

Investment and financing in 2005

Last year, the protracted process of balance sheet adjustment in the German economy came to an end, and the weak momentum of investment now seems to have been overcome. At any rate, the external financing of enterprises increased again for the first time in several years, there was a somewhat sharper rise in investment in machinery and equipment, and the process of running down inventories was halted. Although households and general government cut back their fixed asset formation further, there was an overall increase in real investment. However, domestic savings increased to an even greater degree in 2005. A key factor in this was the contribution from households, whose accumulated financial resources added up to €174 billion last year and were higher than in 2004. General government, on the other hand, recorded a "savings deficit" of some €82 billion in 2005, although this was somewhat lower than in the previous year. The following article provides a detailed description of the changed trends in investment and its financing in 2005 on the basis of the latest figures of the national accounts and of the flow-of-funds account. By contrast, the article on the profitability and financing of German enterprises, which is also printed in this *Monthly Report*, is based on the Bundesbank's corporate balance sheet statistics.

Overview of fixed asset formation and saving

Rise in real investment

In 2005, investment expenditure increased again following a prolonged sluggish trend. At just over 3% of disposable income, the aggregate net investment ratio, adjusted for depreciation, was somewhat higher than the corresponding figure in the previous three years. Nevertheless, this still falls well short of the level of investment seen in the 1990s, in particular. Whereas at that time €135 billion, or almost 10% of disposable income, was invested on an annual average in the creation of new capital stock, since then only €75 billion, or 4%, has been invested on average in the acquisition of non-financial assets.

Positive underlying trends for enterprises

In particular, producing enterprises¹ increased their net investment in 2005 by €7 billion to €30 billion. By contrast, households' fixed asset formation decreased again by €½ billion to €36 billion. The main reason for this was the persistently weak level of construction activity. On the other hand, there was a small increase in expenditure on investment in machinery and equipment on the part of sole proprietors, who are classified under households.

Differences between private sectors and general government

The aggregate net investment of the private sectors (producing enterprises, financial intermediaries and households) was €65 billion in 2005, which is an increase of some €6 billion compared with 2004. There was a noticeably different scenario for general government, which cut back its gross capital formation again in spite of relatively high new borrowing. At €29 billion in nominal terms, this was

the lowest value since 1991. After deducting depreciation of €35 billion, the fixed assets of the government sector therefore contracted by €6 billion.

The increase in savings by some €11 billion was greater than the real investment growth of all domestic sectors. Savings amounted to €147 billion or just under 8% of disposable income. Hence, the national saving ratio once again matched the average of the decade from 1991 to 2000. This increase in saving is attributable to the developments both among households and general government. Households expanded their savings by €5 billion to €174 billion (including net capital transfers received). General government curtailed its "savings deficit" by roughly the same amount, although its dissaving still totalled some €82 billion according to the definition used in the national accounts for the whole public sector, including net capital transfers made.

Another rise in savings

On the other hand, the enterprise sector, which comprises both producing enterprises as well as financial intermediaries, also contributed to overall saving. Thus, the producing enterprises were able to increase their savings from retained profits year on year by around €1 billion to €35 billion. In addition, financial enterprises (mainly banks and insurance corporations) accumulated combined provisions of profits amounting to just over €20 billion, thus equalling the 2004 figure.

¹ According to the classification scheme used in the European System of Integrated Economic Accounts (ESA 95), this includes non-financial corporations as well as partnerships (so-called quasi-corporations). Sole proprietorships, by contrast, are assigned to the household sector.

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

€ billion

Item	1991	1995	2000	2001	2002	2003	2004	2005
Acquisition of non-financial assets								
Net investment ¹								
Households ²	58.4	80.0	62.9	44.7	37.7	37.8	36.8	36.2
Non-financial corporations	79.0	48.5	73.7	48.3	9.9	16.9	23.1	30.2
Fixed assets	69.8	44.2	67.1	55.0	32.1	28.1	27.6	30.1
Inventories	9.2	4.3	6.7	- 6.7	- 22.2	- 11.2	- 4.6	0.1
Financial sectors	3.6	4.9	2.7	0.7	- 0.0	- 1.2	- 1.0	- 1.0
General government	12.8	6.9	1.4	1.7	0.3	- 2.2	- 4.5	- 6.4
Total	153.8	140.3	140.7	95.4	47.9	51.3	54.4	58.8
<i>Memo item</i>								
Net investment ³	11.8	9.1	8.2	5.4	2.7	2.9	2.9	3.1
Acquisitions less disposals of non-financial non-produced assets								
Households ²	0.6	0.9	1.0	0.9	0.9	1.0	1.0	0.9
Non-financial corporations ⁴	0.3	0.6	42.9	0.4	0.5	0.5	0.5	0.4
General government ⁴	- 0.9	- 1.5	- 52.2	- 1.3	- 1.4	- 1.4	- 1.4	- 1.3
Total ⁴	0.0	0.0	- 8.4	0.0	0.0	0.0	0.0	0.0
Saving ⁵								
Households ²	135.4	137.7	139.2	142.9	140.4	163.9	169.1	173.6
Non-financial corporations ⁶	12.5	18.8	- 20.5	7.4	16.1	4.9	33.7	34.7
Financial sectors	14.8	13.2	10.7	3.5	19.7	18.4	21.2	21.2
General government ⁶	- 32.0	- 53.4	- 23.8	- 59.2	- 80.7	- 90.1	- 87.2	- 82.3
Total	130.7	116.3	105.6	94.5	95.6	97.0	136.8	147.3
<i>Memo item</i>								
Saving ^{3,7}	10.2	7.6	6.3	5.4	5.4	5.4	7.3	7.8
Net lending/net borrowing								
Households ²	76.4	56.8	75.4	97.3	101.8	125.1	131.3	136.6
Non-financial corporations ^{4,6}	- 66.9	- 30.2	- 137.1	- 41.4	5.8	- 12.5	10.2	4.1
Financial sectors	11.2	8.3	8.0	2.8	19.8	19.6	22.1	22.3
General government ^{4,6}	- 43.8	- 58.8	27.1	- 59.6	- 79.6	- 86.6	- 81.2	- 74.5
Total ⁴	- 23.1	- 24.0	- 26.7	- 0.9	47.7	45.7	82.4	88.4
<i>Memo item</i>								
Net lending/net borrowing ³								
Households ²	5.9	3.7	4.4	5.5	5.7	7.0	7.1	7.2
Non-financial corporations ^{4,6}	- 5.1	- 2.0	- 8.0	- 2.4	0.3	- 0.7	0.5	0.2
Financial sectors	0.9	0.5	0.5	0.2	1.1	1.1	1.2	1.2
General government ^{4,6}	- 3.4	- 3.8	1.6	- 3.4	- 4.5	- 4.8	- 4.4	- 3.9
Total ⁴	- 1.8	- 1.5	- 1.6	- 0.1	2.7	2.5	4.4	4.7

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 In 2000 including the sales of UMTS licences (so-called non-financial non-produced assets) by general government to non-financial corporations. — ⁵ Including capital transfers (net). — ⁶ In 1991 including partial re-

mission 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. — ⁷ Excluding capital transfers (net).

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*Increase in
capital exports*

Owing to the somewhat sharper rise in domestic saving compared with investment, Germany's aggregate balance sheet last year showed net lending of just over €88 billion, which was €6 billion higher than in 2004. In relation to the disposable income of all sectors, too, the surplus rose again to 4.7%. This means that, to this extent, the German economy invested more financial resources abroad.²

Trends in the overall financial flows

Financial activities expanding again

The national accounts data for saving and investing reproduced in this article show which sectors had a net capital requirement and, by contrast, which sectors were able to supply capital. However, they generally do not allow any direct inferences to be drawn about the associated financial flows. The underlying overall financial flows between the domestic sectors as well as with the rest of the world expanded last year by a greater margin than might be supposed at first when looking at the net lending/net borrowing of the domestic sectors. For example, the financial investment (ie the transaction-related increase in financial assets) of the domestic non-financial sectors rose in 2005 by about one-third to €164 billion, or almost 9% of disposable income. On the other hand, the borrowing operations of these sectors, which had plummeted in 2004, also increased again significantly, amounting to €85 billion, compared with not quite €40 billion in 2004. It therefore appears that the multi-year downward trend in financing activities, which had been evident since the end of the stock market boom,

came to an end last year. Even so, the financial flows last year were still well below their long-standing average values.

The main reason for the turnaround were the financial operations of producing enterprises and the expansion of cross-border transactions, which had declined from 2001 to 2004. The improved profitability of enterprises apparently allowed them to actively accumulate financial assets again in 2005, after they had acquired hardly any financial assets in 2004. At just over €30 billion, their financial investment exceeded the prior-year figure by some €25 billion; however, it was still on a low level in a longer-term comparison. By contrast, the financial asset acquisition of households, which accounts for about 80% of the financial investment of all non-financial sectors, increased by merely €3 billion to €135 billion. As in the preceding years, general government curtailed its financial assets further on balance. However, at €3½ billion, the reduction was smaller than in the previous year.

The overall expansion of financial investment by the non-financial sectors that was nevertheless recorded mostly related to short-term assets, which accounted for almost €115 billion last year; this corresponds to a year-on-year increase of €35 billion and was concentrated on bank deposits. The low interest rate level across the board was presumably one of the main reasons for this. By contrast, at €50 billion, longer-term financial investments

Higher financial investment fuelled by enterprises

Increase in short-term assets

² See also the box "Rising current account surpluses – a difficult performance indicator" in the Monthly Report of March 2006, pp 24-25.

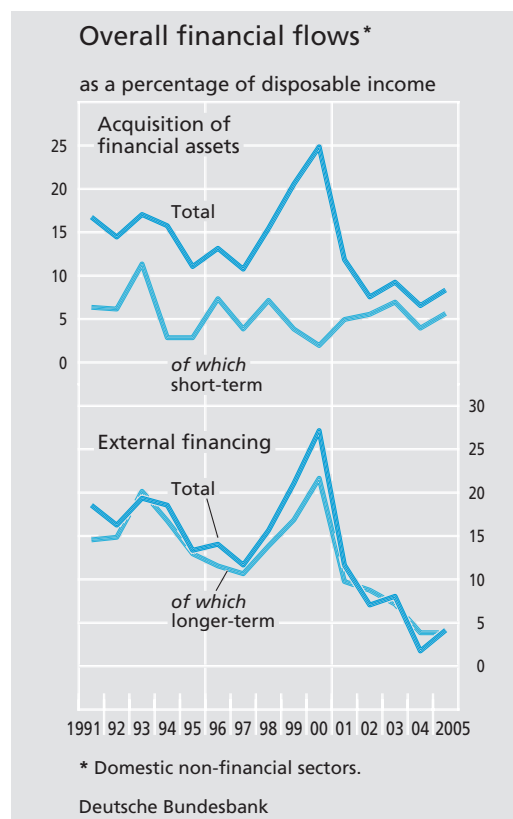
were only slightly higher than in 2004. However, there were significant shifts within the individual forms of investment. For example, there was a net reduction of longer-term bank deposits, especially in favour of investments in mutual funds.

Dominance of longer-term financing

In keeping with this picture of a high liquidity preference driven by low interest rates, the financing side of the non-financial sectors was geared heavily to the longer term. Thus, about 95% of financial resources procured externally had a maturity of more than one year. At €80 billion, the associated longer-term financing volume remained largely unchanged in a year-on-year comparison. The demand for short-term financial resources was very low, amounting to €5 billion net. However, in 2004, redemptions amounting to €40 billion had been made in this segment. On balance, the non-financial sectors further curtailed their bank debt in 2005, while borrowing operations in the securities markets likewise decreased significantly. By contrast, there was a big increase in cross-border financial loans and trade credits. At €30 billion, these were drawn on more than they had been in a long time.

High borrowing by government

By far the greatest part of the borrowing operations of the non-financial sectors in 2005 was attributable once again to the general government sector. The incurrence of liabilities by public authorities increased marginally by €½ billion vis-à-vis 2004 to €71 billion. Admittedly, producing enterprises also extended their external financing somewhat, after they had curtailed their net debt in 2004. However, at just over €15 billion, their borrowing



operations did not even amount to one-fifth of the new debt incurred by general government. Households reduced their net financial obligations to other sectors by €1½ billion.

Investment and financing behaviour of enterprises in detail³

After several years of declining uses of funds, producing enterprises increased their acquisition of financial and non-financial assets again in 2005, namely by some €35 billion to

Changed trend in the uses of funds

³ For a more detailed analysis of the basis of the Bundesbank's corporate balance sheet statistics (which, however, only covers the financial statements for 2004) and for the methodological differences between these statistics and the national accounts, including the flow-of-funds account, see article "German enterprises' profitability and financing in 2004" in this Monthly Report, pp 55 ff.

Non-financial corporations' investment and financing

€ billion

Item	1991	1995	2000	2001	2002	2003	2004	2005
Investment								
Gross capital formation	198.6	197.8	246.8	227.1	191.9	198.8	208.1	215.5
Gross fixed capital formation	189.4	193.5	240.2	233.7	214.1	210.1	212.7	215.4
Changes in inventories	9.2	4.3	6.7	-6.7	-22.2	-11.2	-4.6	0.1
Acquisitions less disposals of non-financial non-produced assets	0.3	0.6	42.9	0.4	0.5	0.5	0.5	0.4
Acquisition of financial assets	72.4	46.3	274.3	141.7	46.5	28.1	5.7	32.3
with banks ¹	8.2	10.6	5.2	35.4	-10.4	32.0	27.7	35.3
Short-term	8.9	5.2	6.3	35.5	-9.4	31.0	27.0	34.1
Longer-term	-0.8	5.4	-1.2	-0.1	-1.0	1.0	0.8	1.2
in securities ²	15.3	-4.5	60.2	28.9	-53.0	-46.5	-42.9	9.1
in equities ³	19.3	18.7	182.0	29.9	68.6	12.6	16.5	-31.2
in Germany	0.7	-6.8	138.4	-28.4	20.6	-17.3	24.0	-54.5
abroad	18.6	25.5	43.6	58.3	48.1	30.0	-7.5	23.4
Loans ⁴	28.3	19.0	26.6	45.9	40.2	29.3	2.9	16.8
to residents ⁵	23.0	7.5	-22.6	36.8	64.9	17.5	-6.1	-15.2
to non-residents	5.2	11.5	49.2	9.1	-24.7	11.8	8.9	32.0
Short-term	4.7	9.4	42.9	3.4	-32.0	7.8	2.5	26.7
Longer-term	0.6	2.1	6.2	5.7	7.3	4.0	6.4	5.2
with insurance corporations	1.4	2.6	0.4	1.7	1.1	0.6	1.5	2.3
Total ⁵	271.4	244.7	564.0	369.2	238.9	227.4	214.3	248.2
Financing								
Internal financing	132.1	168.1	152.5	186.1	198.2	186.9	218.7	220.0
Net retained income ^{5,6}	12.5	18.8	-20.5	7.4	16.1	4.9	33.7	34.7
Depreciation allowances	119.6	149.3	173.1	178.7	182.1	181.9	185.0	185.3
<i>Memo item</i>								
Internal financing ratio ^{5,7}	48.7	68.7	27.0	50.4	83.0	82.2	102.1	88.6
External financing	128.5	80.3	416.8	176.7	59.3	44.7	-33.0	15.7
via banks	90.1	57.9	46.8	33.6	-22.6	-46.5	-44.5	-11.0
Short-term	34.3	19.0	13.2	2.1	-27.7	-25.4	-32.4	-15.3
in Germany ⁵	27.7	16.5	19.0	6.7	-24.5	-24.8	-27.6	-14.9
abroad	6.6	2.5	-5.7	-4.6	-3.2	-0.6	-4.8	-0.4
Longer-term	55.8	38.9	33.6	31.6	5.2	-21.1	-12.1	4.3
in Germany ⁵	55.5	39.1	32.1	19.8	3.1	-19.1	-14.0	-5.6
abroad	0.3	-0.2	1.4	11.8	2.1	-2.0	1.9	9.9
via other lenders ⁴	11.1	2.1	161.4	61.0	40.0	24.6	-24.0	17.0
in Germany	-0.3	-9.2	3.3	7.4	15.3	11.0	13.7	-8.8
Short-term	-0.9	-1.5	5.9	1.5	3.6	8.3	1.9	1.6
Longer-term	0.6	-7.7	-2.6	5.8	11.7	2.7	11.7	-10.3
abroad	11.4	11.3	158.1	53.6	24.7	13.6	-37.7	25.8
Short-term	7.4	6.0	82.5	6.5	-17.0	12.7	-2.1	26.4
Longer-term	4.0	5.2	75.6	47.1	41.7	0.9	-35.6	-0.6
in the securities market ^{5,8}	3.6	-3.3	9.6	9.8	5.7	27.2	2.1	3.1
in the form of equities ³	16.5	16.5	190.8	64.1	27.5	31.5	26.8	0.0
in Germany	14.2	14.0	81.0	51.7	0.1	-10.1	-2.6	0.6
abroad	2.3	2.5	109.9	12.4	27.4	41.6	29.4	-0.6
Pension provisions	7.2	7.1	8.2	8.2	8.7	7.9	6.6	6.6
Total ⁵	260.6	248.4	569.4	362.8	257.5	231.5	185.7	235.7
Net acquisition of financial assets ⁵	-56.1	-34.0	-142.5	-35.0	-12.9	-16.5	38.7	16.6
Statistical discrepancy ⁹	10.8	-3.7	-5.4	6.4	-18.6	-4.1	28.6	12.5
Net lending/net borrowing ^{5, 10}	-66.9	-30.3	-137.1	-41.4	5.8	-12.5	10.2	4.1

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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almost €250 billion. The bulk of this was (gross) real investment with a value of €215 billion in 2005, a year-on-year increase of €7 billion. This related in particular to investment in machinery and equipment as well as higher inventories, whereas industrial construction investment, at less than €70 billion, was once again down on the year.

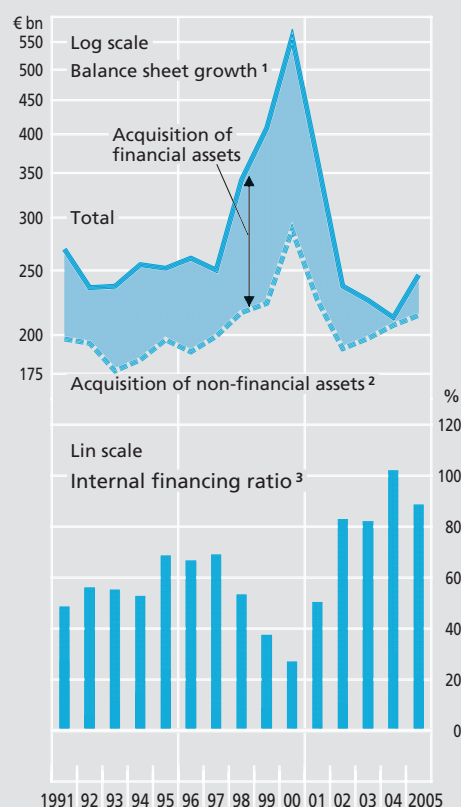
Renewed active financial investment

Enterprises increased their financial asset acquisition again last year, which grew faster than their acquisition of non-financial assets. After barely enlarging their financial investment in 2004, they invested just over €30 billion in financial assets in 2005. In addition to short-term bank deposits, which accounted for the greatest part of new financial investment, they enlarged their bond portfolios and increased their short-term financial loans to affiliated enterprises abroad as well as their receivables from trade credits in foreign business. By contrast, the sale of equity stakes heavily dented firms' financial investment. In 2005, they sold participating interests worth €30 billion net, of which shares constituted the largest part.

Continued high level of internal financing

As in previous years, the financing needs of the enterprises in 2005 was covered mostly by their own financial resources. The internal financing ratio was almost 90%, the second highest value since 1991. In absolute terms, the self-generated financial resources increased only marginally to €220 billion. However, this was still higher than real investment, which means that firms' financial investment could be partially funded out of their own financial resources.

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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Thanks to their favourable financial situation, firms had a very limited external financing requirement of only €16 billion. It is nonetheless noteworthy in comparison with the preceding years that the multi-year phase of debt consolidation, which was reflected *inter alia* in debt repayments, drew to a certain close in 2005. The turnaround could be seen especially in the case of loans from non-banks, which had still been redeemed to a

Borrowing from banks and non-banks

significant extent in 2004. The net borrowings amounted to €17 billion. Lending (including trade credits) from abroad was even higher at €26 billion. In this context, almost exclusively short-term funds were raised. By contrast, enterprises repaid bank loans on balance for the fourth time in a row in 2005; although the volume of €11 billion was significantly lower than the €44 billion of bank debt repaid in 2004. On the other hand, the demand for longer-term loans from foreign institutions showed a positive net result of €10 billion. In total, firms reduced their outstanding financial indebtedness, whether to banks or other creditors, by €3 billion net. In 2004, net redemptions had totalled €80 billion.

Sales of securities and participating interests

Enterprises raised only slightly more in 2005 than in the previous year, namely €3 billion, from issuing their own securities. Firms mainly resorted to bonded debt while simultaneously running down their level of money market paper outstanding. Countervailing developments were also evident in the area of equity financing. Whereas enterprises recorded a surplus from public share offerings, not least because of the higher stock market prices, they concurrently relinquished interests held in private limited companies and other non-negotiable securities in the same amount in net terms, so that overall fund-raising through equity issues balanced to zero.

Development and structure of corporate debt

Following the consolidation of corporate debt in the past few years, which resulted in sizeable debt repayments in the enterprise sector on balance, firms' financial obligations rose again marginally last year. However, at €1.9 trillion, the indebtedness of German producing enterprises was still below the historical peak of 2002. In relation to gross value added, the level of borrowed funds in 2005 was 150% – 12 percentage points less than in 2002. In addition to the debt position, the debt-equity ratio is often used in the international context for evaluating the financial position of the enterprise sector. As the national account rules dictate that equity capital is to be rated in the denominator at market-based prices, this variable proves to be much more volatile than the ratio of debt to value added. The ratio of 150% in 2002 thus dropped to 110% by the end of 2005, *inter alia* owing to the sharp rise in share prices on the stock market. Measured by this coefficient, the financial situation of German enterprises in the first half of the 1990s was far less favourable than it has been of late. At that time, the comparable figure had averaged more than 150%.

Improvement in various ratios

In the past few years, a certain shift in emphasis has occurred within the debt structure of enterprises away from traditional bank loans. Although in 2005 bank loans were still the most important source of external financing, accounting for about two-thirds of all borrowed funds, other forms of financing have gained in importance. These include the

Lesser importance of bank loans

Debt of non-financial corporations

€ billion

Item	1991	1995	2000	2001	2002	2003	2004	2005
Loans	726.8	841.7	1,265.7	1,347.1	1,366.5	1,334.0	1,253.6	1,259.2
Short-term loans	255.0	252.4	422.3	430.8	384.0	370.8	330.3	330.0
Longer-term loans	471.8	589.3	843.4	916.3	982.5	963.2	923.4	929.2
Bonds	32.7	53.8	38.4	42.1	50.7	67.6	79.4	89.6
Money market paper	4.8	2.9	14.2	20.6	20.2	31.6	24.0	17.1
Pension provisions	115.8	141.0	169.1	177.3	186.1	194.0	200.5	207.1
Other liabilities ¹	94,7	104,2	124,7	154,3	208,9	254,7	256,2	244,3
Total debt	1,068.7	1,226.3	1,798.3	1,898.5	1,939.5	1,937.1	1,886.3	1,911.7
<i>Memo item</i>								
Debt as a percentage of gross value added	126.9	124.8	157.8	160.7	162.3	161.4	151.6	150.1
Short-term debt as a percentage of total debt	42.0	36.1	41.6	40.2	37.1	36.8	36.3	35.9

¹ Trade credits from abroad, tax liabilities and outstanding social contributions.

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incurrence of liabilities abroad as well as security-based financing. Moreover, the aforementioned substitution of short-term funds by long-term borrowing caused the proportion of short-term debt to decrease further in 2005. The proportion of short-term debt dropped to 36% – that is 5½ percentage points less than in 2000.

In addition to various debt indicators, the cost of debt financing for enterprises has also improved in the last few years. Thus, in 2005, the gross interest burden dropped to 15% of the operating surplus – compared with 25% in 2000. The ratio of net interest paid to the operating result decreased over the same period from 15% to 9%. Both the radical consolidation measures taken by the enterprises and the favourable interest rate environment have contributed to this development.

onment have contributed to this development.

Households' borrowing, saving and investment behaviour

In the aggregate, households funded their financial and non-financial investments last year completely out of their own financial resources. As in 2004, they also repaid financial credits on a small scale on balance. This was mainly due to the declining demand for short-term loans from sole proprietors – who are included under households according to ESA 95. On the other hand, longer-term funds amounting to €3 billion net were raised independently of their use.

Low credit demand ...

Less interest paid



... and higher savings

The internally available financial resources, which are composed of net capital transfers received as well as savings, expanded in 2005 by just over €4 billion to €174 billion. This increase was attributable exclusively to higher savings. In 2005, they totalled just under €160 billion, an increase of €35 billion compared with 2000. In the same period, the saving ratio increased from 9.2% to 10.7% of households' disposable income. However, it should be noted that in spite of this increase, the saving ratio in 2005 was still well below the average value during the first half of the 1990s. In a longer-term comparison, the difference is even greater. For example, the average savings of households in the 1980s was around 13½% of disposable income, and a decade earlier it was as much as 14½%. The commonly expressed belief that German

households are currently saving an exceptionally high amount therefore does not hold true in a long-term comparison.

Only about one-fifth of the available financial resources was invested in real asset formation, which mainly consisted in spending on housing construction. After deducting depreciation, households' net capital formation amounted to €36 billion, which was somewhat less than in 2004. In the 1990s, when demand for private housing construction was still quite strong, the average annual real asset formation of households had been almost twice as high.

Real investment declining again

Last year, households increased their financial assets by €135 billion, which was €3 billion more than in 2004. In this context, the preference for investment in securities, which had already been evident for many years, continued. In 2005, the net inflow into securities increased by €6 billion to €30 billion. However, this concealed very different developments for the individual categories of securities. For example, mutual fund shares, which had experienced a net reduction of €7 billion in 2004, enjoyed a greater demand in 2005, attracting new net investment of €20 billion. Judging by the sales transactions of German mutual funds open to the general public, there was a greater demand for share-based funds as well as for bond-based funds. By contrast, direct investment in the bond market, which had been exceptionally strong in 2004, returned to normal with a score of €11 billion. This also applies to the acquisition of shares and other equity, which had contracted sharply following the stock market boom.

More financial investment in securities ...

Households' saving and asset acquisition *

€ billion

Item	1991	1995	2000	2001	2002	2003	2004	2005
Sources of funds								
Disposable income	1,010.1	1,198.9	1,337.4	1,374.1	1,388.5	1,417.7	1,447.4	1,468.1
Household final consumption expenditure	879.9	1,067.2	1,214.2	1,258.6	1,266.7	1,287.6	1,312.5	1,329.7
Saving	130.2	131.7	123.2	130.9	139.4	147.9	153.8	158.7
<i>Memo item</i>								
Saving ratio ¹	12.9	11.0	9.2	9.4	9.9	10.3	10.5	10.7
Net capital transfers received	5.2	6.0	15.9	11.9	1.0	16.0	15.3	14.9
Own investable funds	135.4	137.7	139.2	142.9	140.4	163.9	169.1	173.6
Incurrence of liabilities ²	65.7	75.8	43.5	21.4	15.7	17.6	1.1	- 1.5
Total sources of funds	201.1	213.5	182.6	164.2	156.1	181.4	170.2	172.1
Uses of funds								
Net capital formation ³	58.4	80.0	62.9	44.7	37.7	37.8	36.8	36.2
Acquisitions less disposals of non-financial non-produced assets	0.6	0.9	1.0	0.9	0.9	1.0	1.0	0.9
Acquisition of financial assets	142.1	132.6	118.9	118.7	117.5	142.7	132.4	135.1
with banks ⁴	57.8	34.5	- 31.1	27.3	78.8	58.3	49.2	43.9
Transferable deposits ⁵	9.9	13.2	2.2	8.8	83.4	65.5	44.6	50.2
Time deposits ⁶	38.9	- 37.0	8.8	17.4	- 5.2	- 17.6	- 5.9	- 0.7
Savings deposits ⁶	4.7	54.8	- 39.7	2.5	0.9	14.7	12.2	- 1.0
Savings certificates	4.4	3.5	- 2.4	- 1.4	- 0.2	- 4.4	- 1.7	- 4.6
<i>of which</i>								
with building and loan associations	3.1	3.0	2.8	3.0	3.1	3.2	3.4	3.2
with insurance corporations ^{7,8}	33.3	53.0	57.3	48.3	44.5	44.3	50.0	51.6
<i>of which</i>								
with life insurance companies ⁸	21.0	35.1	37.2	31.1	18.8	20.6	22.9	28.9
in securities	42.9	37.2	82.7	33.2	- 16.6	29.9	23.9	30.1
Bonds ⁹	24.4	23.6	3.5	5.7	13.2	20.3	34.7	10.8
Shares	0.3	- 1.7	20.4	- 28.7	- 71.0	- 20.0	- 6.5	- 3.0
Other equity	4.4	4.4	4.1	3.5	3.2	3.1	3.2	3.0
Mutual fund shares	13.8	10.9	54.7	52.8	38.0	26.5	- 7.5	19.4
Claims arising from company pension commitments	8.1	7.9	9.9	9.9	10.8	10.1	9.2	9.5
Total uses of funds	201.1	213.5	182.7	164.2	156.2	181.4	170.2	172.1

* 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 building 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 and supplementary pension funds. — ⁸ Including other claims (including accumulated interest-bearing surplus shares with insurance corporations). — ⁹ Including money market paper.

On balance last year, households only moderately changed their pattern of investment in shares. In this context, profit-taking may have played a role.

... and
insurance

The "winners" of 2005 also included life insurance and pension insurance companies, which recorded inflows of nearly €30 billion following €23 billion in the previous year. Among other things, this significant increase was due to buoyant business in government-subsidised supplementary pension plans as well as the very high sales of traditional insurance products before the expiry of the associated tax breaks at the end of 2004, which did not show up in the trend in financial asset acquisition until a year later. In total, households invested just over €50 billion in insurance corporations and pension funds in 2005, which was two-fifths of their overall financial investment. The increase in bank deposits in 2005 was some €5 billion less than in the previous year. At €44 billion, new investment in this segment was also significantly lower than the average of previous years. On the other hand, households strongly increased their sight deposits by €50 billion on account of the aforementioned high liquidity preference.

Households' financial assets and indebtedness

Decline in debt
and interest
expenditure

The aggregate financial position of households, measured by their net financial assets, improved significantly in 2005. This was due both to higher financial investment and to the stabilisation of their liabilities. At the end of 2005, the financial liabilities of households

amounted to €1.57 trillion, which was only €60 billion, or 4%, more than at the end of 2000. In relation to their disposable income, households' indebtedness declined during the same period from 113% to just over 105%. In this context, there were significant shifts in the maturity pattern. Short-term loans, which traditionally are of fairly minor importance, were greatly reduced, whereas longer-term liabilities were increased. This was due not least to the historically low interest rate level and the expectation that interest rates are more likely to rise in the longer run. All in all, the changes described above in the level and maturity pattern of household debt helped to substantially lower the amount of interest paid. In 2005, the interest burden amounted to only 4% of disposable income. At the beginning of the 1990s, when the absolute level of household debt had been only half as high as in 2005 but the financing costs had been significantly higher, the corresponding ratio had been almost 6%.

As mentioned, the financial assets held by households increased considerably in 2005, namely by over €180 billion to €4.26 trillion. However, about one-quarter of this increase was due to corresponding valuation gains in their portfolios. The sharp rise in financial assets pushed the financial asset-income ratio up to almost 290%. The ratio of net financial assets to disposable income grew even faster owing to households' very moderate borrowing. At the end of 2005, it was about 180%, which is 30 percentage points above the figure three years earlier. Net financial assets per household totalled just under €70,000. Including households' non-financial assets,

Marked
increase in
financial assets

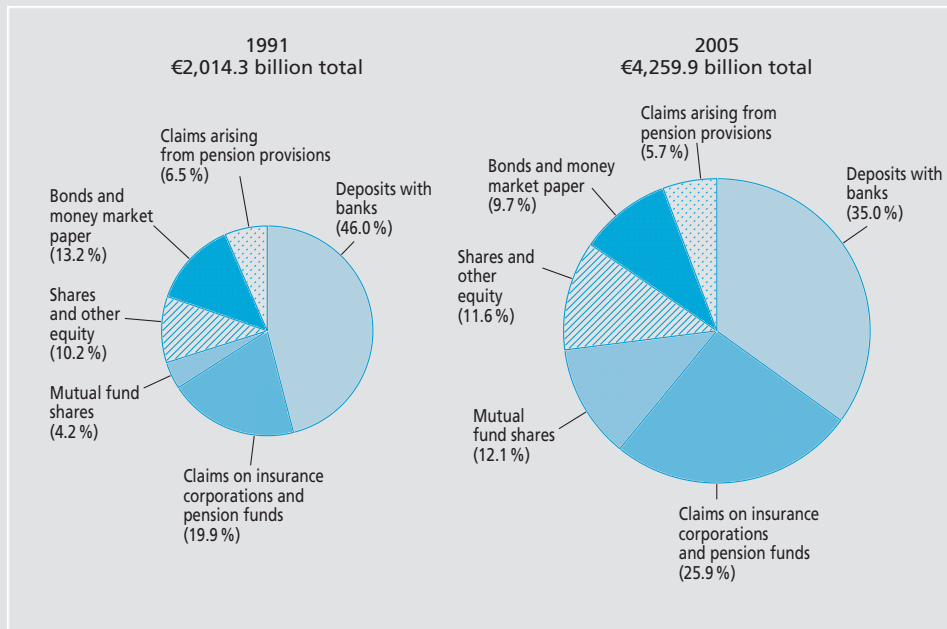
Households' financial assets and liabilities *

Item	1991	1995	2000	2001	2002	2003	2004	2005
	in € billion							
Financial assets								
with banks 1	926	1,128	1,235	1,262	1,341	1,399	1,448	1,492
Short-term	617	782	921	957	1,041	1,111	1,156	1,205
Longer-term	309	346	314	305	300	288	292	288
of which								
with building and loan associations	66	78	94	95	99	105	112	119
with insurance corporations 2, 3	401	573	866	914	959	1,003	1,052	1,103
of which								
with life insurance companies	258	374	563	595	613	634	657	686
in securities	556	797	1,309	1,318	1,159	1,286	1,345	1,421
Bonds 4	266	313	326	351	375	406	431	411
Shares	126	191	428	343	179	237	246	283
Other equity	79	102	146	188	180	179	206	211
Mutual fund shares	84	190	409	436	425	464	462	516
arising from company pension commitments	132	161	193	203	214	224	233	243
Total	2,014	2,658	3,603	3,697	3,672	3,912	4,078	4,260
Liabilities								
Loans	815	1,138	1,501	1,522	1,538	1,554	1,558	1,557
Short-term	91	104	114	110	107	99	90	86
Longer-term	724	1,034	1,387	1,412	1,432	1,455	1,467	1,471
Other liabilities	9	12	8	8	8	10	11	12
Total	824	1,150	1,508	1,530	1,547	1,564	1,569	1,569
of which								
Consumer loans	131	165	207	206	204	201	206	206
Mortgage loans	492	697	947	978	1,002	1,019	1,029	1,039
Entrepreneurial loans	191	275	346	338	333	332	321	311
Net financial assets	1,190	1,508	2,094	2,167	2,126	2,349	2,509	2,691
of which								
Non-profit institutions serving households								
Financial assets								
with banks	35	39	43	45	45	45	46	47
in securities	30	46	77	77	68	73	77	81
Bonds	19	27	27	26	27	28	30	31
Shares	4	6	12	11	8	10	10	11
Mutual fund shares	7	13	38	40	34	35	37	39
Total	65	86	120	122	113	118	123	128
Liabilities	14	14	16	16	16	15	15	16
Net financial assets	51	72	104	106	97	103	108	112
<i>Memo item</i>	in € per household							
Financial assets	57,100	72,000	94,500	96,100	94,800	100,500	104,200	108,500
Liabilities	23,400	31,100	39,600	39,800	39,900	40,100	40,100	40,000
Net financial assets	33,700	40,900	54,900	56,300	54,900	60,400	64,100	68,500
	as a percentage of disposable income							
Financial assets	199.4	221.7	269.4	266.1	261.2	272.5	278.1	286.2
Liabilities	81.6	95.9	112.8	110.1	110.0	108.9	107.0	105.4
Net financial assets	117.9	125.8	156.6	156.0	151.2	163.6	171.1	180.8

* 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. — 3 Including other claims (includ-

ing accumulated interest-bearing surplus shares with insurance corporations). — 4 Including money market paper.

Structure of households' financial assets*



* Including non-profit institutions serving households.
Deutsche Bundesbank

which were higher than their financial assets at an estimated €4.8 trillion, households' total net assets averaged €190,000. Thus, their net worth has increased in nominal terms by €60,000 or 3% per year since German reunification. However, it should be noted that these mean values mask a wide spread of financial assets and debts among individual households.

In spite of the sharp increase in share prices and the significant juggling of investment vehicles, which is reflected in the transactions of different items, there have been no great shifts in the underlying structure of financial assets. However, investments in shares have regained some ground compared with their low of 5% of all financial assets in 2002, reaching a share of 7% in 2005. The increase

was dented by the fact that many equities were sold on balance in the past few years. Bonds and mutual fund shares each continued to make up about one-tenth of households' financial assets. If all securities items are added together, this form of investment reached a total proportion of one-third and therefore ranked second, only a little behind bank deposits. In addition, the proportion of claims on insurance companies and pension funds was very stable at just over one-quarter.

A longer-term retrospective comparison, however, shows quite significant structural shifts in the portfolio of households. For example, households have considerably increased the share of their portfolio investment since 1991. This is especially evident

... and changes since 1991

Current breakdown of financial assets ...

from the acquisition of mutual fund shares. This segment's share of all financial assets had been only 4% at the beginning of the 1990s. The increase of investments in mutual funds was mainly at the expense of bank deposits. Their share went down from 46% in 1991 to 35% in the year under review. In this context, longer-term bank products have lost a lot more importance than short-term bank products. In particular, classical deposit ac-

count saving has become less important. In their saving and investment behaviour, German households in the aggregate have become more capital market-oriented and more yield-sensitive, even though they continue to invest primarily in banks and insurance corporations. This is all the more true if one bears in mind that bank and insurance products have likewise been adapted to the stronger yield awareness of investors.

The tables accompanying this article appear on the following pages.

Capital and financial accounts of the sectors in 2005

€ 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	36.16	30.16	- 6.44	- 6.45	0.01	59.88
Gross capital formation	134.92	215.47	29.19	28.34	0.85	379.58
Consumption of fixed capital	98.76	185.31	35.63	34.79	0.84	319.70
Acquisitions less disposals of non-financial non-produced assets	0.88	0.43	- 1.31	- 1.31	0.00	0.00
Saving and capital transfers	173.64	34.65	- 82.25	- 78.91	- 3.34	126.04
Saving	158.72	20.36	- 57.57	- 54.44	- 3.13	121.51
Capital transfers (net)	14.92	14.29	- 24.68	- 24.47	- 0.21	4.53
Net lending/net borrowing ³	136.60	4.06	- 74.50	- 71.15	- 3.35	66.16
Statistical discrepancy ⁴	.	12.54	.	.	.	12.54
Acquisition of financial assets						
Monetary gold and special drawing rights (SDRs)	.	.	.	.	.	.
Currency and deposits	43.88	35.31	3.15	3.31	- 0.15	82.34
Currency and transferable deposits	50.15	31.40	3.91	2.62	1.29	85.46
Time deposits ⁵	- 0.70	3.79	- 0.46	0.82	- 1.28	2.64
Savings deposits	- 0.97	0.05	- 0.26	- 0.09	- 0.17	- 1.18
Savings certificates	- 4.60	0.07	- 0.04	- 0.04	0.01	- 4.57
Money market paper	0.05	0.51	- 0.41	- 0.41	.	0.15
Bonds	10.72	2.15	0.23	0.85	- 0.62	13.10
Financial derivatives	.	1.58	- 0.22	- 0.22	.	1.36
Shares	- 3.00	- 38.44	- 1.81	- 1.81	.	- 43.25
Other equity	2.97	7.27	4.56	4.56	.	14.79
Mutual fund shares	19.37	4.86	0.85	- 0.01	0.86	25.07
Loans	.	13.96	0	- 6.75	0.07	7.20
Short-term loans	.	11.08	0	- 0.01	.	11.07
Longer-term loans	.	2.87	0	- 6.74	0.07	- 3.87
Claims on insurance corporations ²	50.12	2.31	0.04	0.04	.	52.46
Short-term claims	4.36	2.31	0.04	0.04	.	6.70
Longer-term claims	45.76	.	.	.	.	45.76
Claims arising from company pension commitments	9.50	.	.	.	.	9.50
Other claims	1.44	2.86	- 2.99	2.07	- 5.06	1.31
Total	135.05	32.35	0	- 3.36	1.61	- 4.90
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	.	- 6.93	1.24	1.24	.	- 5.69
Bonds	.	10.07	68.95	68.95	.	79.02
Financial derivatives	.	.	.	.	.	.
Shares	.	6.01	.	.	.	6.01
Other equity	.	- 5.99	.	.	.	- 5.99
Mutual fund shares	.	.	.	.	.	.
Loans	- 2.22	- 2.97	0	0.56	2.18	- 4.63
Short-term loans	- 5.09	0.70	5.38	6.77	- 1.39	1.00
Longer-term loans	2.87	- 3.67	0	- 4.82	- 0.16	- 5.62
Claims on insurance corporations ²	.	.	.	.	.	.
Short-term claims	.	.	.	.	.	.
Longer-term claims	.	.	.	.	.	.
Claims arising from company pension commitments	.	6.57	.	.	.	6.57
Other liabilities	0.67	8.98	- 0.04	- 0.04	.	9.61
Total	- 1.55	15.75	0	71.14	72.76	85.34
Net acquisition of financial assets ⁶	136.60	16.60	- 74.50	- 71.15	- 3.35	78.70

1 Credit institutions including the Deutsche Bundesbank, building 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-

Domestic financial sectors				Rest of the world	All sectors	Item
Monetary financial institutions (MFIs) ¹	Other financial intermediaries	Insurance corporations ²	Total			
- 0.67	0.08	- 0.45	- 1.04	.	58.84	Acquisition of non-financial assets and saving
4.72	0.15	2.07	6.94	.	386.52	Net capital formation
5.39	0.07	2.52	7.98	.	372.68	Gross investment
						Consumption of fixed capital
-	-	-	-	0.00	-	Acquisitions less disposals of non-financial non-produced assets
14.74	- 0.95	7.45	21.24	- 88.44	58.84	Saving and capital transfers
14.74	- 0.95	11.95	25.74	- 88.41	58.84	Saving
-	.	- 4.50	- 4.50	- 0.03	-	Capital transfers (net)
15.41	- 1.03	7.90	22.28	- 88.44	-	Net lending/net borrowing ³
.	.	.	.	- 12.54	-	Statistical discrepancy ⁴
						Acquisition of financial assets
- 0.09	.	.	- 0.09	0.09	-	Monetary gold and special drawing rights (SDRs)
72.89	10.04	17.74	100.67	28.27	211.28	Currency and deposits
6.70	10.18	0.88	17.76	40.65	143.87	Currency and transferable deposits
66.19	- 0.26	17.81	83.74	- 12.60	73.78	Time deposits ⁵
.	0.03	0.00	0.03	- 1.08	- 2.23	Savings deposits
0.03	0.09	- 0.96	- 0.87	1.30	- 4.14	Savings certificates
66.77	1.02	.	1.05	- 2.67	- 1.46	Money market paper
2.35	31.37	15.12	113.26	158.69	285.05	Bonds
11.45	0.99	.	3.34	.	4.70	Financial derivatives
5.24	- 8.34	15.16	18.26	62.00	37.01	Shares
21.29	9.35	- 3.19	11.40	- 2.90	23.29	Other equity
12.92	13.86	20.43	55.58	0.93	81.58	Mutual fund shares
1.29	- 7.54	- 0.16	5.23	31.80	44.22	Loans
11.63	0.53	0.37	2.19	17.59	30.84	Short-term loans
.	- 8.07	- 0.52	3.04	14.21	13.38	Longer-term loans
.	.	.	.	4.03	56.50	Claims on insurance corporations ²
.	.	.	.	4.07	10.77	Short-term claims
.	.	.	.	- 0.04	45.72	Longer-term claims
- 6.76	0.25	4.24	- 2.27	4.05	9.50	Claims arising from company pension commitments
					3.09	Other claims
186.08	51.00	69.34	306.42	284.30	754.76	Total
						External financing
128.89	0.08	.	128.97	81.88	211.28	Currency and deposits
136.64	0.09	.	136.73	6.70	143.87	Currency and transferable deposits
- 1.39	- 0.01	.	- 1.40	75.18	73.78	Time deposits ⁵
- 2.23	.	.	- 2.23	.	- 2.23	Savings deposits
- 4.14	.	.	- 4.14	.	- 4.14	Savings certificates
- 0.31	0.00	.	- 0.31	4.54	- 1.46	Money market paper
60.46	0.01	0.13	60.60	145.44	285.05	Bonds
.	-	-	-	4.70	4.70	Financial derivatives
3.01	- 0.28	0.99	3.72	27.29	37.01	Shares
3.73	0.05	.	3.78	25.50	23.29	Other equity
- 0.33	42.04	.	41.72	39.86	81.58	Mutual fund shares
.	9.01	1.99	11.00	37.85	44.22	Loans
.	4.74	- 0.22	4.52	25.33	30.84	Short-term loans
.	4.27	2.22	6.49	12.52	13.38	Longer-term loans
.	.	56.13	56.13	0.36	56.50	Claims on insurance corporations ²
.	.	10.77	10.77	.	10.77	Short-term claims
.	.	45.36	45.36	0.36	45.72	Longer-term claims
2.33	- 0.05	0.65	2.93	.	9.50	Claims arising from company pension commitments
- 27.11	1.17	1.55	- 24.39	17.87	3.09	Other liabilities
170.67	52.03	61.44	284.14	385.28	754.76	Total
15.41	- 1.03	7.90	22.28	- 100.98	-	Net acquisition of financial assets ⁶

produced assets. — ⁴ Net acquisition of financial assets less net lending. — ⁵ Including deposits with building and loan associations. —

⁶ Acquisition of financial assets less external financing. — ^o Sum-totals do not include intra-sectoral flows.

Financial assets and liabilities of the sectors in 2005

€ billion, year-end data

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	
Financial assets						
Monetary gold and special drawing rights (SDRs)	.	.	.	.	.	.
Currency and deposits	1,492.3	395.8	151.7	128.7	23.0	2,039.8
Currency and transferable deposits	591.5	206.5	21.8	17.5	4.3	819.8
Time deposits ³	239.4	179.0	126.1	108.0	18.1	544.4
Savings deposits	596.0	4.5	2.4	2.1	0.3	602.9
Savings certificates	65.4	5.8	1.5	1.1	0.4	72.7
Money market paper	1.0	13.1	0.9	0.9	.	15.0
Bonds	410.3	51.1	7.4	5.4	2.1	468.8
Financial derivatives	.	.	2.0	2.0	.	2.0
Shares	282.8	627.9	62.1	61.9	0.2	972.8
Other equity	211.1	316.0	72.8	72.8	.	600.0
Mutual fund shares	516.3	108.8	20.2	1.8	18.4	645.4
Loans	.	125.5	55.3	55.3	0.5	180.7
Short-term loans	.	91.1	1.6	1.6	.	92.7
Longer-term loans	.	34.4	53.6	53.6	0.5	88.0
Claims on insurance corporations ²	1,044.2	42.0	0.6	0.6	.	1,086.8
Short-term claims	79.2	42.0	0.6	0.6	.	121.9
Longer-term claims	964.9	.	.	.	.	964.9
Claims arising from company pension commitments	242.6	.	.	.	.	242.6
Other claims	59.3	377.0	67.3	67.3	.	503.6
Total	4,259.9	2,057.2	440.4	396.8	44.2	6,757.5
Liabilities						
Currency and deposits	.	.	5.9	5.9	.	5.9
Currency and transferable deposits	.	.	5.9	5.9	.	5.9
Time deposits ³	.	.	.	.	.	.
Savings deposits	.	.	.	.	.	.
Savings certificates	.	.	.	.	.	.
Money market paper	.	17.1	36.6	36.6	.	53.7
Bonds	.	89.6	1,091.0	1,091.0	.	1,180.5
Financial derivatives	.	.	.	.	.	.
Shares	.	1,137.4	.	.	.	1,137.4
Other equity	.	584.7	.	.	.	584.7
Mutual fund shares	.	.	.	.	.	.
Loans	1,557.1	1,259.2	454.7	452.5	2.7	3,270.9
Short-term loans	85.6	330.0	46.3	44.6	1.7	461.8
Longer-term loans	1,471.5	929.2	408.4	407.9	1.0	2,809.1
Claims on insurance corporations ²	.	.	.	.	.	.
Short-term claims	.	.	.	.	.	.
Longer-term claims	.	.	.	.	.	.
Claims arising from company pension commitments	.	207.1	.	.	.	207.1
Other liabilities	12.2	338.8	3.7	3.7	.	354.6
Total	1,569.3	3,633.8	1,591.8	1,589.6	2.7	6,794.9
Net financial assets ⁴	2,690.6	-1,576.6	-1,151.4	-1,192.9	41.5	-37.4

1 Credit institutions including the Deutsche Bundesbank, building and loan associations and money market funds. — 2 Including private

pension funds as well as occupational pension schemes and supplementary pension funds. — 3 Including deposits with building and loan

Deutsche Bundesbank

Domestic financial sectors				Rest of the world	All sectors	Item
Monetary financial institutions (MFIs) ¹	Other financial intermediaries	Insurance corporations ²	Total			
48.1	.	.	48.1	.	48.1	Financial assets
881.4	69.6	487.2	1,438.2	1,032.5	4,510.6	Monetary gold and special drawing rights (SDRs)
137.8	55.4	12.7	205.9	227.5	1,253.1	Currency and deposits
743.6	13.0	460.2	1,216.7	786.0	2,547.1	Currency and transferable deposits
.	0.1	0.4	0.5	8.5	611.9	Time deposits ³
.	1.2	13.9	15.1	10.6	98.4	Savings deposits
28.0	6.5	.	34.4	90.3	139.8	Savings certificates
1,343.3	467.0	155.8	1,966.0	1,348.1	3,783.0	Money market paper
.	2.6	.	2.6	.	4.6	Bonds
242.5	309.0	279.7	831.1	453.3	2,257.2	Financial derivatives
90.3	103.7	19.4	213.4	249.7	1,063.1	Shares
174.0	27.3	320.6	521.9	24.2	1,191.5	Other equity
3,138.3	10.5	188.3	3,337.1	459.2	3,977.1	Mutual fund shares
486.7	1.7	22.8	511.2	189.4	793.3	Loans
2,651.6	8.8	165.5	2,825.9	269.9	3,183.7	Short-term loans
.	.	.	.	74.1	1,161.0	Longer-term loans
.	.	.	.	74.1	196.0	Claims on insurance corporations ²
.	.	.	.	.	964.9	Short-term claims
.	.	.	.	.	242.6	Longer-term claims
140.9	1.6	77.2	219.7	107.4	830.7	Claims arising from company pension commitments
.	.	.	.	.	.	Other claims
6,086.8	997.7	1,528.1	8,612.6	3,838.9	19,209.0	Total
3,510.7	2.6	.	3,513.3	991.3	4,510.6	Liabilities
1,107.6	1.8	.	1,109.4	137.8	1,253.1	Currency and deposits
1,692.8	0.9	.	1,693.6	853.5	2,547.1	Currency and transferable deposits
611.9	.	.	611.9	.	611.9	Time deposits ³
98.4	.	.	98.4	.	98.4	Savings deposits
62.8	0.0	.	62.8	23.3	139.8	Savings certificates
1,680.6	0.4	2.3	1,683.3	919.1	3,783.0	Money market paper
.	-	.	-	4.6	4.6	Bonds
236.6	10.5	186.0	433.1	686.6	2,257.2	Financial derivatives
157.8	1.9	.	159.6	318.8	1,063.1	Shares
32.8	943.7	.	976.5	215.0	1,191.5	Other equity
.	46.2	22.9	69.1	637.1	3,977.1	Mutual fund shares
.	15.7	12.0	27.7	303.8	793.3	Loans
.	30.5	10.9	41.4	333.3	3,183.7	Short-term loans
.	.	1,161.0	1,161.0	.	1,161.0	Longer-term loans
.	.	196.0	196.0	.	196.0	Claims on insurance corporations ²
.	.	964.9	964.9	.	964.9	Short-term claims
23.5	0.0	12.0	35.5	.	242.6	Longer-term claims
193.1	2.2	108.6	303.9	172.2	830.7	Claims arising from company pension commitments
.	.	.	.	.	.	Other liabilities
5,897.9	1,007.4	1,492.8	8,398.2	3,967.9	19,161.0	Total
188.8	-9.7	35.4	214.5	-129.0	48.1	Net financial assets ⁴

associations. — ⁴ Financial assets less liabilities. — ^o Sum-totals do not include intra-sectoral flows.