



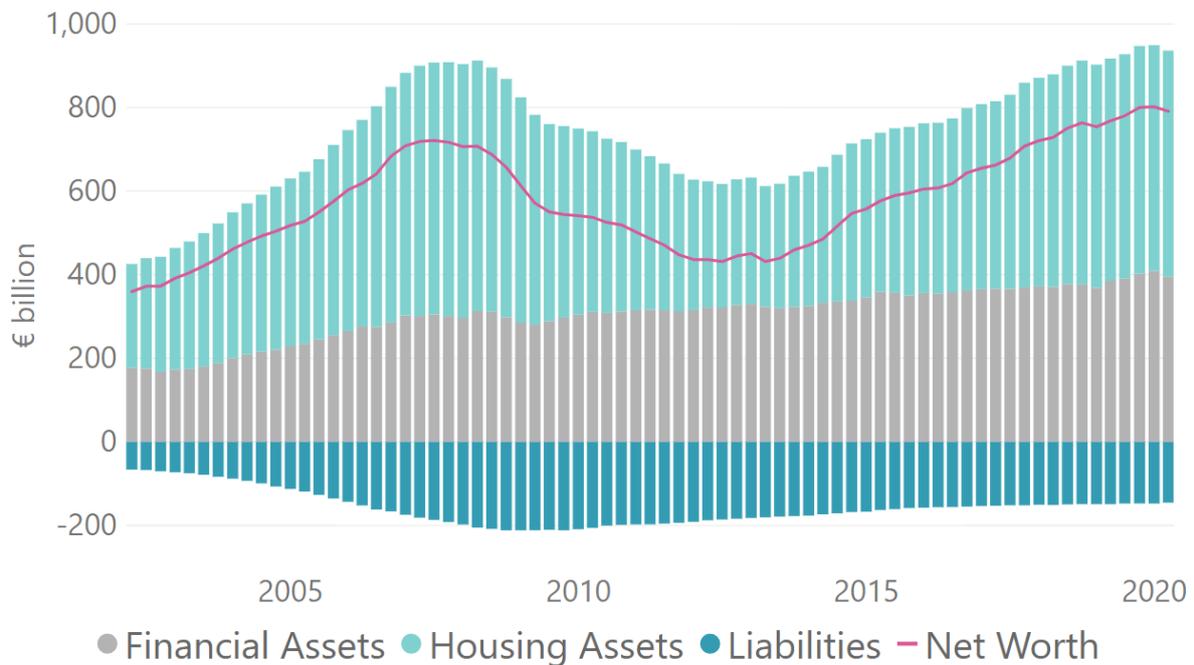
## Quarterly Financial Accounts

The Q1 2020 Quarterly Financial Accounts release presents the financial positions and transactions at end-March 2020, which is early in the onset of the Covid-19 virus in Ireland. Therefore, the potential impact of the crisis is not yet visible in the data.

### *Increasing investment by households in financial assets and rise in government debt in Q1 2020*

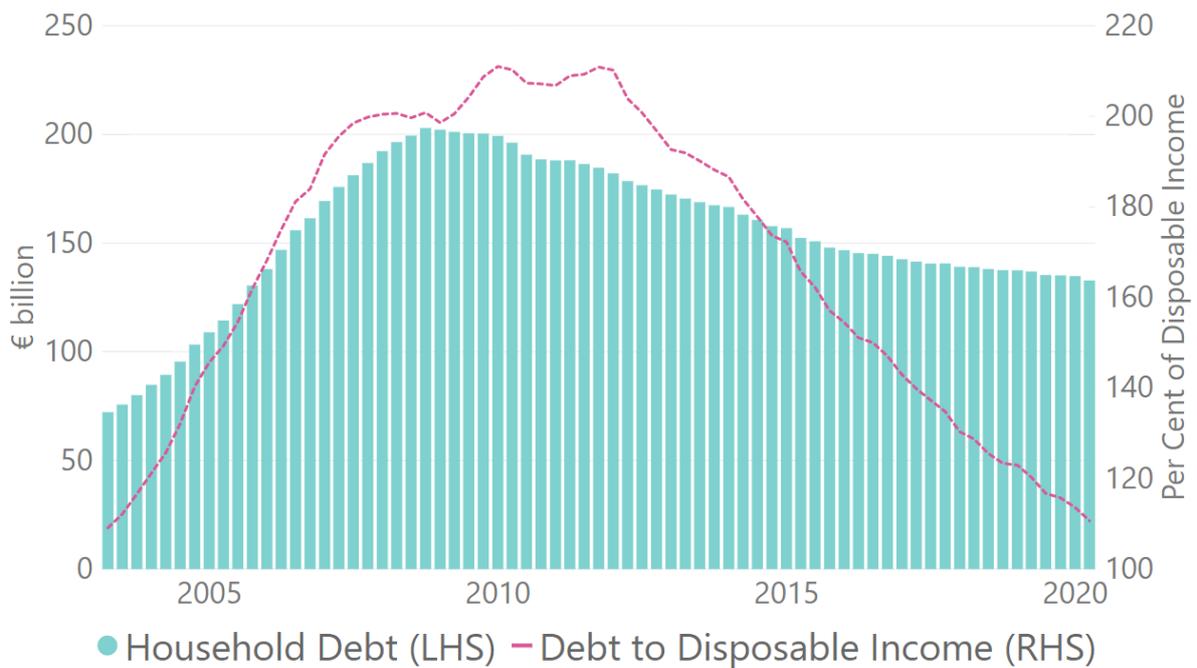
- ❖ Household investment in financial assets increased by €102m, to stand at €2.8bn in Q1 2020
- ❖ Private sector debt as a proportion of GDP continued its downward trend falling by 4.4 percentage points to stand at 219 per cent.
- ❖ Government debt increased by €13.8bn, to stand at €237bn, the highest in the series.

Chart 1: Household Net Worth



Household net worth fell in Q1 2020 by 1.4 per cent, or €11bn (Chart 1), from its series high peak of €802bn in Q4 2019. Household net worth now stands at €791bn, which equates to €160,730 per capita. Financial assets fell by €14.1bn, primarily due to decreases in the value of insurance and pension schemes and not as a result of the investment decisions of households. Housing assets rose to €541bn, an increase of €1bn over the quarter. Household liabilities fell over the quarter, by €2.1bn to €145bn.

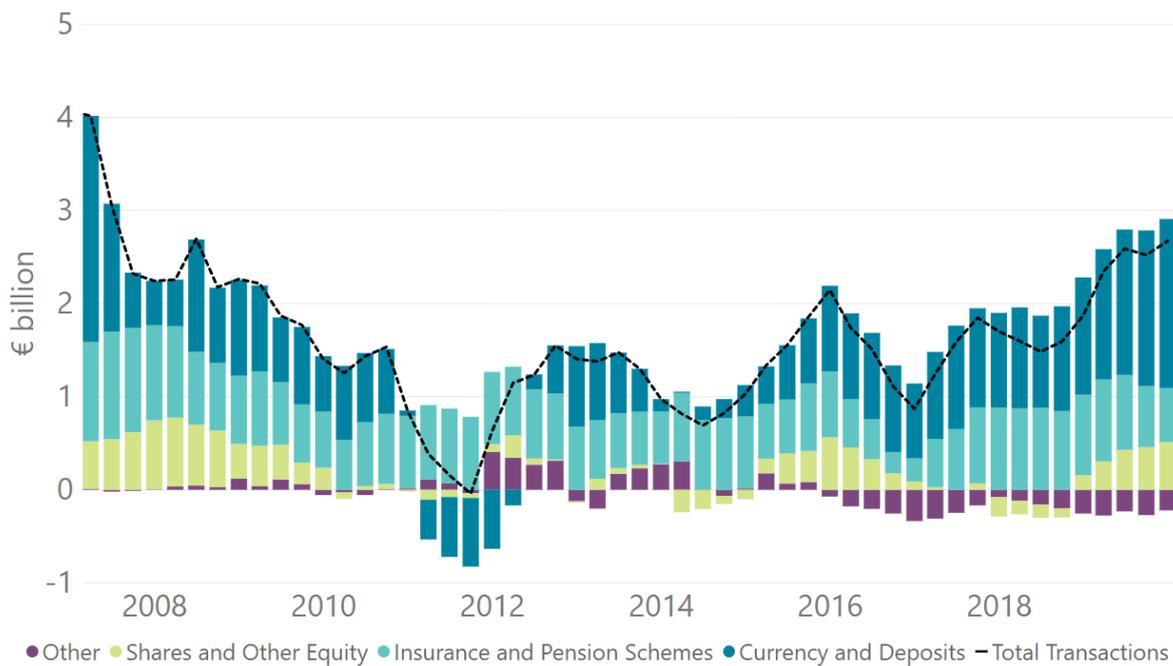
Chart 2: Household Debt



Household debt fell by €2bn over the quarter, continuing the downward trend in the series, to stand at €133bn in Q1 2020 (Chart 2). This equates to €26,979 per capita. Household debt has decreased by 35%, or €70.1bn, since its peak of €202bn in Q3 2008.

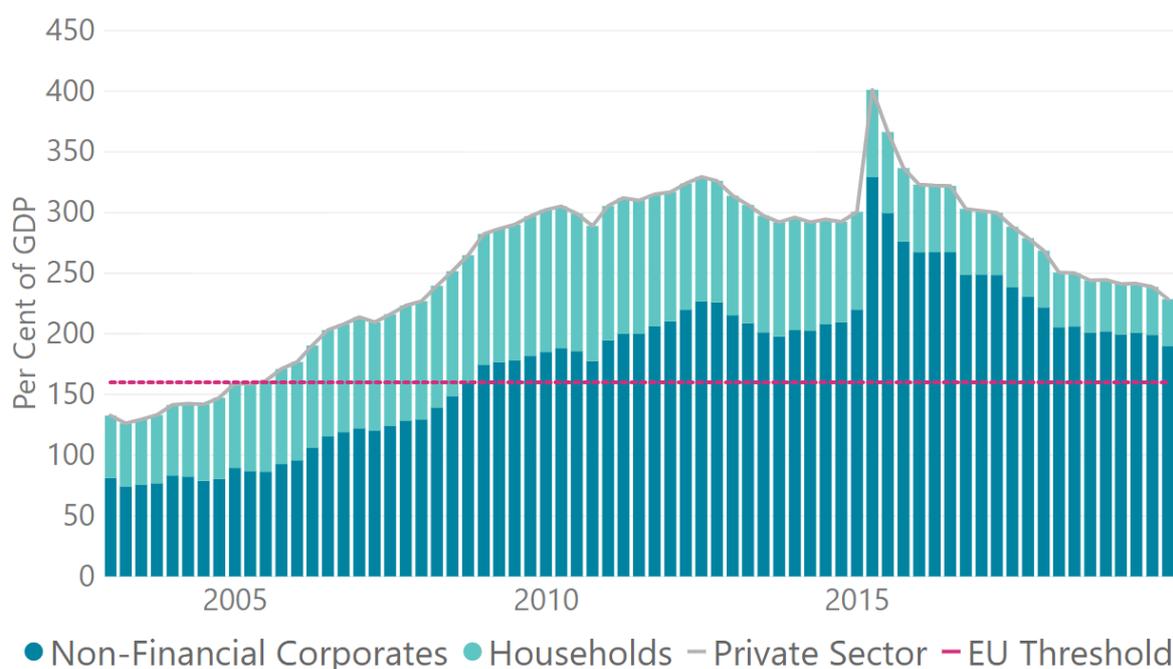
Household debt as a proportion of disposable income fell by 3 percentage points, to stand at 111 per cent. The decline over the quarter was driven by an increase in household disposable income over the quarter, in addition to the decrease in debt.

Chart 3: Household Investment in Financial Assets



Household investment in financial assets increased by €102m during Q1 2020, to stand at €2.8bn (Chart 3). This was due to an increased investment in currency and deposits of €301m. The increase in currency and deposits was partially offset by a fall of €199m in all the other instrument categories. The majority of household investment continues to be in currency and deposits, which is at its highest level since Q1 2007.

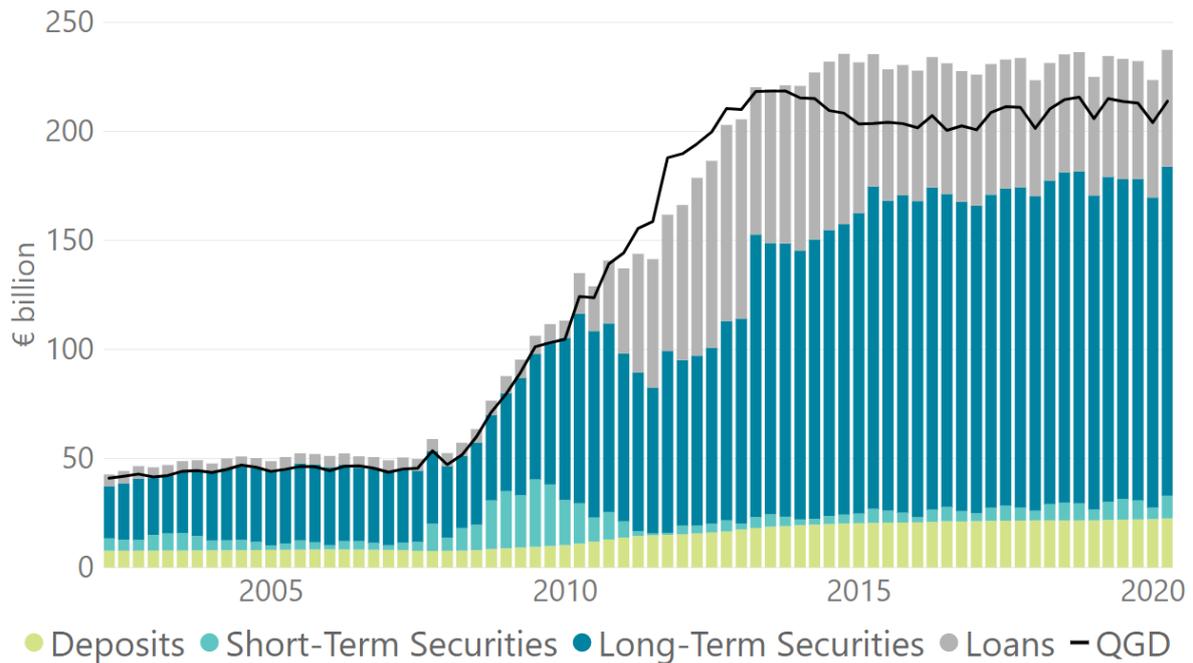
Chart 4: Private Sector Debt-to-GDP



Private sector debt as a proportion of GDP decreased by 4.4 percentage points to stand at 219 per cent in Q1 2020 (Chart 4). Private sector debt fell by €3bn over this period, with households accounting for 68 per cent of this fall. A rise in GDP in Q1 2020 further contributed to reducing the debt-to-GDP ratio. 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.

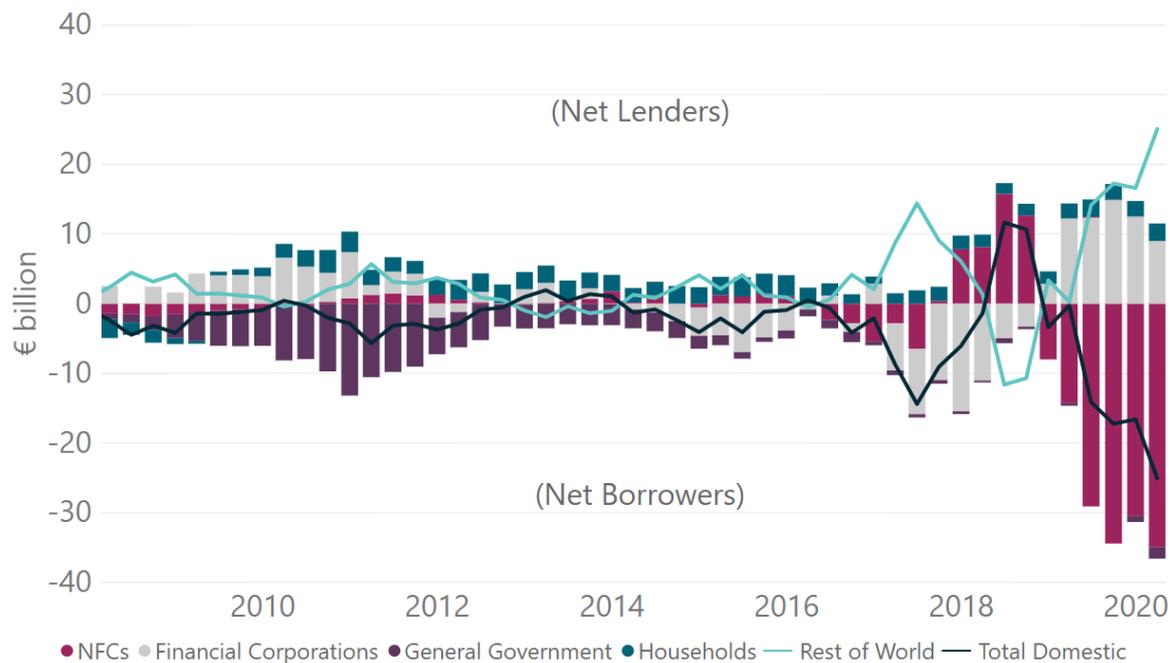
Private sector indebtedness forms part of the European Union (EU) Commission's scoreboard of macroeconomic imbalances. The Commission sets an indicative threshold of 160 per cent of GDP for private sector debt sustainability. However, this threshold does not take account of the large MNC sector in Ireland.

Chart 5: Government Debt



Government debt increased by €13.8bn during Q1 2020, to stand at €237bn (Chart 5), the highest in the series. This was due to an increase in debt securities of €13.8bn during the quarter. Loans fell by €300m and deposits rose by €300m over the quarter. Government net financial worth decreased by €14.4bn during the quarter. This was due to an increase in financial liabilities of €15.7bn, which was partially offset by a rise in financial assets of €1.3bn. Chart 5 also shows that Quarterly Government Debt (QGD), which is based on the Excessive Deficit Procedure (EDP) measure of debt, increased by €9.7bn to stand at €214bn.

Chart 6: Net Lending/Borrowing



The domestic economy was a net borrower in Q1 2020, with net borrowing totalling €25.1bn, a rise of €8.5bn compared to the previous quarter (Chart 6). The increase in borrowing was primarily driven by NFCs, as their net borrowing position increased from €30.4bn last quarter to €35bn in Q1 2020, and was further supported by a decrease of €3.5bn in the net lending position of financial corporates. The government sector was a net borrower this quarter, with government borrowing of €1.6bn, an increase of €698m on the previous quarter. Households' net lending position increased by €300m to stand at €2.5bn.

## 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](http://www.ecb.int)

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