



## Banco de Portugal publishes the national financial accounts for 2012

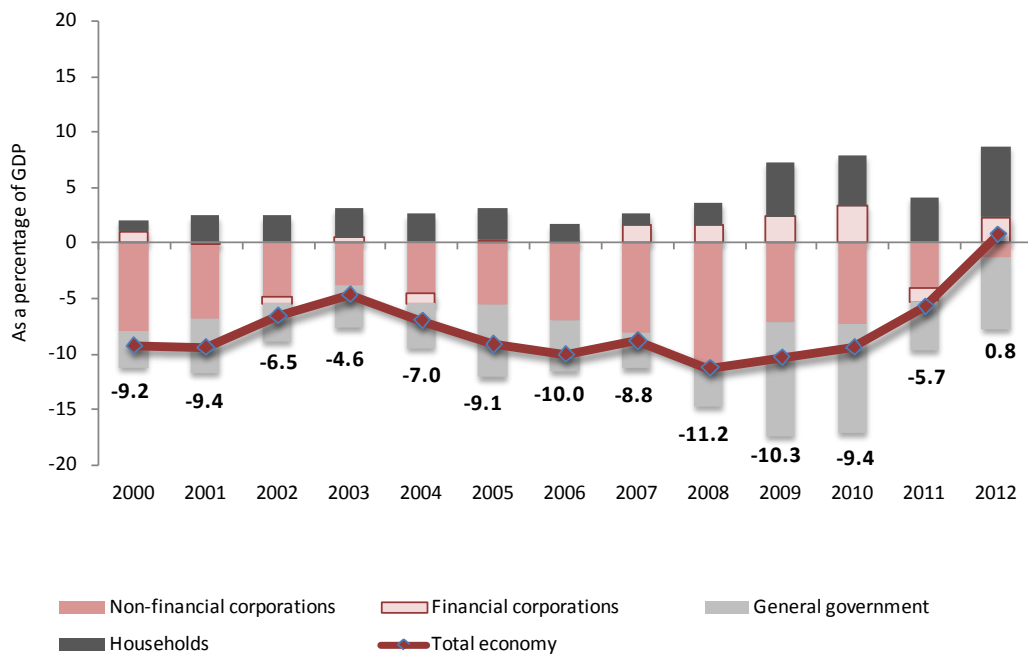
Banco de Portugal publishes today in the Statistical Bulletin and in the BPstat | Statistics Online the national financial accounts for 2012<sup>1</sup>.

### Main results

#### Evolution of financial saving

The net lending of the Portuguese economy amounted to 0.8 per cent of gross domestic product (GDP), reflecting the positive financial saving of Households and Financial corporations (respectively, 6.4 and 2.3 per cent of GDP), which was more than sufficient to satisfy the borrowing needs of General government and Non-financial corporations (respectively, 6.4 and 1.4 percent of GDP) (cf. Chart 1).

Chart 1 - Net lending (+) / borrowing (-)

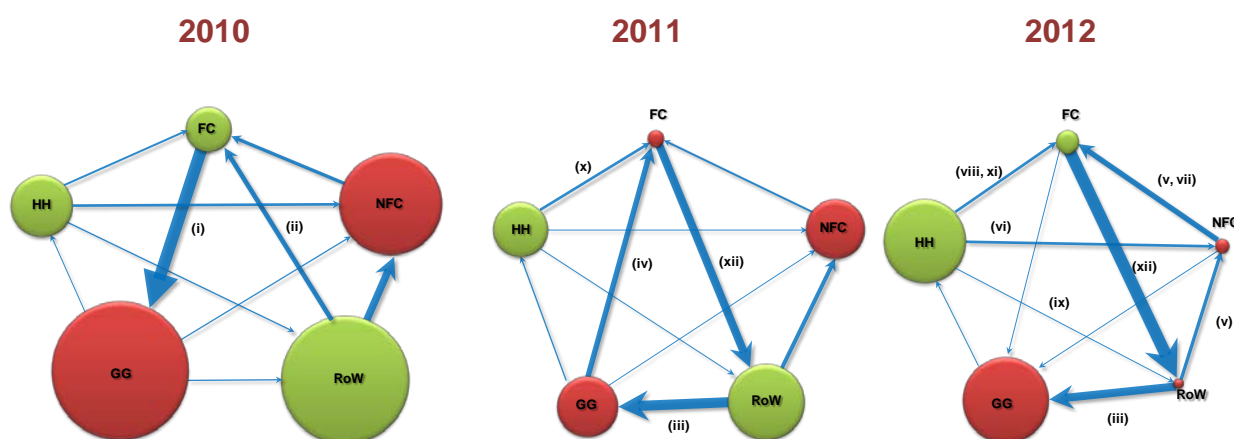


<sup>1</sup>For definitions and additional methodological issues, see the Technical note and references of Statistical Press Release of 21<sup>st</sup> April 2011 - [Banco de Portugal publishes the national financial accounts for 2010](#). The data which are now published incorporate the most recent information from the data sources used, namely Balance of Payments and International Investment Position statistics and Simplified Corporate Information (*Informação Empresarial Simplificada*).

### Flow of funds: 2010 to 2012

Chart 2 illustrates the flow of funds (net) between the various sectors<sup>2</sup>. The diameter of the circle is proportional to the financial saving of each sector (filled in green if positive and in red if negative). The arrows illustrate the inter-sector relations and the direction of the net financing; the width is proportional to the size of these relations.

Chart 2 - Flow of funds



**Legend:** NFC – Non-financial corporations; FC – Financial corporations; GG – General government; HH – Households; RoW – Rest of the world

In 2010 the **General government** obtained financing mainly from Financial corporations (i) which, in turn, resorted to the Rest of the world (primarily to the Eurosystem) to obtain funds (ii). Those movements changed when the Economic and Financial Assistance Programme to Portugal started, in the second quarter of 2011: in 2011 and 2012, the borrowing needs of General government were satisfied essentially by the Programme (iii). In this framework, General government obtained external loans amounting to 35.4 and 27.6 euro billion, respectively in 2011 and 2012. This effect was partially compensated by the net repayment of public debt securities held by non-residents. In 2011, part of the loans received under the Economic and Financial Assistance Programme which had not been used, were channeled to Financial corporations, through domestic deposits (iv).

**Non-financial corporations**, the institutional sector presenting the second largest borrowing needs in 2012, were financed, in net terms, by Rest of the world and Households. In the first case, the most significant inter-sector flows in 2012 were justified partly by the sale to non-residents, by Financial corporations, of shares of Non-financial corporations (v). In the second case, it is noteworthy the investment, by Households, in debt securities issued by Non-financial corporations (vi). The net repayment of loans granted by the Financial corporations to the Non-financial corporations contributed significantly to the net financing of the Non-financial corporations to the Financial corporations (vii).

<sup>2</sup> The Rest of the world sector corresponds to the symmetric of the Total economy, i.e., of all institutional sectors resident in Portugal.

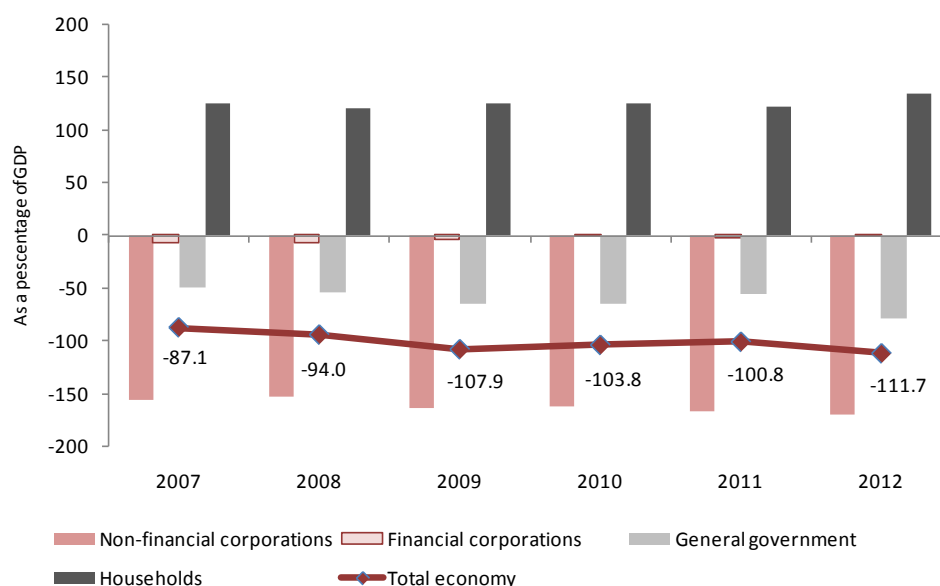
In 2012, **Households** were net lenders of Corporations (Financial and Non-financial) and of the Rest of the World. In the three cases, there was an increase of the investment, by Households, in debt securities issued by entities of those sectors (vi, viii, ix). The net lending of Households was also influenced, positively, by the net repayment of loans and, negatively, by the divestment in insurance technical reserves (xi), in both cases vis-à-vis Financial corporations. These movements are distinct from those occurred in 2011, when deposits increased and there was a reduction in investments funds shares/units and in insurance technical reserves.

In the **Financial corporations** sector, in 2011 and 2012 there was a reduction of investments from non-residents, namely in deposits with resident banks and in securitisation units issued by securitisation funds (xii), following the redemption of securitisation operations occurred in previous years.

### Evolution of financial wealth

The evolution of financial wealth was differentiated by institutional sector (Chart 3), reflecting the evolution of the financial saving of each sector combined with volume and valuation effects. It was observed a worsening of the negative net financial position of General government and Non-financial corporations and an improvement in the positive net financial position of Households.

Chart 3 - Financial wealth



Regarding the valuation effects, it should be noted the strong revaluation of the Portuguese government bonds in 2012, which contrasts with the significant devaluation observed in 2011. These effects have impacts on the portfolio of the holding sectors, particularly Financial corporations and Rest of world.