



Banc Ceannais na hÉireann  
Central Bank of Ireland

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# Quarterly Financial Accounts for Ireland

## Q2 – 2023

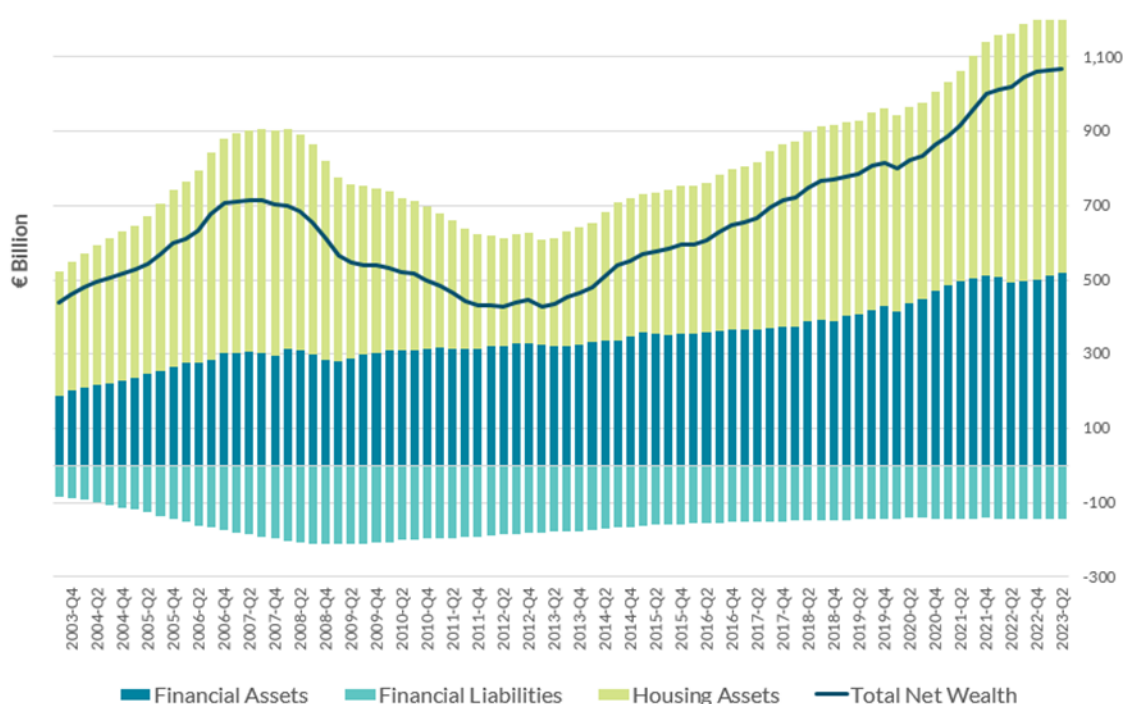
November 2023

# Quarterly Financial Accounts

## Key Points – Q2 2023

- ❖ Net wealth of Irish households increased by €6bn in the quarter, to reach a series high of €1,070bn.
- ❖ This increase was mainly driven by financial investment and positive revaluations for the existing stock of financial instruments. Negative housing revaluations, for the second quarter in a row, partially offset the gains.
- ❖ The private debt-to-GDP ratio decreased by 3 percentage points, now standing at 159 per cent. This was driven by a reduction in debt security liabilities of non-financial corporations (NFCs).
- ❖ Government debt was relatively stable in Q2 2023, standing at €218bn.

## Chart 1: Household Net Wealth



Household net wealth rose by €6bn, reaching €1,070bn in Q2 2023. However, it should be noted that this increase in aggregate household wealth does not capture distribution effects across the sector.

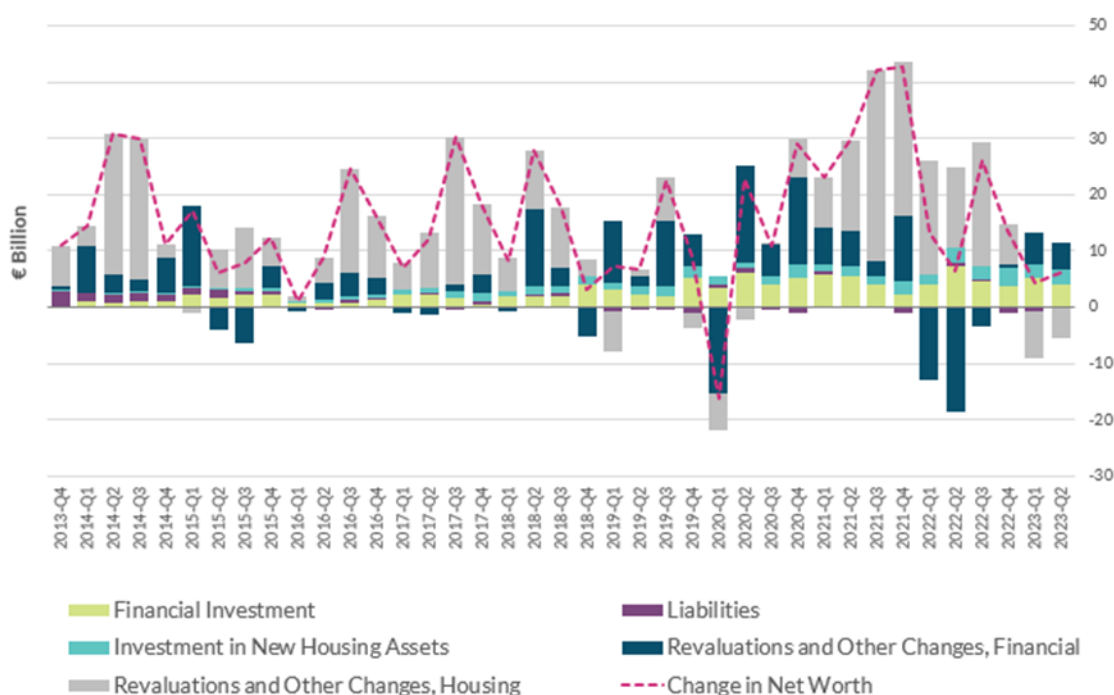
This increase was primarily driven by positive revaluations for financial assets of €4.6bn as well as new financial investments of €4.1bn.

Investment in new housing totalled €2.7bn over the quarter, above the post-pandemic average. However, with negative revaluations for existing properties of €5.5bn, the value of total stock of

housing declined by €2.8bn and stood at €695bn in Q2 2023. Revaluations were negative for the second quarter in a row. Overall, total housing assets represented 65 per cent of total household net worth (and 57 per cent of total assets), marginally decreasing during the quarter.

Households' financial wealth increased by €8.8bn, due to the combined effect of new investment in financial assets, positive revaluations and roughly flat financial liabilities. As a result, total financial net wealth reached €375bn in Q2 2023.

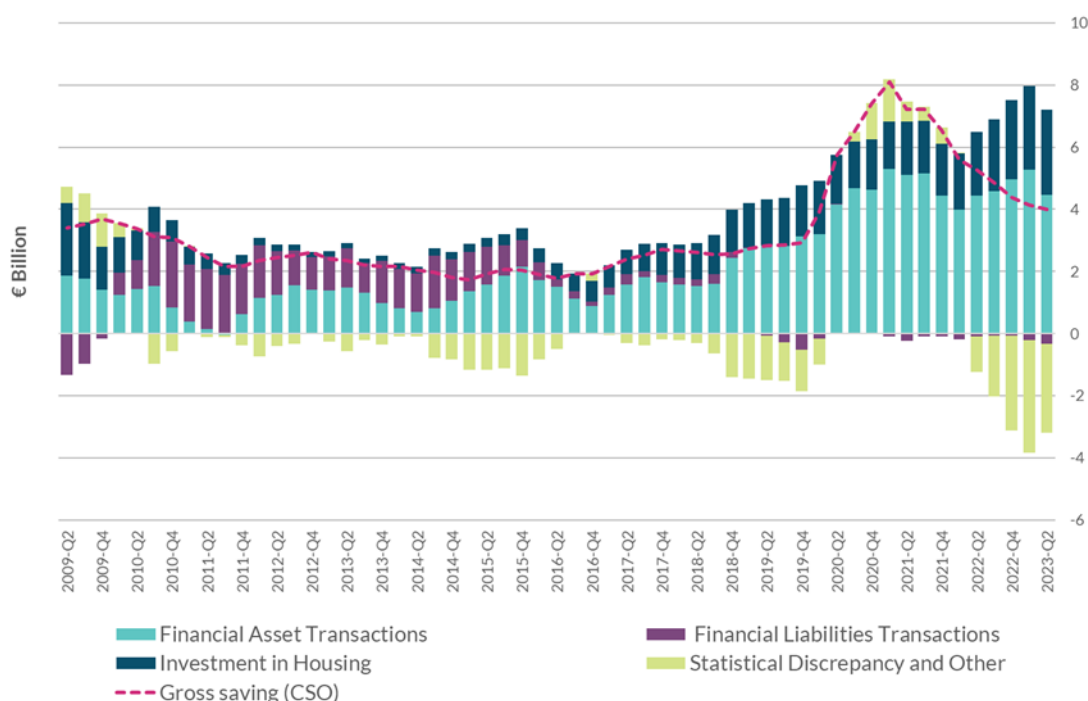
## Chart 2: Breakdown of Household Net Wealth, Q-on-Q Changes



New financial investment by households of €4.1bn in the quarter was primarily driven by increases in insurance and pension entitlements (€2.3bn) as well as currency and deposits (€1.4bn). There was only a marginal increase in household debt in the period (€0.2bn).

Financial asset revaluations were positive in Q2 2023 (€4.6bn), with positive revaluations for insurance and pension entitlements driving this. Revaluations for financial liabilities were small, meaning overall financial revaluations were €4.7bn in the quarter.

## Chart 3: Household Savings<sup>1</sup>



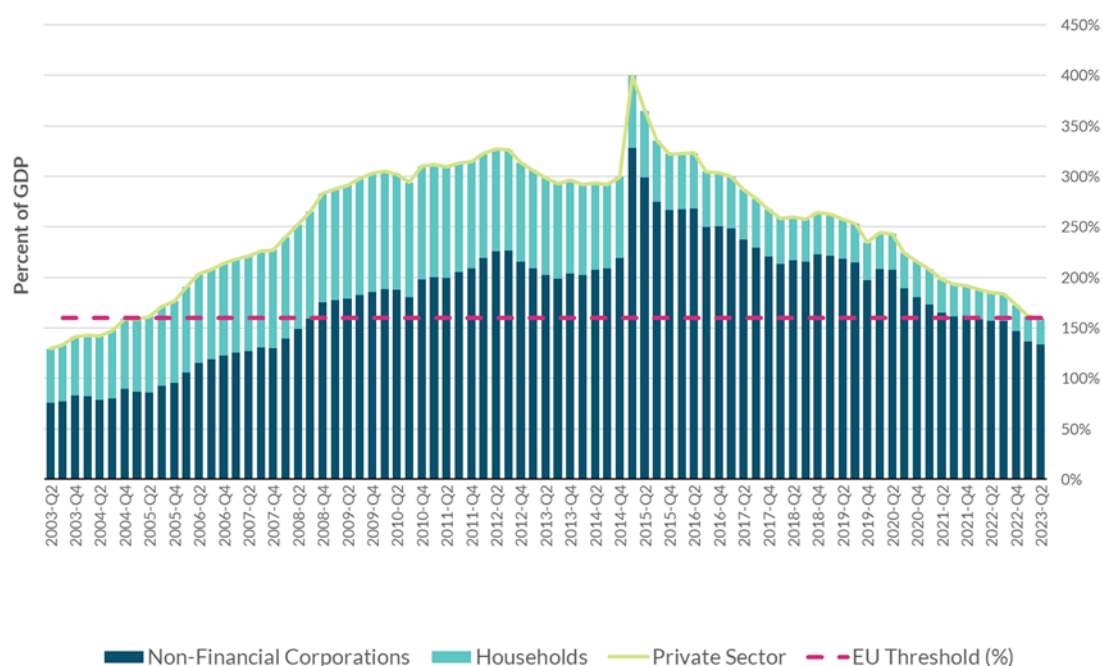
Computed savings in Q2 2023 totalled €6.9bn, and was driven by positive net acquisitions of financial instruments (insurance and pension entitlements as well as currency and deposits) in addition to investment in new housing assets. CSO data<sup>2</sup> show that gross savings on a four quarter average basis were €4.0bn in Q2 2023, slightly lower than in the previous quarter.

The CSO data release also shows that household disposable income continued to grow in Q2 2023. In addition, the seasonally adjusted savings rate increased to 10.6 per cent, well below the average throughout the period impacted by the COVID-19 pandemic and closer to the pre-pandemic average.

<sup>1</sup> This chart and the discussion which follows refer to data averaged over four quarters to smooth seasonal effects, and might therefore differ from actual quarterly figures. The statistical discrepancy presented in this chart is a result of differences between the CSO's estimate of Household savings and net capital transfers ("Other"), and the computed savings based on Financial Accounts methodology,

<sup>2</sup> See the release by the Central Statistics Office (CSO) "[Institutional Sector Accounts Non-Financial Quarter 2 2023](#)" for further details on the four quarter averaged and saving rate data.

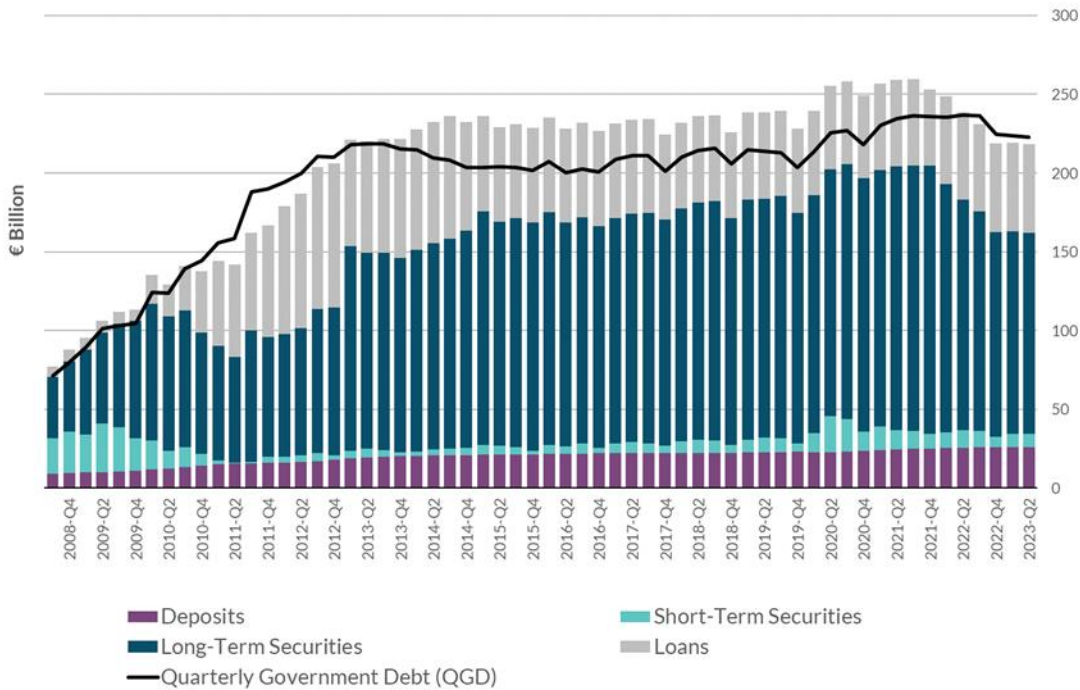
## Chart 4: Private Sector Debt-to-GDP



Private sector debt decreased by €7.9bn over the quarter, to stand at €822bn. This reduction was driven by a decline in the stock of NFC debt, with debt securities (-€4.6bn) and loan liabilities (-€3.6bn) both declining across the quarter. Households' debt level remained stable over the quarter. The private sector debt to GDP ratio decreased by 3 per cent, to stand at 159 per cent in Q2 2023.

Private sector debt in Ireland is significantly influenced by the presence of large multinational enterprises (MNEs) and restructuring by these entities has resulted in large movements in Irish private sector debt, particularly from 2014 onwards. Private sector indebtedness forms part of the European Commission's scoreboard of macroeconomic imbalances. The Commission sets an indicative threshold of 160 per cent of GDP for private sector debt sustainability, which, however, does not take account of Ireland's large MNEs sector.

## Chart 5: Government Debt

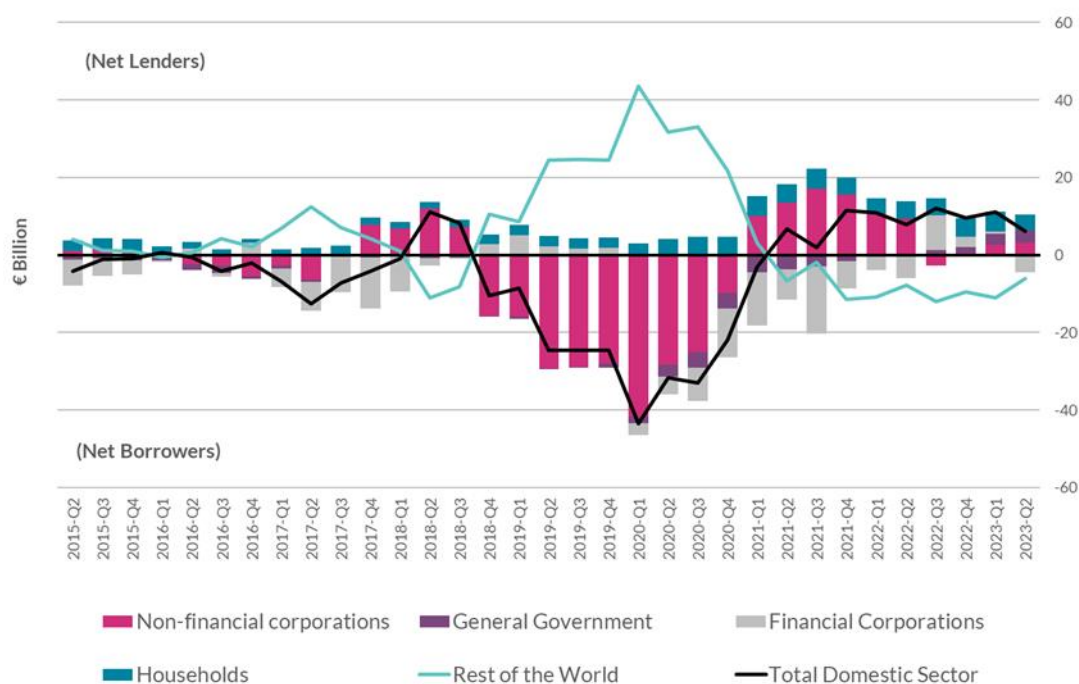


In Q2 2023, Irish government debt decreased slightly to €218bn. Long-term securities continue to account for the largest share of government debt, and decreased by €0.5bn in Q2 2023.

Chart 5 also displays that the Quarterly Government Debt (QGD) indicator, which is based on the Excessive Deficit Procedure (EDP) measure of debt, and decreased by €0.7bn in the period, to reach €223bn.

In terms of net wealth, government financial assets decreased by €3.1bn, driven by a decrease in deposit assets. Total government liabilities were roughly flat and stood at €249bn, resulting in a decrease of government net financial wealth to -€139bn in Q2 2023.

## Chart 6: Net Lending/Borrowing<sup>3</sup>



The domestic economy remained a net lender in Q2 2023, with net acquisitions of assets surpassing liabilities by €6.1bn. Of the major sectors, NFCs (€3.1bn), government (€3.3bn) and households (€4.1bn) were net lenders in the quarter, while financial corporations (-€4.4bn) were net borrowers.

The net borrowing position of financial corporations in Q2 2023 follows three successive quarters as a net lender. The large net borrowing position of the investment funds subsector (-€11.9bn) led to the net borrowing position for the overall financial corporations sector, while the other subsectors - Central Bank and other monetary financial institutions (€3.3bn), other financial institutions (€3.0bn) and insurance corporations and pension funds (€1.1bn) - were net lenders.

<sup>3</sup> This chart and the text which follows refer to data averaged over four quarters to smooth seasonal effects. Therefore might differ from actual quarterly figures.

## Further information

Quarterly Financial Accounts (QFA) present a complete and consistent set of financial balance sheet and transaction data for all sectors of the Irish economy. For a more comprehensive picture of household net wealth, estimates of real estate assets held by households supplement financial accounts data.

Full QFA data series for Ireland Q1 2002 to present, Whom-to-whom tables from Q1 2012 to present, quarterly commentary, notes on compilation and other background information are available from the Central Bank website at:

<https://www.centralbank.ie/statistics/data-and-analysis/financial-accounts>

The Central Statistical Office (CSO) publishes Annual Financial Accounts (AFA): [www.cso.ie](http://www.cso.ie).

Euro area statistics are available from the ECB website at: [www.ecb.int](http://www.ecb.int).





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