



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

# Quarterly Financial Accounts for Ireland

Q3 – 2023

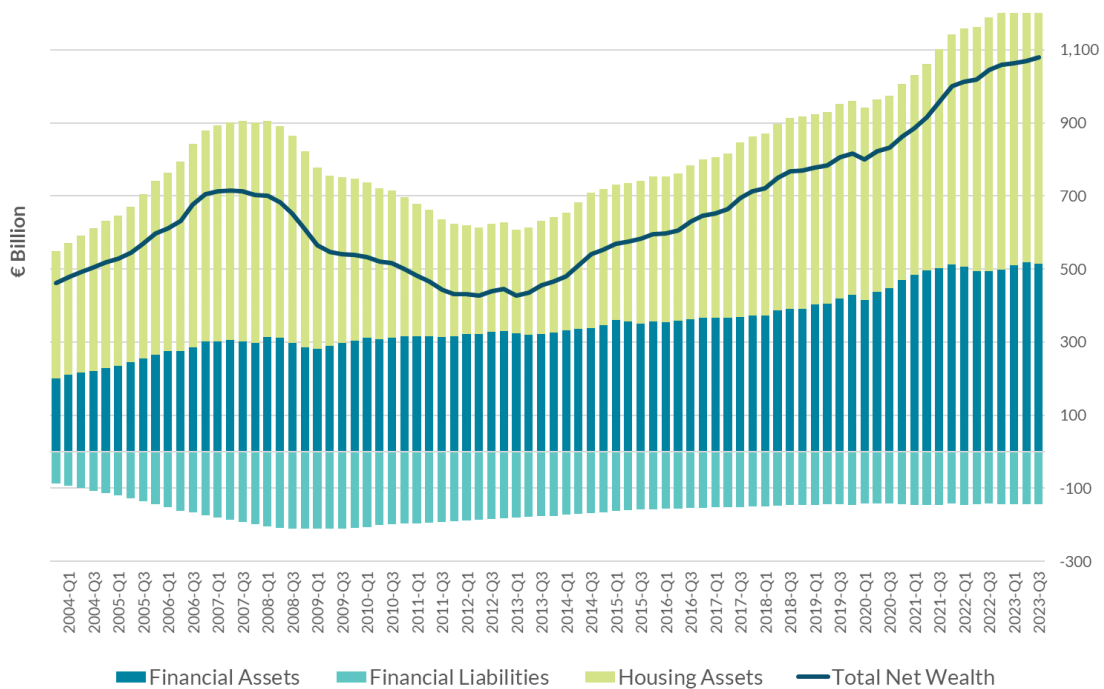
February 2024

# Quarterly Financial Accounts

## Key Points – Q3 2023

- ❖ Net wealth of Irish households increased by €9.6bn in the quarter, to reach a series high of €1,079bn.
- ❖ This increase was mainly driven by positive revaluations for the existing stock of housing assets, although revaluations for housing assets remain negative in the first three quarters of 2023 overall.
- ❖ Financial investment of €3.4bn was more than offset by negative revaluations and other changes for financial assets in Q3 2023.
- ❖ The private debt-to-GDP ratio increased by 6 percentage points, now standing at 165 per cent. This was driven by an increase in loan liabilities of non-financial corporations (NFCs).
- ❖ Government debt fell to €214.4bn in Q3 2023, driven by declining long-term debt security liabilities.

### Chart 1: Household Net Wealth

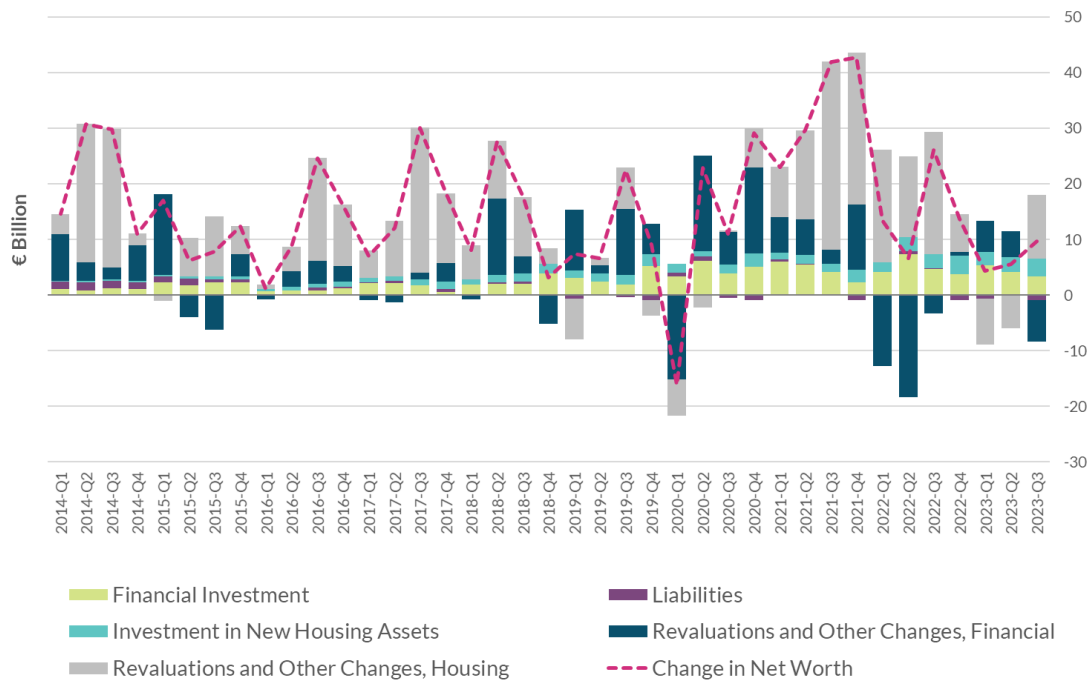


Household net wealth rose by €9.6bn, reaching €1,079bn in Q3 2023. However, it should be noted that this increase in aggregate household wealth does not capture distribution effects across the sector.

This increase was primarily driven by positive revaluations for existing housing assets of €11.4bn. However, housing revaluations remain negative in year-to-date terms, having declined in both Q1 and Q2 of this year. Investment in new housing totalled €3.2bn over the quarter, remaining above the post-pandemic average. These combined effects brought the value of the total stock of housing up by €14.6bn, standing at €708.9bn. In Q3 2023, housing assets represented 66 per cent of total household net worth and 58 per cent of total assets, marginally increasing over the quarter.

Households’ financial wealth decreased by €4.9bn, despite new investment in financial assets of €3.4bn in Q3 2023. This new investment was offset by negative revaluations and a slight increase in liabilities. As a result, total financial net wealth was €370bn in Q3 2023.

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

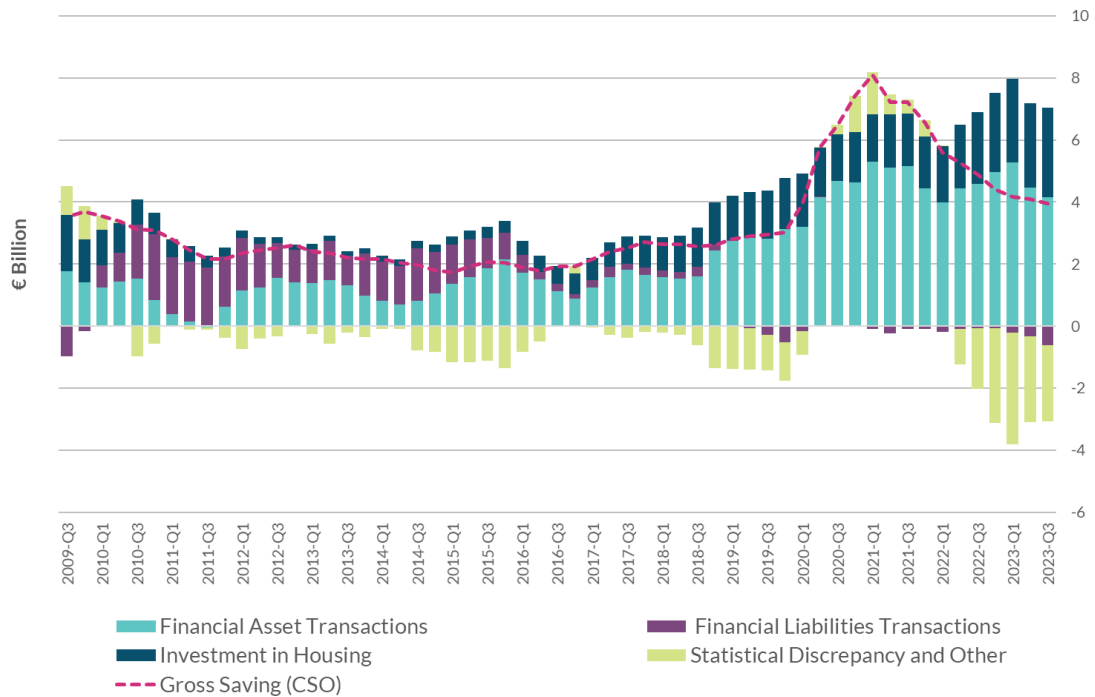


New financial investment by households of €3.4bn in the quarter was primarily driven by increases in insurance and pension entitlements (€2.5bn) as well as currency and deposits (€1.1bn).

Financial asset revaluations and other changes were negative in Q3 2023 (-€7.5bn), driven by negative revaluations for listed shares. Revaluations had less of an impact on financial liabilities, meaning overall financial revaluations and other changes were -€7.4bn in the quarter.

Household debt increased by 0.7 per cent in the period, to stand at €132.3bn. This is the third consecutive quarter where household debt has increased, rising by €1.7bn in 2023 so far.

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

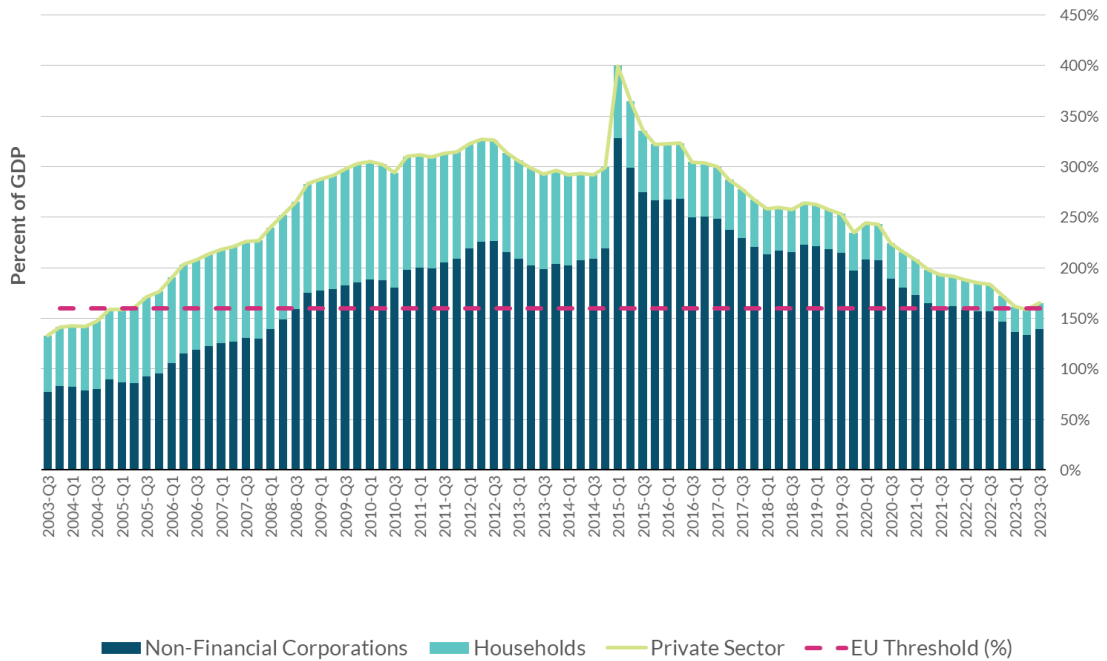


Computed savings in Q3 2023 totalled €6.4bn, and was driven by positive net acquisitions of financial instruments (insurance and pension entitlements as well as currency and deposits) in addition to investment in new housing assets. CSO data<sup>2</sup> show that gross savings on a four quarter average basis were €4.0bn in Q3 2023, slightly lower than in the previous quarter.

The CSO data release also shows that household disposable income fell in Q3 2023, on a single quarter basis. In addition, the seasonally adjusted savings rate fell to 10.1 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 3 2023](#)” for further details on the four quarter averaged and saving rate data.

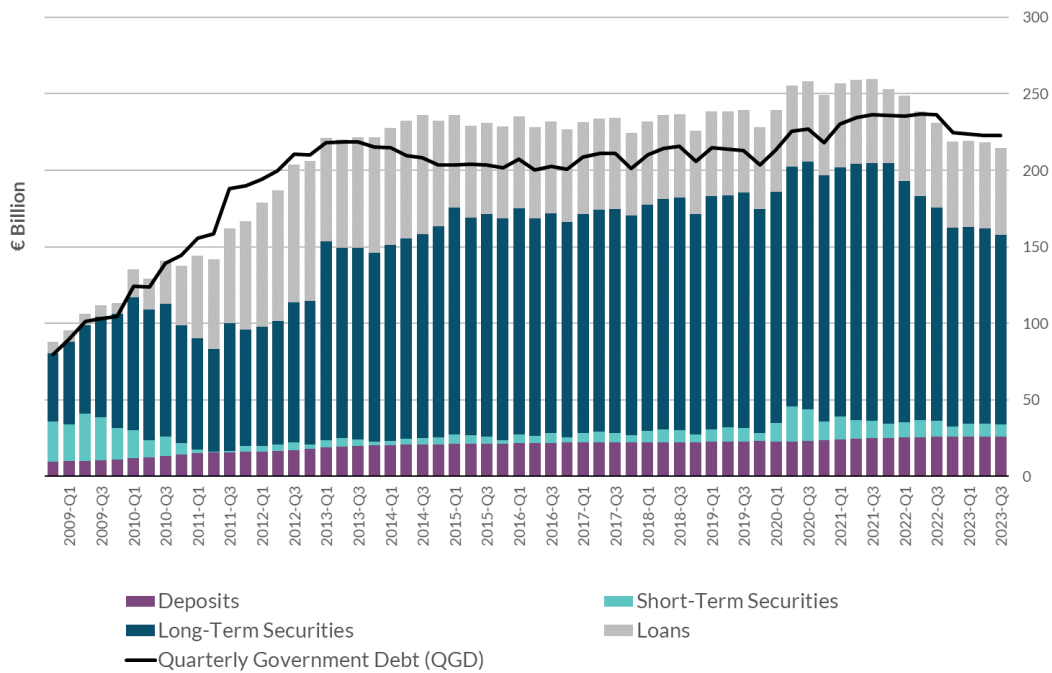
## Chart 4: Private Sector Debt-to-GDP



Private sector debt increased by €21.7bn over the quarter, to stand at €843.7bn, or 165 per cent of GDP, an increase of 6 per cent relative to last quarter. This was driven by an increase in the stock of NFC debt, particularly loan liabilities which rose by €21.8bn and were partially offset by a €1.1bn reduction in NFC debt security liabilities. Households’ debt contributed roughly €1bn to the overall increase in private sector debt.

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

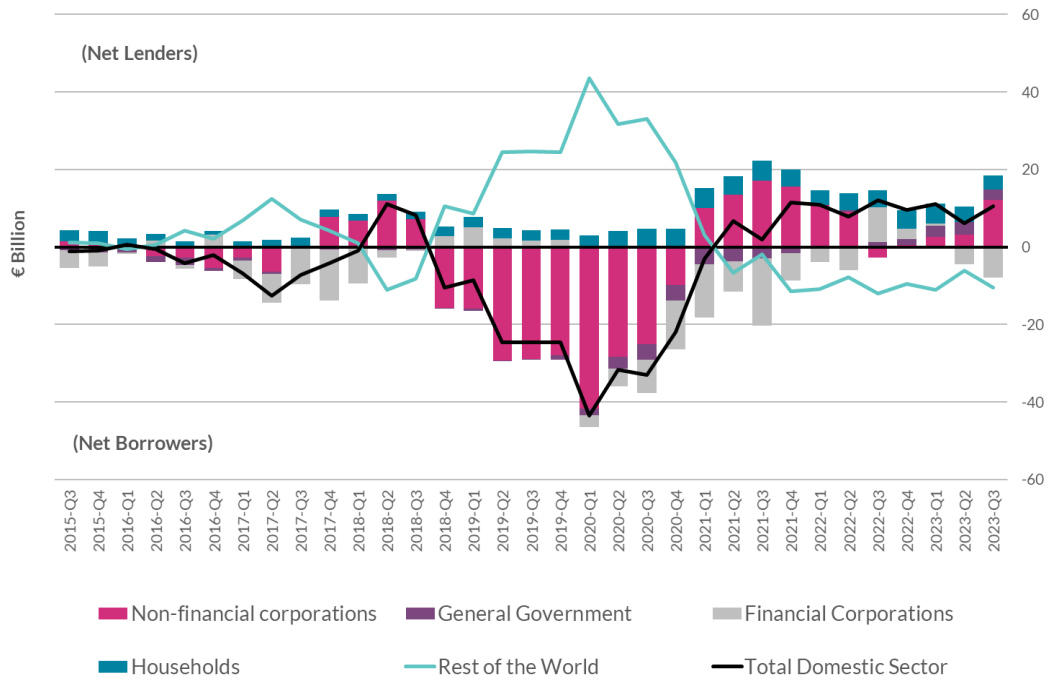


In Q3 2023, Irish government debt decreased to €214.4bn. Long-term securities continue to account for the largest share of government debt, and decreased by €4.1bn in Q3 2023.

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 €0.4bn in the period, to reach €222.6bn.

In terms of net wealth, government financial assets increased by €3.5bn, driven by an increase in debt securities and other accounts receivable/payable of assets. Total government liabilities fell €4.2bn to stand at €245bn, resulting in an increase of government net financial wealth to -€131.3bn in Q3 2023.

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



The domestic economy remained a net lender in Q3 2023, with net acquisitions of assets surpassing liabilities by €10.5bn. Of the major sectors, NFCs (€12.2bn), government (€2.7bn) and households (€3.5bn) were net lenders in the quarter, while financial corporations (-€7.9bn) were net borrowers.

The net borrowing position of financial corporations in Q3 2023 was driven by the large net borrowing position of the investment funds subsector (-€19.8bn), while the other financial institutions subsector was also a net borrower (-€1.0bn). The Central Bank and other monetary financial institutions (€11.0bn) and insurance & pension corporations (€1.8bn) 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

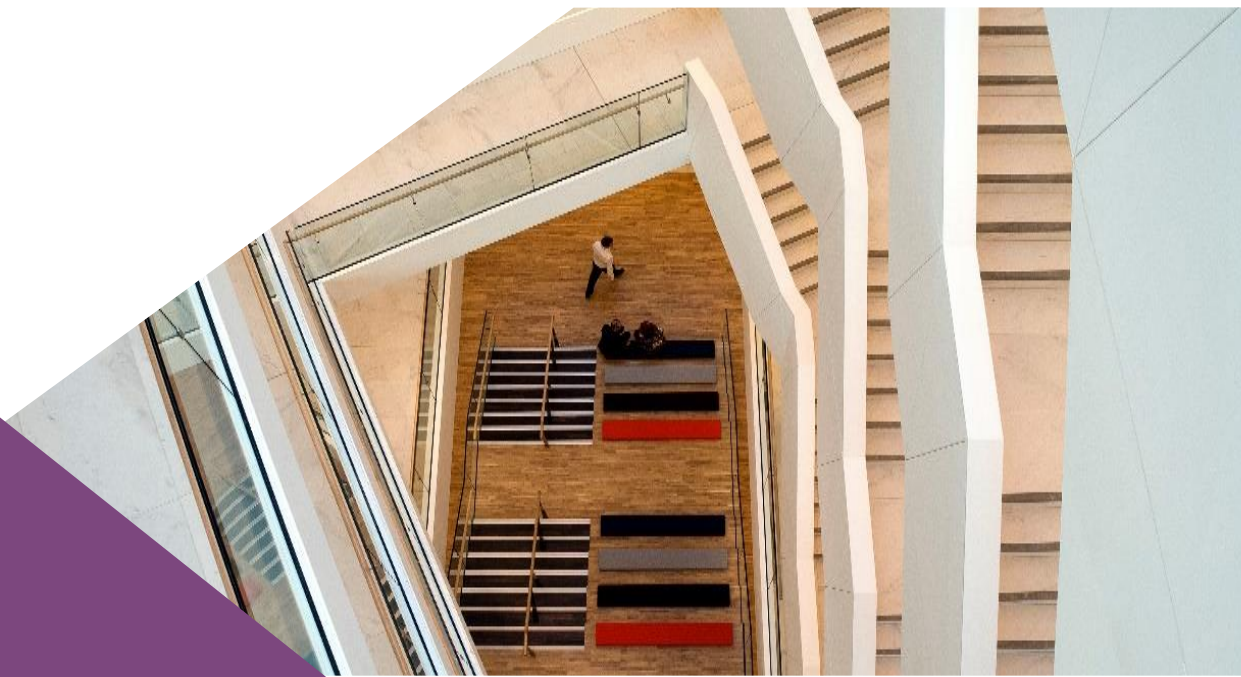
Quarterly Financial Accounts (QFA) present a complete and consistent set of financial balance sheet and transaction data for all sectors of the Irish economy. For a more comprehensive picture of household net wealth, estimates of real estate assets held by households supplement financial accounts data.

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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