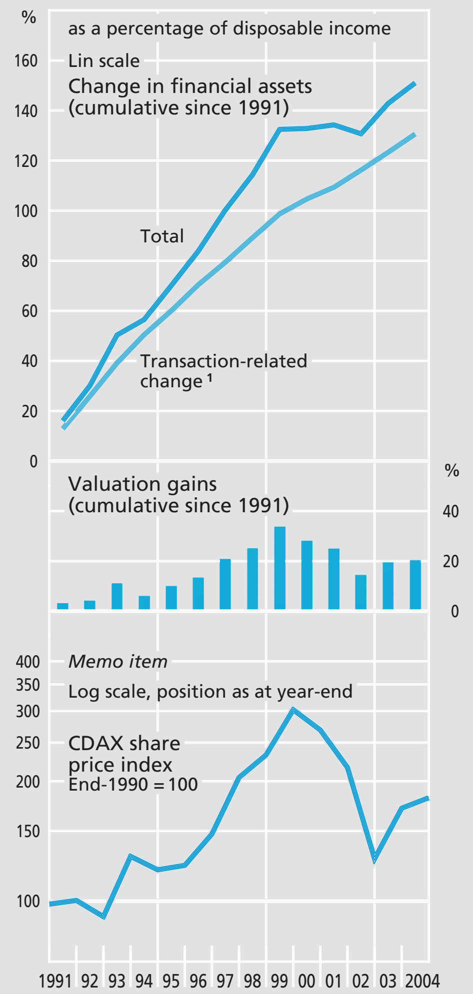
While the high volatility of share prices led to relatively strong shifts in households' financial assets portfolio between 1998 and 2002, there were only minor changes in the two ensuing years. The net outflows from mutual funds mentioned above resulted in this form of investment losing some ground in 2004, for example. This investment vehicle accounted for merely around one-tenth of all financial assets. By contrast, bonds, with a share of

12%, almost matched their level of the early 1990s. Even though households sold shares again on balance in 2004, this was more than offset by valuation gains. Equities held both directly and indirectly accounted for one-tenth of their portfolio. As a result, the distribution within the securities category was quite balanced in 2004. In the aggregate, the share of the cited financial assets in households' financial wealth amounted to one-third. Investments in the insurance and banking sector were at similar levels. Investments in the banking sector, at 36%, had the greatest weight. Their share has risen again somewhat since the end of 2000. The assets accumulated with insurance corporations and pension funds, taken in isolation, were quite stable as in previous years, accounting for one-quarter. If the households' claims arising from pension reserve provisions are included – as is usual internationally – a share of one-third was achieved, in fact. In this context, the financial assets accumulated in private life assurance and pension insurance schemes were by far the most important.

Debt ratio down to 1998 level

In a year-on-year comparison, households' indebtedness remained more or less constant in 2004 at almost €1.6 trillion. Whereas the level of loans for house purchase was still showing a slight upward trend, debt incurred for consumption and commercial purposes declined somewhat. This was associated with a marked fall in short-term indebtedness. In 2004, this amounted to barely 6% of all outstanding credit. On the average of the 1990s, its share was one-tenth. The restraint in debt financing led to a further fall in the debt ratio in 2004 to 107% of disposable income. This

Change in households' financial assets



1 Corresponds to the acquisition of financial assets.

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matched the 1998 level. The consolidation – along with the low interest rate level – was also reflected in a marked easing of households' scope for spending. In 2004, interest expenditure accounted for little more than 4% of disposable income and was thus nearly 2 percentage points down on the figure for the early 1990s.

Households' financial assets and liabilities *

Item	1991	1993	1995	1997	1999	2001	2003	2004
	in € billion							
Financial assets								
with banks 1	926	1,089	1,128	1,210	1,266	1,262	1,399	1,451
Short-term	617	760	782	877	963	957	1,111	1,159
Longer-term	309	329	346	333	303	305	288	292
with insurance corporations 2	401	479	573	684	808	916	991	1,040
in securities	561	708	838	1,042	1,322	1,344	1,296	1,344
Bonds 3	266	297	348	367	367	389	439	477
Shares	131	176	197	313	478	349	245	251
Other equity	80	99	102	118	115	170	149	152
Mutual fund shares	84	136	190	244	362	436	464	464
arising from company pension commitments	132	147	161	169	183	203	228	233
Total	2,019	2,423	2,699	3,105	3,580	3,725	3,915	4,067
Liabilities								
Loans	815	970	1,138	1,279	1,453	1,522	1,553	1,556
Short-term	91	99	104	103	112	110	99	90
Longer-term	724	871	1,034	1,176	1,341	1,412	1,454	1,466
Other liabilities	9	10	12	12	9	8	9	10
Total	824	980	1,150	1,291	1,462	1,530	1,562	1,566
of which								
Consumer loans	131	154	165	182	199	206	201	200
Mortgage loans	492	580	697	803	913	978	1,019	1,029
Entrepreneurial loans	191	236	275	294	341	338	333	327
Net financial assets	1,195	1,443	1,549	1,814	2,118	2,195	2,353	2,501
Memo item	in € per household							
Financial assets	57,300	66,900	73,100	82,900	94,700	96,900	100,500	104,000
Liabilities	23,400	27,000	31,100	34,500	38,700	39,800	40,100	40,000
	as a percentage of disposable income							
Financial assets	199.9	216.0	225.1	250.2	275.8	268.4	271.8	278.7
Liabilities	81.6	87.3	95.9	104.0	112.6	110.2	108.4	107.3
Net financial assets	118.3	128.6	129.2	146.2	163.2	158.2	163.4	171.4
	as a percentage of GDP							
Financial assets	134.4	146.5	149.8	165.9	180.9	179.6	184.0	186.8
Liabilities	54.8	59.2	63.8	69.0	73.9	73.8	73.4	71.9
Net financial assets	79.6	87.2	86.0	96.9	107.0	105.9	110.6	114.9

***** Including non-profit institutions serving households. — **1** In Germany and abroad. — **2** Including private pension funds as well as occupational pension schemes and supplementary pension funds as well as other claims (including accumulated interest-bearing surplus shares with insurance corporations). — **3** Including money market paper.

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Total net worth ...

Owing to the nearly constant debt level, households' net financial wealth grew last year, in absolute terms, at the same rate as their financial assets. At the end of 2004, it amounted to €2½ trillion and has thus more than doubled since German reunification. Despite this, the net financial position, at 1.7 times disposable income, is fairly low by international standards. Adding to this real assets – consisting of real estate and business assets – which were estimated at €4.8 trillion at the end of the period under review, results in a considerably higher asset-income ratio of five time disposable income. The figures per household are often clearer than these global wealth figures. For example, average financial assets in 2004 were just over €100,000. After deducting debt, they were somewhat more than €60,000. Including real assets, there was an average net worth of around €185,000 in 2004. In comparison with the early 1990s, the average (net) asset position has thus improved by more than 40%. Taking due account of the general increase in prices, the increase per household over the period as a whole amounted to only one-fifth, however. It should also be noted in this context that the number of households increased as well during the same period.

... and average net worth

The tables accompanying this article appear on the following pages.

Capital and financial accounts of the sectors in 2003

€ billion

Item	Domestic non-financial sectors					
	Households and non-profit institutions serving households	Non-financial corporations	General government			Total
			Total	Central, state and local government	Social security funds	
Acquisition of non-financial assets and saving						
Net capital formation	36.70	21.79	– 2.95	– 2.92	– 0.03	55.54
Gross capital formation	133.66	204.71	31.99	31.22	0.77	370.36
Consumption of fixed capital	96.96	182.92	34.94	34.14	0.80	314.82
Acquisitions less disposals of non-financial non-produced assets	0.96	0.47	– 1.43	– 1.43	–	–
Saving and capital transfers	162.76	9.96	– 85.81	– 78.72	– 7.09	86.91
Saving	154.05	– 5.29	– 58.96	– 52.57	– 6.39	89.80
Capital transfers (net)	8.71	15.25	– 26.85	– 26.15	– 0.70	– 2.89
Net lending/net borrowing 3	125.10	– 12.30	– 81.43	– 74.37	– 7.06	31.37
Statistical discrepancy 4	.	– 6.90	.	.	.	– 6.90
Acquisition of financial assets						
Monetary gold and special drawing rights (SDRs)	.	.	.	.	.	.
Currency and deposits	58.30	31.90	– 6.69	– 7.32	– 0.63	83.50
Currency and transferable deposits	65.53	4.56	1.26	1.18	0.08	71.35
Time deposits 5	– 17.58	26.59	– 7.66	– 8.32	0.66	– 1.35
Savings deposits	14.70	0.52	– 0.07	– 0.03	– 0.04	15.15
Savings certificates	– 4.36	0.23	– 0.22	– 0.15	– 0.07	– 4.34
Money market paper	– 0.20	– 9.54	0.59	0.59	.	– 9.15
Bonds	21.99	– 46.90	0.26	0.00	0.26	– 24.65
Financial derivatives	.	6.49	.	.	.	6.49
Shares	– 19.96	– 0.63	– 5.15	– 5.15	–	– 25.74
Other equity	3.09	3.75	1.30	1.30	.	8.14
Mutual fund shares	27.88	13.54	– 0.59	.	– 0.59	40.82
Loans	.	– 3.58	o – 0.44	– 0.44	0.20	– 4.02
Short-term loans	.	– 8.50	– 0.28	– 0.28	.	– 8.78
Longer-term loans	.	4.92	o – 0.16	– 0.16	0.20	4.76
Claims on insurance corporations 2	42.86	0.61	0.01	0.01	.	43.48
Short-term claims	1.85	0.61	0.01	0.01	.	2.47
Longer-term claims	41.02	.	.	.	.	41.02
Claims arising from company pension commitments	9.43	.	.	.	.	9.43
Other claims	– 1.73	26.45	15.46	20.72	– 5.26	40.18
Total	141.66	22.09	o 4.74	9.71	– 4.77	168.49
External financing						
Currency and deposits	.	.	0.76	0.76	.	0.76
Currency and transferable deposits	.	.	0.76	0.76	.	0.76
Time deposits 5	.	.	.	.	.	.
Savings deposits	.	.	.	.	.	.
Savings certificates	.	.	.	.	.	.
Money market paper	.	11.39	5.05	5.05	.	16.44
Bonds	.	15.85	70.20	70.20	.	86.06
Financial derivatives	.	.	.	.	.	.
Shares	.	– 7.73	.	.	.	– 7.73
Other equity	.	29.48	.	.	.	29.48
Mutual fund shares	.	.	.	.	.	.
Loans	15.40	– 29.91	o 10.22	8.13	2.29	– 4.29
Short-term loans	– 7.83	– 11.43	9.09	6.85	2.24	– 10.17
Longer-term loans	23.23	– 18.48	o 1.13	1.28	0.05	5.88
Claims on insurance corporations 2	.	.	.	.	.	.
Short-term claims	.	.	.	.	.	.
Longer-term claims	.	.	.	.	.	.
Claims arising from company pension commitments	.	6.68	.	.	.	6.68
Other liabilities	1.16	15.52	– 0.05	– 0.05	.	16.63
Total	16.56	41.29	o 86.17	84.08	2.29	144.02
Net acquisition of financial assets 6	125.10	– 19.20	– 81.43	– 74.37	– 7.06	24.47

1 Credit institutions including the Deutsche Bundesbank, savings and loan associations and money market funds. — 2 Including private pension funds as well as occupational pension schemes and supplementary pension funds. — 3 Saving and capital transfers (net) less net capital formation and acquisitions less disposals of non-financial non-

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Domestic financial sectors						
Monetary financial institutions (MFIs) 1	Other financial intermediaries	Insurance corporations 2	Total	Rest of the world	All sectors	Item
						Acquisition of non-financial assets and saving
– 0.54	0.06	– 0.09	– 0.57	.	54.97	Net capital formation
4.53	0.12	2.35	7.00	.	377.36	Gross investment
5.07	0.06	2.44	7.57	.	322.39	Consumption of fixed capital
–	–	–	–	–	–	Acquisitions less disposals of non-financial non-produced assets
9.46	– 0.40	5.28	14.34	– 46.28	54.97	Saving and capital transfers
9.46	– 0.40	2.07	11.13	45.96	54.97	Saving
–	–	3.21	3.21	– 0.32	–	Capital transfers (net)
10.00	– 0.46	5.37	14.91	– 46.28	–	Net lending/net borrowing 3
.	.	.	.	6.90	–	Statistical discrepancy 4
						Acquisition of financial assets
– 0.05	.	.	– 0.05	0.05	–	Monetary gold and special drawing rights (SDRs)
85.43	12.79	14.22	112.44	24.95	220.89	Currency and deposits
12.94	4.57	– 1.10	16.41	11.32	99.08	Currency and transferable deposits
72.50	7.88	16.33	96.70	14.15	112.20	Time deposits 5
.	0.01	– 0.10	– 0.09	– 0.85	14.21	Savings deposits
.	0.33	– 0.91	– 0.58	0.32	– 4.60	Savings certificates
1.02	1.27	.	2.29	22.80	15.94	Money market paper
35.65	41.72	35.29	112.67	67.14	155.16	Bonds
0.03	– 6.46	.	– 6.42	.	0.06	Financial derivatives
– 0.49	– 7.15	3.92	– 3.71	26.76	– 2.70	Shares
– 5.42	17.92	– 7.10	5.40	30.42	43.97	Other equity
– 2.66	– 0.17	11.86	9.04	– 1.84	48.02	Mutual fund shares
26.94	– 13.83	13.76	26.86	20.76	43.60	Loans
13.16	– 0.19	1.20	14.18	12.56	17.95	Short-term loans
13.78	– 13.65	12.56	12.68	8.20	25.65	Longer-term loans
.	.	.	.	11.21	54.69	Claims on insurance corporations 2
.	.	.	.	11.21	13.68	Short-term claims
.	.	.	.	– 0.01	41.01	Longer-term claims
.	.	.	.	.	9.43	Claims arising from company pension commitments
– 6.73	0.58	12.53	6.37	– 12.20	34.35	Other claims
133.73	46.67	84.49	264.89	190.04	623.42	Total
						External financing
101.89	1.86	.	103.75	116.39	220.89	Currency and deposits
84.11	1.27	.	85.38	12.94	99.08	Currency and transferable deposits
8.16	0.59	.	8.75	103.45	112.20	Time deposits 5
14.21	.	.	14.21	.	14.21	Savings deposits
– 4.60	.	.	– 4.60	.	– 4.60	Savings certificates
3.10	– 0.29	.	2.81	– 3.31	15.94	Money market paper
16.18	0.11	0.22	16.50	52.60	155.16	Bonds
.	–	.	–	0.06	0.06	Financial derivatives
1.68	– 0.01	9.22	10.89	– 5.86	– 2.70	Shares
– 7.19	– 0.10	.	– 7.29	21.77	43.97	Other equity
– 0.50	44.45	.	43.94	4.07	48.02	Mutual fund shares
.	0.26	4.29	4.55	43.34	43.60	Loans
.	– 3.93	1.56	– 2.38	30.50	17.95	Short-term loans
.	4.19	2.73	6.92	12.84	25.65	Longer-term loans
.	.	54.59	54.59	0.10	54.69	Claims on insurance corporations 2
.	.	13.68	13.68	.	13.68	Short-term claims
.	.	40.91	40.91	0.10	41.01	Longer-term claims
1.71	0.00	1.04	2.75	.	9.43	Claims arising from company pension commitments
6.87	0.84	9.76	17.47	0.26	34.35	Other liabilities
123.73	47.12	79.12	249.97	229.43	623.42	Total
10.00	– 0.45	5.37	14.92	– 39.39	–	Net acquisition of financial assets 6

produced assets. — **4** Net acquisition of financial assets less net lending. — **5** Including deposits with savings and loan associations. — **6** Acquisition of financial assets less external financing. — **o** Sum-totals do not include intra-sectoral flows.

Capital and financial accounts of the sectors in 2004

€ billion

Item	Domestic non-financial sectors: Households and non-profit institutions serving households	Non-financial corporations	General government: Total	General government: Central, state and local government	General government: Social security funds	Total
Acquisition of non-financial assets and saving						
Net capital formation	34.17	22.36	– 4.69	– 4.71	0.02	51.84
Gross capital formation	132.98	208.81	30.53	29.67	0.86	372.32
Consumption of fixed capital	98.81	186.45	35.22	34.38	0.84	320.48
Acquisitions less disposals of non-financial non-produced assets	1.00	0.49	– 1.49	– 1.49	–	–
Saving and capital transfers	166.47	34.74	– 86.25	– 85.62	– 0.63	114.96
Saving	155.27	21.72	– 62.10	– 61.97	– 0.13	114.89
Capital transfers (net)	11.20	13.02	– 24.15	– 23.65	– 0.50	0.07
Net lending/net borrowing 3	131.30	11.89	– 80.07	– 79.42	– 0.65	63.12
Statistical discrepancy 4	.	24.41	.	.	.	24.41
Acquisition of financial assets						
Monetary gold and special drawing rights (SDRs)	.	.	.	.	.	.
Currency and deposits	51.70	8.79	– 5.84	– 6.79	0.94	54.65
Currency and transferable deposits	47.10	12.29	– 0.96	– 1.04	0.09	58.43
Time deposits 5	– 5.94	– 4.51	– 5.42	– 6.20	0.78	– 15.86
Savings deposits	12.23	0.34	0.68	0.51	0.17	13.24
Savings certificates	– 1.68	0.67	– 0.15	– 0.05	– 0.09	– 1.16
Money market paper	– 0.09	– 0.36	– 0.40	– 0.40	.	– 0.85
Bonds	38.70	– 58.13	0.67	0.00	0.67	– 18.76
Financial derivatives	.	4.04	.	.	.	4.04
Shares	– 6.50	21.75	– 2.12	0.00	– 2.12	13.13
Other equity	3.15	– 23.70	– 1.91	– 1.91	.	– 22.46
Mutual fund shares	– 6.68	10.17	– 1.23	.	– 1.23	2.25
Loans	.	– 1.39	o – 5.32	– 5.32	0.15	– 6.71
Short-term loans	.	– 5.28	– 0.02	– 0.02	.	– 5.30
Longer-term loans	.	3.89	o – 5.31	– 5.31	0.15	– 1.41
Claims on insurance corporations 2	39.77	1.18	0.02	0.02	.	40.97
Short-term claims	2.22	1.18	0.02	0.02	.	3.42
Longer-term claims	37.55	.	.	.	.	37.55
Claims arising from company pension commitments	9.47	.	.	.	.	9.47
Other claims	1.16	14.90	9.01	9.10	– 0.09	25.07
Total	130.68	– 22.76	o – 7.12	– 5.29	– 1.69	100.80
External financing						
Currency and deposits	.	.	0.43	0.43	.	0.43
Currency and transferable deposits	.	.	0.43	0.43	.	0.43
Time deposits 5	.	.	.	.	.	.
Savings deposits	.	.	.	.	.	.
Savings certificates	.	.	.	.	.	.
Money market paper	.	– 7.31	– 0.32	– 0.32	.	– 7.62
Bonds	.	9.44	72.15	72.15	.	81.59
Financial derivatives	.	.	.	.	.	.
Shares	.	2.06	.	.	.	2.06
Other equity	.	14.59	.	.	.	14.59
Mutual fund shares	.	.	.	.	.	.
Loans	– 0.92	– 100.71	o 0.73	1.91	– 1.04	– 100.90
Short-term loans	– 8.43	– 43.20	1.17	2.61	– 1.44	– 50.45
Longer-term loans	7.51	– 57.52	o – 0.45	– 0.70	0.40	– 50.45
Claims on insurance corporations 2	.	.	.	.	.	.
Short-term claims	.	.	.	.	.	.
Longer-term claims	.	.	.	.	.	.
Claims arising from company pension commitments	.	6.68	.	.	.	6.68
Other liabilities	0.29	16.19	– 0.04	– 0.04	.	16.44
Total	– 0.62	– 59.06	o – 72.95	– 74.13	– 1.04	13.27
Net acquisition of financial assets 6	131.30	36.30	– 80.07	– 79.42	– 0.65	87.53

1 Credit institutions including the Deutsche Bundesbank, savings and loan associations and money market funds. — **2** Including private pension funds as well as occupational pension schemes and supplementary pension funds. — **3** Saving and capital transfers (net) less net capital formation and acquisitions less disposals of non-financial non-

Deutsche Bundesbank

Domestic financial sectors						
Monetary financial institutions (MFIs) 1	Other financial intermediaries	Insurance corporations 2	Total	Rest of the world	All sectors	Item
						Acquisition of non-financial assets and saving
0.01	0.06	1.05	1.12	.	52.96	Net capital formation
5.17	0.13	3.63	8.93	.	381.25	Gross investment
5.16	0.07	2.58	7.81	.	328.29	Consumption of fixed capital
–	–	–	–	–	–	Acquisitions less disposals of non-financial non-produced assets
9.32	– 0.40	1.56	10.48	– 72.48	52.96	Saving and capital transfers
9.32	– 0.40	1.56	10.48	– 72.41	52.96	Saving
–	–	0.00	0.00	– 0.07	–	Capital transfers (net)
9.31	– 0.46	0.51	9.36	– 72.48	–	Net lending/net borrowing 3
.	.	.	.	– 24.41	–	Statistical discrepancy 4
						Acquisition of financial assets
0.07	.	.	0.07	– 0.07	–	Monetary gold and special drawing rights (SDRs)
89.45	– 5.19	35.12	119.39	43.31	217.35	Currency and deposits
– 21.80	– 7.59	– 2.75	– 32.15	9.99	36.27	Currency and transferable deposits
111.26	2.32	38.49	152.07	31.70	167.91	Time deposits 5
.	0.03	– 0.13	– 0.10	– 0.51	12.64	Savings deposits
.	0.05	– 0.49	– 0.44	2.12	0.52	Savings certificates
5.51	0.72	.	6.22	– 13.93	– 8.56	Money market paper
109.13	0.52	10.83	120.48	147.73	249.45	Bonds
2.10	– 1.94	.	0.16	.	4.19	Financial derivatives
– 2.25	0.11	– 8.76	– 10.91	– 4.44	– 2.21	Shares
– 3.16	12.95	– 0.70	– 9.08	14.61	1.24	Other equity
8.45	1.16	– 3.52	6.09	5.06	13.40	Mutual fund shares
– 0.22	– 0.94	4.94	3.78	– 56.31	– 59.25	Loans
1.61	– 0.03	0.95	2.53	– 14.90	– 17.67	Short-term loans
– 1.83	– 0.92	3.99	1.25	– 41.41	– 41.58	Longer-term loans
.	.	.	.	2.01	42.97	Claims on insurance corporations 2
.	.	.	.	1.99	5.41	Short-term claims
.	.	.	.	0.01	37.56	Longer-term claims
.	.	.	.	.	9.47	Claims arising from company pension commitments
– 2.38	0.09	2.28	– 0.02	– 6.22	18.83	Other claims
206.70	7.47	40.18	254.35	131.73	486.88	Total
						External financing
129.81	– 0.27	.	129.53	87.38	217.35	Currency and deposits
57.82	– 0.17	.	57.64	– 21.80	36.27	Currency and transferable deposits
58.83	– 0.10	.	58.73	109.18	167.91	Time deposits 5
12.64	.	.	12.64	.	12.64	Savings deposits
0.52	.	.	0.52	.	0.52	Savings certificates
– 8.15	0.00	.	– 8.15	7.21	– 8.56	Money market paper
69.22	0.10	0.06	69.39	98.48	249.45	Bonds
.	–	.	–	4.19	4.19	Financial derivatives
2.65	0.01	0.50	3.16	– 7.43	– 2.21	Shares
2.22	0.01	.	2.23	– 15.58	1.24	Other equity
– 5.75	7.20	.	1.45	11.95	13.40	Mutual fund shares
.	– 0.06	4.95	4.89	36.77	– 59.25	Loans
.	– 3.08	2.31	– 0.77	33.54	– 17.67	Short-term loans
.	3.02	2.63	5.65	3.22	– 41.58	Longer-term loans
.	.	42.58	42.58	0.40	42.97	Claims on insurance corporations 2
.	.	5.41	5.41	.	5.41	Short-term claims
.	.	37.17	37.17	0.40	37.56	Longer-term claims
1.74	0.01	1.04	2.79	.	9.47	Claims arising from company pension commitments
5.64	0.94	– 9.46	– 2.88	5.27	18.83	Other liabilities
197.39	7.94	39.67	244.99	228.62	486.88	Total
9.31	– 0.46	0.51	9.36	– 96.89	–	Net acquisition of financial assets 6

produced assets. — **4** Net acquisition of financial assets less net lending. — **5** Including deposits with savings and loan associations. — **6** Acquisition of financial assets less external financing. — **o** Sum-totals do not include intra-sectoral flows.