OESTERREICHISCHE NATIONALBANK
EUROSYSTEM

STATISTIKEN

Special Issue

The Austrian Financial Market – An Analysis of Current Developments

Stability and Security.

June 2010

Special issues of the "Statistiken – Daten & Analysen" series provide detailed information on special statistical topics.

Editors in chief

Johannes Turner, Gerhard Kaltenbeck, Michael Pfeiffer, Eva-Maria Springauf

Coordinating editors

Matthias Fuchs, Patrick Thienel

Editorial processing

Rita Schwarz

Translations

Rena Mühldorf, Irene Popenberger

Technical production

Peter Buchegger (design)
Susanne Sapik, Birgit Vogt (layout, typesetting)
OeNB Web and Printing Services (printing and production)

Paper

Printed on environmentally friendly paper

Inquiries

Oesterreichische Nationalbank, Statistics Department/Statistics Hotline or Communications Division
Postal address: PO Box 61, 1011 Vienna, Austria
Phone: Statistics Hotline (+43-1) 404 20-5555
Communications Division (+43-1) 404 20-6666
Fax: Statistics Hotline (+43-1) 404 20-5499
Communications Division (+43-1) 404 20-6698
E-Mail: statistik.hotline@oenb.at and oenb.info@oenb.at

Orders/address management

Oesterreichische Nationalbank, Documentation Management and Communications Services
Postal address: PO Box 61, 1011 Vienna, Austria
Phone: (+43-1) 404 20-2345
Fax: (+43-1) 404 20-2398
E-Mail: oenb.publikationen@oenb.at

Imprint

Publisher and editor:
Oesterreichische Nationalbank
Otto-Wagner-Platz 3, 1090 Vienna, Austria
Günther Thonabauer, Communications Division
Internet: www.oenb.at
Printed by: Oesterreichische Nationalbank, 1090 Vienna, Austria

DVR 0031577

Vienna, 2010

Contents

Preface

Some 80,000 employees, total assets of EUR 1,000 billion (1995: EUR 391 billion) and loan receivables of more than EUR 400 billion – the Austrian banks' key data for 2009 clearly show that the financial sector has become a pillar of the Austrian economy. In Austria, like in all mature industrialized economies, the financial industry has developed into an independent, but at the same time internationally integrated industry that contributes significantly to annual value added. The recent crisis has shown how strongly international developments impact the domestic financial sector: Even economically sound countries with robust banking systems like Austria could not insulate themselves from the dramatic events on international financial markets.

In the crisis year 2009, the Austrian financial account was characterized by a massive slump in cross-border financial transactions. For the first time since its EU accession, Austria recorded a slight decline in the level of international financial integration. Contrary to the usual trend, the Austrian economy temporarily relied more on domestic sources of finance and less on external sources. In the long-term perspective, however, international capital – above all from the euro area – remains a vital basis for growth and prosperity in Austria, as the domestic market cannot fully meet the country's financing needs under normal economic conditions.

This special issue of the OeNB's "Statistiken – Daten & Analysen" series examines these and other topical developments in the Austrian financial industry and provides a concise overview of the data in the tables section. The key terms used in this issue are defined in a glossary.

Key Developments in 2009[1]

Matthias Fuchs
Günther Sedlacek[2]

1 Global Framework

The year 2009 was characterized by historically low interest rate levels. To combat the severe economic and financial crisis, central banks all but exhausted their conventional monetary policy options: The ECB lowered its key interest rate to 1% (chart 1), the U.S. federal funds rate was 0.25% already at end-2008, and the central banks of Japan and the UK moved to a highly expansionary stance of monetary policy in 2009, with key interest rates at 0.1% and 0.25%, respectively.

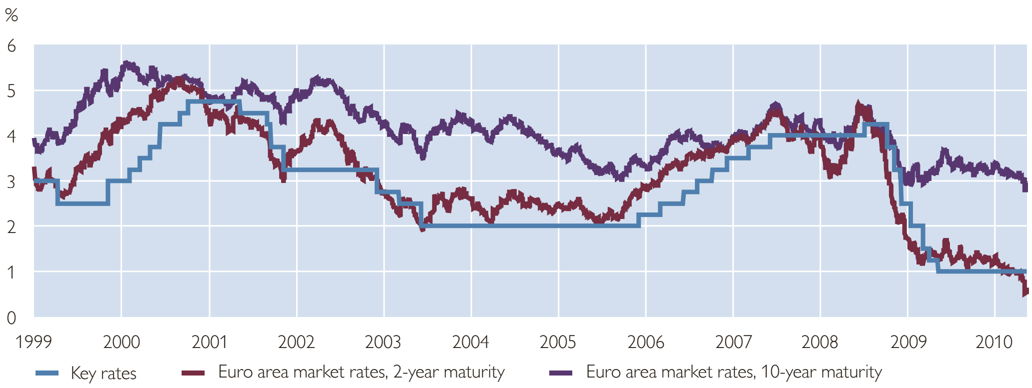
Even though the world's real economy in 2009 was still affected by the typical effects of a severe economic crisis, like high unemployment, negative growth or generally high uncertainty, signs of economic recovery were growing over the course of the year. These signs were above all visible in international stock markets, which usually lead real economic developments. After their dramatic collapse in 2008, stock markets around the world started to rebound from March 2009, but prices remained far below the peak values recorded in 2007. Especially the Austrian Traded Index, ATX, was on a pronounced upward trend in 2009, rising by 40%, after plunging by just under two-thirds from its 2007 peak levels.

2 International Integration of Austria's Financial Markets Declined Slightly in 2009

At end-2009, Austria's total unconsolidated[3] financial wealth[4] came to around EUR 2,400 billion, or 870% of GDP. The financial sector[5] held 61% of financial wealth, the household sector 20%, nonfinancial corporations 15%, and the general government 5%. For a small

Chart 1

Interest Rate Developments in the Euro Area



Source: Eurostat, Fed, OeNB.

[1] *Cutoff date for data: June 18, 2010.*

[2] *Oesterreichische Nationalbank, External Statistics and Financial Accounts Division, matthias.fuchs@oenb.at, guenther.sedlacek@oenb.at*

[3] *Including claims within a sector and within international groups (i.e. between parents and subsidiaries), but excluding foreign subsidiaries' claims on third parties.*

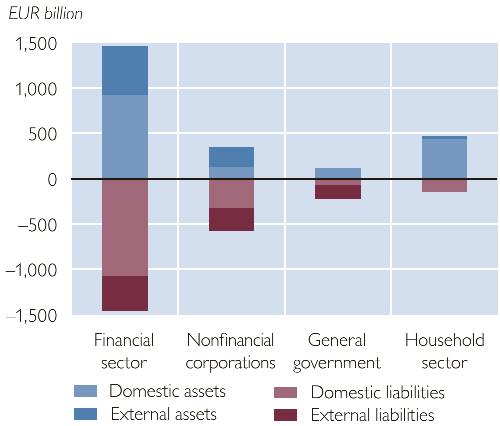
[4] *Mainly cash and bank deposits, loan receivables, debt securities, quoted stocks, mutual fund shares, other equity, and life insurance and pension fund reserves.*

[5] *Banks, the Oesterreichische Nationalbank, other financial institutions (e.g. mutual funds), insurance companies and pension funds.*

Chart 2

One-Third of Austria's Financial Wealth Is Invested Abroad

Austria's Financial Assets and Liabilities



Source: OeNB.

Note: 2009 provisional data.

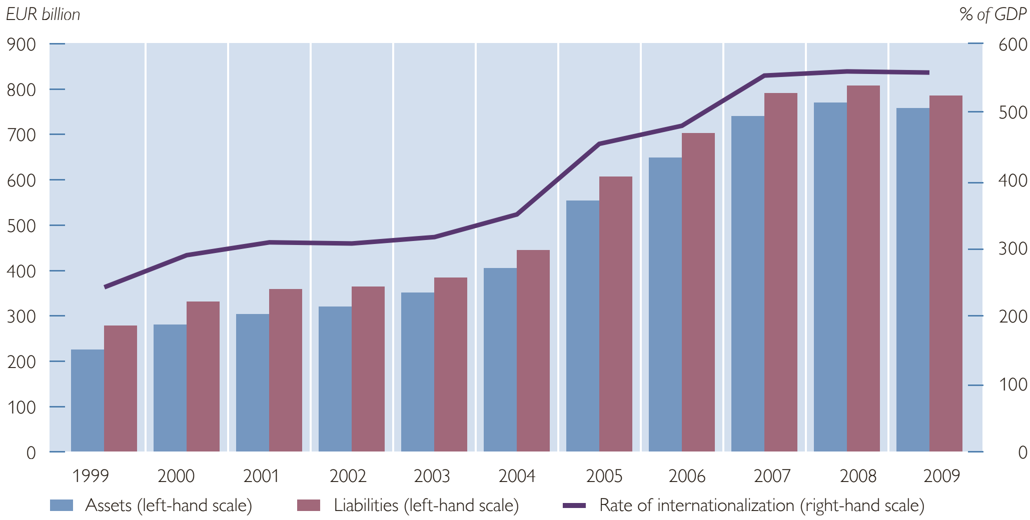
open economy like Austria, other countries have long been indispensable investment and financing partners: Around one-third of Austrians' financial wealth is invested abroad (ten years ago, it was just one-fourth), and around one-third of Austrians' financial liabilities are to the rest of the world.

While the crisis did not fundamentally change Austria's financial structure – only long-term influences would have that effect – it did cause international financial transactions to plummet in 2009. As a result, Austria's international financial integration declined slightly for the first time since the 1990s (chart 3). At end-2009, Austria's external assets and liabilities totaled 557% of GDP, compared with 559% in 2008. This decline is significant insofar as, until then, the country had registered only positive (and generally massive) growth in the rate of internationalization. At the end of 2009, Austria's external financial assets (unconsolidated) ran to EUR 757 billion, external financial liabilities to EUR 784 billion. The country's net external liabilities thus came to EUR 27 billion (2008: EUR 38 billion). In other words, Austria's

Chart 3

Level of International Financial Integration on the Decline

Austria's External Assets and Liabilities



Source: OeNB.

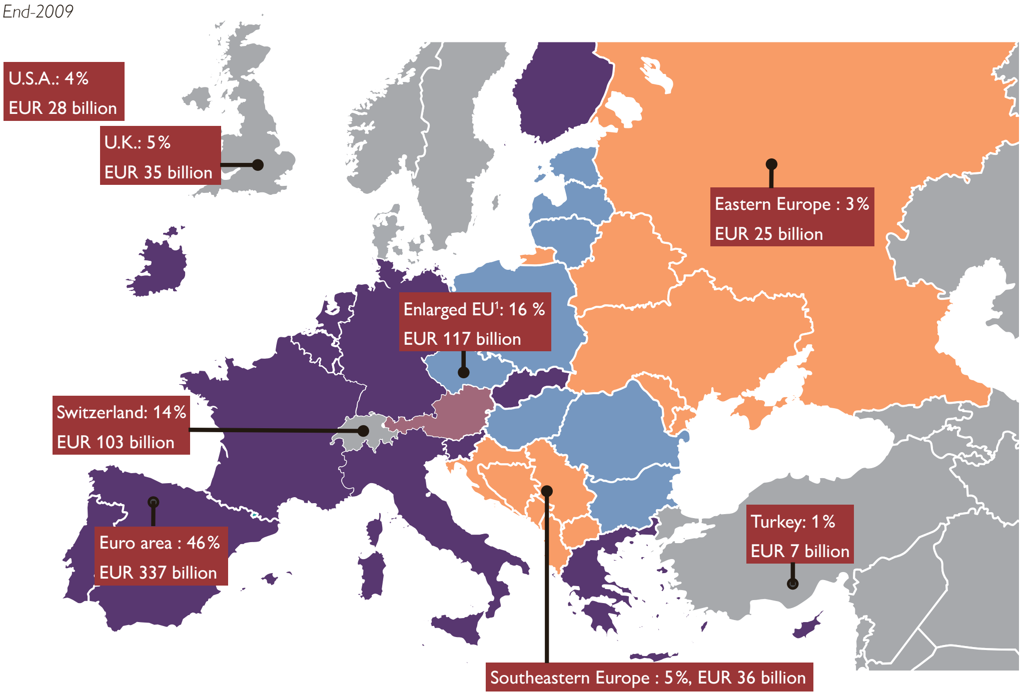
Note: Final data up to 2007, revised data for 2008, provisional data for 2009.

Chart 4

Austria's Risks Are Broadly Diversified, also within Europe

Regional Breakdown of Austria's External Assets Excluding Financial Derivatives and Reserve Assets

End-2009



Source: OeNB.

[1] Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland and Romania. Excluding Cyprus, Malta, Slovakia and Slovenia, which have joined the euro area.

cross-border capital market operations resulted in a slight improvement in its net position. Under normal circumstances, a decline in a country's net debt also reduces its future interest rate burden.

The improvement in Austria's net position was mainly attributable to developments in the securities sector, reflecting a decrease by EUR 8.6 billion in credit institutions' liabilities on short-term instruments (i.e. money market paper).

Another remarkable development was that quoted stocks and mutual fund shares held by Austrian (nonstrategic) investors rose by more than EUR 10 billion, which can be traced back above all to the marked recovery of international stock markets. On balance, however, the effects of this rise on Austria's external asset position were limited, as external liabilities increased by EUR 8.6 billion in the same period. Banks also accounted for the bulk of the vigorous growth in credits and deposits, which rose by around EUR 30 billion each.

The level of Austria's international financial integration is still very high despite the severe crisis, and international capital markets will remain indispensable for domestic investment and financing. The euro area is Austria's most important finance partner by far, with EUR 337 billion or 46% of the country's total external assets[6] being

[6] *Excluding financial derivatives and reserve assets.*

invested there with virtually no currency risk (chart 4). The predominance of the euro becomes even more apparent when looking at the currency structure of Austrian assets: 60% of total assets are denominated in euro. The only other currencies that play a notable role are the Swiss franc (15%) and the U.S. dollar (just under 10%).

Austria holds assets worth EUR 117 billion in the EU Member States that joined in 2004 and 2007,[7] which is an exceptionally large amount compared with that invested in other European growth markets. In terms of risk diversification, this can be taken as a good sign, as the economic catching-up process in these countries has progressed further than in the Balkans (Southeastern Europe) or the CIS (Eastern Europe).

3 Developments in the Austrian Financial Market in 2009

3.1 Foreign Direct Investment

In 2009, Austria's international financial flows in all subaccounts of the financial account virtually ground to a halt in the wake of the financial and economic crisis.

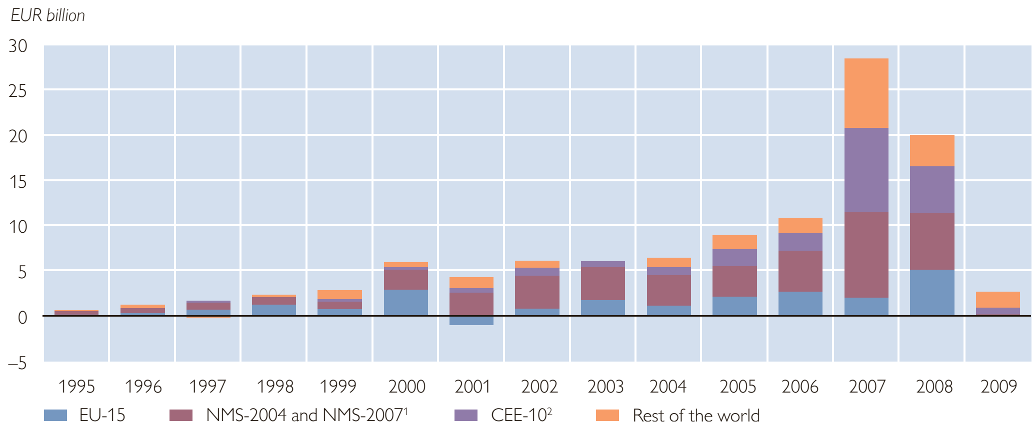
In line with global developments, Austrian foreign direct investment (FDI) declined to unprecedentedly low levels (chart 5). Outward FDI came to just EUR 2.7 billion, which represents a decline by 85% and the lowest level in ten years.

Equity acquisitions accounted for EUR 2.2 billion of this decline, reinvested earnings for another EUR 2.2 billion, and intragroup liabilities for EUR 1.8 billion[8]. The number of business equity investments worth more than

Chart 5

No Large Cross-Border Direct Investments in 2009

Outward FDI by Regions



Source: OeNB.

[1] *NMS-2004 and NMS-2007: Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia.*
[2] *CEE-10: Albania, Belarus, Bosnia and Herzegovina, Croatia, FYR Macedonia, Montenegro, Moldova, Russia, Serbia, Ukraine.*

Note: Final data up to 2007, revised data for 2008, provisional data for 2009.

[7] *Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland and Romania. Excluding Cyprus, Malta, Slovakia and Slovenia, which have joined the euro area.*

[8] *This decrease in intragroup liabilities was attributable to an exceptional case where an Austrian company issued a bond via a foreign subsidiary and received the proceeds as an intragroup loan.*

EUR 100 million dropped to below 10 in 2009, after around 20 such projects in 2008 and as many as 50 in 2007. The top target countries for outward FDI in 2009 were Turkey and Germany, where Verbund AG invested in hydropower plants on the river Inn. By contrast, Austrian investment in Central, Eastern and Southeastern Europe fell far short of the levels reached earlier, with only Romania (EUR 400 million) and Croatia (EUR 300 million) ranking fourth and tenth, respectively. The fact that the Austrian oil and gas company OMV sold its stakes in Hungary's MOL led to high net disinvestments in Hungary.

In 2009, inward FDI in Austrian companies came to EUR 5.1 billion on balance (chart 6), above all because of retained earnings (EUR 3.0 billion) and additional intragroup loans (EUR 2.5 billion).

In 2009, and for just the second time since 1992, Austria even recorded net disinvestments in equity, which was among other things attributable to some emergency nationalizations in the banking sector. The most important new investment that year was the acquisition of a minority stake in Erste Group Bank by the Spanish investment bank Criteria CaixaCorp and the purchase of a stake in Telekom Austria AG by a U.S. private equity fund. Despite a few disinvestments, Germany retained its position as the biggest investor in Austria, with net investments of EUR 1.3 billion (among other things for the acquisition of Austrian Airlines). Remarkably, Russia and China came to rank seven and nine, respectively, in 2009.

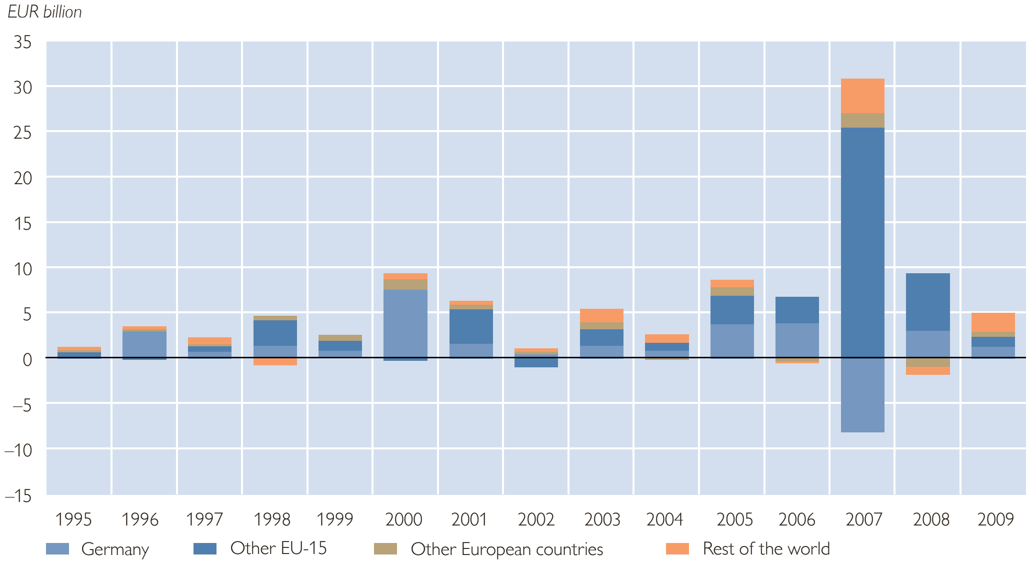
3.2 Bank Loans and Deposits

Interbank lending remained subdued throughout 2009 (chart 7). This development was preceded by a sharp loss of confidence in the fourth quarter of 2008

Chart 6

Crisis Paralyzes Direct Investment

Inward FDI by Selected Home Countries and Regions



Source: OeNB.

Note: Final data up to 2007, revised data for 2008, provisional data for 2009.

Chart 7

International Money Market Activity Remains Subdued

External Short-Term Bank Claims | **External Short-Term Bank Liabilities**

Source: OeNB.

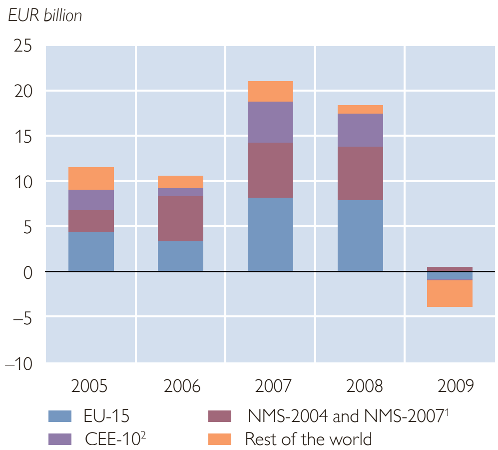
Note: Final data up to 2007, revised data for 2008, provisional data for 2009.

following several years in which the Austrian banking sector had recorded a massive buildup of short-term interbank claims and liabilities (with an original term to maturity of up to one year). A flight from international money markets set in from the fourth quarter of 2008. Austrian banks[9] reduced their cross-border short-term interbank claims by EUR 16 billion in the fourth quarter of 2008 and again cut them by close to EUR 14 billion in 2009. At the same time, their short-term liabilities vis-à-vis nonresident creditors decreased by around EUR 36 billion in the fourth quarter of 2008 and by another EUR 15 billion in 2009.

Bank lending to foreign nonbanks virtually froze in 2009 (chart 8). On balance, Austrian banks even repatriated funds in the amount of EUR 3.3 billion. Not even the bursting of the dotcom bubble in 2002 had caused such a steep decline. In 2007 and 2008, foreign investment had still been exceptionally high. Austrian banks' cross-border business declined in industrialized and emerging economies alike,

Chart 8

Bank Lending to Foreign Nonbanks Ground to a Halt in 2009



Source: OeNB.

[1] NMS-2004 and NMS-2007: Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia.
[2] CEE-10: Albania, Belarus, Bosnia and Herzegovina, Croatia, FYR Macedonia, Montenegro, Moldova, Russia, Serbia, Ukraine.

Note: Final data up to 2007, revised data for 2008, provisional data for 2009.

[9] *In the following, monetary financial institutions are referred to as banks.*

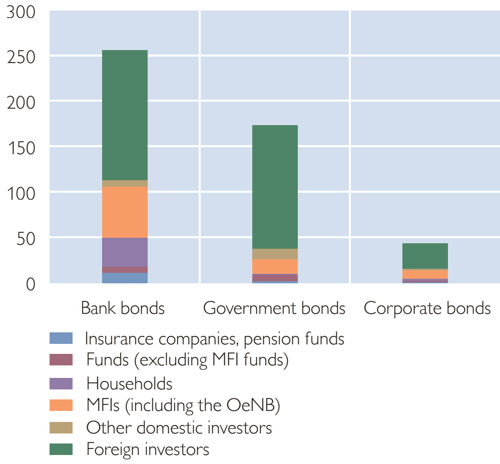
with the EU-15 being affected to roughly the same extent as the countries that joined the EU in 2004 and 2007 or the CEE-10. The banks were disproportionately cautious in the rest of the world, where they held credit claims of around EUR 102 billion (excluding foreign subsidiaries) at end-2009, with long-term assets accounting for 86%.

Chart 9

Foreign Investors Provide the Bulk of Funds

Issuers and Investors in the Austrian Bond Market

Market values in EUR billion



Source: OeNB.

Note: 2009 provisional data.

3.3 The Securities Market

3.3.1 Long-Term Debt Securities

Long-term debt securities – bonds and notes – represent an especially important source of financing for Austrian banks and the central government. At the end of 2009, the volume of banks' liabilities from such securities was around EUR 256 billion or one-quarter of (nonconsolidated) total liabilities (EUR 1,030 billion). This volume was roughly comparable to that of domestic nonbank deposits (EUR 281 billion). However, other Austrian banks (including the OeNB) hold more than 20% of these securities. Long-term debt securities are an even more important source of financing for the government sector. At the end of 2009, the market value of the government sector's liabilities related to such securities came to EUR 174 billion, equivalent to roughly 78% of government gross debt. At EUR 44 billion, debt financing through bonds and notes played a subordinate role for Austrian nonfinancial corporations; loan liabilities, at EUR 203 billion, were almost five times as high at the end of 2009. However, for larger companies, especially those that are government-controlled, the capital market represents an important financing alternative.

Foreign investors are the main lenders in the long-term debt security segment. At end-2009, they held two-thirds of Austrian long-term debt securities (roughly EUR 308 billion) and nearly 80% of government-issued long-term debt securities. The third-largest investor, the household sector, owned only about 7% of these instruments, and government bonds have rarely found their way into household portfolios directly[10] (chart 9).

The difficult capital market environment was reflected in the development of cross-border financial transactions in 2009. The Austrian bond market developed along completely different lines than in the previous years: While foreign investors were intent on selling especially bank bonds, with net sales coming to EUR 500 million, their purchases of new issues by banks concentrated on government-guaranteed bank bonds and mortgage bonds (Pfandbriefe).

Government borrowing also bucked the trend in 2009: After a long pause in this role, Austrian banks topped the list of lenders to the government

[10] *As holders of mutual fund shares, households have indirect investments in government bonds.*

(+EUR 6.9 billion), thus expanding their (direct) holdings of long-term Austrian government bonds by roughly three-quarters from 2008, a sign that they sought safe haven investments. In 2009, foreign investors played a much smaller role in financing government borrowing than in previous years. Their purchases of securities with long-term rates, at EUR 3.3 billion, were also lower than in earlier years (2008: EUR 4.5 billion) and significantly lower than on average in the ten preceding years (EUR 9 billion). Foreign investors purchased EUR 7 billion of Austrian Treasury Bills[11] at the end of 2008. These sales at excellent conditions were made to finance the Austrian bank rescue package and were partly unwound in 2009 (–EUR 1.9 billion).

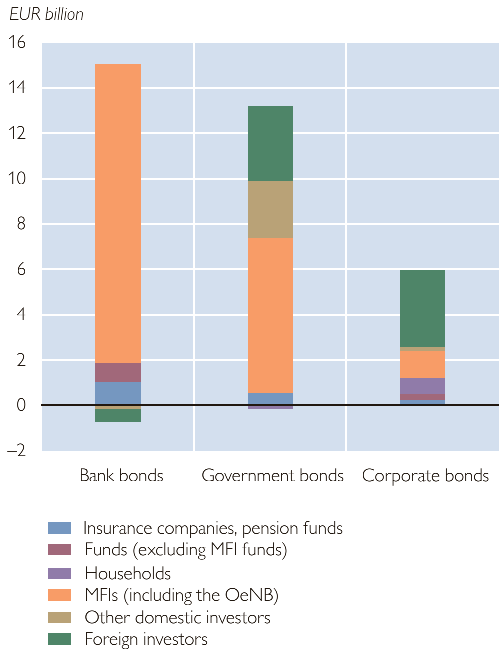
Another noteworthy development in the Austrian bond market was households' interest in new issues of nonfinancial corporations (+EUR 700 million). These purchases signal Austrians' trust in the strength of the domestic economy – they were not frightened off by the high risk premiums on corporate bonds in 2009, rather the opposite. Whereas lending to nonfinancial corporations as a whole declined in 2009, large companies sold bonds in the net amount of EUR 6 billion in the capital market.

The financial crisis also severely affected Austrians' international securities investment activity: In 2008 and 2009, net sales of foreign bonds came to just under EUR 3 billion each, whereas in 2007, Austrians had still made net purchases of EUR 12 billion (chart 11). However, purchases of these securities had been on a downtrend since 2006, after having posted steep gains for years to peak at EUR 30 billion

Chart 10

Austrian Borrowers Raise Funds Mainly in the Domestic Capital Market in 2009

Transactions



Source: OeNB.

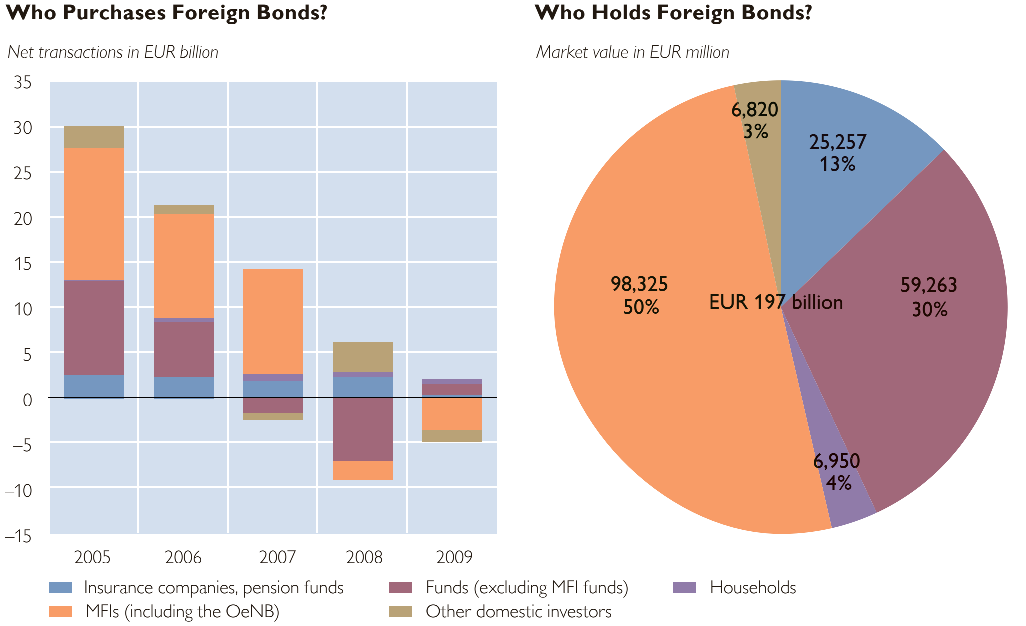
Note: 2009 provisional data.

in 2005. Banks (including the OeNB) – the main investors apart from mutual funds – made net sales for the first time in 2008 and 2009. This is indicative of their desire to invest on the safe side – they opted to invest liquid funds above all in Austrian government bonds in 2009 – and it reflects the reduced need to make investments. Bonds above all from euro area countries (Germany, Italy, Greece) were sold off. Domestic funds began to sell foreign bonds from mid-2007 and to step up sales in 2008, as their customers withdrew investments on balance. In 2009, mutual funds became net purchasers again following shifts from liquid bank funds to securities as well as moderate net inflows of liquidity. Unlike many banks,

[11] *Money market instruments of the Republic of Austria.*

Chart 11

Net Sales of Foreign Bonds in Austria



Source: OeNB.
Note: Final data up to 2007, revised data for 2008, provisional data for 2009.

mutual funds invested most heavily in euro area government bonds, except in German government bonds, which offered comparatively low yields.

3.3.2 Stocks

After a dramatic slump in 2009, the Vienna stock exchange (Wiener Börse) recovered markedly again in 2009 (chart 12). Market capitalization of Austrian quoted stocks[12] rose by about 40% in 2009, from around EUR 60 billion to EUR 84 billion, though this figure remained far lower than the peak recorded in 2007. In 2008, tumbling securities prices and delistings on the stock exchange resulted in a massive drop in prices. Although no companies made initial public offerings in 2008 or 2009, capital increases resulted in a marginally positive transaction volume in 2009, though not as high as in 2006 or 2007.

Whereas (nonstrategic) foreign investors sold very large amounts of Austrian equity securities in 2008, both nonstrategic and strategic direct investors (the latter are foreign parent companies that invest in their Austrian subsidiaries) made net purchases again in 2009.

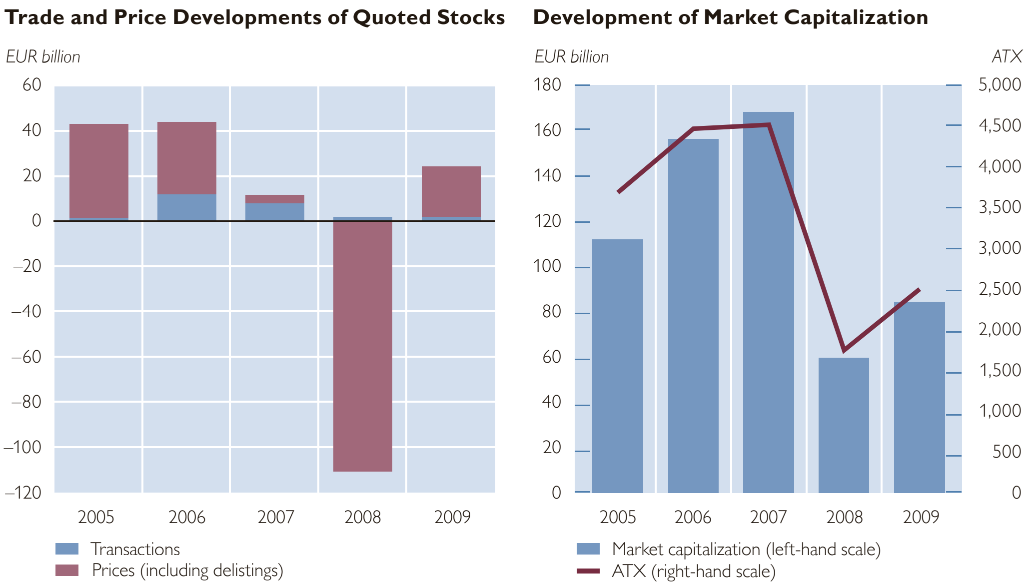
Households purchased Austrian stocks at favorable prices in 2009. At the end of the fourth quarter of 2008 and in the first half of 2009, households still made substantial net purchases (roughly +EUR 700 million), but their interest slackened sharply in the second half of the year (–EUR 140 million).

Nonstrategic investors – primarily mutual funds (roughly EUR 400 million) and households (around EUR 300 million) – made nearly EUR 1 billion of

[12] *Also Austrian quoted companies hot listed at Wiener Börse.*

Chart 12

Vienna Stock Exchange Recovers in 2009



Source: OeNB.

Note: Final data up to 2007, revised data for 2008, provisional data for 2009. ATX stands for Austrian Traded Index.

net purchases of foreign quoted shares, adjusted for a special effect.

3.3.3 Mutual Fund Shares

Like the stock market, the domestic and international mutual fund markets recovered in 2009 (chart 13).

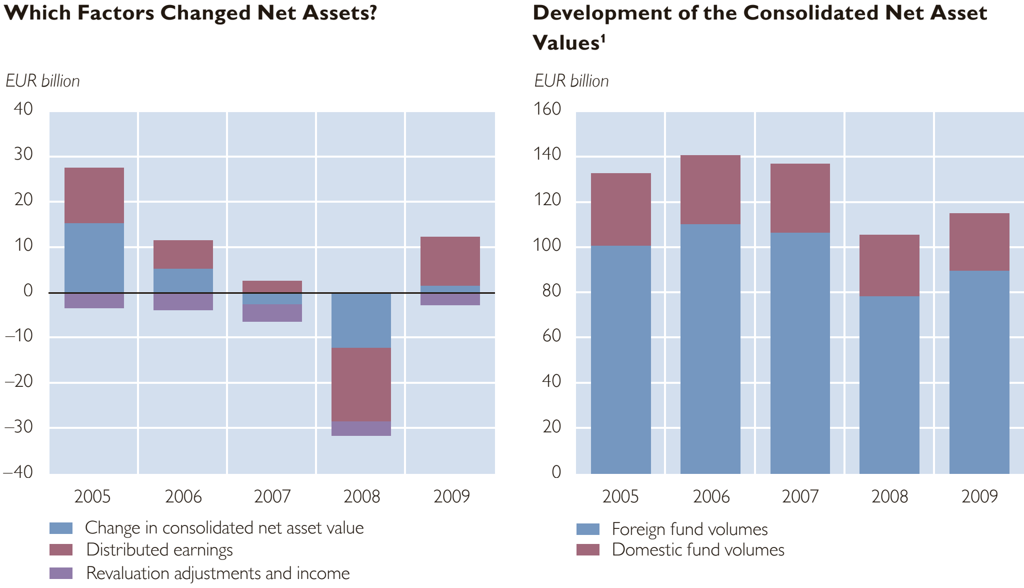
The consolidated net asset value (i.e. net assets under management adjusted for investment by Austrian funds in Austrian mutual fund shares) of all domestic mutual fund shares (including real estate and MFI money market fund shares) rose by EUR 9.7 billion or 9.2% in 2009, mainly on account of the uptrend in international stock markets. Austrian mutual funds also closed with moderate net inflows again on a yearly basis in 2009 (exclusive of distributions: EUR 1.6 billion), after having recorded net outflows in 2007 and 2008. Fund volumes expanded steadily until mid-2007 but contracted sharply in the second half of 2007 and in 2008 due to losses in international stock exchanges and to substantial net outflows of funds (mid-2007 to Q1 2009 excluding distributed earnings: –EUR 24.4 billion). Austrian funds made net sales of foreign securities in 2007 and 2008, at the same time adding to their cash holdings at Austrian banks. As a result, the domestic share of the consolidated net asset value widened from 21% mid-2007 to 25.5% at end-2008 for the first time in years. The trend reversed in 2009, causing the domestic share to sink to 22% again.

In 2009, the fund market was supported above all by insurance companies, pension funds and severance funds (chart 14).

These institutional investors became net purchasers again as early as in the fourth quarter of 2008 (2009: net purchases of EUR 3.5 billion). Consequently, institutional funds have gained ground in Austria in recent years: Their share of assets under management (AUM) rose from 29% in 2008 to 38% in 2009. During the crisis, households sold large volumes of Austrian fund

Chart 13

Austrian Mutual Fund Market Returns to Growth Following Deep Slump



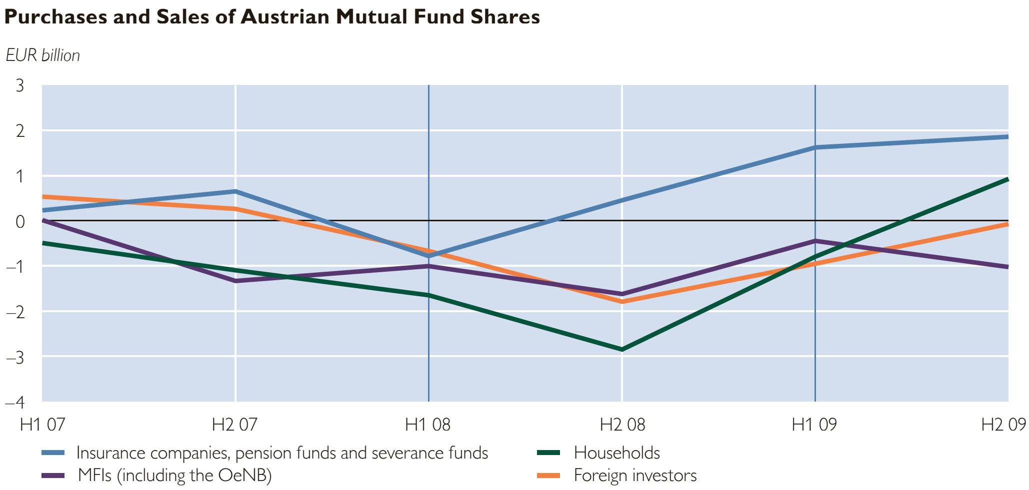
Source: OeNB.

[1] *Excluding funds of funds.*

shares in all investor categories. In the second half of 2009, net inflows from households were registered for the first time in two-and-a-half years; they came to almost EUR 1 billion. Investment by Austrian banks (including the OeNB) and foreign investors showed a similar development. On an annual basis, foreign investors have been net sellers for the past two years (–EUR 3.3 billion), Austrian banks for the past three years (–EUR 5.4 billion).

Chart 14

Institutional Investors Support Austrian Fund Market



Source: OeNB.

Note: Final data up to 2007, revised data for 2008, provisional data for 2009.

After net sales in 2008, Austrians purchased EUR 2 billion of foreign mutual fund shares in 2009. Austrian funds and households were the main buyers, followed by pension funds and insurance companies. On an annual basis, households purchased more foreign mutual fund shares (EUR 560 million) than domestic ones (EUR 380 million). Including valuation effects, this sector's holdings of foreign mutual fund certificates thus expanded by nearly 30% or EUR 1 billion, compared to a rise by 10% or EUR 2.8 billion of domestic certificates.

4 Looking Ahead at the First Quarter of 2010

In the first quarter of 2010, the trend observed in 2009 largely continued. On the one hand, the development of stock markets and of some types of investment, including that in mutual funds, signaled a continuation of the cautiously positive financial market sentiment. On the other hand, above all banks remained reserved in particular investment segments.

Especially international investors further reduced their net holdings of long-term debt securities (which recorded declining net issues in the first quarter of 2010). On balance, foreign investors also sold government securities (which recorded declining net issues, too), whereas Austrian banks continued to increase their holdings. The first quarter was also marked by domestic investors, in particular households, making net purchases of domestic corporate bonds. The OeNB and insurance companies were the main buyers of foreign debt securities, while banks posted net sales of foreign debt securities, as in 2009.

The positive trend of 2009 for domestic mutual funds continued, with net inflows of funds and revaluation increases contributing to the almost 5% rise in the consolidated net asset value. Domestic investors – insurance companies, pension funds and households – were again the mainstays of the net inflows of funds. The mutual funds used these inflows primarily for investment in foreign mutual fund shares and foreign quoted stocks. Households also continued to invest in these two instruments.

Conditions in the short-term interbank market calmed somewhat, with banks raising liabilities in this segment and increasing claims even more, at least in the first quarter. Lending to foreign nonbanks remained slow nevertheless.

5 Glossary

Assets under management (AUM): Corresponds to the consolidated net asset value plus investment in Austrian mutual fund shares, or total funds under management by Austrian investment companies.

Consolidated net asset value: Total fund assets adjusted for domestic mutual fund assets. The consolidated ("adjusted") net asset value thus corresponds to net assets under management adjusted for investment by Austrian funds in Austrian mutual funds.

Direct investment: Long-term international investment that reflects the objective of a resident entity in one economy (the direct investor) to first, obtain a lasting influence on the management of the recipient entity resident in another economy or second, to supply fresh capital to such an entity in which the direct investor already holds a significant stake. This effective voice in management distinguishes direct investment from portfolio investment, which is motivated primarily by financial gain. Direct investment must represent ownership of at least 10% of nominal capital.

Holdings totaling EUR 72,000 and over must be reported. Direct investment comprises equity capital and reinvested earnings as well as other capital (intercompany debt transactions).

Equity securities: Stocks and mutual fund shares.

Financial sector: Monetary financial institutions (MFIs), other financial institutions (e.g. mutual funds and severance funds), insurance companies and pension funds.

Financial wealth: Consist mainly of cash and bank deposits, loan receivables, debt securities, quoted stocks, mutual fund shares, other equity, and life insurance and pension fund reserves.

General government: Comprises central government, regional governments, local governments, social security institutions as well as public trade associations and organizations.

Households: Individuals (including own-account workers) or nonprofit institutions serving households with a separate legal personality that are principally engaged in the production of nonmarket goods and services (in Austria, e.g. trade unions, churches and private foundations).

Institutional fund: Under Article 1 (2) Investment Fund Act, an institutional fund is an asset whose ownership is limited to a maximum of ten investors who must be known to the investment company.

International Investment Position (IIP): A financial statement that presents an economy's stock of external financial assets and liabilities on a specific date. The net international investment position is the stock of external financial assets minus the stock of external liabilities and comprises direct investment, portfolio investment, other investment and reserve assets. Additionally, the IIP is the complete statistical statement of stocks of external assets and liabilities on the basis of current market values including detailed breakdowns by regions, sectors and instruments

Long-term debt securities: Debt securities with an original term to maturity of more than one year.

Monetary financial institution (MFI): Financial institution that accepts deposits defined as money according to the ECB's statistical coverage and that grants credits and/or invests in securities. This includes the OeNB and MFI money market funds as well.

Money market instrument: Debt security with an original term to maturity of one year or less.

Nonfinancial corporations According to the European System of Accounts (ESA 95), institutional unit whose distributive and financial transactions is distinct from those of its owners and which is a market producer whose principal activity is the production of goods and nonfinancial services.

Other financial institutions: In particular, mutual funds, pension funds and insurance companies.

Other investment: All investment not classified under direct investment, portfolio investment, financial derivatives or reserve assets. This includes, in particular, currency and deposits, and long- and short-term loans.

Other sectors: Comprises other financial intermediaries, nonfinancial corporations, and households.

Portfolio investment: Cross-border investment in equity securities, debt securities in the form of bonds and notes, and money market instruments.

Rate of internationalization: Ratio of total external assets and liabilities to GDP. This ratio serves as an indicator of an economy's degree of internationalization.

Reserve assets: External assets that are readily available to an economy. They must be under the effective control of the relevant monetary authority and comprise highly liquid, marketable and creditworthy foreign currency-denominated claims on non-euro area residents, plus gold, SDRs and the reserve position in the IMF.

Short-term debt security: See money market instrument.

Special Drawing Right (SDR): An international reserve asset of IMF member countries that may be used e.g. to acquire foreign exchange in case of balance of payments difficulties. The IMF's website (*www.imf.org*) provides detailed information about SDRs.

Special Purpose Entity (SPE): In OeNB external statistics, SPEs denote holdings owned by nonresidents that in turn hold shares of nonresident enterprises and engage in only minimal economic activity in Austria. SPE transactions are to be statistically represented both as inward and as outward direct investment.

Tables

Table 1

Austrian Financial Structure – Transactions

	Austrian claims on								
	Total	Residents	Non-residents	Total	Residents	Non-residents	Total	Residents	Non-residents
	2007			2008			2009		
	EUR million								
Securities	49,881	28,752	21,129	22,341	26,829	–4,489	27,716	27,768	–52
Money market instruments	4,073	1,484	2,589	10,976	11,613	–637	–9,407	–8,791	–616
Capital market instruments	16,505	4,576	11,929	17,644	20,437	–2,793	24,866	27,573	–2,707
Stocks	30,142	25,940	4,202	7,545	7,914	–370	7,522	6,222	1,300
of which: quoted	18,598	21,225	–2,627	5,943	4,079	1,864	1,963	616	1,347
Mutual fund certificates	–839	–3,248	2,409	–13,824	–13,135	–689	4,735	2,764	1,971
Other equity	44,502	5,531	38,972	21,779	9,635	12,144	14,577	8,733	5,844
Cash	699	699	0	692	692	0	818	818	0
Deposits	63,768	48,936	14,831	169,378	157,705	11,673	–50,743	–30,273	–20,470
Credits	35,838	9,359	26,479	41,323	19,064	22,259	–2,506	380	–2,885
Trade credits	1,059	×	1,059	1,252	×	1,252	434	×	434
Other	8,307	7,691	616	6,249	4,748	1,500	6,375	5,792	583
Financial derivatives	421	13	408	2,073	–10	2,083	7,536	0	7,536
Reserve assets[1]	–114	×	–114	17	×	17	0	×	0

	Austrian liabilities to								
	Total	Residents	Non-residents	Total	Residents	Non-residents	Total	Residents	Non-residents
	2007			2008			2009		
	EUR million								
Securities	50,761	28,752	22,009	45,240	26,829	18,411	25,067	27,768	–2,701
Money market instruments	4,674	1,484	3,190	20,106	11,613	8,493	–18,911	–8,791	–10,120
Capital market instruments	34,880	4,576	30,304	34,209	20,437	13,772	33,704	27,573	6,131
Stocks	13,661	25,940	–12,279	6,505	7,914	–1,409	8,344	6,222	2,122
of which: quoted	8,355	21,225	–12,870	2,143	4,079	–1,936	2,408	616	1,792
Mutual fund certificates	–2,454	–3,248	794	–15,580	–13,135	–2,445	1,930	2,764	–834
Other equity	47,303	5,531	41,772	18,302	9,635	8,668	10,880	8,733	2,147
Cash	1,328	699	629	2,380	692	1,689	467	818	–352
Deposits	67,324	48,936	18,387	163,812	157,705	6,107	–56,183	–30,273	–25,910
Credits	18,705	9,359	9,346	22,496	19,064	3,431	2,167	380	1,787
Trade credits	663	×	663	818	×	818	1,213	×	1,213
Other	8,785	7,691	1,094	2,936	4,748	–1,812	5,948	5,792	156
Financial derivatives	–296	13	–309	1,927	–10	1,937	8,084	0	8,084

Source: OeNB.

[1] *Gold and SDRs.*

Table 2

Austrian Financial Structure – Stocks of Claims and Liabilities

	Austrian claims on								
	Total	Residents	Non-residents	Total	Residents	Non-residents	Total	Residents	Non-residents
	2007			2008			2009		
	EUR million								
Securities	788,786	447,943	340,843	705,761	404,733	301,028	773,181	456,313	316,869
Money market instruments	7,057	2,530	4,527	17,773	14,103	3,670	8,303	5,266	3,037
Capital market instruments	330,991	124,342	206,649	338,375	145,507	192,868	371,664	175,049	196,615
Stocks	276,367	177,807	98,560	214,957	133,816	81,141	243,304	154,273	89,032
of which: quoted	157,461	112,987	44,474	63,755	40,536	23,219	85,175	55,300	29,875
Mutual fund certificates	174,371	143,264	31,107	134,656	111,307	23,349	149,910	121,725	28,185
Other equity	203,792	93,886	109,906	228,013	104,448	123,565	266,656	135,858	130,798
Cash	17,599	17,599	0	18,291	18,291	0	19,277	19,277	0
Deposits	587,959	425,187	162,771	759,629	582,893	176,737	708,379	552,794	155,586
Credits	462,207	336,373	125,834	504,738	355,852	148,887	502,796	355,353	147,442
Trade credits	12,959	×	12,959	13,885	×	13,885	14,143	×	14,143
Other	121,635	111,571	10,063	125,943	114,382	11,561	112,731	99,908	12,822
Financial derivatives	721	76	646	2,804	76	2,729	0	0	0
Reserve assets[1]	5,273	×	5,273	5,814	×	5,814	8,805	×	8,805

	Austrian liabilities to								
	Total	Residents	Non-residents	Total	Residents	Non-residents	Total	Residents	Non-residents
	2007			2008			2009		
	EUR million								
Securities	833,015	447,943	385,072	779,441	404,733	374,708	838,743	456,313	382,431
Money market instruments	16,875	2,530	14,345	37,099	14,103	22,996	17,592	5,266	12,326
Capital market instruments	402,173	124,342	277,831	446,549	145,507	301,042	483,166	175,049	308,117
Stocks	248,246	177,807	70,439	168,621	133,816	34,805	199,348	154,273	45,076
of which: quoted	168,113	112,987	55,126	59,682	40,536	19,146	84,389	55,300	29,089
Mutual fund certificates	165,721	143,264	22,457	127,172	111,307	15,865	138,637	121,725	16,912
Other equity	239,342	93,886	145,457	255,792	104,448	151,344	287,819	135,858	151,961
Cash	18,979	17,599	1,380	21,359	18,291	3,068	21,818	19,277	2,541
Deposits	600,883	425,187	175,696	768,521	582,893	185,628	711,851	552,794	159,057
Credits	406,738	336,373	70,365	429,895	355,852	74,043	431,820	355,353	76,467
Trade credits	7,959	×	7,959	8,777	×	8,777	13,428	×	13,428
Other	118,869	111,571	7,298	119,868	114,382	5,485	102,112	99,908	2,203
Financial derivatives	76	76	0	76	76	0	0	0	0

Source: OeNB.

[1] *Gold and SDRs.*

Table 3

Financial Structure by Sectors in 2009

Debtors

EUR million

Creditors	Domestic economy	MFIs	Mutual funds	Insurance companies	Pension funds	Other financial intermediaries	Nonfinancial corporations	Government	Households	Nonprofit institutions serving households	Rest of the world
Stocks in 2009											
Domestic economy	1,619,466	776,758	119,573	94,690	14,329	72,333	326,917	68,611	143,483	2,772	786,552
MFIs	716,411	327,258	10,628	1,913	3	55,961	169,792	24,541	123,543	2,772	401,296
Mutual funds	48,363	14,901	22,388	146	0	315	3,173	7,441	0	0	87,484
Insurance companies	60,405	24,402	20,922	4,848	0	1,572	4,673	3,343	645	0	41,312
Pension funds	12,418	679	11,609	0	0	1	33	47	48	0	1,240
Other financial intermediaries	89,488	60,698	6,660	4,582	0	5,405	4,068	2,941	5,134	0	5,547
Nonfinancial corporations	134,340	58,675	8,472	8,323	231	921	57,122	595	0	0	215,803
Government	113,969	25,765	3,843	13	0	4,208	39,439	26,588	14,113	0	4,491
Households	413,522	255,121	30,363	74,819	14,095	3,745	32,546	2,833	0	0	26,278
Nonprofit institutions serving households	30,551	9,258	4,688	47	0	205	16,070	283	0	0	3,101
Rest of the world	788,090	320,539	16,274	9,276	8	36,086	250,494	152,912	2,425	76	
Stocks in 2007											
Domestic economy	1,431,706	603,246	138,862	91,565	12,689	56,943	330,917	54,360	140,614	2,511	768,165
MFIs	555,926	204,543	14,653	1,586	5	35,603	157,056	18,367	121,602	2,511	384,509
Mutual funds	54,718	16,495	26,912	214	0	345	3,962	6,790	0	0	106,475
Insurance companies	56,101	20,681	23,268	4,507	0	654	3,389	2,957	644	0	38,341
Pension funds	11,074	550	10,376	0	0	0	57	52	39	0	1,811
Other financial intermediaries	87,528	48,277	6,021	7,561	0	11,125	6,536	2,925	5,083	0	13,468
Nonfinancial corporations	140,271	53,681	11,153	7,164	36	1,997	65,913	328	0	0	189,930
Government	101,650	19,858	3,317	25	0	4,209	40,566	20,430	13,245	0	4,062
Households	392,472	230,351	37,318	70,389	12,649	2,761	36,667	2,338	0	0	26,844
Nonprofit institutions serving households	31,966	8,812	5,844	119	0	249	16,770	174	0	0	2,724
Rest of the world	792,753	336,256	21,917	7,454	10	35,185	254,818	134,447	2,437	229	×

Source: OeNB.

Table 4

Debt Securities – Transactions in 2009

Debtors

EUR million

	Domestic economy	MFIs (including the central bank)	Insurance companies	Other financial intermediaries	Nonfinancial corporations	Government	Rest of the world
Long-term debt securities							
Domestic economy	27,573	14,928	245	–46	2,596	9,850	–2,707
Creditors: MFIs (including the central bank)	21,336	13,154	250	–71	1,153	6,850	–3,476
Mutual funds (excluding MFI funds)	1,050	865	–63	0	263	–15	1,230
Insurance companies	1,930	1,009	88	0	270	563	319
Pension funds	81	44	0	0	13	24	22
Other financial intermediaries	–120	–378	0	3	6	249	–616
Nonfinancial corporations	51	17	–3	15	163	–141	–732
Government	2,669	227	–2	0	21	2,423	–2
Households	532	–105	–19	7	745	–96	240
Nonprofit institutions serving households	44	95	–6	0	–38	–7	308
Rest of the world	6,131	–538	–8	–2	3,405	3,274	×
Short-term debt securities							
Domestic economy	–8,791	–8,756	0	0	107	–142	–616
Creditors: MFIs (including the central bank)	–8,140	–8,108	0	0	–7	–25	–259
Mutual funds (excluding MFI funds)	–26	–26	0	0	0	0	279
Insurance companies	55	56	0	0	–1	0	–45
Pension funds	0	0	0	0	0	0	–12
Other financial intermediaries	0	0	0	0	0	0	–33
Nonfinancial corporations	–45	–160	0	0	115	0	–532
Government	820	–19	0	0	0	839	–2
Households	–1,403	–447	0	0	0	–956	–28
Nonprofit institutions serving households	–52	–52	0	0	0	0	16
Rest of the world	–10,120	–8,313	0	–4	77	–1,880	×

Source: OeNB.

Table 5

Debt Securities – Stocks in 2009

	Domestic economy	MFIs (including the central bank)	Insurance companies	Other financial intermediaries	Nonfinancial corporations	Government	Rest of the world
	Debtors						
	EUR million						
Long-term debt securities							
Domestic economy	175,049	113,414	2,148	5,189	16,201	38,097	196,615
Creditors: MFIs (including the central bank)	82,622	56,228	1,038	250	9,032	16,074	98,325
Mutual funds (excluding MFI funds)	15,450	6,502	33	103	1,371	7,441	59,263
Insurance companies	15,442	11,354	548	585	1,005	1,950	25,083
Pension funds	176	105	0	0	24	47	174
Other financial intermediaries	1,608	673	102	11	476	346	2,482
Nonfinancial corporations	6,356	4,274	313	17	1,157	595	3,565
Government	17,681	2,289	0	4,202	411	10,779	773
Households	32,447	29,620	74	20	2,151	582	5,384
Nonprofit institutions serving households	3,267	2,369	40	1	574	283	1,566
Rest of the world	308,117	142,848	29	2,210	27,510	135,520	×
Geldmarktpapiere							
Domestic economy	5,266	2,570	0	0	223	2,473	3,037
Creditors: MFIs (including the central bank)	2,263	2,242	0	0	21	0	2,049
Mutual funds (excluding MFI funds)	7	7	0	0	0	0	793
Insurance companies	70	70	0	0	0	0	12
Pension funds	0	0	0	0	0	0	34
Other financial intermediaries	1	1	0	0	0	0	12
Nonfinancial corporations	244	42	0	0	202	0	54
Government	1,400	5	0	0	0	1,395	0
Households	1,266	188	0	0	0	1,078	43
Nonprofit institutions serving households	15	15	0	0	0	0	40
Rest of the world	12,326	6,889	0	0	74	5,363	×

Source: OeNB.

Table 6

Equity Securities – Transactions in 2009

	Domestic economy	MFIs (including the central bank)	Mutual funds	Insurance companies	Other financial intermediaries	Nonfinancial corporations	Rest of the world
	Debtors						
	EUR million						
Stocks							
Domestic economy	616	202	×	74	–89	429	1,347
MFIs (including the central bank)	–355	–116	×	–17	1	–223	–10
Mutual funds (excluding MFI funds)	437	157	×	11	–20	289	416
Insurance companies	321	21	×	2	–7	305	–43
Pension funds	–3	0	×	0	0	–3	0
Other financial intermediaries	–243	–13	×	61	–11	–280	37
Nonfinancial corporations	305	71	×	10	–15	239	437
Government	6	0	×	0	0	6	–3
Households	–10	72	×	7	–34	–55	336
Nonprofit institutions serving households	158	10	×	0	–3	151	177
Rest of the world	1,792	1,741	×	77	64	–90	×
Mutual fund shares							
Domestic economy	2,764	–249	3,013	×	×	×	1,971
MFIs (including the central bank)	–1,388	–66	–1,322	×	×	×	–248
Mutual funds (excluding MFI funds)	–357	6	–363	×	×	×	1,181
Insurance companies	1,463	–60	1,523	×	×	×	195
Pension funds	1,120	8	1,112	×	×	×	123
Other financial intermediaries	1,550	–8	1,558	×	×	×	207
Nonfinancial corporations	–423	–105	–318	×	×	×	–39
Government	405	–9	414	×	×	×	–14
Households	379	–33	412	×	×	×	559
Nonprofit institutions serving households	15	18	–3	×	×	×	7
Rest of the world	–834	–57	–777	×	×	×	×

Creditors

Source: OeNB.

Table 7

Equity Securities – Stocks in 2009

	Domestic economy	MFIs (including the central bank)	Mutual funds	Insurance companies	Other financial intermediaries	Nonfinancial corporations	Rest of the world
	Debtors						
	EUR million						
Quoted stocks							
Domestic economy	55,300	7,379	×	5,275	5,274	37,372	29,875
MFIs (including the central bank)	2,166	1,413	×	155	25	573	5,141
Mutual funds (excluding MFI funds)	2,466	444	×	113	128	1,781	12,849
Insurance companies	1,648	575	×	104	15	954	235
Pension funds	13	3	×	0	0	10	0
Other financial intermediaries	12,428	2,683	×	4,480	4,422	843	1,004
Nonfinancial corporations	19,586	1,139	×	227	198	18,022	4,994
Government	4,968	1	×	13	0	4,954	15
Households	8,272	1,023	×	179	467	6,603	5,044
Nonprofit institutions serving households	3,753	98	×	4	19	3,632	593
Rest of the world	29,089	5,203	×	1,187	994	21,705	×
Mutual fund shares							
Domestic economy	121,725	2,152	119,573	×	×	×	28,185
MFIs (including the central bank)	10,819	191	10,628	×	×	×	3,013
Mutual funds (excluding MFI funds)	23,181	793	22,388	×	×	×	14,280
Insurance companies	21,153	231	20,922	×	×	×	3,840
Pension funds	11,624	15	11,609	×	×	×	1,030
Other financial intermediaries	6,718	58	6,660	×	×	×	295
Nonfinancial corporations	8,745	273	8,472	×	×	×	375
Government	3,861	18	3,843	×	×	×	77
Households	30,858	495	30,363	×	×	×	4,717
Nonprofit institutions serving households	4,766	78	4,688	×	×	×	558
Rest of the world	16,912	638	16,274	×	×	×	×

Creditors

Source: OeNB.

Table 8

Development of Porfolio Investment in 2009

	Austrian claims					
	Opening position	Transactions	Prices	Exchange rates	Other	Closing position
	EUR million					
Securities	554,559	22,157	38,874	–542	4	615,052
Money market instruments	17,773	–9,407	–28	–17	–18	8,303
Capital market instruments	338,375	24,866	8,515	–11	–81	371,664
Quoted stocks	63,755	1,963	19,710	–343	90	85,175
Mutual fund shares	134,656	4,735	10,677	–171	13	149,910

	Austrian liabilities					
	Opening position	Transactions	Prices	Exchange rates	Other	Closing position
	EUR million					
Securities	670,502	19,131	35,618	–1,134	–333	723,784
Money market instruments	37,099	–18,911	–9	–330	–257	17,592
Capital market instruments	446,549	33,704	3,694	–771	–10	483,166
Quoted stocks	59,682	2,408	22,315	0	–16	84,389
Mutual fund shares	127,172	1,930	9,618	–33	–50	138,637

Source: OeNB.

Table 9

Regional Financial Links between Austria and the Rest of the World[1]

	Total	EU-27	Euro area	of which: Germany	Non-euro area residents	of which: Central, Eastern and Southeastern Europe[2]	of which: U.S.A.
	EUR million						
Stocks in 2009							
External assets	757,057	478,880	336,916	122,309	409,498	183,671	28,385
Direct investment	208,233	79,751	44,603	18,480	163,630	55,674	3,693
Portfolio investment	246,365	199,311	164,150	53,878	82,215	19,039	18,012
of which: Equity securities	49,693	35,237	31,410	10,120	18,283	1,891	4,350
Debt securities	196,672	164,074	132,740	43,758	63,932	17,148	13,662
Other investment	279,284	199,818	128,162	49,951	151,120	108,958	6,680
Financial derivatives	10,642	×	×	×	×	×	×
Reserve assets	12,532	×	×	×	12,532	×	×
External liabilities	784,148	×	×	×	×	×	×
Direct investment	200,489	96635	88247	30136	112242	5116	60119
Portfolio investment	362,733	×	×	×	×	×	×
Other investment	214,196	144729	118875	59598	95321	23834	6327
Financial derivatives	6,731	×	×	×	×	×	×
Stocks in 2008							
External assets	768,269	483,860	335,914	123,431	418,144	188,266	27,610
Direct investment	205,492	78,243	44,009	17,159	161,483	55,054	3,687
Portfolio investment	230,952	186,395	154,231	54,991	76,721	15,596	16,144
of which: Equity securities	39,065	27,260	24,652	8,170	14,413	936	3,692
Debt securities	191,886	159,136	129,579	46,822	62,308	14,660	12,452
Other investment	305,615	219,222	137,674	51,281	167,940	117,616	7,779
Financial derivatives	14,210	×	×	×	×	×	×
Reserve assets	12,000	×	×	×	12,000	×	×
External liabilities	806,201	×	×	×	×	×	×
Direct investment	196,752	96371	86307	30281	110446	4729	58547
Portfolio investment	357,685	×	×	×	×	×	×
Other investment	241,019	169360	142448	59929	98571	19870	8641
Financial derivatives	10,744	×	×	×	×	×	×

Source: OeNB.

[1] Due to methodological discrepancies, the comparability between the data in this table and in the others is limited. Table 9 is based on the methodology of the IMF's Balance of Payments Manual, whereas tables 1 through 8 are essentially based on the European System of Accounts 1995 (ESA 95). As a case in point, reserve asset securities are not classified under portfolio investment, and strategic investment in stock companies (i.e. stocks) are classified under direct investment.

[2] Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, FYR Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Ukraine.

Overview of the OeNB's "STATISTIKEN – Daten & Analysen" Series

The electronic (PDF) versions of "STATISTIKEN – Daten & Analysen" are available under:
www.oenb.at/de/presse_pub/period_pub/statistik/statistik.jsp

Individual articles may also be downloaded from:
www.oenb.at/de/stat_melders/statistische_publika/statistische_publikationen_uebersichtsseite.jsp

Note: All articles are in German only, but English executive summaries are provided.

Special Issues published in English

June 2009

Structure of Trade in Services in 2006 – Results of the Company Analysis

July 2009

Banking Statistics Yearbook for 2008

September 2009

Direct Investment 2007 – Austrian Outward and Inward Direct Investment at the End of 2007

October 2009

Austrian Financial Accounts 2008 – Analysis of Current Financial Accounts Data

December 2009

Austria's International Investment Position in 2008

June 2010

Banking Statistics Yearbook for 2009
Sector Accounts in Austria 2009
The Austrian Financial Market – An Analysis of Current Developments