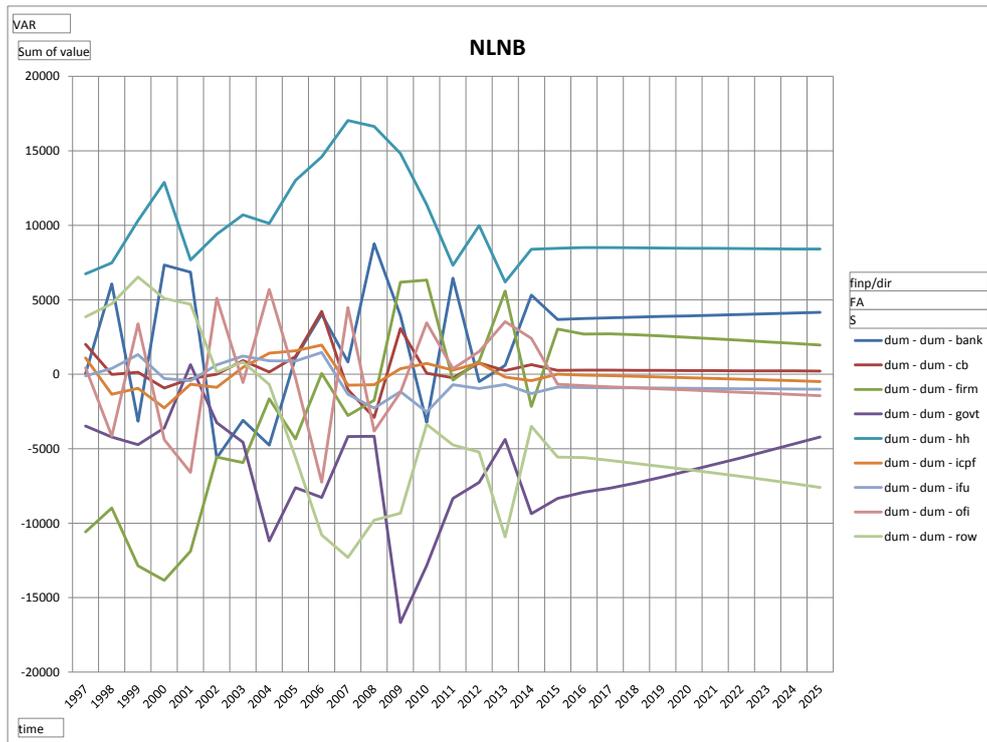


Figure 27: Net Lending/Net Borrowing by Sector - Past Data and BAU Forecast (in mln. Euro)



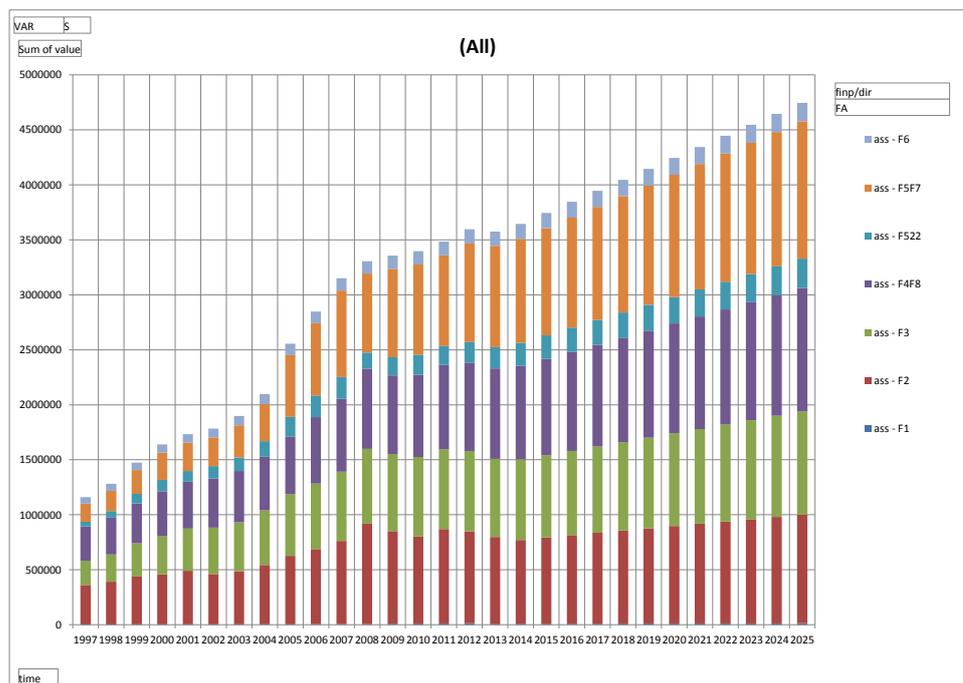
As mentioned before, NLNB is the main outcome of the non-financial transactions in the model that is carried forward to the financial accounts, which are described below.

## 4.2 BAU-Results: Financial Transactions

**Financial Assets** After having determined the extension of balance sheets, revaluation and portfolio choice, the actual holdings of financial assets by sectors is one of the two outcomes of the financial transactions block of the model, see figure 28. Their actual holdings of financial assets  $FA_{actual,fa,s,finpos}$  will be different from their intended holdings of financial assets  $FA_{intend,fa,s,finpos}$ , since agents cannot anticipate revaluation and other changes in volume effects. The latter constitute the difference between intended and actually held financial assets. As mentioned above, this is a major point of improvement for later model building (to be discussed).

Taking a closer look at figure 28 depicting past balance sheet developments and our model projections, it becomes clear that - even though total growth of assets in nominal values slowed down considerably after 2007/2008 - the total stock of financial assets in the Austrian economy (including asset holdings of the RoW) has not shrunk. After 2015, our model shows a steady increase in financial assets that can be seen as a smooth continuation of the trend from 2008 - 2014 (to be discussed).

Figure 28: Projections of Total Asset Holdings in the Model (in mln. Euro)



Legend - F6: Insur. techn. res., F5F7: Stocks, F522: IFU shares, F4F8: Loans, F3: Securities, F2: Deposits, F1: Mon. Gold and SDRs

**New Worth** is the determinant of a sector's financial wealth and is shown in figure 29 below.<sup>9</sup> As to be expected, households have by far the highest net worth, starting with a level of slightly more than 425 bln. Euro in 2014 up to almost 520 bln. Euro in 2025. Banks are second in net worth in the Austrian economy, with a figure of about 22 bln. Euro in 2014. Our model projects a steady increase of banks' NW up to more than 72 bln. Euro in 2025, possibly due to their steady surplus in NLNB that can be observed in figure 27 (to be discussed). Due to its trade deficit that increases due to our exogenous projections of exports and imports from 2015 - 2025, the RoW accumulates a negative NW worth which reaches a value of -78 bln. Euro in 2025 (to be discussed). NFC (firms), who have a positive NLNB as can be seen from figure 27 above and that start from a considerable negative net worth of almost 243 bln. Euro in 2014, manage to decrease their negative NW -215 bln. Euro in 2025. Lastly, the government shows a steady decrease in its net worth as what could be termed as "borrower of last resort" financing the surpluses of other agents, reaching a negative net worth of close to 266 bln. Euro in 2025. However, the decline slows down in our model projection years due to its negative but rising NLNB as in figure 27.

<sup>9</sup>No real capital is depicted here and is a point of further extension for the model. This especially affects the net worth of firms, which is highly negative in this depiction, but also the net worth of the household sector.

Figure 29: Net Worth by Sector (in mln. Euro)

