



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Quarterly Financial Accounts for Ireland

Q1 – 2024

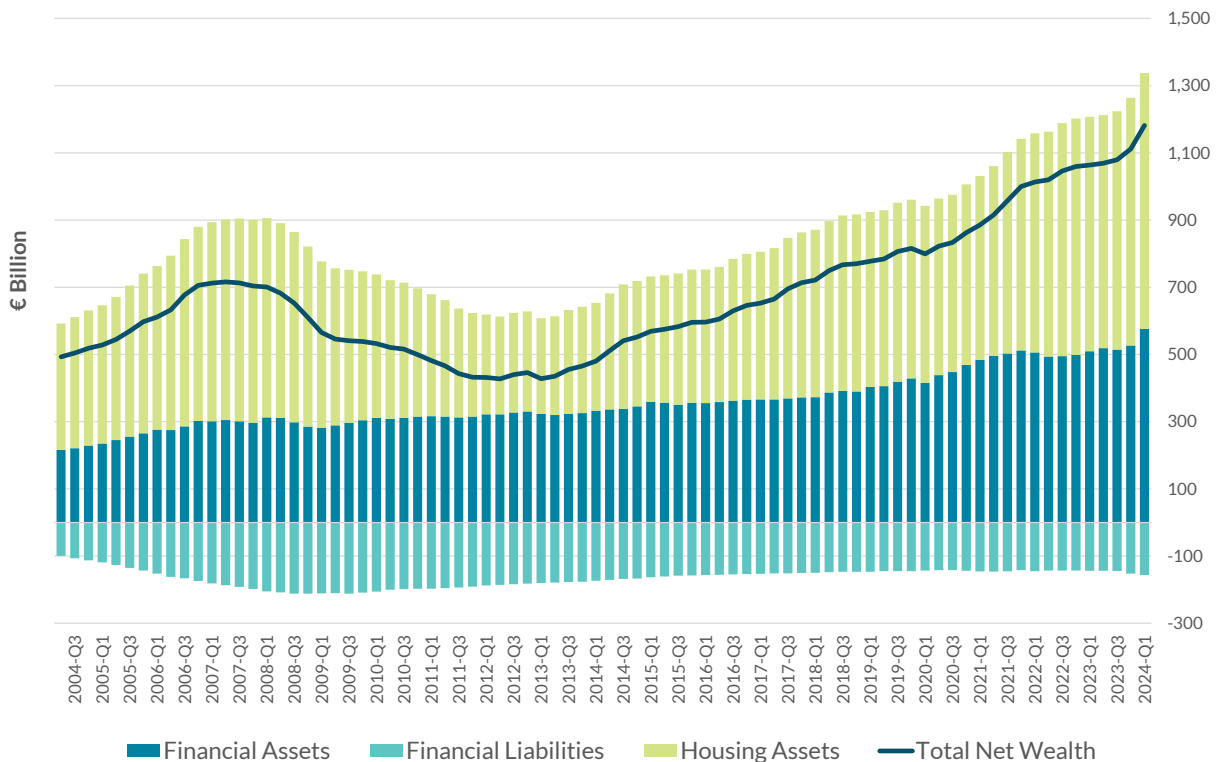
August 2024

Quarterly Financial Accounts

Key Points – Q1 2024

- ❖ Net wealth of Irish households increased by €69.7bn in the quarter, to reach €1,181.3bn.
- ❖ Housing wealth increased by €23.7bn in Q1 2024, driven by property revaluations and new housing investment in the period.
- ❖ The private debt-to-GDP ratio increased by 5 percentage point to stand at 169 per cent, due to a marginal decline in GDP and rising private sector debt.
- ❖ Government debt reduced by €15.9bn in the quarter.
- ❖ The domestic economy remained a net lender in Q1 2024, as the total increase in assets surpassed total acquisitions of liabilities on a four-quarter-average basis.

Chart 1: Household Net Wealth

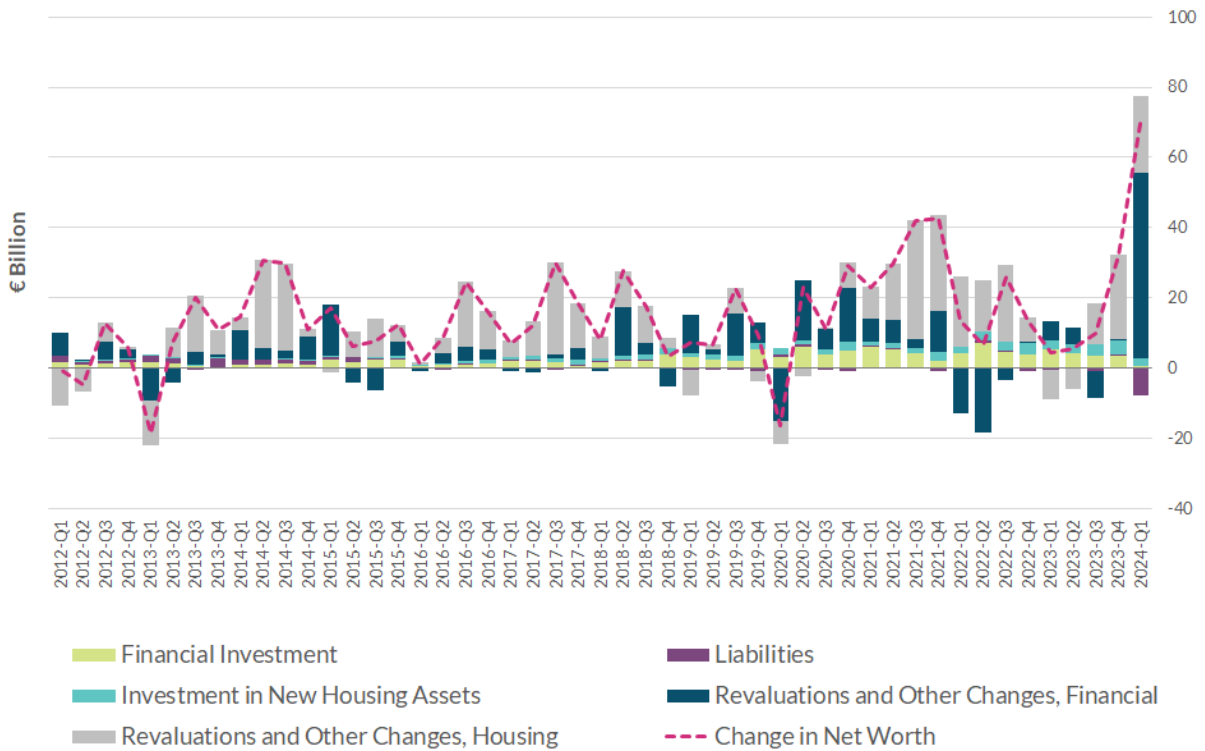


Household net wealth rose by €69.7bn to reach €1,181.3bn in Q1 2024. However, it should be noted that this increase in aggregate household wealth does not capture distribution effects across the sector.

This increase was primarily driven by positive revaluations for existing housing assets of €21.6bn, as well as investment in new housing equal to €2.2bn in the quarter. Combined, these movements drove up the value of the total stock of housing assets by €23.7bn, to reach a series-high of €761.1bn. In Q1

2024, housing assets represented 64 per cent of total net wealth and 57 per cent of total assets of Irish households.

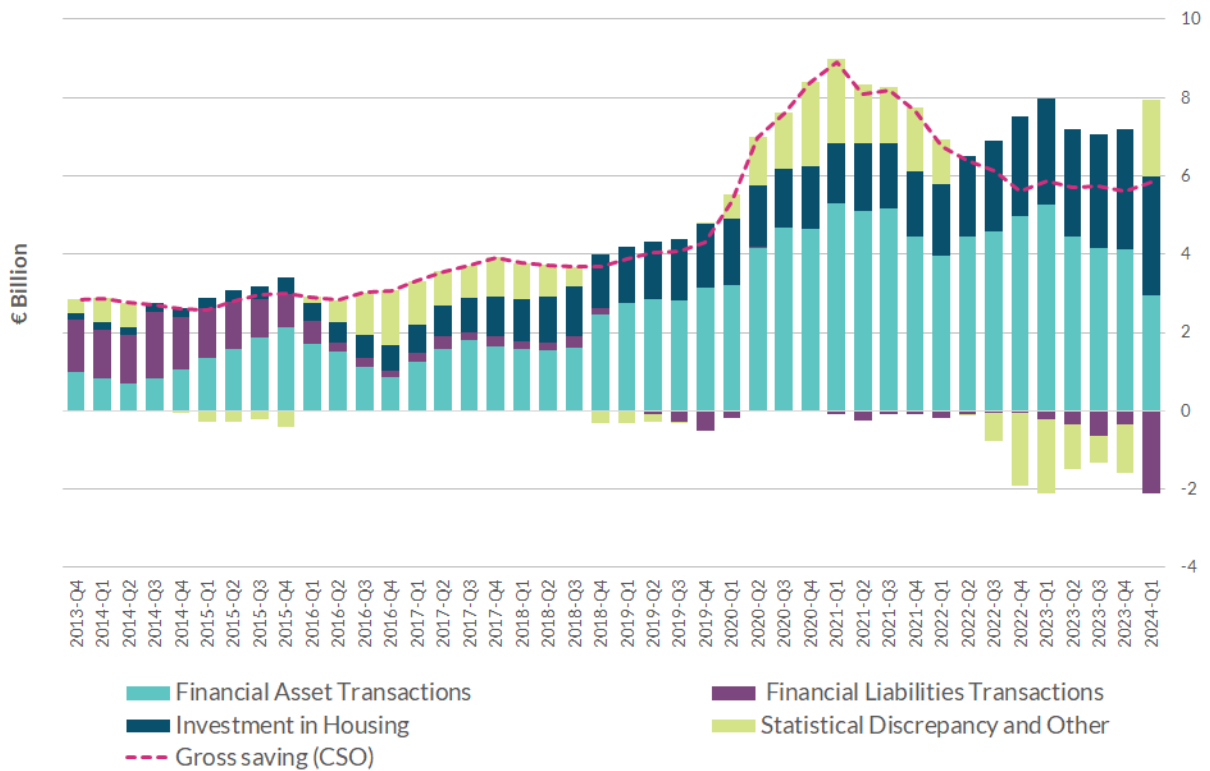
Chart 2: Breakdown of Household Net Wealth, Q-on-Q Changes



Households’ financial net wealth reached €420.3bn at the end of Q1 2024. Positive revaluations and other changes in the value of financial assets (€49.4bn) contributed to this increase. With devaluations of liabilities by €3.6bn, this resulted in total financial revaluations and other changes equal to €52.9bn in the quarter.

Investment by households in financial assets in Q1 2024 was moderate (€0.7bn), while new borrowing in the period totalled €7.7bn, mainly due to the acquisition of new loans. This marks the largest quarterly uptake of household debt in Ireland in over a decade.

Chart 3: Household Savings¹



Computed households’ savings in Q1 2024 totalled €3.9bn. The figure was driven by acquisitions of financial instruments (mainly deposits and insurance and pension assets), coupled with investment in new housing. This was opposed by an increase in loan liabilities.

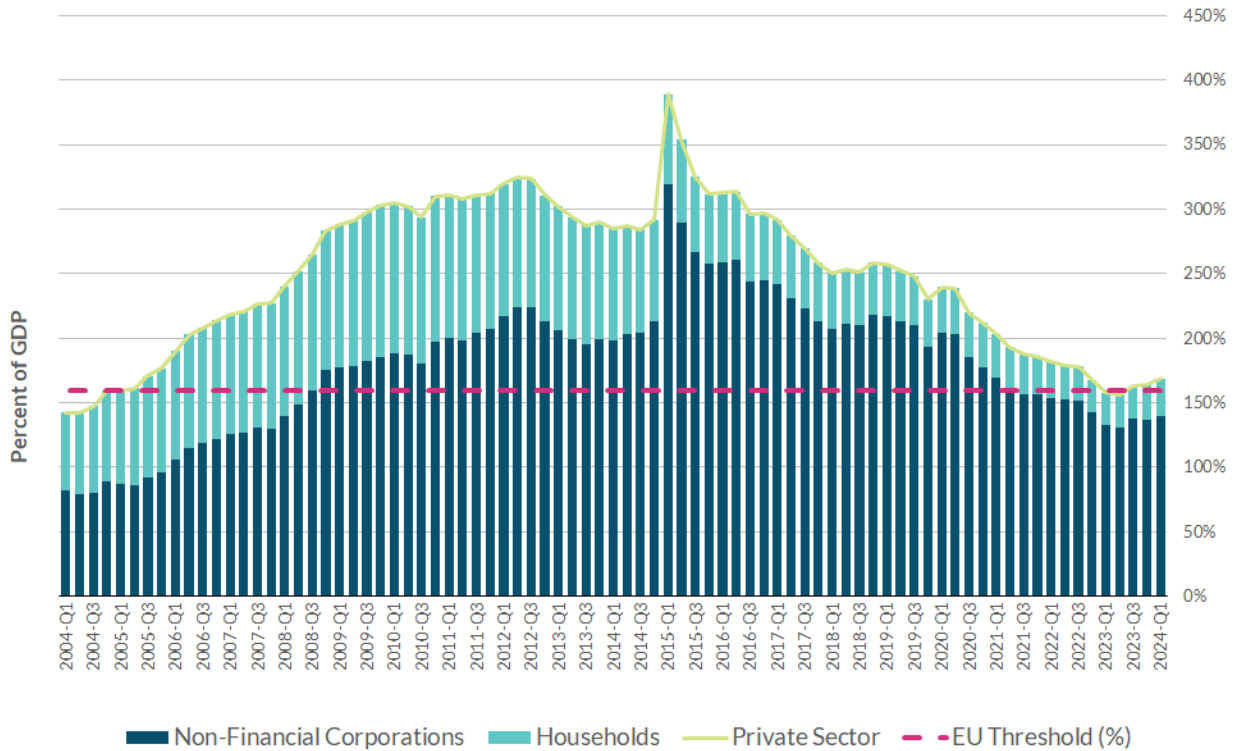
CSO data show that gross savings on a four-quarter-average basis were €5.8bn in Q1 2024, increasing by €0.2bn from the previous period.

The CSO data release² also shows that household total disposable income rose to €42.8bn in Q1 2024 (on a single quarter basis), while the seasonally adjusted savings rate increased reach to 15 per cent.

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, 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 1 2024](#)” for further details on disposable income and saving rate data.

Chart 4: Private Sector Debt-to-GDP

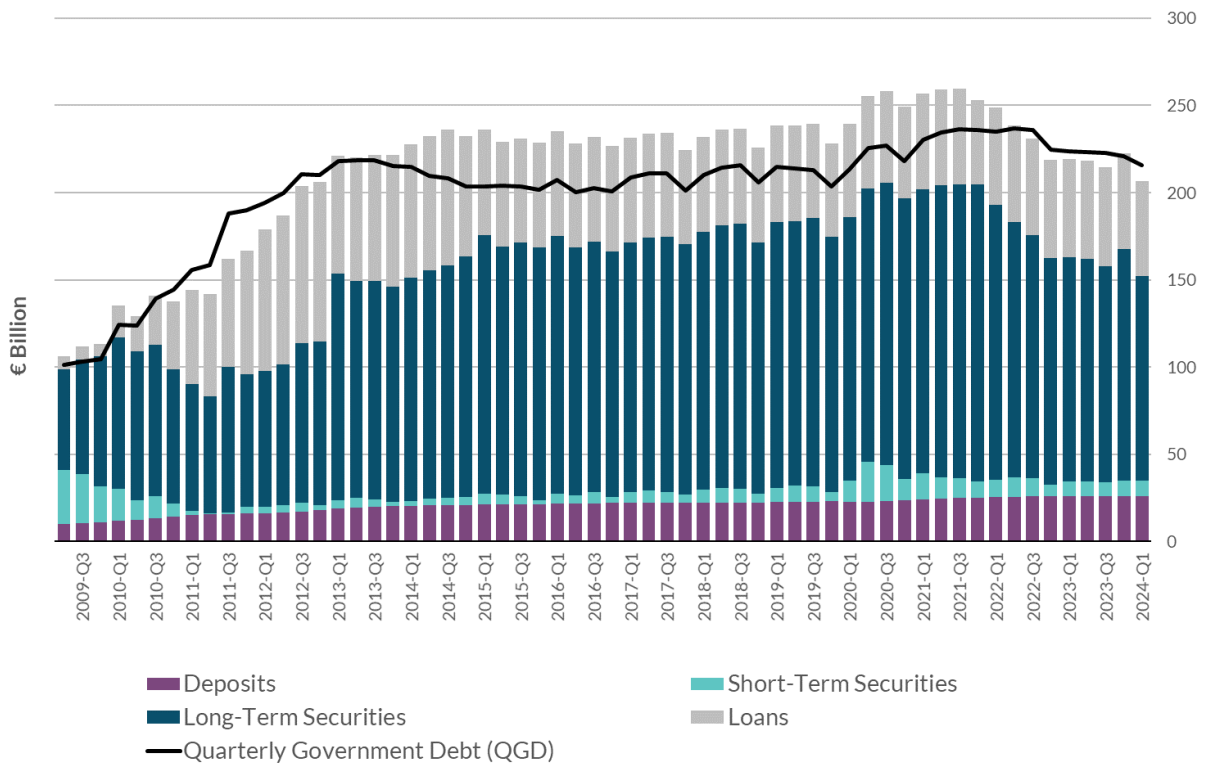


Total private sector debt increased by €20.2bn over the quarter, to stand at €857.4bn. Non-financial corporations (NFCs) accounted for 83 per cent of the overall amount. Over the course of Q1 2024, NFCs’ loans and debt instrument liabilities rose by €13.8bn, while household loans increased by €6.5bn.

The private sector debt to GDP ratio rose by 5 per cent to reach 169 per cent, due to the combined movement of increasing debt and of a marginal decline in annualised GDP compared to the previous period.

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 into account the large presence of MNEs in Ireland.

Chart 5: Government Debt

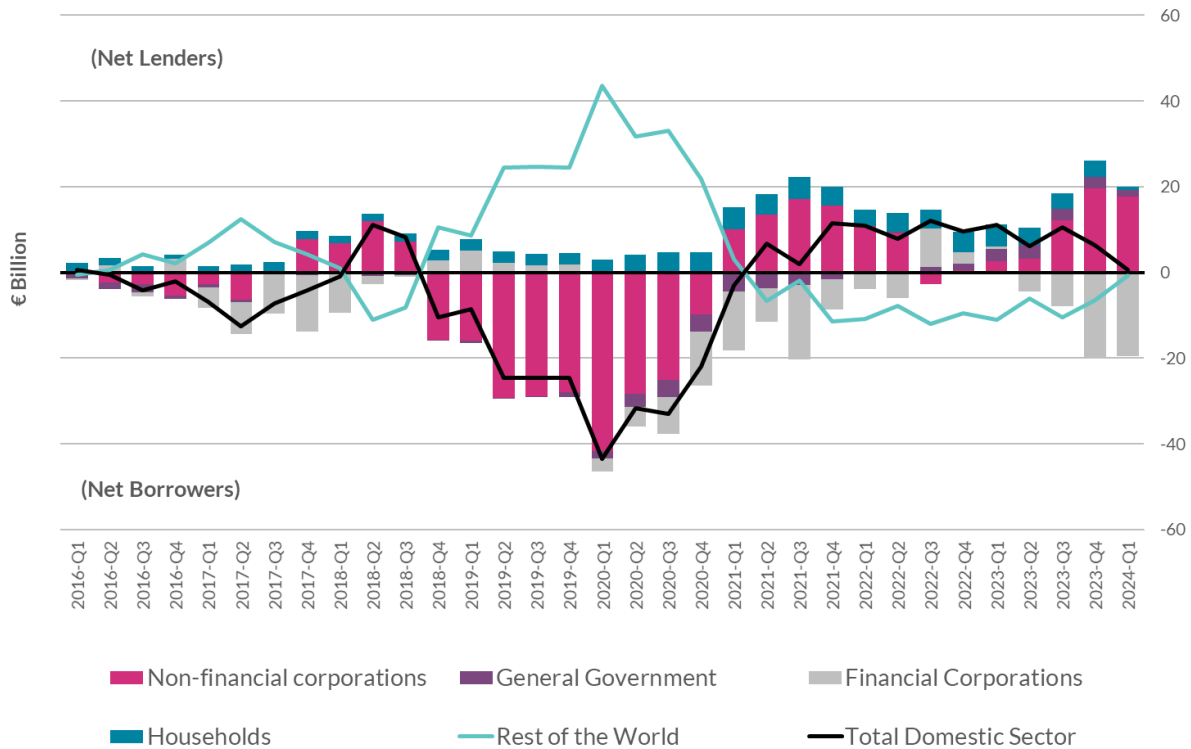


In Q1 2024, Irish government debt decreased by €15.9bn to reach €206.7bn. Long-term debt securities decreased by €15.4bn over the quarter, and continued to account for the largest share of total government debt.

Chart 5 also displays the Quarterly Government Debt (QGD) indicator, which is based on the Excessive Deficit Procedure (EDP) measure of debt. The QGD decreased by €4.9bn in Q1 2024, to reach €215.8bn.

Overall, total financial assets of the government decreased by €12.0bn, mainly driven by a reduction in deposits and in the value of equity held. Over the quarter, total government liabilities decreased by €17.2bn. The combined effect of these movements resulted in an increase in government net wealth, to stand at -€129.0bn in Q1 2024.

Chart 6: Net Lending/Borrowing³



The domestic economy remained a net lender in Q1 2024, as net acquisitions of assets marginally surpassed the net incurrence of liabilities by €0.7bn.

As in the previous three quarters, NFCs (€17.7bn), households (€0.8bn) and general government (€1.5bn) retained a net lending position, while financial corporations remained net borrowers (-€19.5bn).

The net borrowing position of the financial corporations sector is driven by Irish resident investment funds (with net borrowings of €40.9bn), while the Central Bank, insurance corporations, pension funds and other financial intermediaries were all net lenders in the period.

³ 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.

Further information

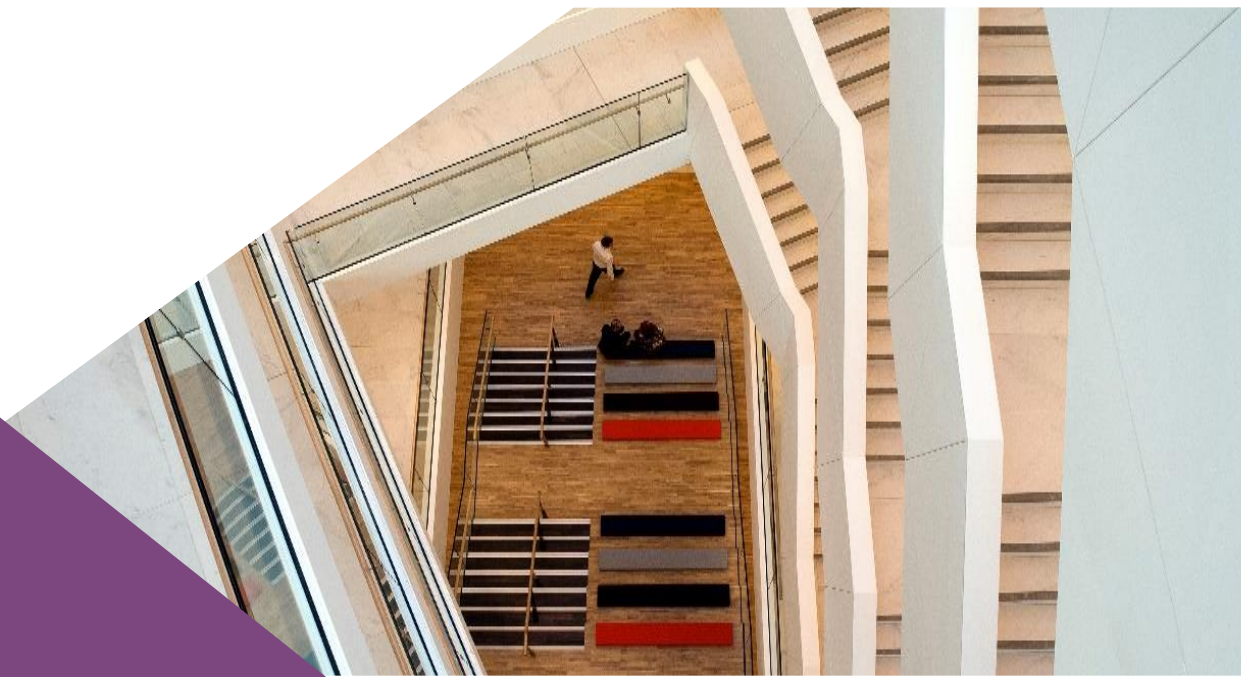
Quarterly Financial Accounts (QFA) present a complete and consistent set of financial balance sheet and transaction data for all sectors of the Irish economy. For a more comprehensive picture of household net wealth, estimates of real estate assets held by households supplement financial accounts data.

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): <https://www.cso.ie>

Euro area statistics are available from the ECB website at: <https://www.ecb.int>



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