



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Quarterly Financial Accounts for Ireland

Q4 – 2023

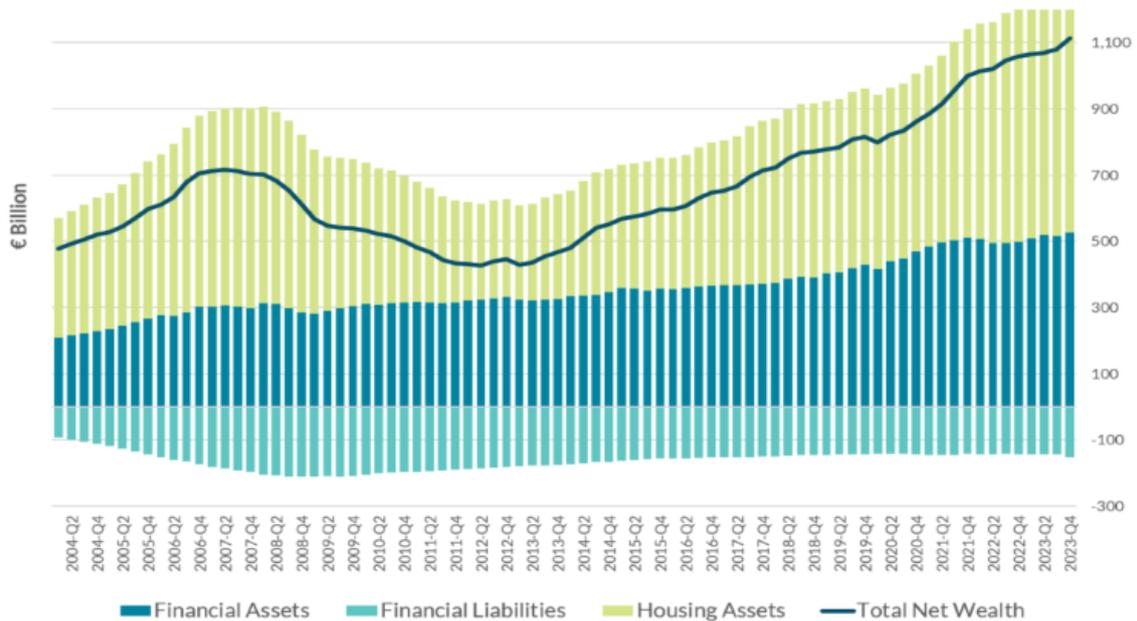
May 2024

Quarterly Financial Accounts

Key Points – Q4 2023

- ❖ Net wealth of Irish households increased by €33.2bn in the quarter, to reach a series high of €1,113bn.
- ❖ Housing wealth increased by €28.8bn in Q4 2023, driven by revaluations and strong growth in investment in new housing.
- ❖ The private debt-to-GDP ratio increased by 1 percentage point to 166 per cent as continued declines in GDP offset decreased private sector debt.
- ❖ Government debt increased to €222.6bn in Q4 2023, driven by increasing long-term debt security liabilities.
- ❖ The domestic economy remained a net lender in the quarter, total increase in assets surpassed total acquisitions of liabilities on a 4 quarter average basis.

Chart 1: Household Net Wealth

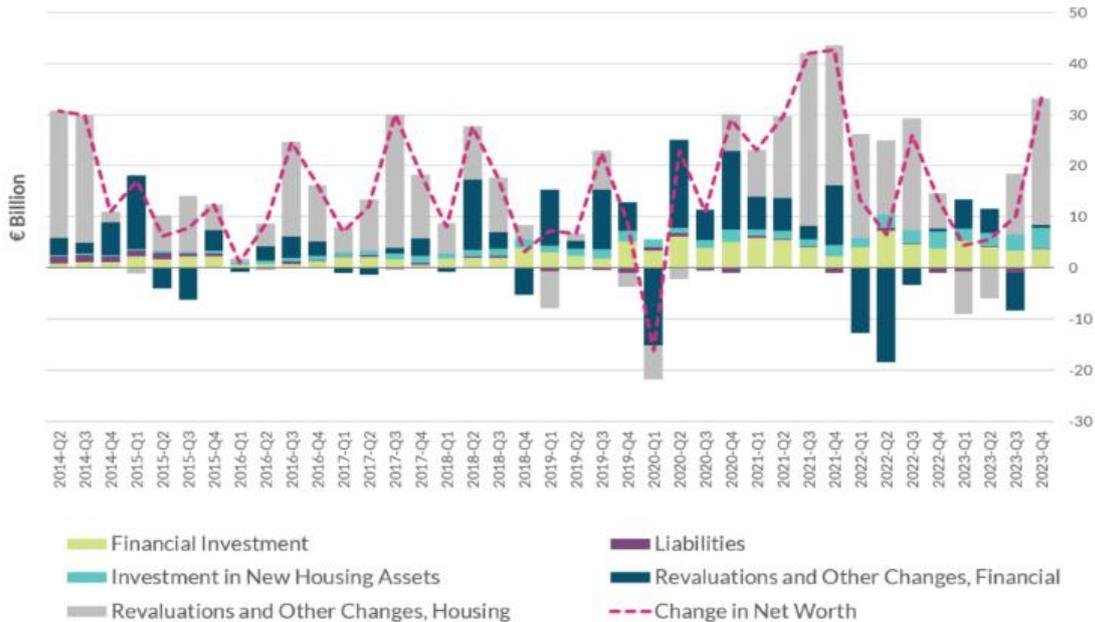


Household net wealth rose by €33.2bn, reaching €1,113bn in Q4 2023. However, it should be noted that this increase in aggregate household wealth does not capture distribution effects across the sector.

This increase was primarily driven by positive revaluations for existing housing assets of €24.8bn as well as investment in new housing of €4.1bn. These combined effects brought the value of the total stock of housing up by €28.8bn, standing at €738.3bn. In Q4 2023, housing assets represented 66 per cent of total household net worth and 58 per cent of total assets, remaining constant over the quarter.

Households’ financial wealth increased by €4.3bn to €374.4bn in Q4 2023. This was driven by new financial investment of €3.6bn, while overall financial revaluations were low at €0.5bn.

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

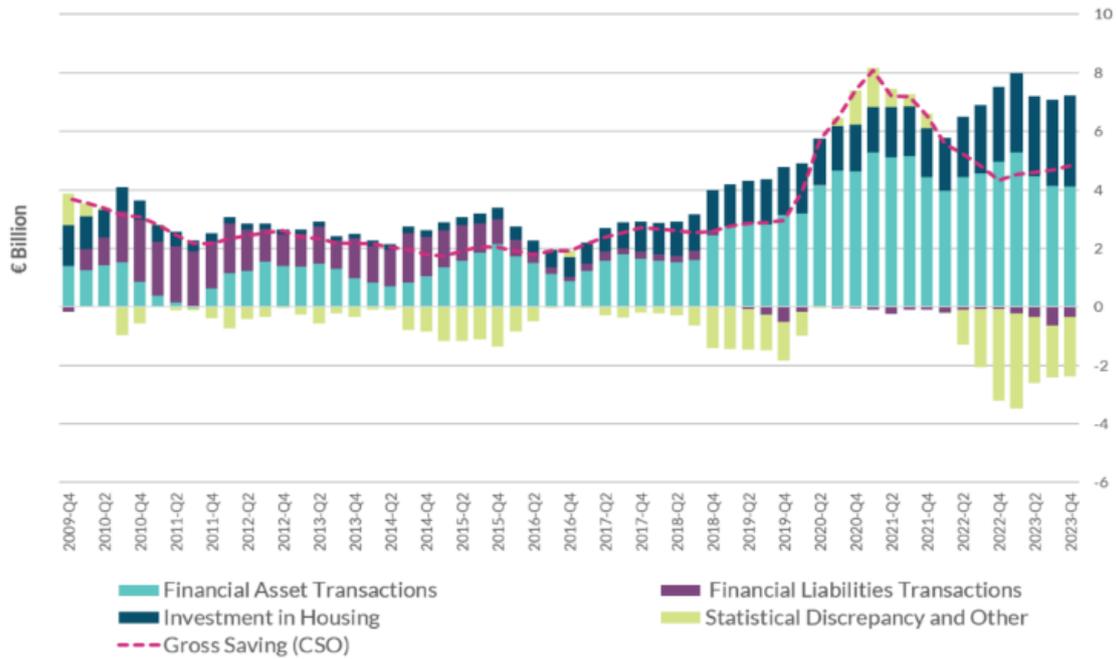


New financial investment by households of €3.6bn in the quarter was primarily driven by increases in insurance and pension entitlements (€2.3bn) as well as debt securities (€1.2bn).

Financial asset revaluations and other changes (€8.4bn) were largely offset by financial liability revaluations (€7.9bn), meaning overall financial revaluations were €0.5bn in Q4 2023 and not a key driver of the growth in financial wealth.

Household debt increased by 5.7 per cent in the period, to stand at €139.9bn. This is the fourth consecutive quarter where household debt has increased.

Chart 3: Household Savings¹

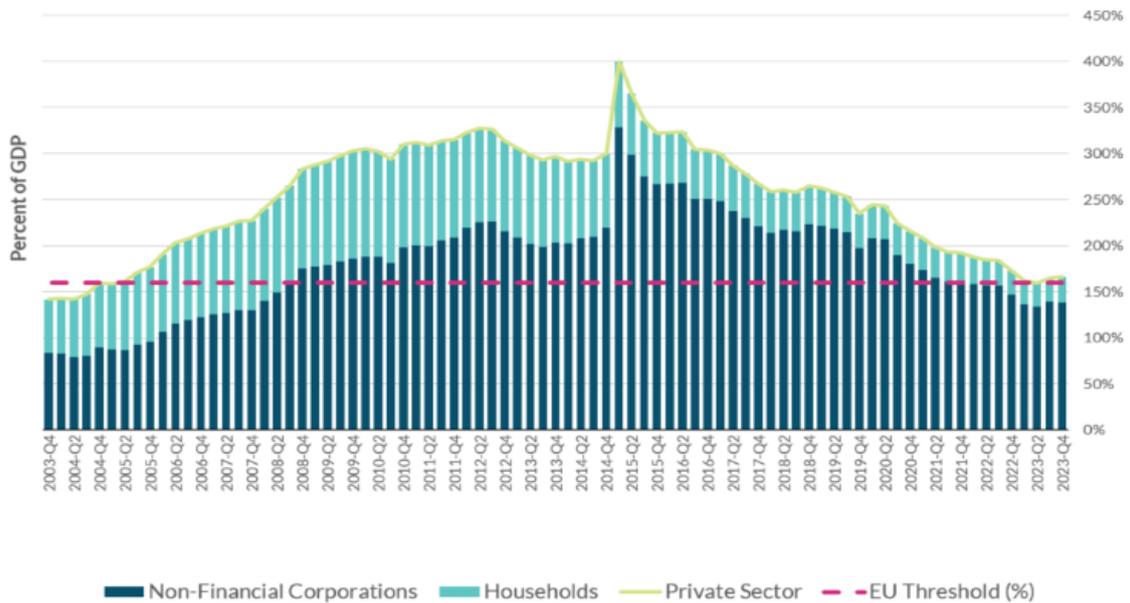


Computed savings in Q4 2023 totalled €6.9bn, and was driven by positive net acquisitions of financial instruments (insurance and pension entitlements as well as currency and deposits) in addition to investment in new housing assets. CSO data² show that gross savings on a four quarter average basis were €4.8bn in Q4 2023, increasing by €0.2bn from the previous quarter.

The CSO data release also shows that household disposable income fell to €37.1bn in Q4 2023, on a single quarter basis. While the seasonally adjusted savings rate was relatively unchanged at 12.1 per cent according to CSO data.

¹ 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,
² See the release by the Central Statistics Office (CSO) “[Institutional Sector Accounts Non-Financial Quarter 4 2023](#)” for further details on the four quarter averaged and saving rate data.

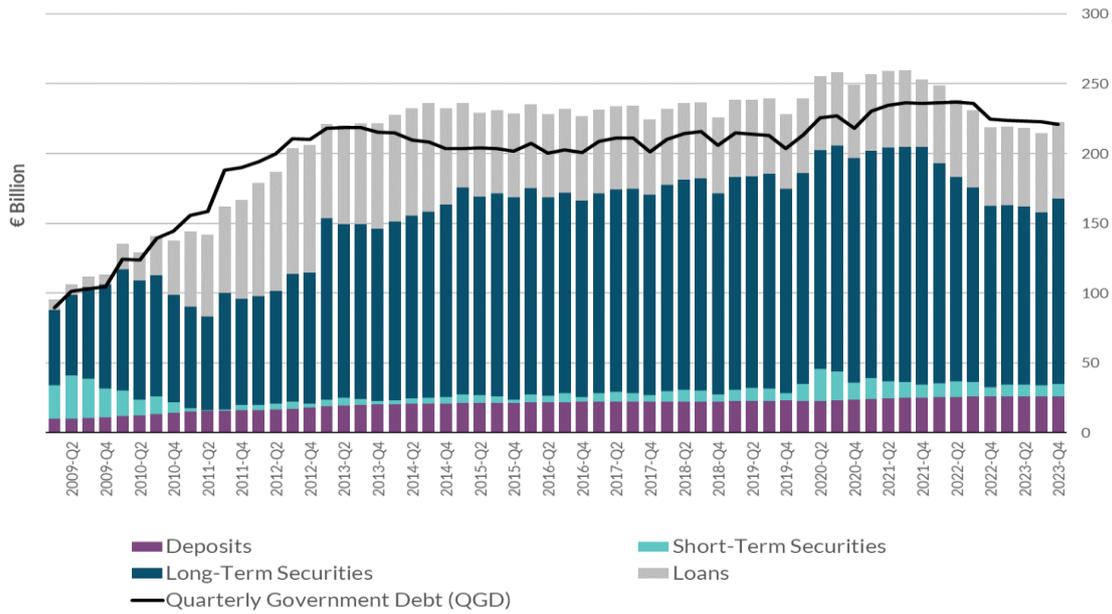
Chart 4: Private Sector Debt-to-GDP



Private sector debt decreased by €6.5bn over the quarter, to stand at €837.2bn. Despite this decline, the private sector debt to GDP ratio rose 1 per cent to 166 per cent of GDP due to the continued declines in GDP offsetting the decreased debt. The decrease in debt was driven by a decrease in the stock of NFC debt, particularly loan liabilities which fell by €16.3bn and were partially offset by a €2.3bn increase in NFC debt security liabilities. Households’ debt increased by €7.5bn, the largest increase in household debt since 2006 Q4.

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

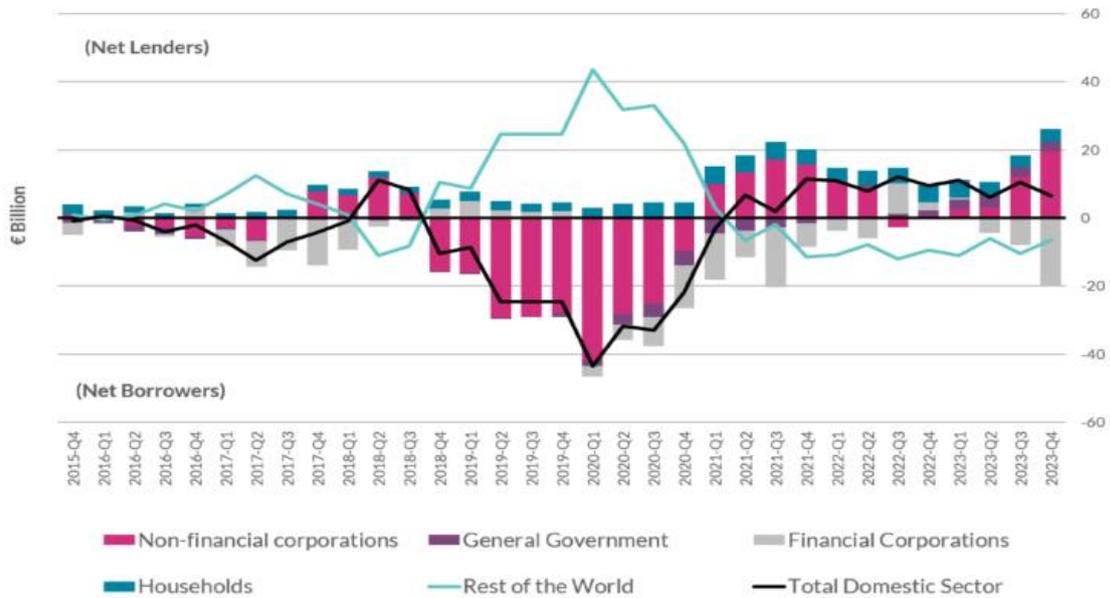


In Q4 2023, Irish government debt increased to €222.6bn. Long-term securities continue to account for the largest share of government debt, and increased by €8.9bn in Q4 2023.

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 €1.9bn in the period, to reach €220.7bn.

In terms of net wealth, government financial assets increased by €5.6bn, driven by an increase in debt securities, unlisted shares/other equity and other accounts receivable/payable of assets. Total government liabilities rose €8.5bn to stand at €254bn. The combined effect of the above movements results in a decrease of government net financial wealth to -€134.2bn in Q4 2023.

Chart 6: Net Lending/Borrowing³



The domestic economy remained a net lender in Q4 2023, with net acquisitions of assets surpassing liabilities by €6.4bn. Of the major sectors, NFCs (€19.6bn), government (€2.8bn) and households (€3.8bn) were net lenders in the quarter, while financial corporations (-€19.7bn) were net borrowers.

The net borrowing position of financial corporations in Q4 2023 was driven by the large net borrowing position of the investment funds subsector (-€34.4bn), while the other financial institutions subsector were all net lenders.

³ 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

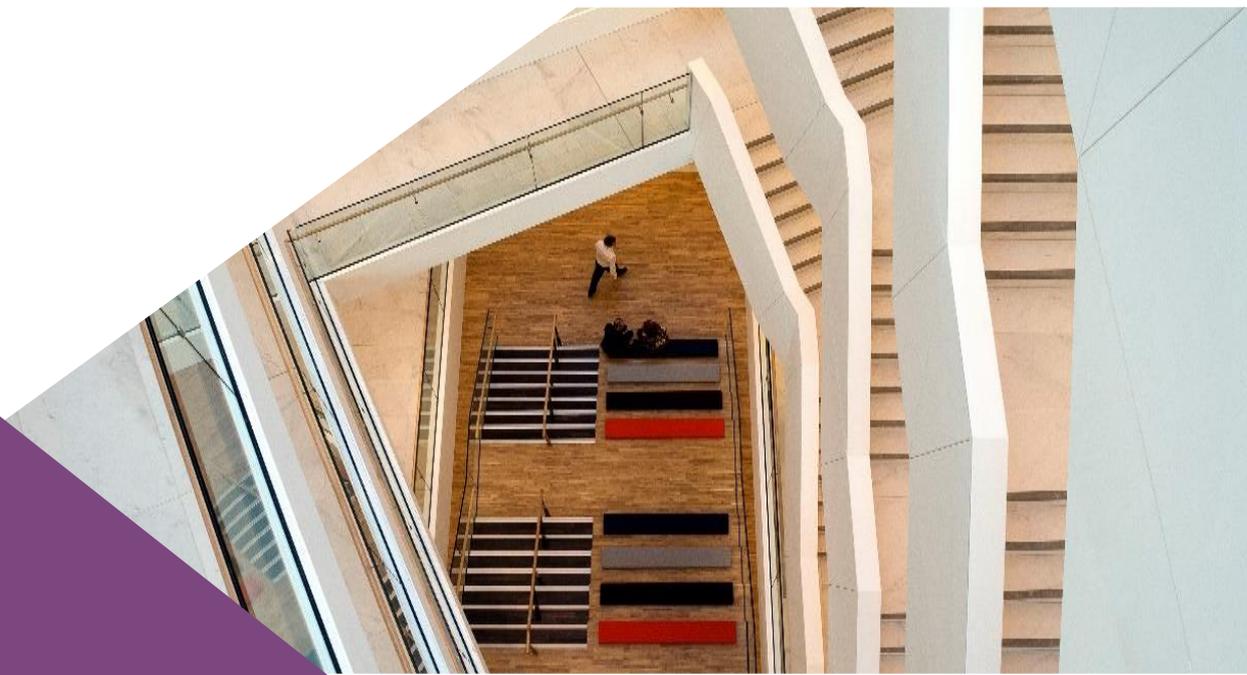
Quarterly Financial Accounts (QFA) present a complete and consistent set of financial balance sheet and transaction data for all sectors of the Irish economy. For a more comprehensive picture of household net wealth, estimates of real estate assets held by households supplement financial accounts data.

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.

Euro area statistics are available from the ECB website at: www.ecb.int.



T: +353 (0)1 224 5800
E: publications@centralbank.ie
www.centralbank.ie



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem