



Press release

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Half of capital loss households regained, plummeting profits private sector

- **Share price recovery has notable effect on household capital**
- **Disposable income households stable in 2009**
- **Corporate profits down by a quarter in 2009**
- **Private companies pay off more than they borrow**

The capital owned by Dutch households has grown by 136 billion euro in 2009, the most substantial increase ever recorded in the span of one year. This means that 57 percent of the capital that evaporated in 2008 as a result of the global financial crisis was regained in 2009. Most important in this respect was the recovery of prices on the share market. Profits on investments accounted for 123 billion euro. The largest part (91 billion euro) concerned capital households have invested in pension funds, but the value of privately-owned shares also rose considerably by 26 billion euro.

The financial capital of households, i.e. the balance of household capital and debts grew strongly last year, because few new financial commitments were taken up. Due to the poor situation on the housing market, only 19 billion euro worth of new mortgage loans were negotiated in 2009, the lowest amount since 1995. The overall mortgage debt of Dutch households was 637 billion euro by the end of 2009. The financial capital per household was 118 thousand euro at the end of last year.

Corrected for inflation, the amount households could spend freely was 0.2 percent down on one year previously. Receipts from dividends (5 billion euro) and declining incomes of self-employed (3 billion euro) had a considerable downward effect on disposable household incomes. In the category self-employed, farmers and wholesalers faced severe loss of income. On the other hand, households received more social benefits (5 billion euro) and wages of employees were raised (3.3 billion euro). The average disposable household income in the Netherlands declined only marginally.

Profits in the sector non-financial services fell dramatically in 2009. Net profits dropped by 24 percent to 78 billion euro, reaching the lowest point since 2003. It appears that the lowest point was reached in the second quarter of 2009, when profits were 13 billion euro down on the same quarter in 2008. In the fourth quarter, profits were slightly higher than one year previously for the first time. Unlike non-financial companies, net profits of financial companies

increased in 2009. Profits grew by 6.4 percent to 14 billion euro, due to cost cuts and better performances by foreign subsidiaries.

Investments made by non-financial companies declined by nearly 20 percent last year. Non-financial companies tend to postpone investments on account of the poor economic conditions that currently prevail. It also appeared more difficult to attract foreign capital. In 2009, non-financial companies paid off more (1.6 billion euro) than they borrowed. Since 1990, when Statistics Netherlands started monitoring these data, this has never occurred.