



EUROPEAN CENTRAL BANK

EUROSYSTEM

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Making Financial Accounts relevant for policy analysis

Statistics for Economic and Financial Analysis

Central Bank of Chile

Santiago, 29th September 2015

- 1 Key features of policy-relevant Financial Accounts
- 2 An integrated economic and financial approach
- 3 The household sector
- 4 The non-financial corporation sector: on-going development
- 5 Quick reference to other sectors: déjà-vu?
- 6 Final comments

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1. Key features of policy-relevant Financial Accounts

Priority order

- Quarterly frequency
- Timeliness: derived statistics *versus* forward-looking policies
- Monetary *versus* financial policy needs ? 3-month lag?
- Liaison *and* joint work with policy analysis departments
- Focus on value added *vis-à-vis* primary statistics
- Extraction of key indicators, closer to standard concepts
- Dissemination...and marketing(!):
 - database *and* reader-friendly reports: both!
 - Visualization, charts: lets learn from the publication industry
- Inter-linkages among sectors (who-to-whom)

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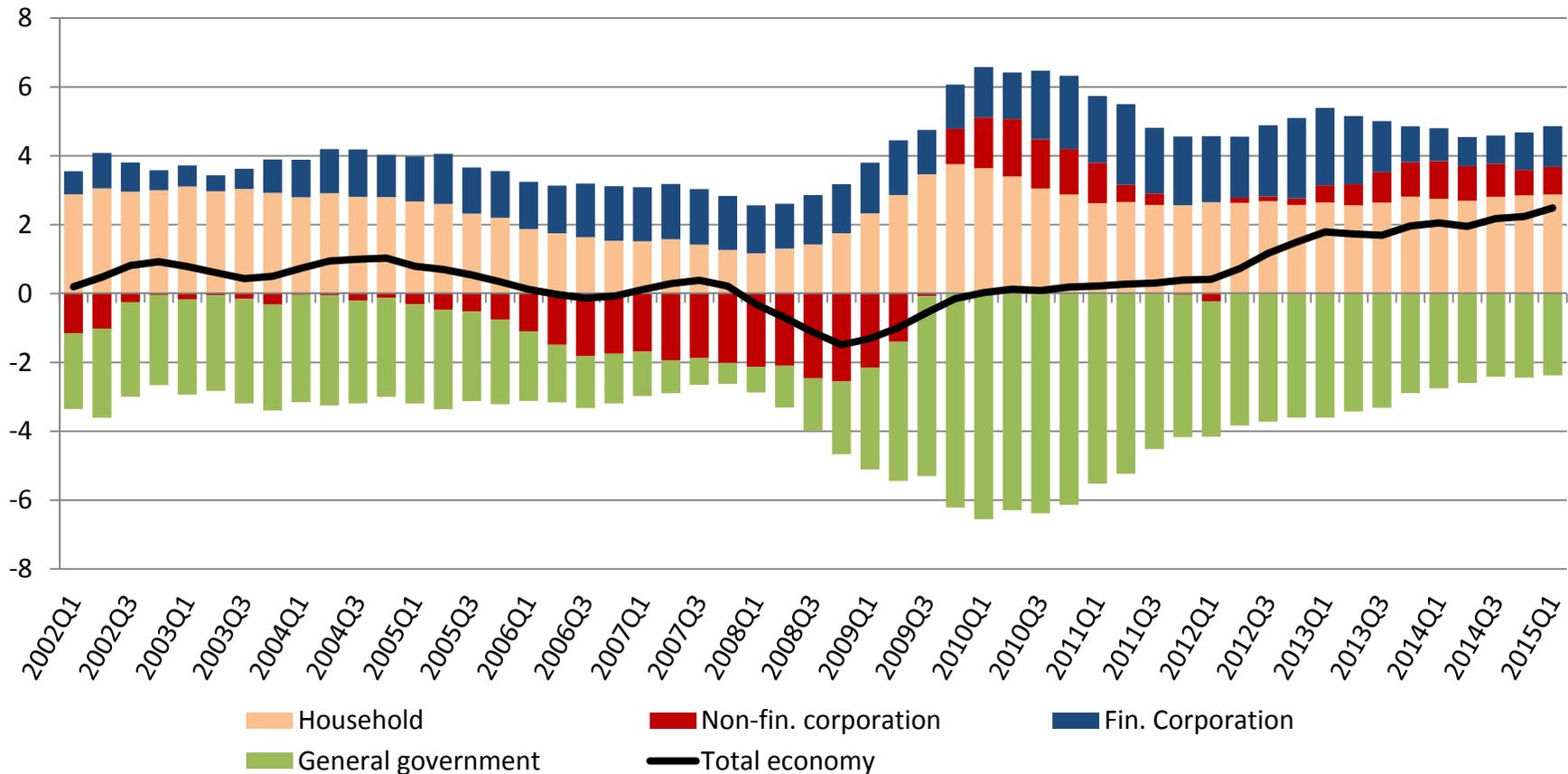
2. An integrated economic and financial approach

Key features

- Only statistics that give a consistent, integrated overview of all major economic and financial developments,...
- ...but too dense and heavy to digest
- ...and economists, much less familiar
- Integration of financial and non-financial accounts?
- Flows and stocks (a balance sheet crisis)
- Conjunctural and structural information
- The inter-linkages of the institutional sectors
- P.S. Important consistency check of primary statistics

2. An integrated economic and financial approach

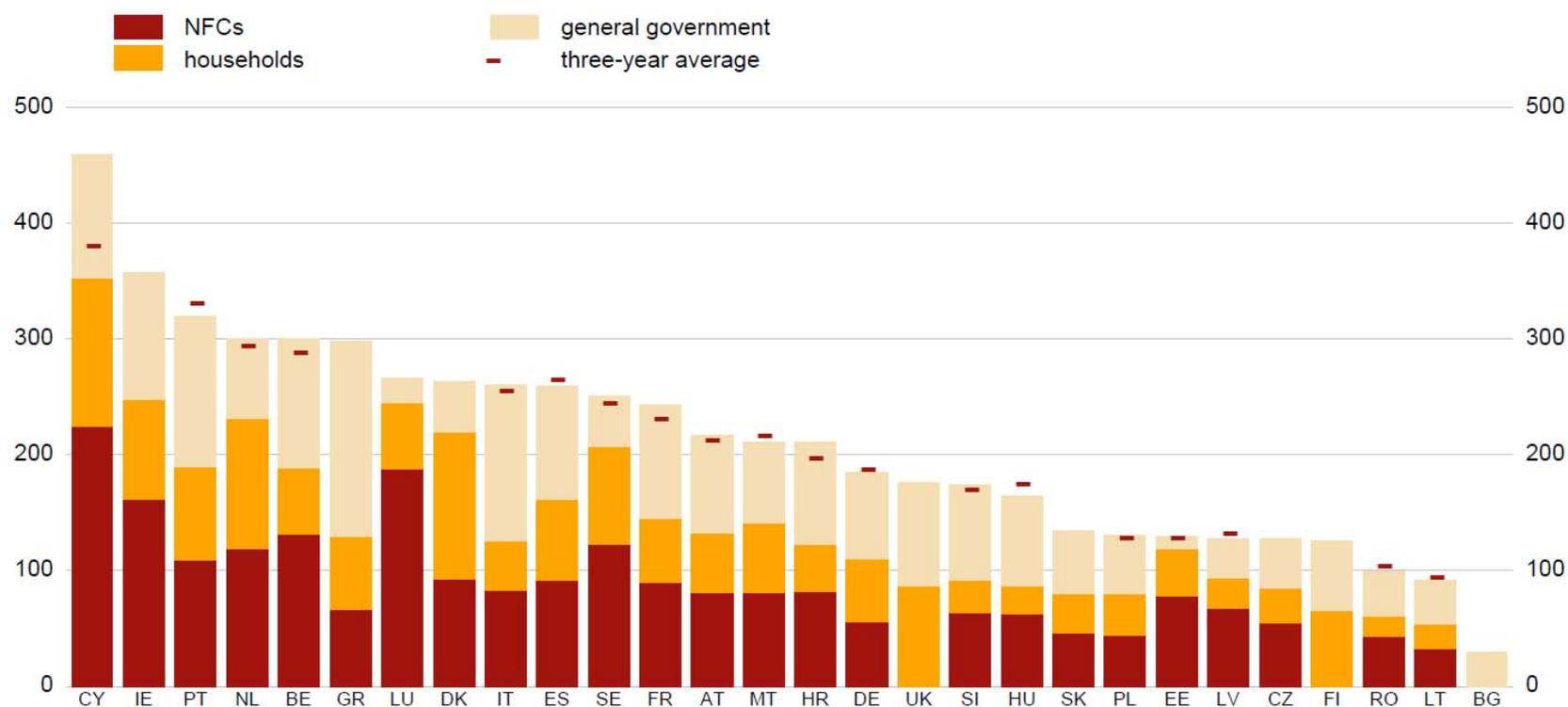
Net lending and borrowing, whole economy and its institutional sectors. Business cycle



(four quarter sums as percentage of GDP)

2. An integrated economic and financial approach

Aggregate debt-to-GDP. Structural information



(percentages of GDP; consolidated non-financial corporation debt not available for Finland and the United Kingdom; figures for Bulgaria are affected by confidentiality restrictions)

2. An integrated economic and financial approach

Latest development - who to whom information for securities

“Who-to-whom”, strong requirement . Stocks and Transactions

....for debt securities, listed shares and investment fund shares (available from October 2015).

....w-t-w for loans and deposits had been available.

- Debt securities - Listed shares - Investment fund shares/units - Deposits - Loans		Resident Creditors (Holdings)								
		1	2	3	4	5	6	7	8	
		NFCs	MFIs	Inv. Funds	OFIs	Insurance	Pension funds	General Government	Households incl. NPISH	
Resident Debtors (Issuance)	Sector 1, 2 ... 8									
Non-residents Debtors (Issuance)	Other euro area countries	Sector 1, 2 .. 8								
	Non-euro area (total)									

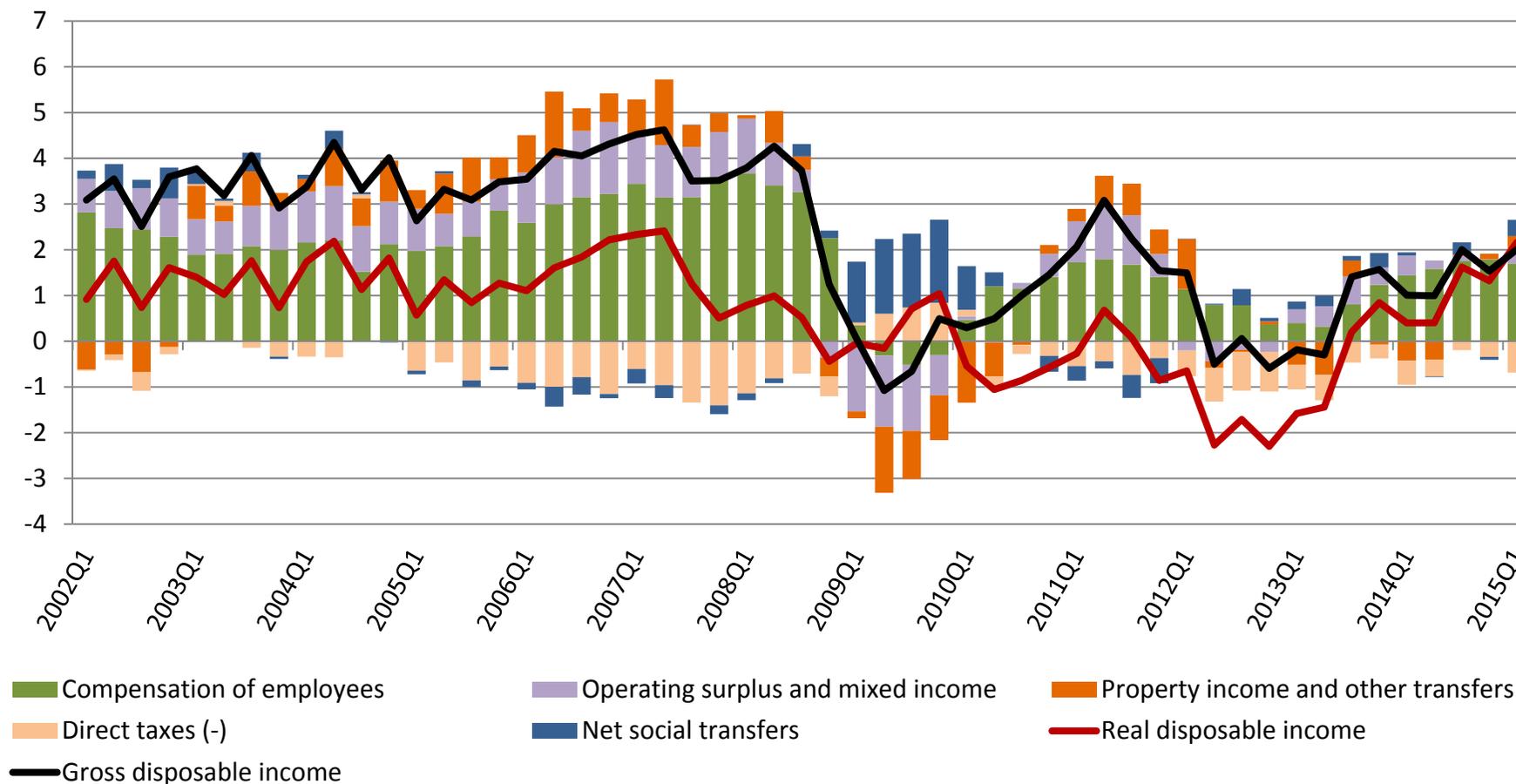
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Development work completed. Selected indicators

- Joint, agreed selection by policy analysis and statistics
- First publication, November 2015, sensitive country comparison
- Disposable income and its components
- Consumption, savings and investment
- Non-financial investment and external financing
- Saving and debt ratios
- Debt to asset ratios
- Financial investment breakdown
- Total net worth

3. The household sector

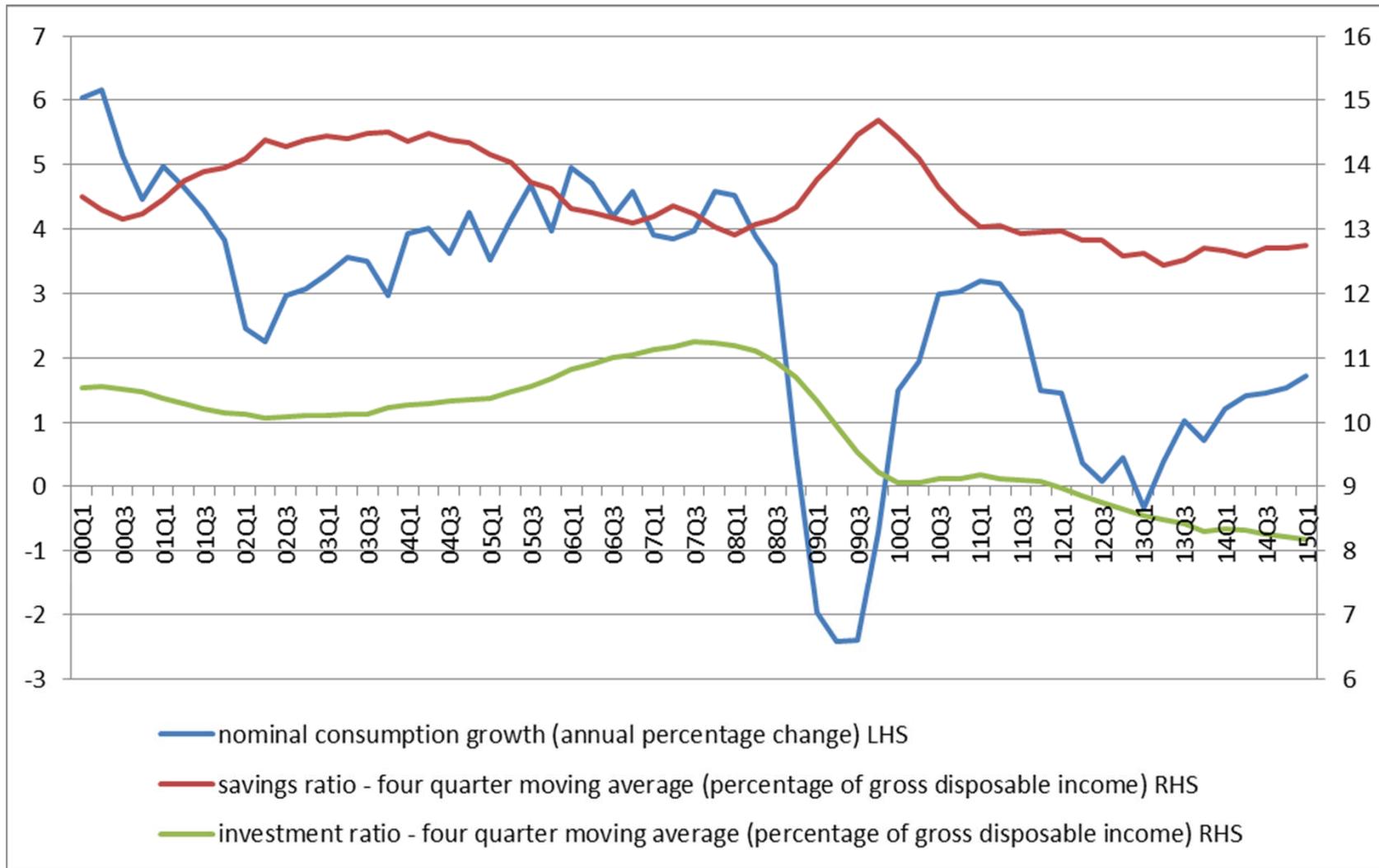
Household gross disposable income and its components



(annual percentage changes; contributions in p.p.)

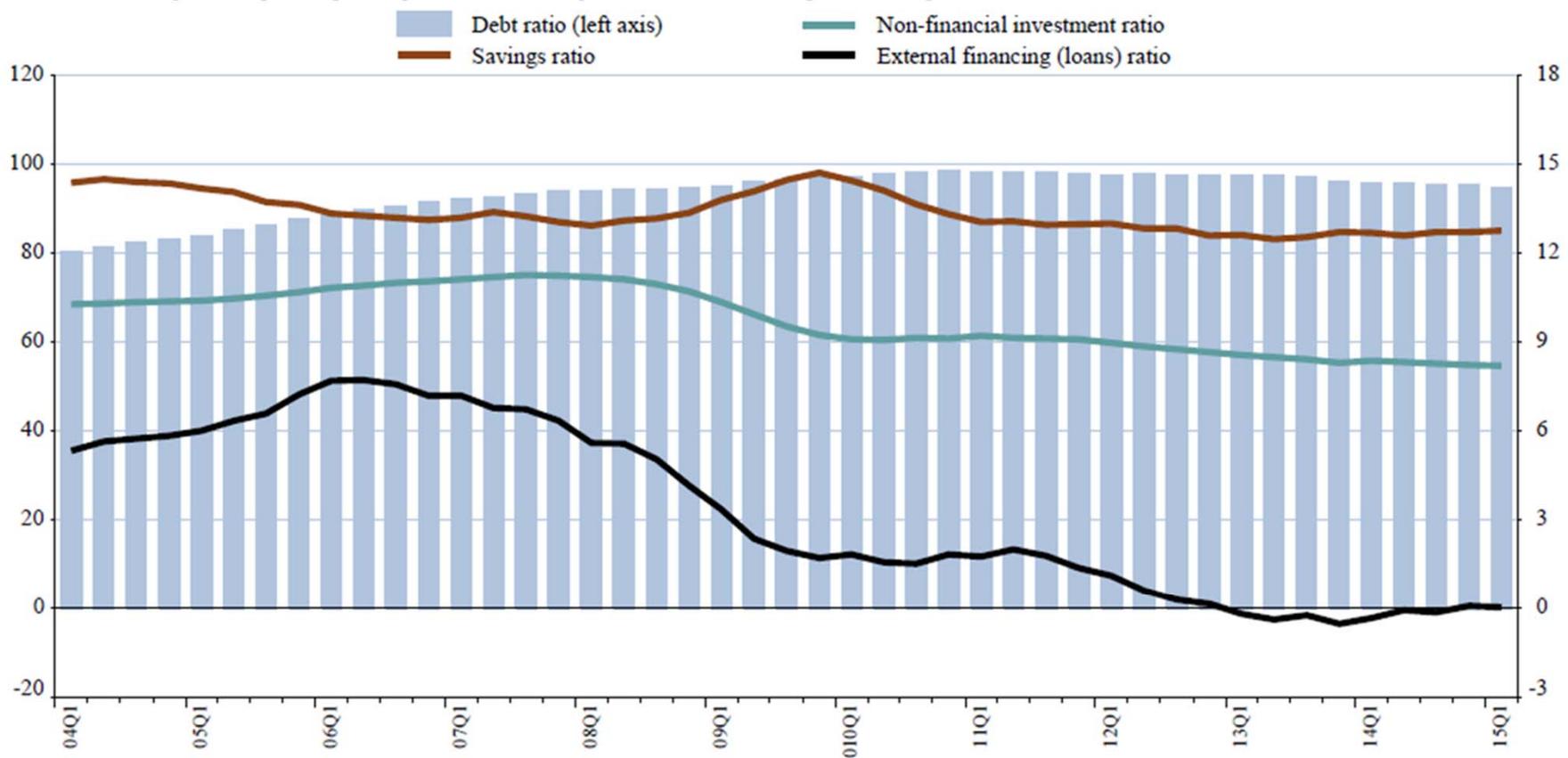
3. The household sector

Households' consumption, savings and investment



3. The household sector

Household saving, non-financial investment, external financing and debt

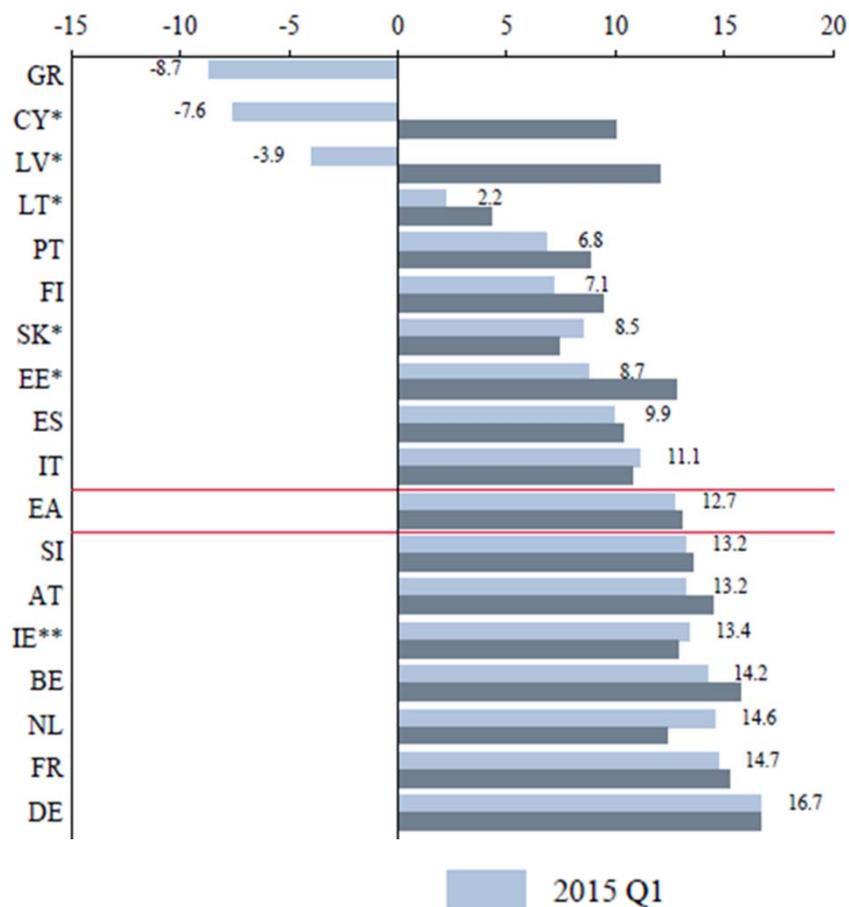


(Debt ratio: outstanding debt as a percentage of disposable income; transactions over four quarters as a percentage of disposable income)

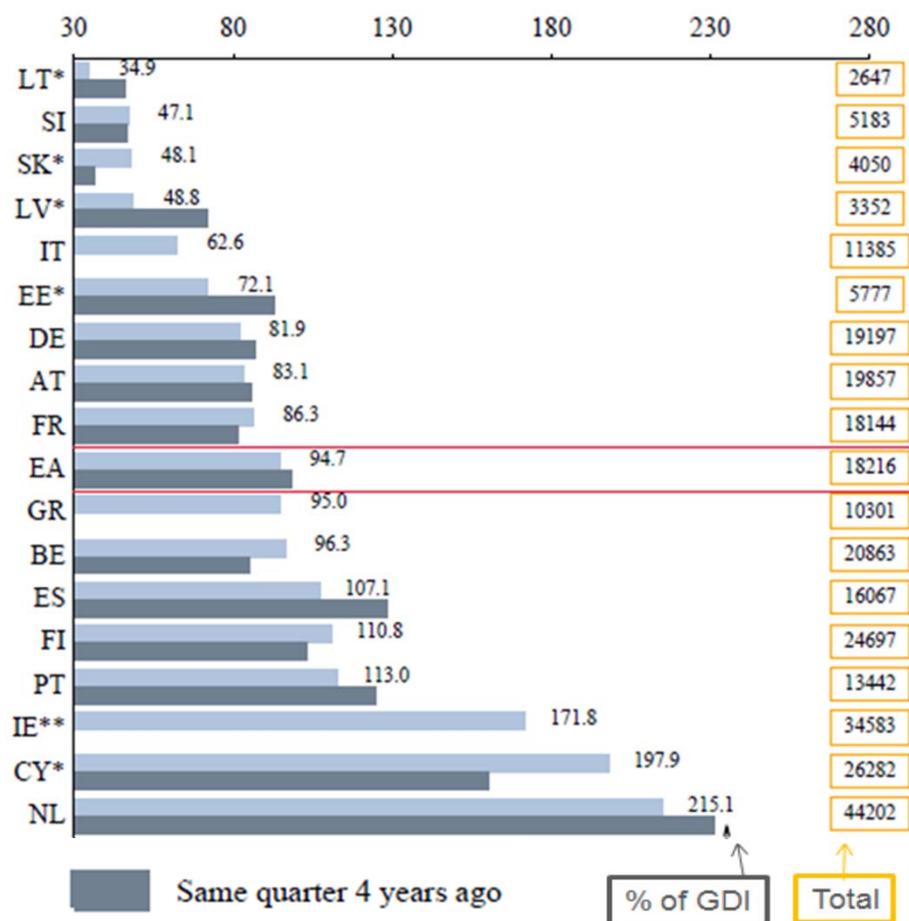
3. The household sector

Saving and debt across countries

Savings ratios



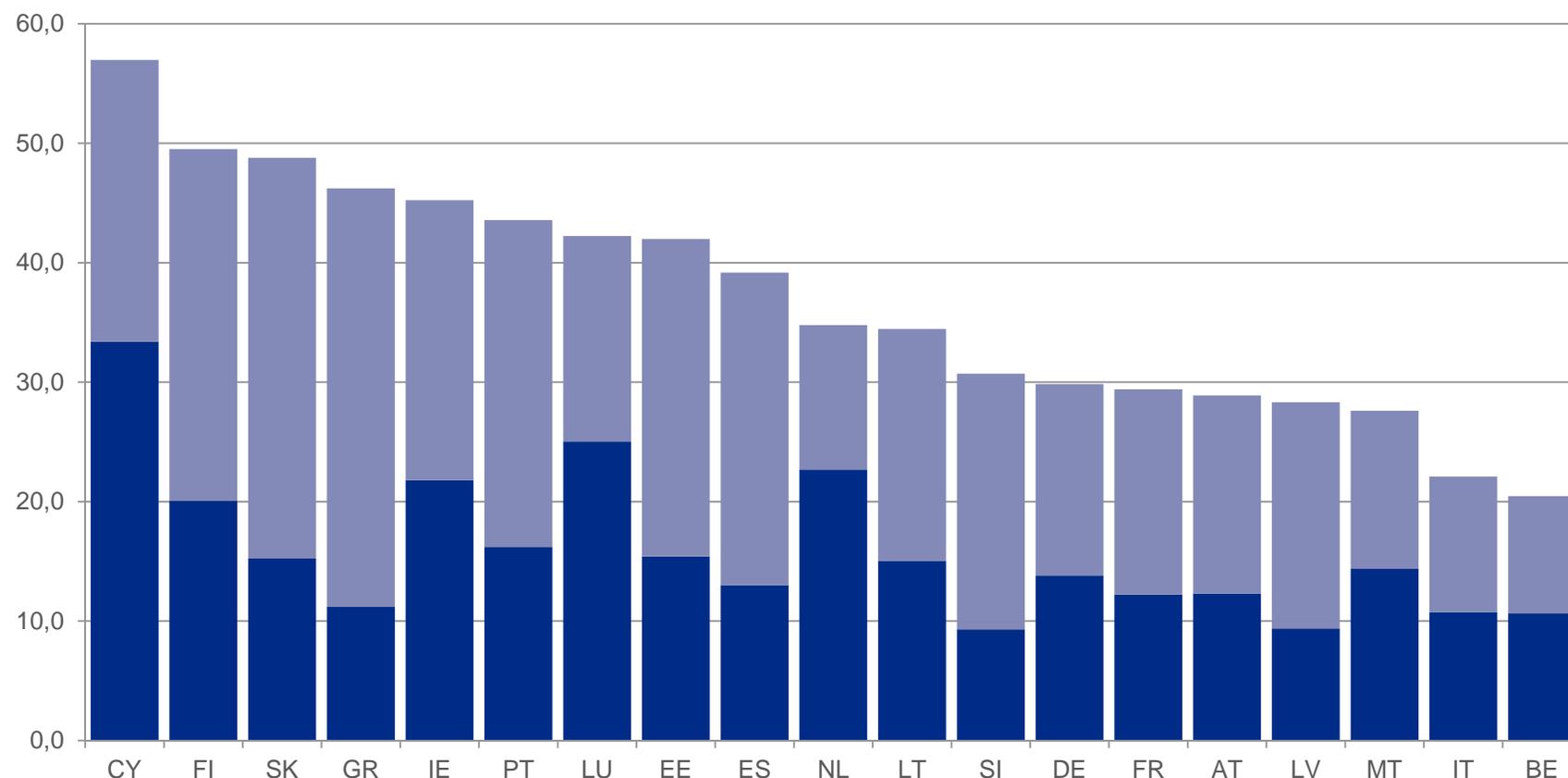
Debt ratios



(As a percentage of disposable income, outstanding debt per capita)

3. The household sector

Household debt to asset ratios – a country perspective

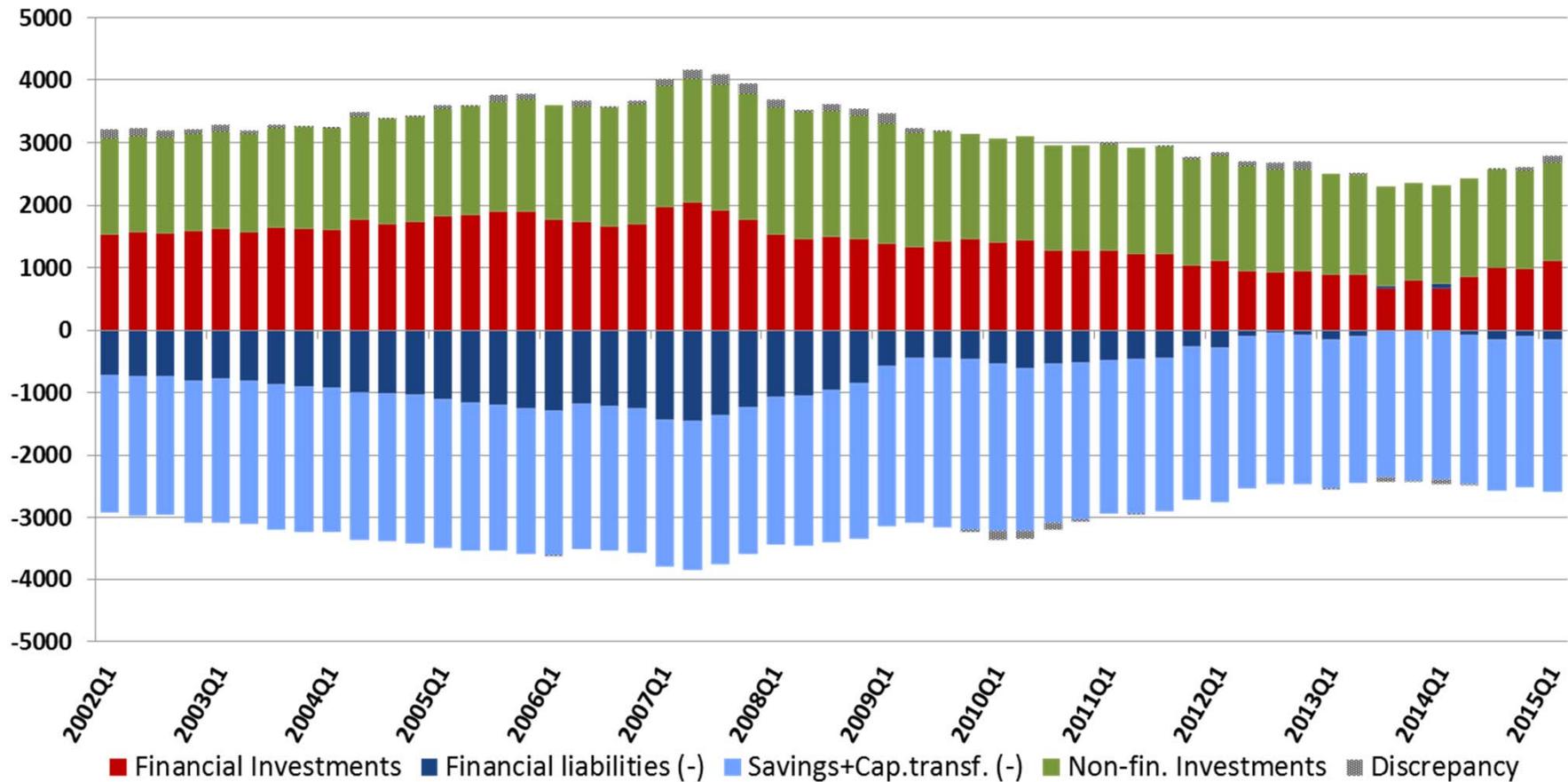


Household liabilities as a percentage of: ■ Total assets ■ Financial assets

(Total financial liabilities of households as a percentage of total assets of households (financial assets and housing wealth) and as a percentage of financial assets)

3. The household sector

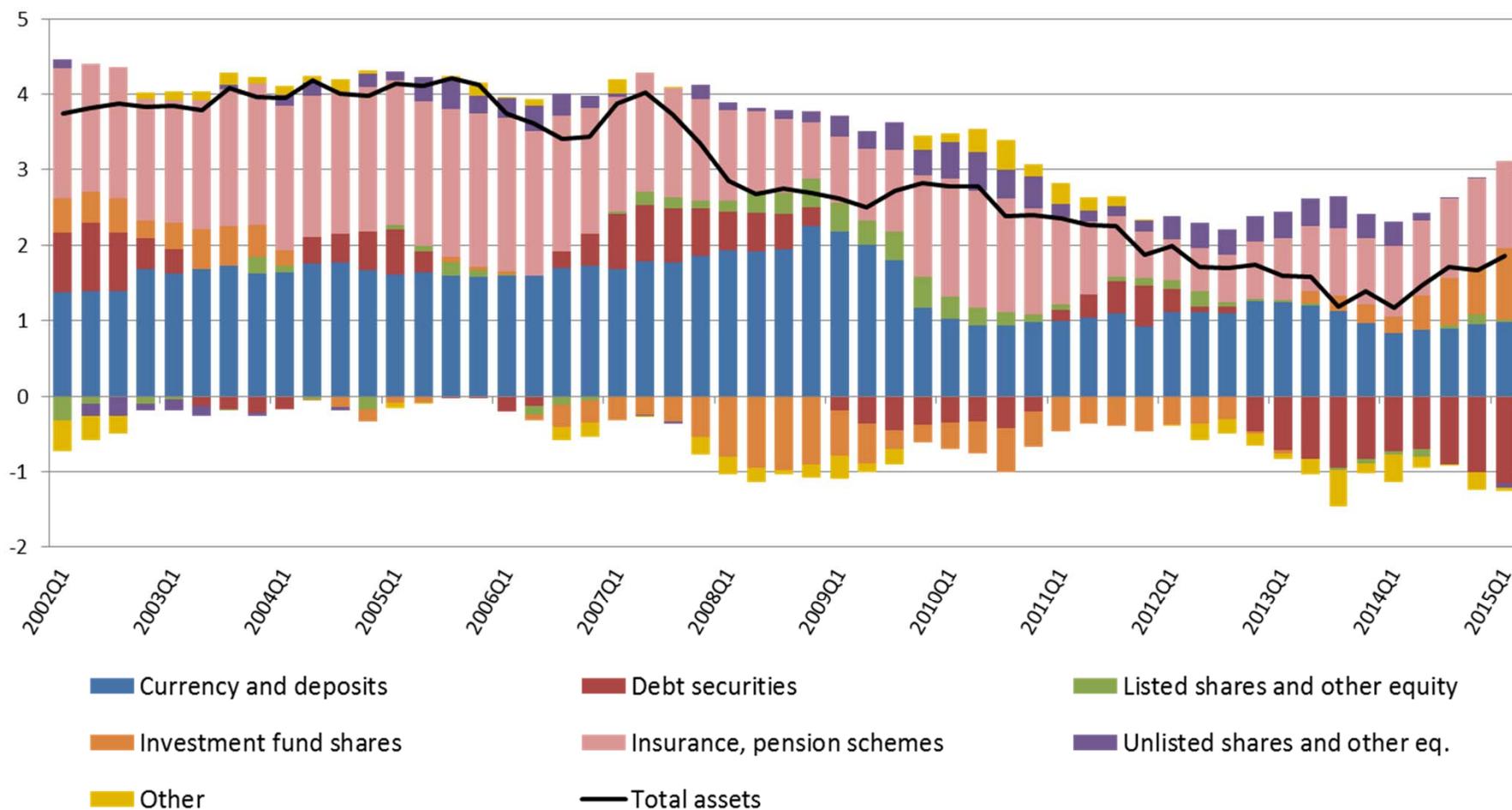
Households' financing and investment



(EUR per capita over four quarters)

3. The household sector

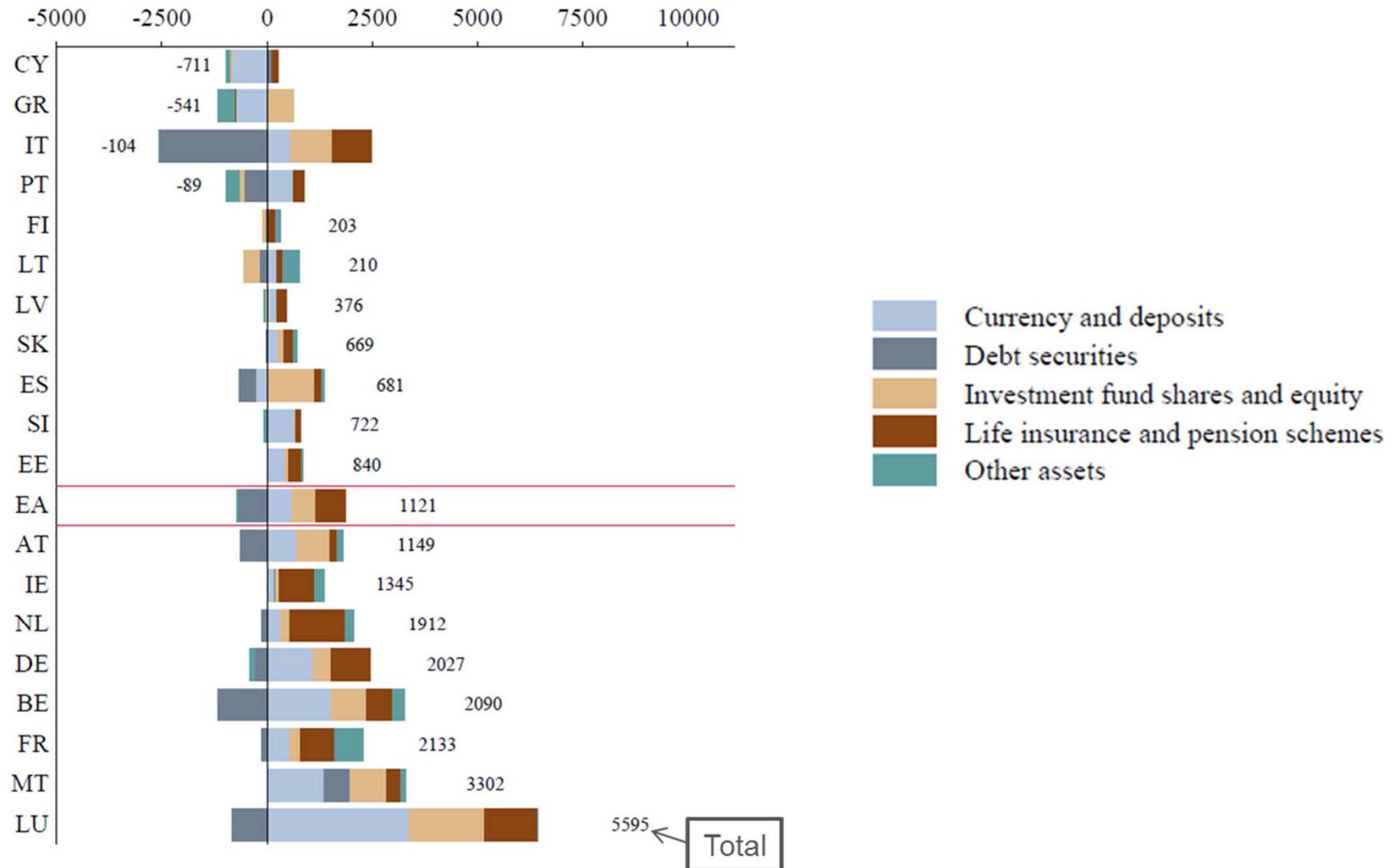
Households' financial investment



(annual percentage changes; contributions in p.p.)

3. The household sector

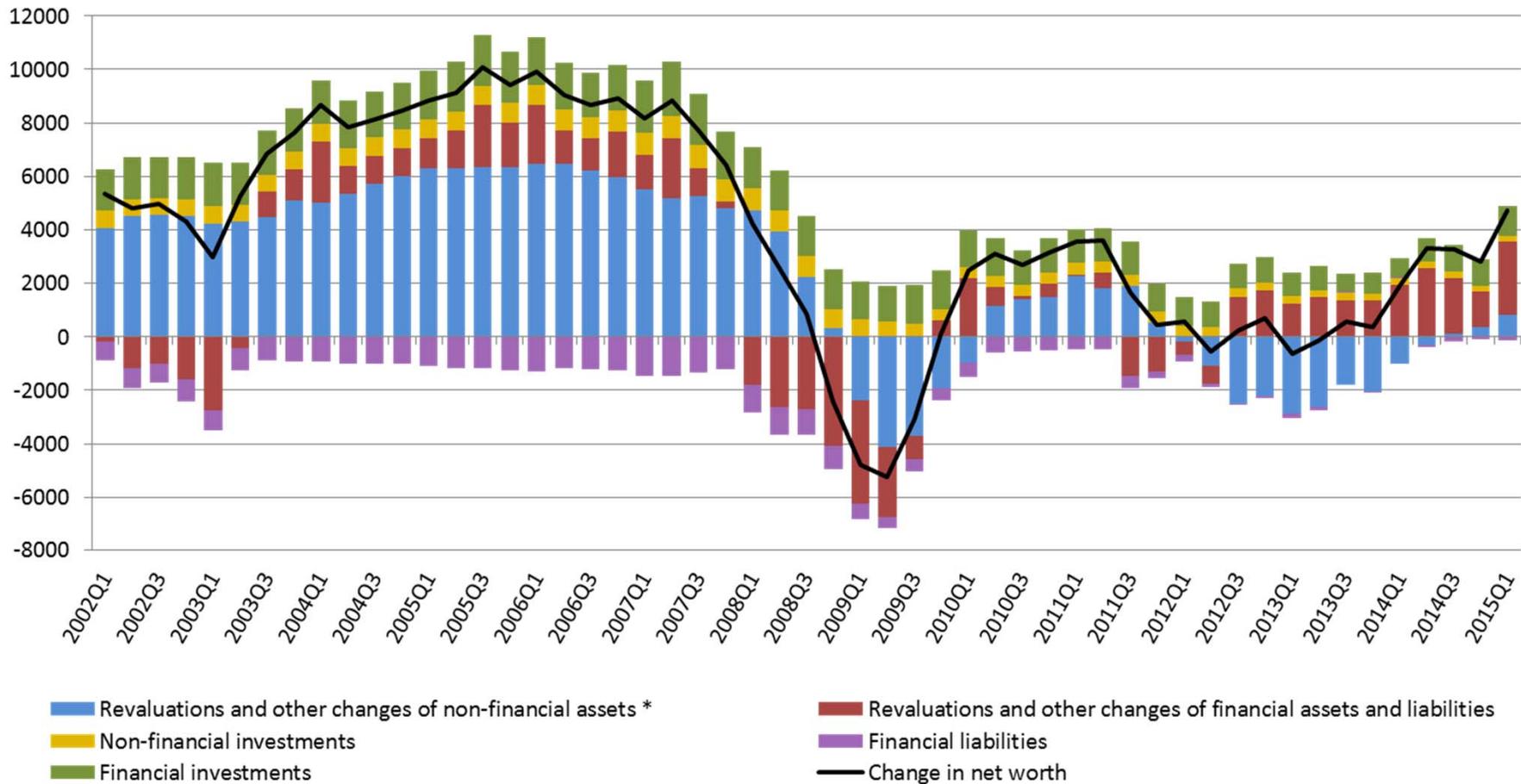
Household financial investment across the euro area



(EUR per capita, transactions in the four quarters to 2015 Q1)

3. The household sector

Changes in households' total net worth



(EUR per capita over four quarters)

* Mostly revaluations on the housing wealth

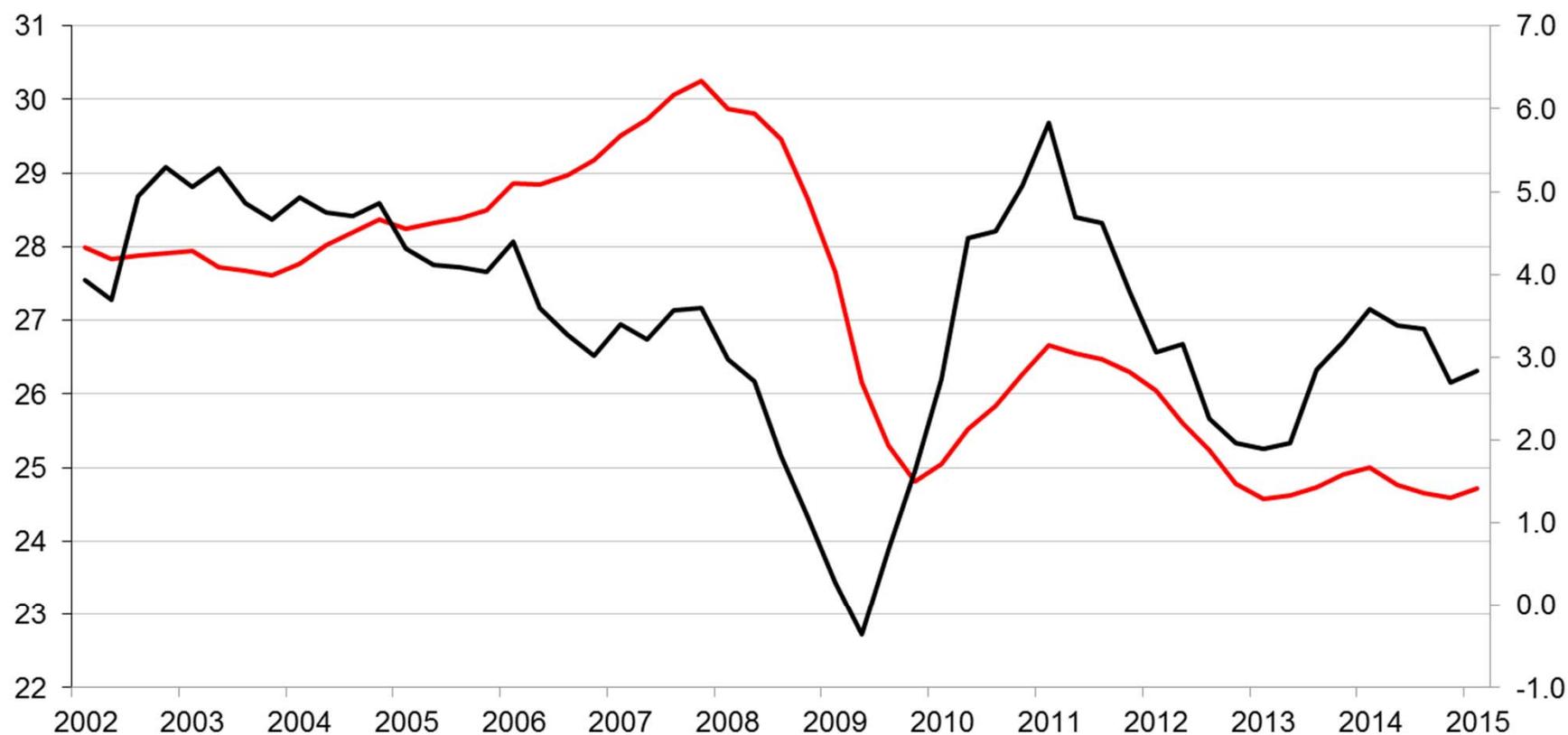
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Process and selection of indicators

- Similar joint development process than for household sector
- ...but more challenging than for households: on-going development
- Joint, agreed criteria and selection by policy analysis and statistics
- Corporations margins and savings
- Investment, savings and net lending/borrowing
- External financing

4. The non-financial corporation sector

Non-financial corporation business margins and savings



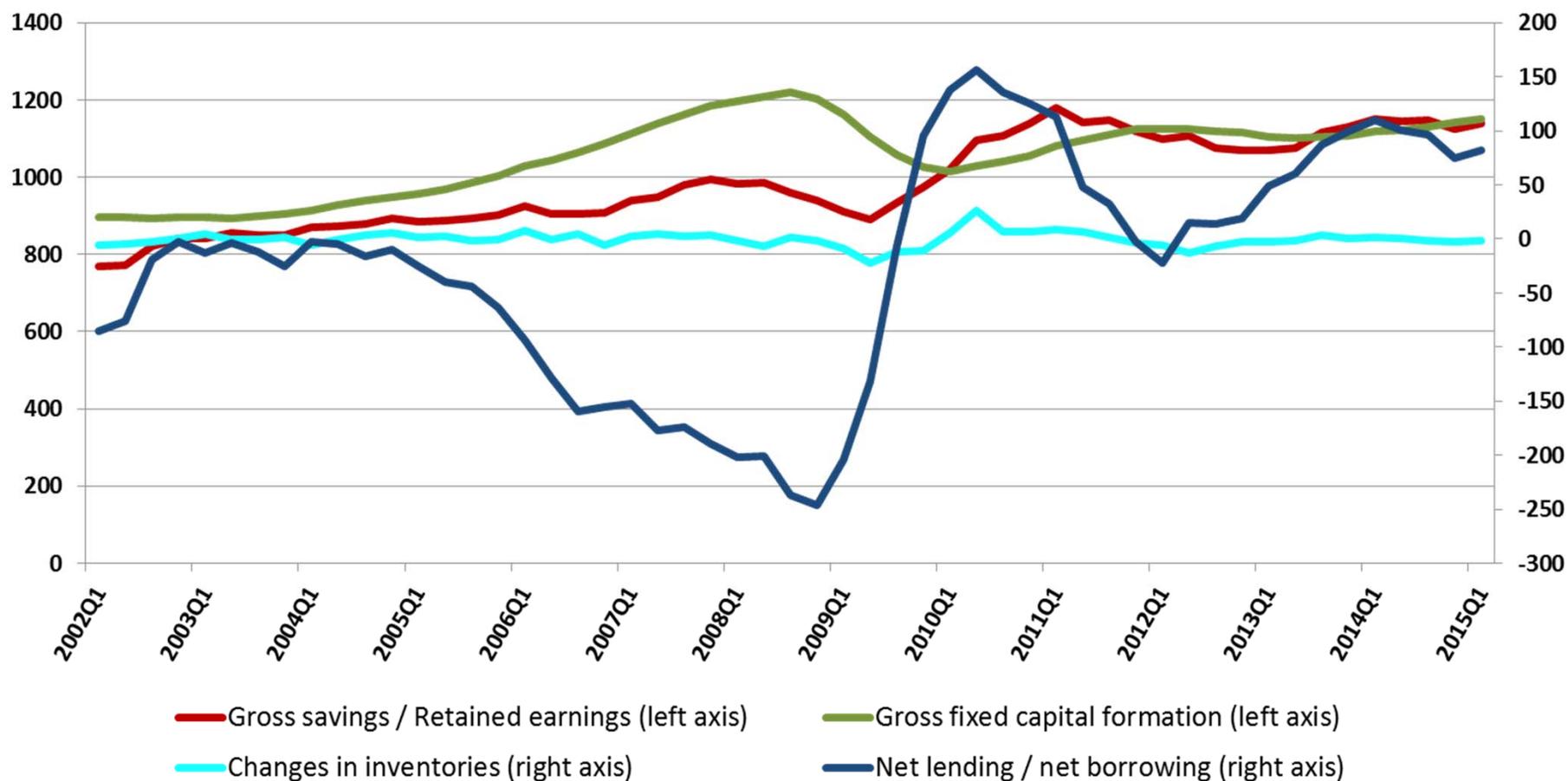
— Net operating surplus to value added (LHS)

— Net retained earnings to value added (RHS)

(percentages, four-quarter moving averages)

4. The non-financial corporation sector

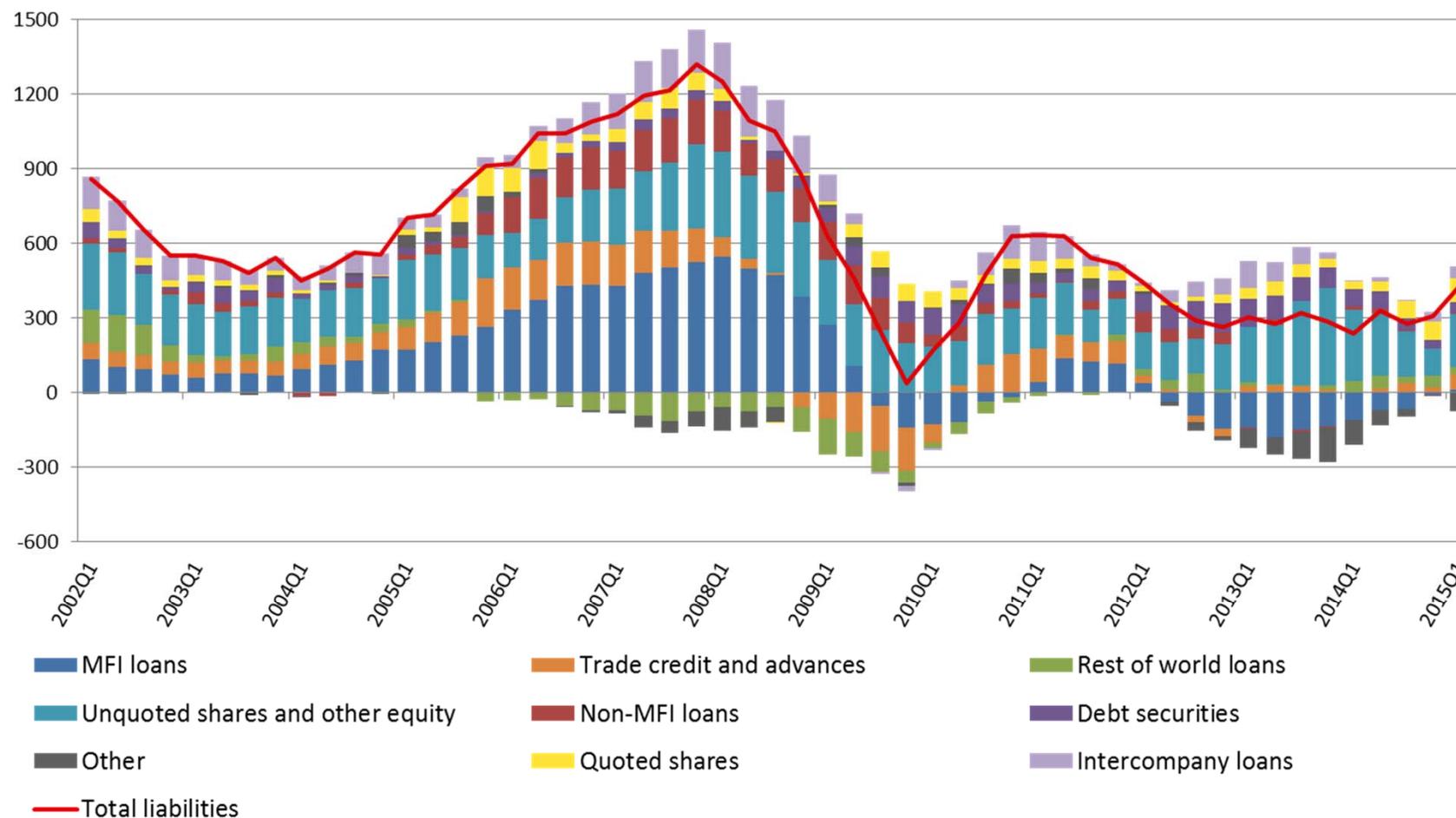
NFC investment, savings and net lending/net borrowing



(four quarter sum in EUR bn)

4. The non-financial corporation sector

External financing of non-financial corporations



(four quarter sum in EUR bn)

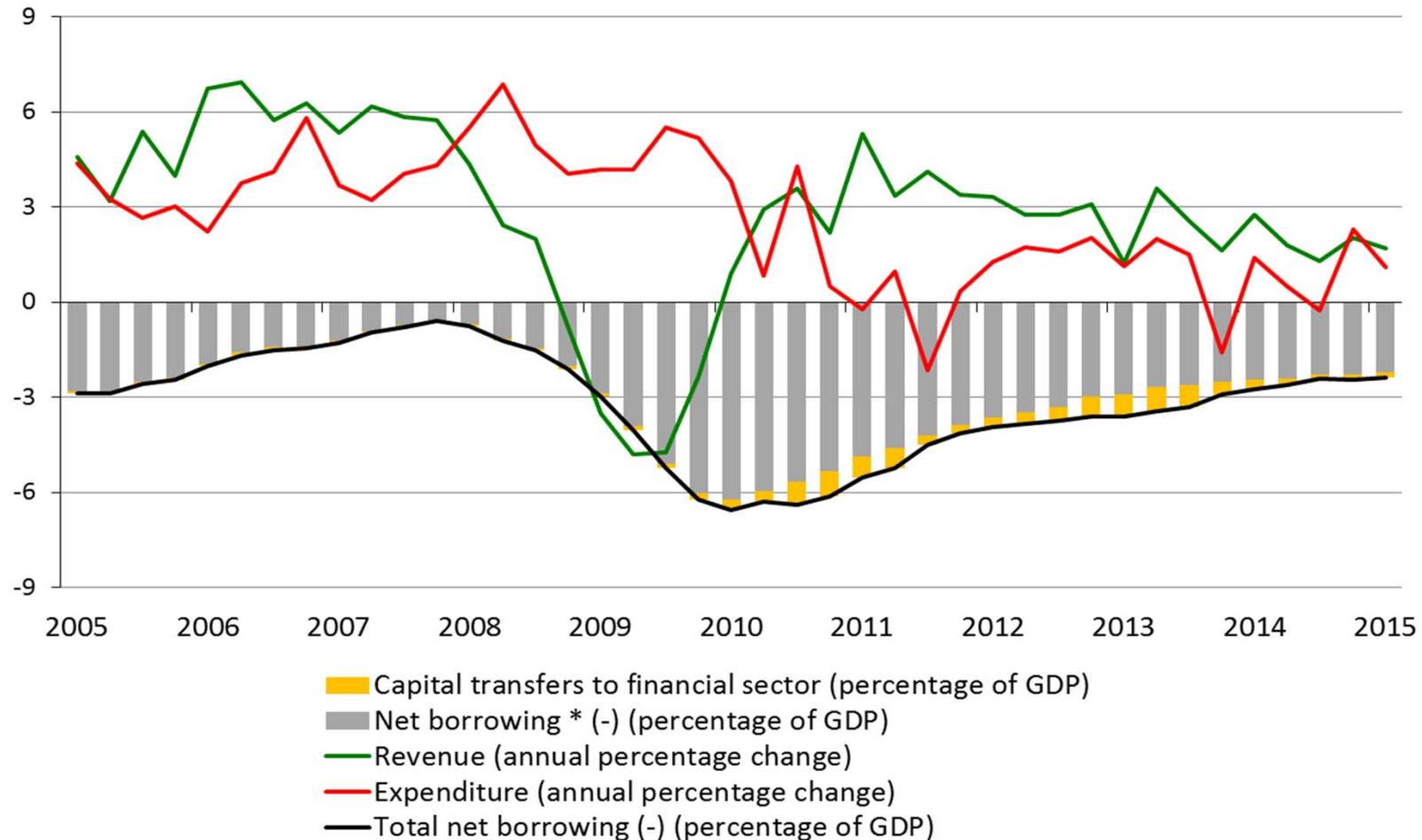
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How much? Déjà-vu data?

- HH and N-FC *versus* Financial sector, government sector and RoW ...advanced by their respective primary statistics
- ...except shadow banking
- Where is the value added from the financial accounts?
 - Overall picture, it depends...no, thank you
- Hence, be selective on indicators not covered by primary statistics

5. Quick reference to other sectors

Government deficit, revenue and expenditure

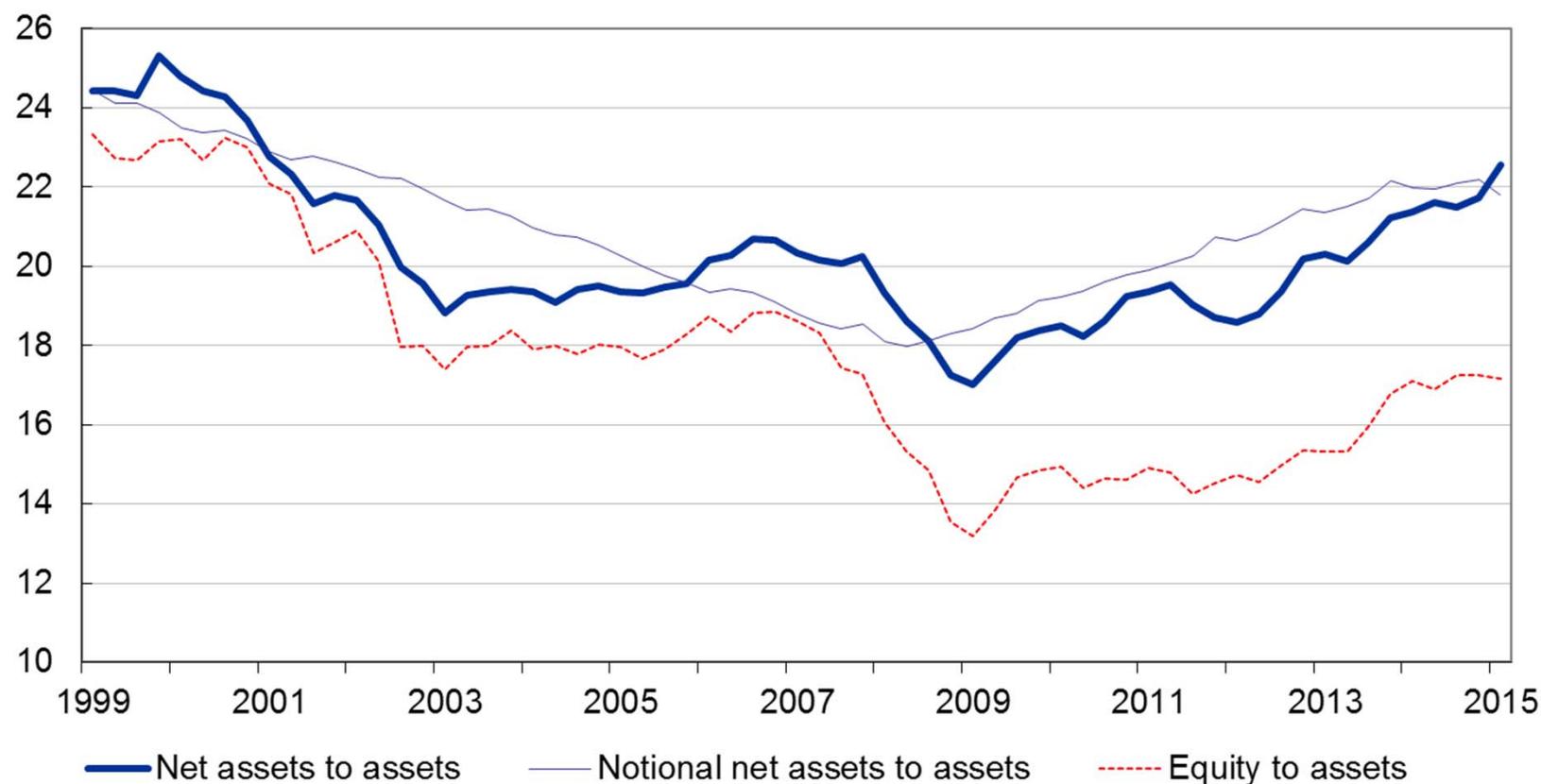


percentage of GDP, annual percentage changes)

* Net borrowing adjusted for the impact of capital transfers to banks

5. Quick reference to other sectors

Capital ratios of financial institutions (other than investment funds)



(percentages); “Equity” comprises shares and other equity. All assets and liabilities are valued at market value. The “notional net assets to assets” ratio is calculated on the basis of net assets and assets excluding changes in prices of the assets and liabilities. Interbank deposits and Eurosystem financing are netted out from assets and liabilities

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6. Final comments

- As challenging as its compilation is to make FA truly relevant for policy making:
- ...the vast wealth of information needs to be quarterly, timely
- Dissemination of different products:
- ...the complete matrix into the database
- ...for policy-makers...simplified and focused on overall, HH, NFC, shadow banking
- Joint, agreed criteria and selection by policy analysis and statistics
- Advanced FA: who-to-whom information (inter-linkages)
- ...on deposits and loans, first step
- ...more challenging on securities