

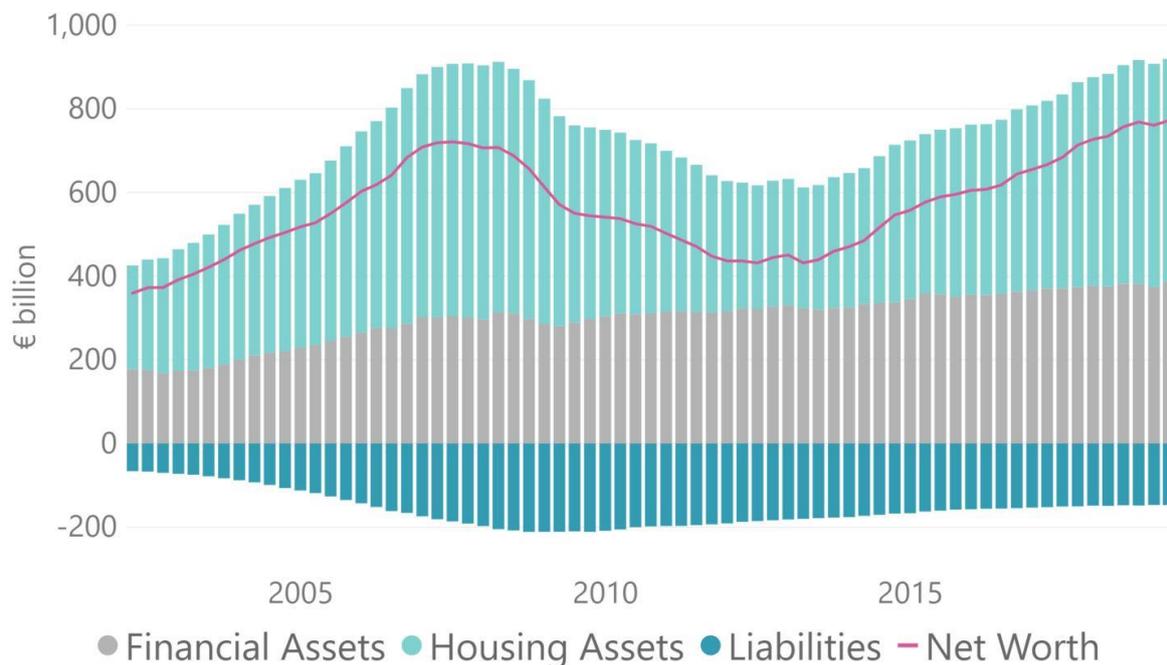


Quarterly Financial Accounts

Household debt is at its lowest level since Q3 2005

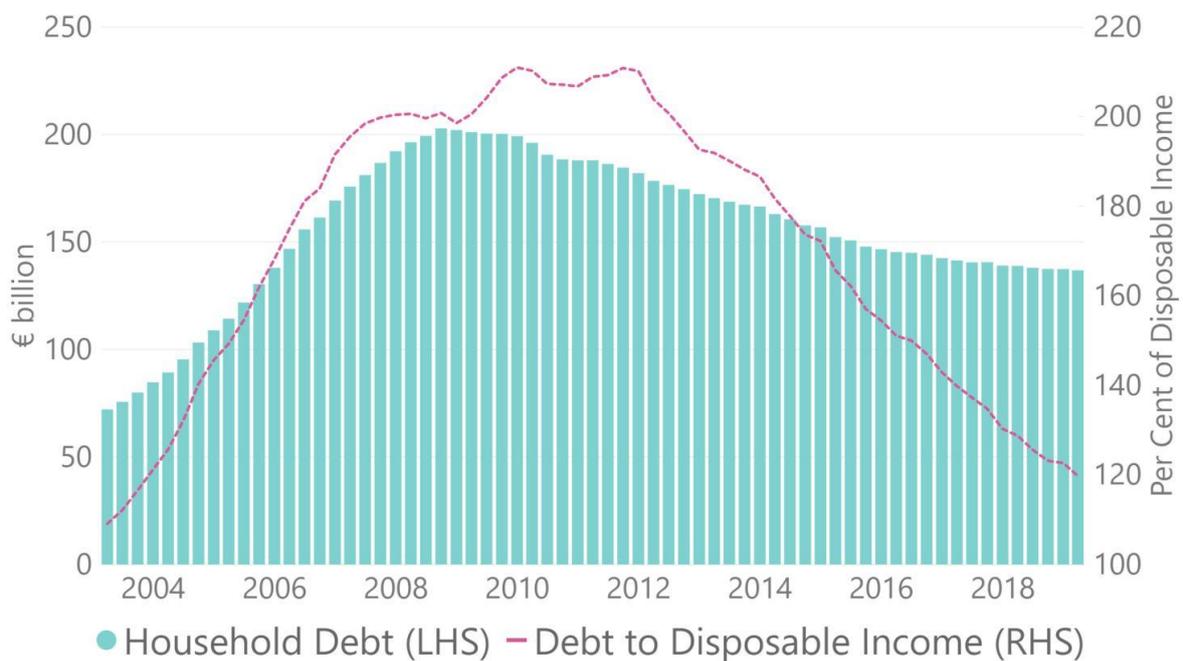
- ❖ Household net worth reached a new high of €772bn, which equates to €158,986 per person, or roughly €444,000 per household.
- ❖ This was primarily due to the rising value of financial assets and increased investment in financial assets by households. Investment rose to €2.3bn, driven by investment in currency and deposits of €1.4bn, and in insurance and pension entitlements of €0.8bn.
- ❖ Household debt fell by €0.6bn to €136.9bn, or €28,186 per person, its lowest level since 2005.

Chart 1: Household Net Worth



Household net worth rebounded in Q1 2019, increasing by 1.5 per cent, or €11.5bn (Chart 1). Household net worth has reached a new high of €772.2bn, which equates to €158,986 per capita, or roughly €444,000 per household. The increase over the quarter was driven by households' financial assets, which rose by €13.7bn. This was due to both improved valuations of these assets and rising investment by households. The value of households' housing assets on the other hand fell by €2bn, reflecting the second quarter in a row of declining house prices. Household liabilities remained mostly unchanged during the quarter, as the pace of active deleveraging by households eased.

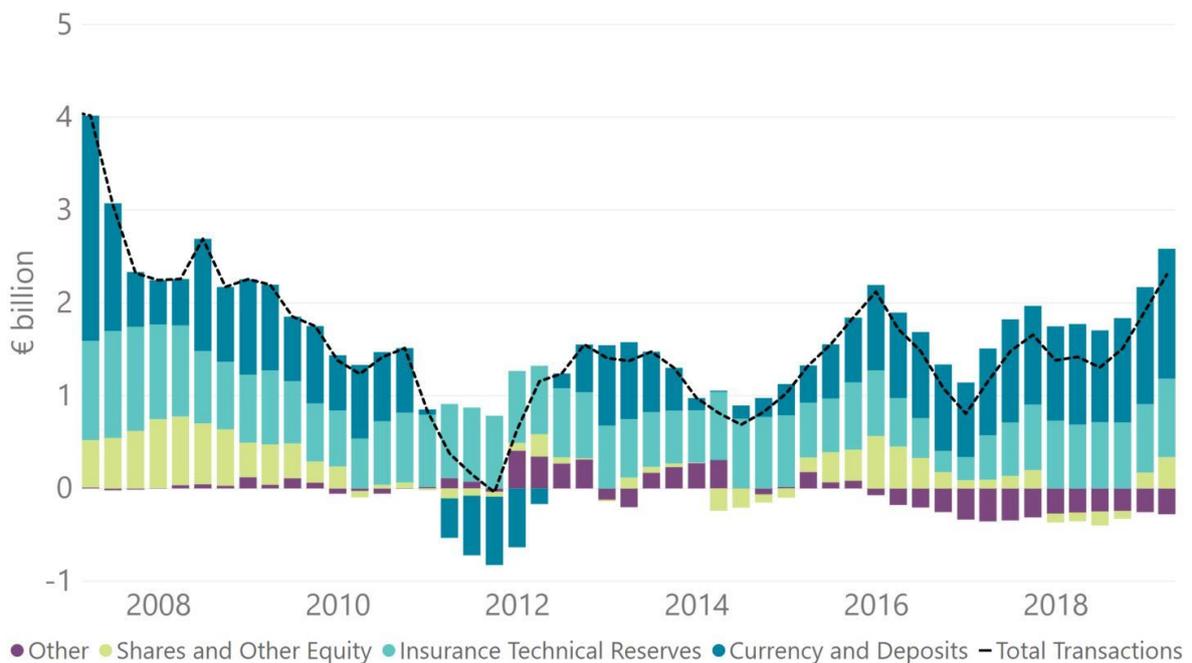
Chart 2: Household Debt



Household debt continued to decrease during Q1 2019, falling by €0.6bn (Chart 2). At end-Q1 2019, debt stood at €136.9bn, or €28,186 per capita. Household debt is now at its lowest level since Q3 2005. Since its peak of €202.9bn in Q3 2008, household debt has decreased by 32.5 per cent, or €66bn.

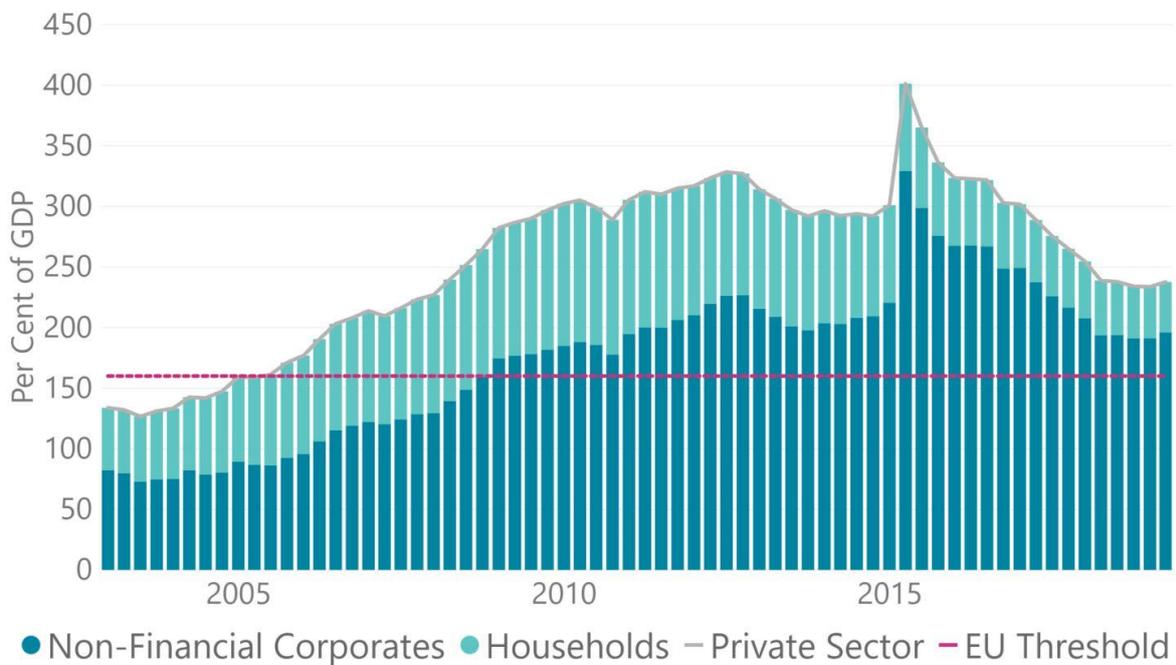
Household debt as a proportion of disposable income fell by 2.9 percentage points, to stand at 119.8 per cent. The decline over the quarter was driven by an increase of 2.2 per cent in annualised disposable income, in addition to the decrease in debt.

Chart 3: Household Investment in Financial Assets



Household investment in financial assets increased by €0.6bn during Q1 2019, to stand at €2.3bn (Chart 3). The majority of investment was in currency and deposits and in insurance technical reserves, which amounted to €1.4bn and €0.8bn respectively. Household investment in deposits with Monetary Financial Institutions is at its highest level since 2007.

Chart 4: Private Sector Debt-to-GDP

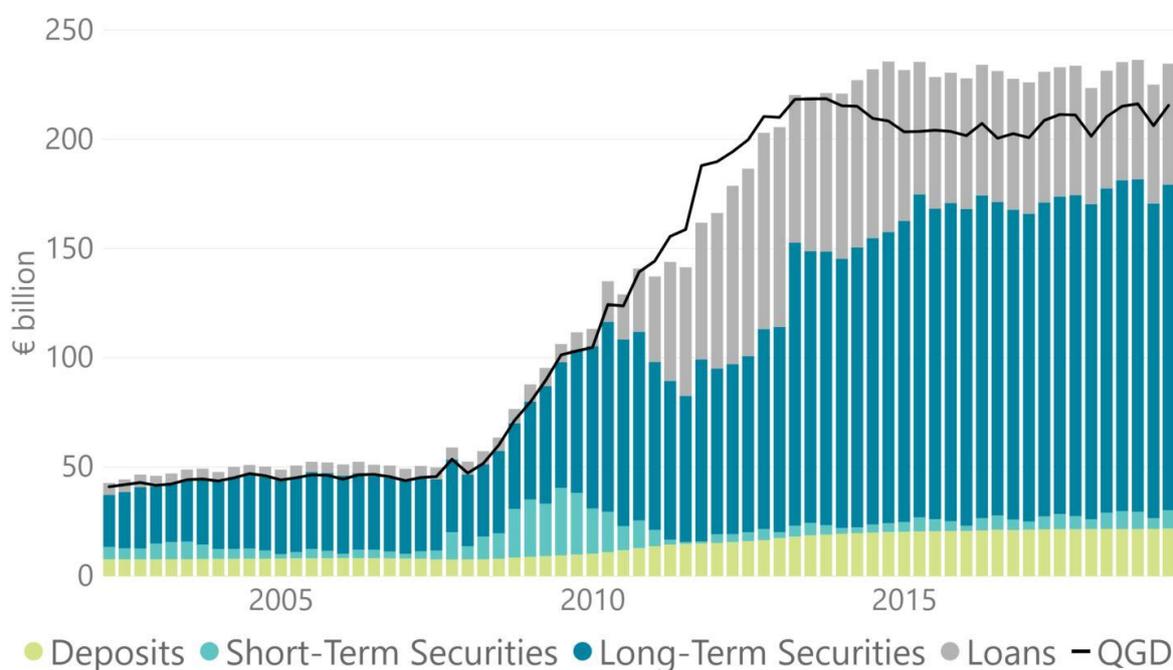


● Non-Financial Corporates ● Households – Private Sector – EU Threshold

Private sector debt as a proportion of GDP increased by 4 percentage points to stand at 237.6 per cent in Q1 2019, the first increase since Q1 2015 as rising debt held by the Non-Financial Corporations (NFC) sector outpaced GDP growth during the quarter (Chart 4). NFC debt rose by €23.4bn to €642.9bn during the quarter. It should be noted that private sector debt in Ireland is significantly influenced by the presence of large multinational corporations (MNCs) and that restructuring by these entities has resulted in extremely large movements in Irish private sector debt, particularly from 2014 onwards.

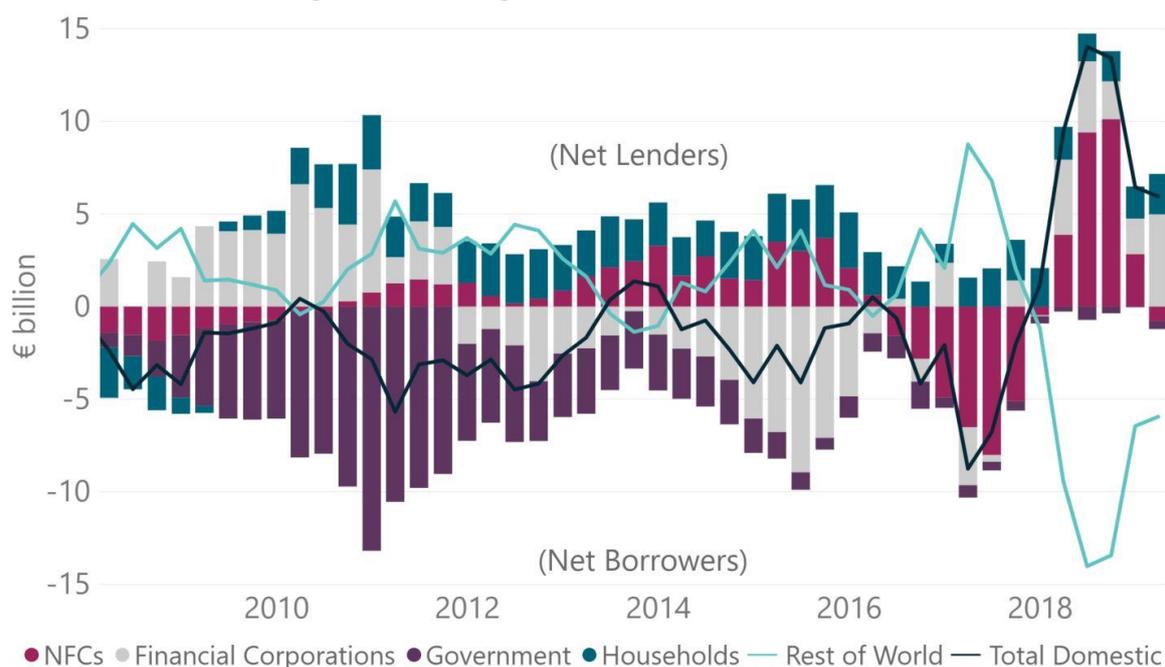
Private sector indebtedness forms part of the European Union (EU) Commission’s scoreboard of macroeconomic imbalances. The Commission sets an indicative threshold of 160 per cent of GDP for private sector debt sustainability. However, this threshold does not take account of the large MNC sector in Ireland.

Chart 5: Government Debt



Government debt increased by €9.6bn during Q1 2019 to stand at €234.6bn (Chart 5). This was largely due to net debt issuance of €9bn during the quarter. The increase in debt was partially offset by a corresponding rise in government holdings of currency and deposits, which increased by €8.1bn. As a result, government net financial worth decreased by €0.8bn during the quarter. Chart 5 also shows that Quarterly Government Debt (QGD), which is based on the Excessive Deficit Procedure (EDP) measure of debt, increased by €9.3bn to stand at €215.5bn.

Chart 6: Net Lending/Borrowing



The domestic economy continued to be a net lender in Q1 2019, with net lending totalling €5.9bn compared to €6.4bn in the previous quarter (Chart 6). This fall was driven primarily by NFCs, as they changed from a net lending position €2.8bn last quarter to a net borrowing position of €0.8bn in Q1 2019. While households experienced the first increase in liabilities transactions since Q1 2010, their net lending position increased by €0.5bn to €2.2bn, reflecting rising investment in financial assets. The government sector remains a net borrower, with government borrowing of €0.4bn during the quarter.

Further information

The full data series for Ireland, quarterly commentary and notes on compilation are available from the Central Bank website at:

<http://www.centralbank.ie/polstats/stats/qfaccounts/Pages/releases.aspx>

AFA published by the CSO and QFA published by the Central Bank show differences for the MFI and government sectors. These arise from the classification and revision practices adopted by each institution following the introduction of ESA 2010. These differences are fully explainable and do not draw into question the quality of the respective statistical data. Both institutions are working closely to ensure a consistent approach in future publications.

Euro area statistics are available from the ECB website at:

www.ecb.int

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