



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

# Quarterly Financial Accounts for Ireland

Q3 – 2022

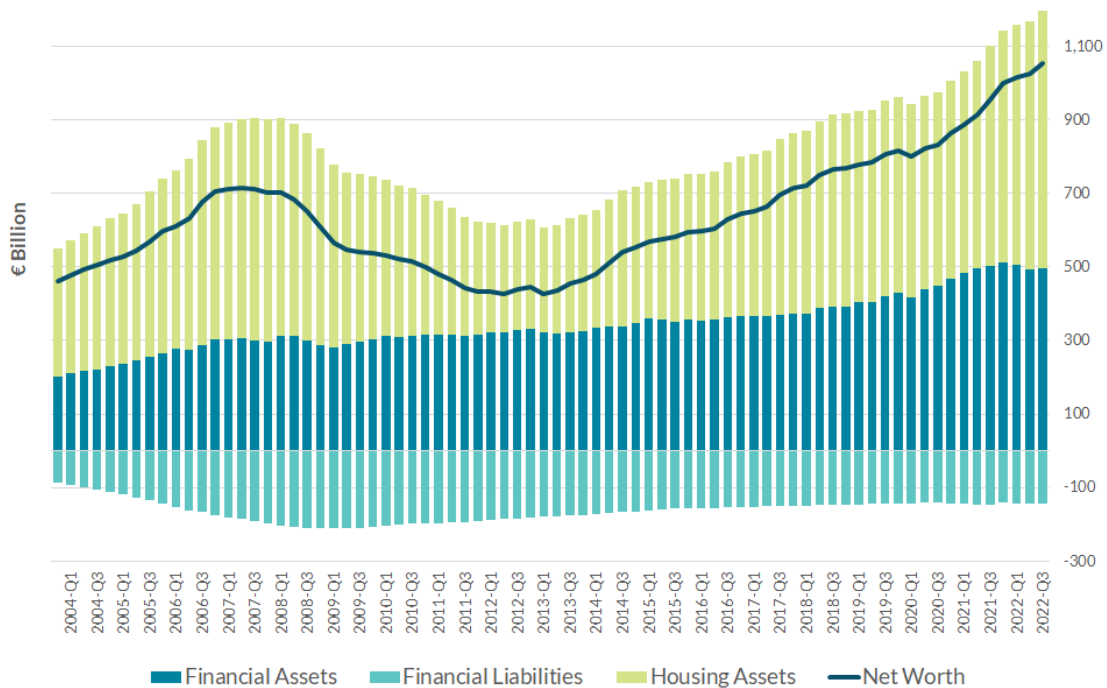
February 2023

# Quarterly Financial Accounts

## Key Points – Q3 2022

- ❖ Households’ net wealth grew by €29bn to reach a series high of €1,053bn in Q3 2022.
- ❖ The rise in net wealth was primarily driven by the increasing value of housing assets, which reached an all-time high of €700bn, above its previous peak last quarter.
- ❖ Financial net worth of households marginally increased in the period, now totalling €352bn. This is due to new investment during the quarter, offsetting adverse revaluations of financial instruments.

## Chart 1: Household Net Wealth



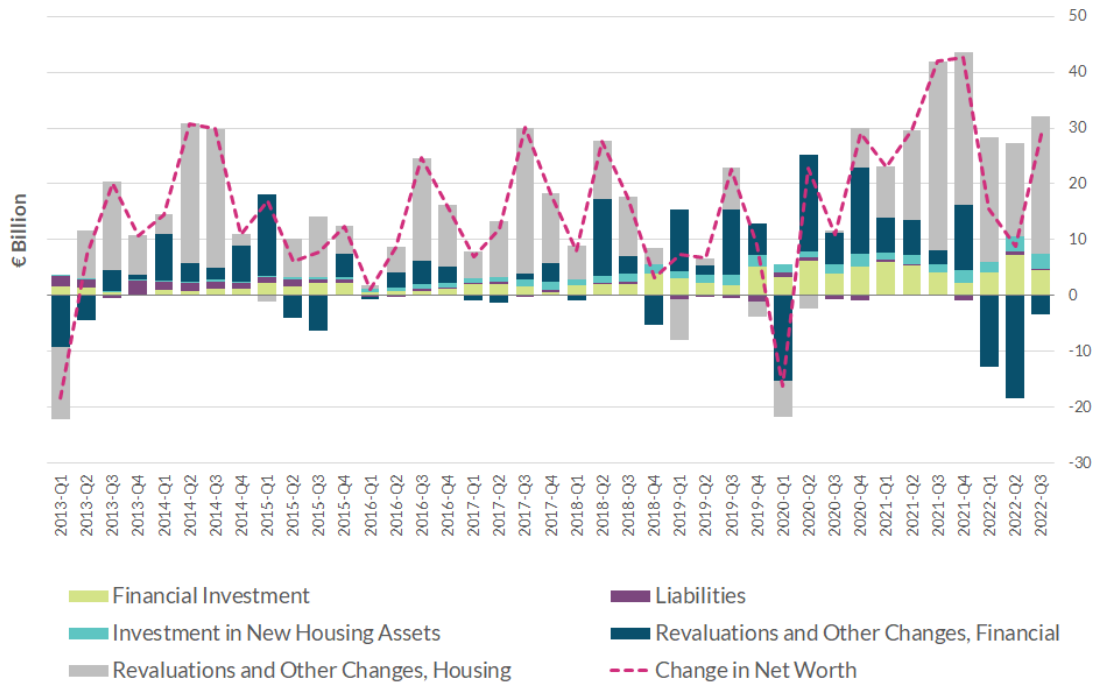
Household net wealth rose by €29bn to stand at €1,053bn in Q3 2022. However, it should be noted that this increase in aggregate household wealth does not capture distribution effects across the sector.

The increase was primarily driven by growth in the value of housing assets. Investment in new housing totalled €2.7bn, while revaluations of existing residential properties were equal to €25bn in the quarter. Total housing wealth held by Irish households surpassed €700bn for the first time in the series.

In Q3 2022, housing assets represented 67 per cent of total household net worth. This ratio is below the all-time high of 88 per cent in Q4 2008, but has been steadily increasing since Q2 2021.

Households’ financial wealth increased by €1.6bn in the period, due to the combined effect of new investment in financial assets, a marginal decrease in financial liabilities and negative revaluations. As a result, total financial net wealth reached €352bn in Q3 2022.

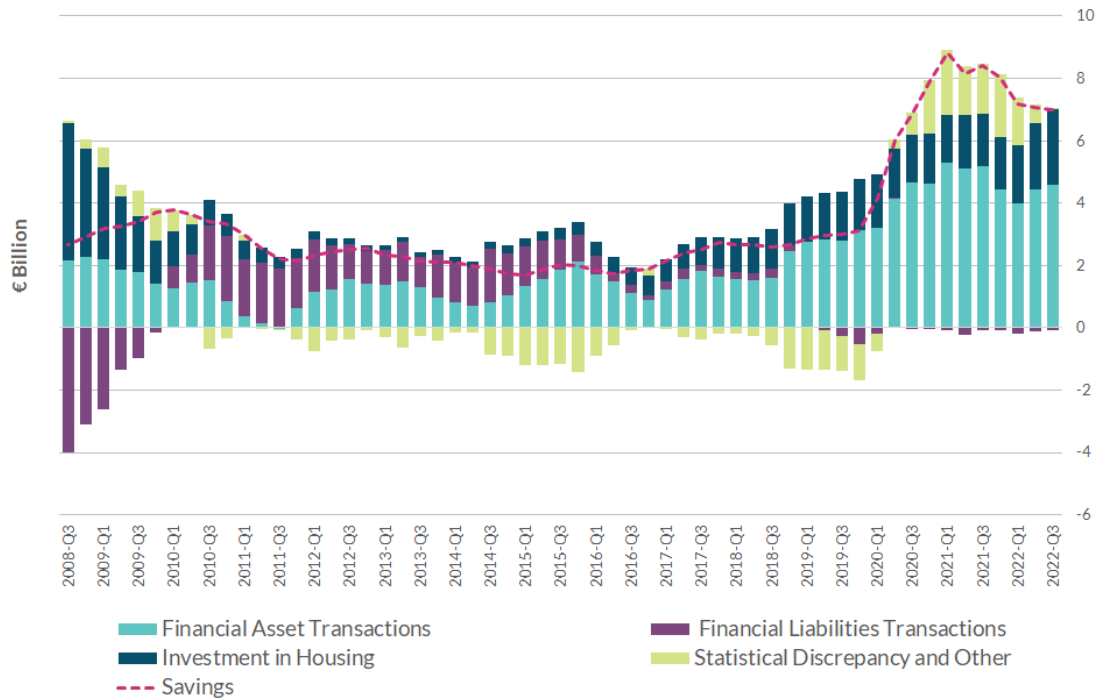
**Chart 2: Breakdown of Household Net Wealth, Q-on-Q changes**



During the quarter, new investment by households in financial assets totalled €4.6bn. It primarily relates to an increase in currency and deposits (€2.8bn), pension funds entitlements (€1.2bn) and insurance instruments (€0.6bn). Marginal reductions in financial liabilities can be attributed to a decrease in the amount of long-term loans of Irish households.

For the third consecutive quarter revaluations of financial instruments have negatively affected households, albeit to a smaller magnitude (€3.3bn) compared to the preceding two periods. Adverse revaluations of pension entitlements of €8.5bn were partially offset by positive changes in insurance instruments and unlisted equity.

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



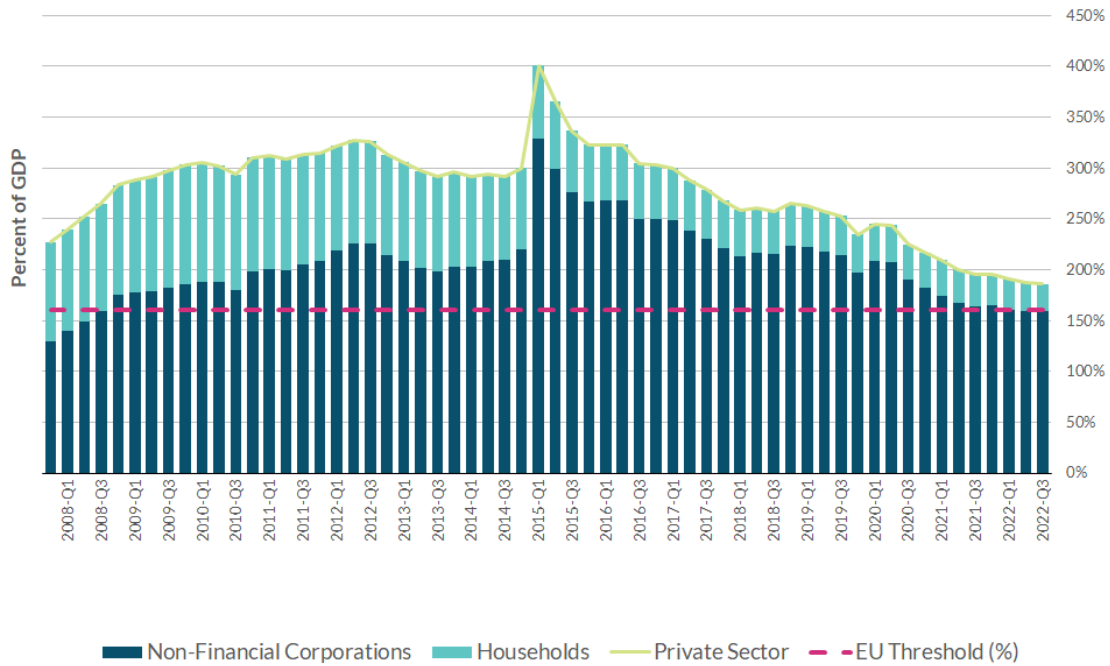
Savings in the period totalled €7bn in Q3 2022, decreasing for the fourth consecutive quarter to date. Investment in new housing and acquisition of financial assets (primarily increasing currency and deposit holdings) were the main components of this movement.

Disposable income of Irish households grew marginally during the quarter. While increased employment and wages across several sectors contributed to nominal growth, a rise in the Consumer Price Index in Q3 2022 caused a deterioration in real terms<sup>2</sup>.

<sup>1</sup> This chart presents data smoothed over four quarters and might therefore differ from actual quarterly movements. The statistical discrepancy presented in this chart is a result of differences between the CSO’s estimate of ‘Savings’ and savings as estimated through Financial Accounts concepts. Note that the methodology for estimating ‘Investment in Housing’ has been revised. This is now calculated by the Central Bank of Ireland (based on new house price and completions data) rather than using CSO estimates of Gross Capital Formation (GCF). Consequently, the revised series for ‘Investment in Housing’ excludes investment in other non-financial assets.

<sup>2</sup> See the releases by the Central Statistics Office (CSO) “[Institutional Sector Accounts Non-Financial Quarter 3 2022](#)” and “[Household Saving Q3 2022](#)” for further details.

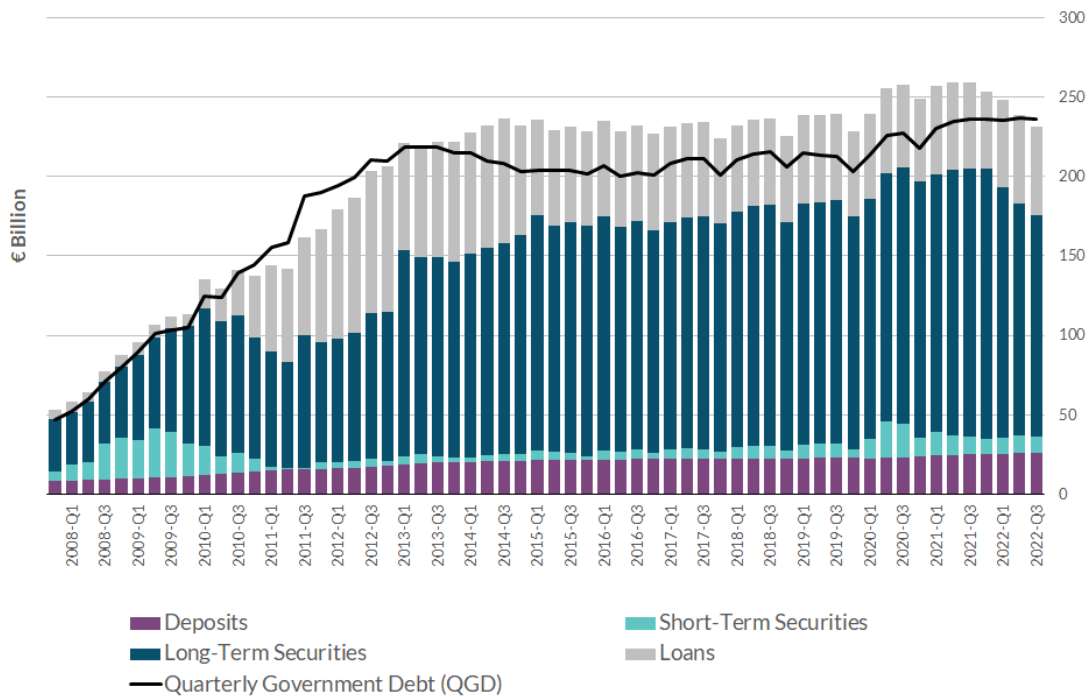
## Chart 4: Private Sector Debt-to-GDP



Private sector debt rose by €29bn during the quarter, to stand at €895bn. This increase was driven by the growth in the stock of non-financial corporations’ debt (while households’ debt level remained unchanged from the previous quarter). However, higher GDP growth caused the private sector debt-to-GDP ratio to decrease by 1 percentage point, to reach 186 per cent.

Private sector debt in Ireland is significantly influenced by the presence of large multinational enterprises (MNEs) and 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 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 MNEs sector in Ireland.

## Chart 5: Government Debt



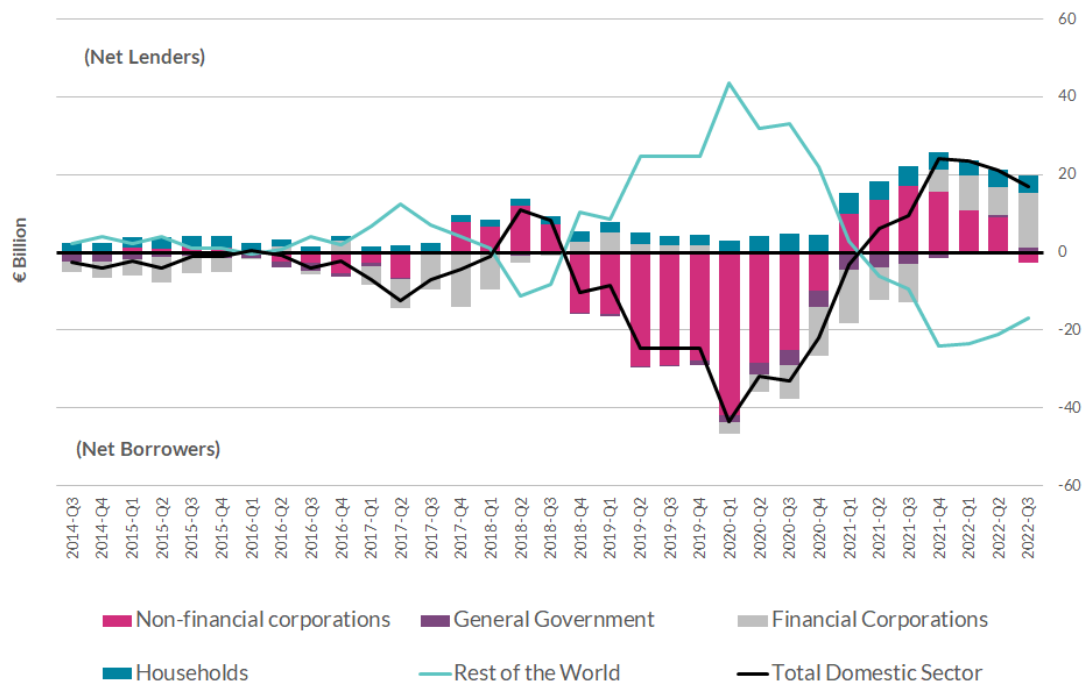
Irish government debt decreased by €7.5bn in the quarter, to stand at €231bn in Q3 2022. This was primarily driven by a reduction in long-term securities. Short-term debt securities also declined relative to the previous quarter, while the amount of total loans remained unchanged.

Chart 5 also shows that Quarterly Government Debt (QGD), which is based on the Excessive Deficit Procedure (EDP) measure of debt, marginally decreased by €0.5bn in the period, to reach €236bn.

In terms of net wealth<sup>3</sup>, government financial assets slightly declined by €0.7bn during the quarter, while total liabilities also decreased by €7.6bn in the period. As a result, the (negative) net financial wealth of the Irish government continued its steady improvement since Q1 2021, reaching €141bn in Q3 2022.

<sup>3</sup> Government net wealth refers to the stock of total government assets minus total government liabilities.

## Chart 6: Net Lending/Borrowing<sup>4</sup>



The domestic economy remained a net lender in Q3 2022, with acquisitions of assets surpassing liabilities by €17bn. The total net lending figure declined for the third consecutive quarter.

All sectors of the economy remained net lenders with the exception of non-financial corporations, which saw a total net borrowing position equal to -€2.7bn in Q3 2022.

Net lending by financial corporations totalled €14bn in the quarter (primarily driven by the lending position of the “Other Financial Institutions” sub-sector) while Irish households remained net lenders in Q3 2022, and have been continuously since 2009.

<sup>4</sup> This chart presents data smoothed over four quarters and might therefore differ from actual quarterly movements.

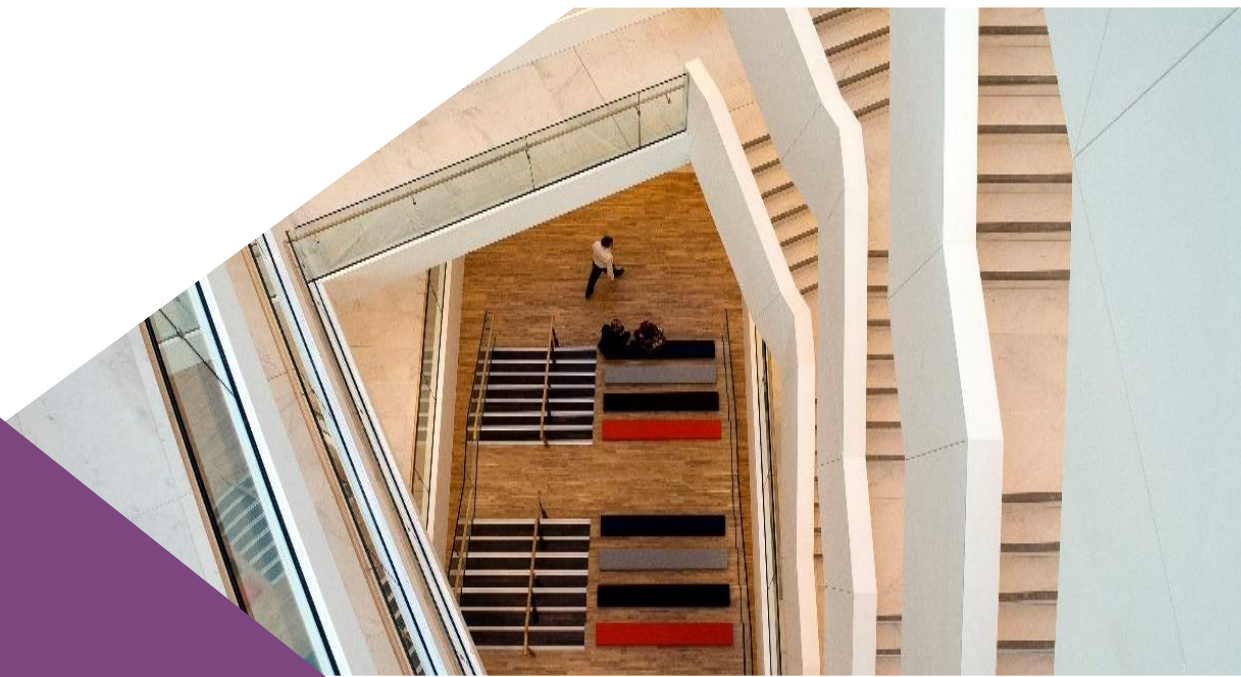
## Further information

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

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

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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