



ECONOMIC POLICY NOTE 28/11/2016

The Disparity of Wealth Prices across the Euro Area

Flossbach von Storch Wealth Price Series

PHILIPP IMMENKÖTTER

- In the first and second quarter of 2016 wealth price in the Euro area rose by +0.5% and +0.7% from the same quarter of the preceding year. Despite a low price growth rate for the Euro area there is a wide and dynamic disparity between the countries.
- The strongest decline in wealth prices was recorded in Greece (-4.3% in Q1 year over year) where price have been falling for 25 quarters in a row.
- Austria and Germany exhibit the highest wealth price inflation rates in the first half of 2016 with year over year price growth rate of up to +5.0%.
- Wealth prices in Finland and France slightly decreased in the first half of 2016, which denotes a turning point as wealth prices were on the rise for the last six years in the two countries.
- In contrast to wealth price inflation, consumer price inflation is homogenous and low throughout the Euro area.

This economic note tracks wealth price changes in the Euro zone for the first and second quarter of 2016. The Flossbach von Storch Wealth Price Series measure price developments of the assets of private households in key euro area countries (Austria, Belgium, Finland, France, Germany, Greece, Italy, Netherlands, Portugal, and Spain). The indices are calculated as weighted averages of price developments of real assets (real estate, business wealth, durable consumer goods as well as collectors' items)

and financial assets (stocks, bonds, cash equivalents and other financial instruments) owned by the households. The appendix provides further information on the methodology as well as the index weights and contains tables of all index values and year-on-year growth rates. Country-specific data on wealth prices can be downloaded from our website.¹

¹ Data is available on <http://www.fvs-ri.com/fvs-vermoegenspreisindex/ueberblick.html>.

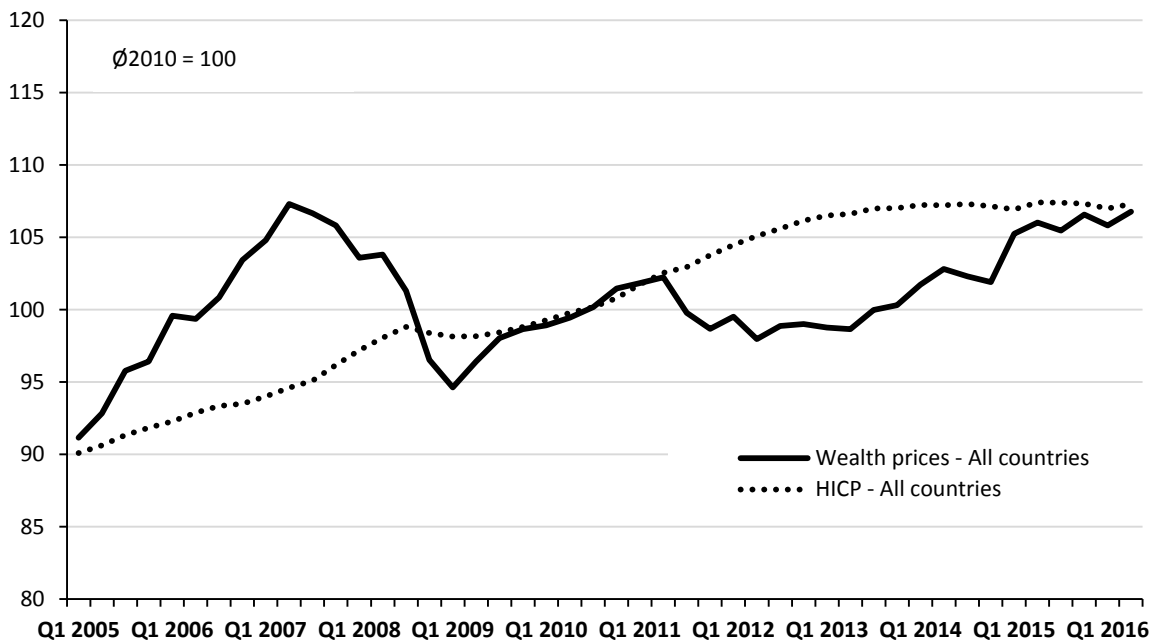


Wealth prices in the Euro area in Q1 and Q2 2016

In the first and second quarter of 2016 wealth prices in the Euro zone increased by 0.5% and 0.7% year over year, respectively. In contrast, consumer prices in the Euro area stagnated in Q1 and Q2 of 2016 (+0.1% and -0.1%). The difference between consumer and wealth price inflation has become significantly smaller as the difference amounted to more than 3% in the last year.

The moderate increase in wealth prices depicts a substantial change in comparison to the previous year. In 2015 the year over year growth rates of wealth prices amounted to more than three percent each quarter. The more than two years lasting trend of significantly increasing wealth prices seems to have taken a break.

Figure 1: Wealth and consumer prices in the Euro area



Source: Flossbach von Storch Research Institute and Haver Analytics, November 2016.

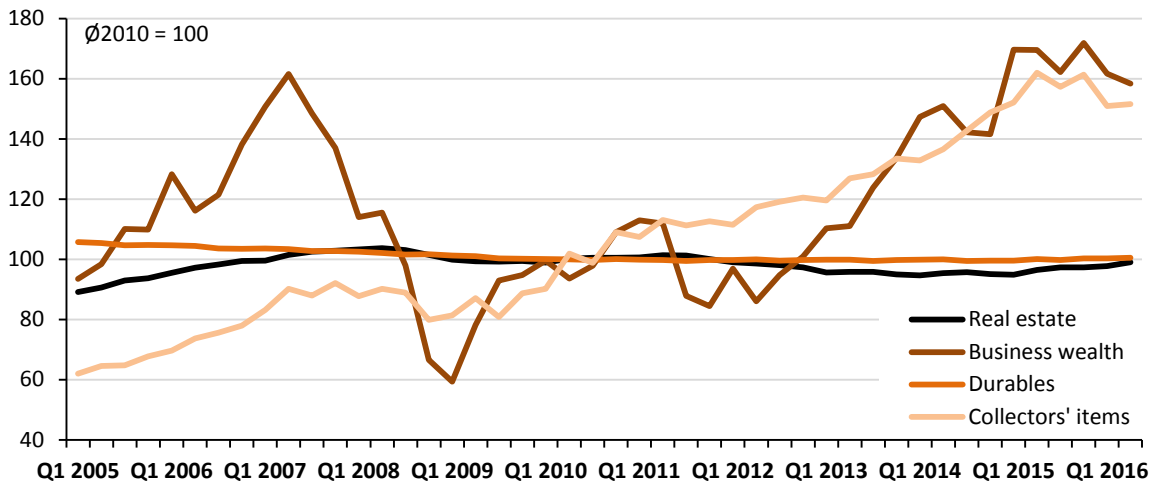


What drives wealth price inflation?

The low wealth price inflation rate is due to a decrease in the prices of shares (-11.9% year over year in Q2), business wealth (-6.6%) and collectors' items (-6.4%). Real estate prices (+2.7%), bond prices (+3.1%) and other financial

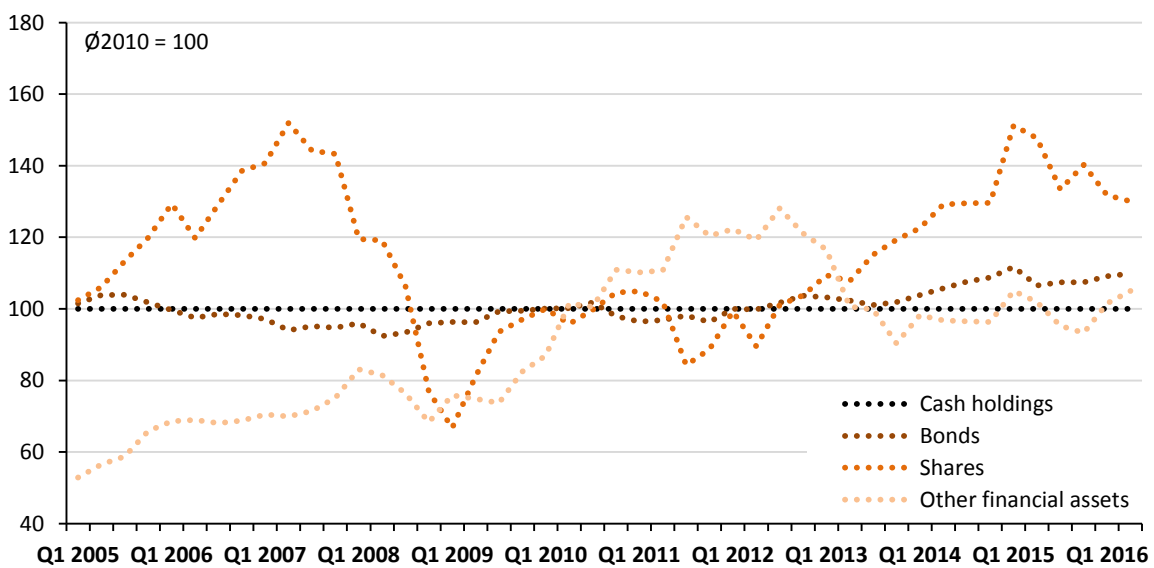
assets (+3.1%) increased while prices for consumer durables kept stagnating (+0.3%). Given the size of each asset class, the positive and negative price growth rates cancel each other out which results in a low but positive wealth price inflation rate.

Figure 2: Real assets in the Euro area – Price levels



Source: Flossbach von Storch Research Institute, November 2016.

Figure 3: Financial assets in the Euro area – Price levels



Source: Flossbach von Storch Research Institute, November 2016.



The Southern Countries

Just as in the past 10 years, there is a substantial difference between wealth prices in the southern countries (Italy, Greece, Portugal, Spain) and in the northern countries (Austria, Germany, Belgium, France, Finland, Netherlands) of the Euro area.

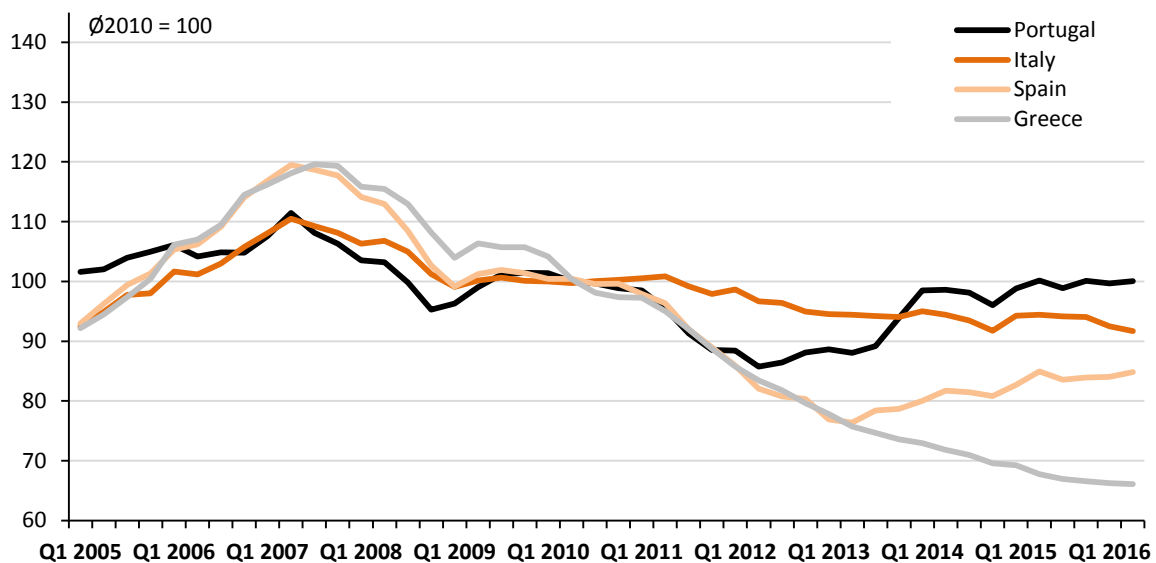
The strongest decline in Q1 and Q2 2016 is recorded in **Greece**. Asset prices fell by -4.33% year over year in Q1 and by another -2.5% in Q2. Greek wealth prices have fallen 25 quarters in a row, compounding to a loss of 33.9% in comparison to the level of asset prices in 2010 (current index value: 66.1). The price of all asset categories with exception of bonds and other financial assets has fallen in Greece. The strongest decline is recorded for share prices which fell by -36.0% in Q1 and by -30.4% in Q2 year over year. In contrast, the prices of bonds held by Greek households rose most recently by 23.2%.

The second strongest decrease in wealth prices occurred in **Italy** where at the beginning of 2016 prices started plummeting (-1.9% in Q1 and -2.9% in Q2). The downward trend is driven by falling real estate prices, business wealth, and share prices and contrasts the positive price growth rates of 2015. By Q2 2016 the wealth price index for Italy denoted 91.7 indicating that prices are 8.3% lower than in 2010.

The moderate increase of wealth prices in **Spain** continued in Q1 and Q2. The wealth price index yields 84.8 in Q2 2016 which is still slightly below the same quarter of last year. Nevertheless, wealth prices in Spain are on the rise and recovering from their all-time low in 2013 due to increasing real estate prices.

The wealth price index for **Portugal** denoted 100.0 in Q2 2016 and hence coincides with the price level of 2010. The most recent increase in real estate prices is evened out by falling prices for business wealth, shares and collectors' items.

Figure 4: Wealth prices in the southern countries



Source: Flossbach von Storch Research Institute, November 2016.



The Northern Countries

Austria and **Germany** exhibit the highest wealth price growth rates in the first and second quarter of 2016. In Austria prices rose by 5.0% and 3.1% year over year, respectively, while Germany exhibited wealth price growth rates of 1.9% and 3.3%. In both countries real estate prices caused the high growth rate. Austrian real estate prices exhibited a dramatic year over year increase of 13.4% in Q1 and 9.0% in Q2. In Germany prices for real estate increased by 4.8% and 5.3%. The negative price movement for business wealth and shares diminished the overall price growth rate for both countries. In Q2 2016 the wealth price index for Austria amounted to 130.5 and for Germany 128.7, the two highest values in the Euro area.

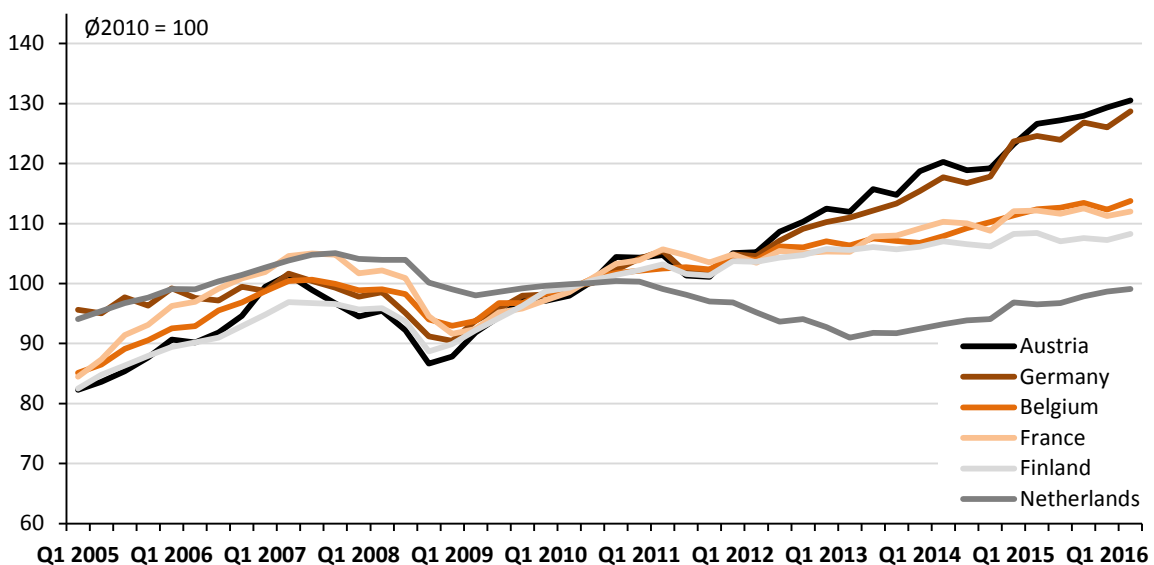
The wealth price growth rate in the **Netherlands** amounted to 1.9% and 2.7% year over year in Q1 and Q2, respectively. Prices for Dutch real

estate continued to rise; however, it currently still ranges 6.7% below the level of 2010 as the index value for Dutch real estate denoted 93.3 in Q2 2016. This is the lowest real estate index value for the northern Euro area countries.

Belgium exhibits wealth price growth rates of 0.8% and 1.3% year over year in Q1 and Q2, respectively. Even though prices of Belgian real estate rose by 3.2% and 2.4%, falling prices for business wealth and shares diminished the overall growth rates.

In **Finland** and **France**, wealth prices declined in 2016. This is a remarkable change as prices kept rising continuously with only few exceptions since 2010. The year over year growth rate for wealth prices in Finland denoted -0.9% and -0.1% in Q1 and Q2 of 2016, respectively. The French wealth price index fell by -0.7% and -0.1% in Q1 and Q2. Same as in Finland, this is caused by stagnating real estate and falling share prices.

Figure 5: Wealth Prices in the Northern Countries



Source: Flossbach von Storch Research Institute, November 2016.



Index levels and year-on-year growth rates

Table 1: Wealth and consumer prices

	Euro area				Southern countries				Northern countries			
	Wealth prices		Consumer prices (HICP)		Wealth prices		Consumer prices (HICP)		Wealth prices		Consumer prices (HICP)	
	Index	Annual change	Index	Annual change	Index	Annual change	Index	Annual change	Index	Annual change	Index	Annual change
Q1 2005	91.1	-	90.1	-	93.1	-	88.5	-	89.9	-	91.1	-
Q2 2005	92.8	-	90.6	-	95.8	-	89.1	-	90.9	-	91.6	-
Q3 2005	95.8	-	91.3	-	98.7	-	89.8	-	93.9	-	92.3	-
Q4 2005	96.4	-	91.8	-	99.8	-	90.6	-	94.2	-	92.6	-
Q1 2006	99.6	9.3%	92.3	2.4%	103.6	11.2%	91.2	3.1%	97.0	8.0%	92.9	2.0%
Q2 2006	99.3	7.0%	92.9	2.5%	103.6	8.2%	91.9	3.1%	96.6	6.2%	93.5	2.1%
Q3 2006	100.8	5.3%	93.3	2.2%	105.9	7.3%	92.5	2.9%	97.6	3.9%	93.9	1.8%
Q4 2006	103.4	7.3%	93.5	1.8%	109.5	9.7%	92.7	2.3%	99.5	5.6%	94.0	1.5%
Q1 2007	104.8	5.2%	94.0	1.9%	112.0	8.1%	93.3	2.3%	100.1	3.2%	94.4	1.6%
Q2 2007	107.3	8.0%	94.6	1.8%	114.5	10.5%	93.9	2.1%	102.6	6.2%	95.1	1.7%
Q3 2007	106.6	5.8%	95.1	1.9%	113.5	7.2%	94.4	2.0%	102.2	4.8%	95.5	1.7%
Q4 2007	105.8	2.3%	96.2	2.9%	112.4	2.7%	95.6	3.2%	101.5	2.1%	96.5	2.7%
Q1 2008	103.6	-1.2%	97.2	3.4%	109.8	-2.0%	96.9	3.8%	99.6	-0.6%	97.4	3.1%
Q2 2008	103.8	-3.3%	98.0	3.7%	109.5	-4.4%	97.7	4.1%	100.1	-2.5%	98.3	3.4%
Q3 2008	101.3	-5.0%	98.8	3.9%	106.5	-6.2%	98.5	4.4%	97.9	-4.2%	99.0	3.6%
Q4 2008	96.5	-8.8%	98.4	2.3%	101.9	-9.4%	98.2	2.7%	93.1	-8.3%	98.5	2.1%
Q1 2009	94.6	-8.6%	98.1	1.0%	99.2	-9.6%	97.8	1.0%	91.7	-7.9%	98.3	0.9%
Q2 2009	96.4	-7.1%	98.2	0.1%	100.8	-7.9%	97.8	0.1%	93.6	-6.5%	98.4	0.2%
Q3 2009	98.0	-3.2%	98.4	-0.4%	101.4	-4.8%	98.2	-0.3%	95.8	-2.2%	98.6	-0.4%
Q4 2009	98.6	2.2%	98.8	0.4%	100.9	-0.9%	98.7	0.5%	97.2	4.4%	98.9	0.4%
Q1 2010	98.9	4.5%	99.3	1.2%	100.4	1.2%	99.1	1.3%	97.9	6.9%	99.4	1.1%
Q2 2010	99.4	3.1%	99.8	1.6%	100.1	-0.8%	99.7	1.9%	99.1	5.9%	99.8	1.4%
Q3 2010	100.2	2.2%	100.2	1.8%	99.7	-1.7%	100.3	2.1%	100.5	4.9%	100.1	1.5%
Q4 2010	101.4	2.8%	100.8	2.0%	99.8	-1.1%	100.9	2.3%	102.5	5.5%	100.7	1.8%
Q1 2011	101.8	3.0%	101.7	2.5%	99.2	-1.2%	102.0	2.9%	103.5	5.7%	101.6	2.2%
Q2 2011	102.2	2.8%	102.5	2.8%	98.5	-1.6%	102.8	3.1%	104.7	5.7%	102.3	2.5%
Q3 2011	99.8	-0.4%	102.9	2.8%	95.6	-4.2%	103.1	2.8%	102.5	2.0%	102.9	2.7%
Q4 2011	98.7	-2.7%	103.8	2.9%	93.4	-6.4%	104.2	3.2%	102.1	-0.4%	103.5	2.7%
Q1 2012	99.5	-2.3%	104.5	2.7%	92.4	-6.9%	104.8	2.8%	104.1	0.5%	104.2	2.6%
Q2 2012	98.0	-4.2%	105.1	2.5%	89.6	-9.0%	105.7	2.8%	103.3	-1.3%	104.7	2.3%
Q3 2012	98.9	-0.9%	105.6	2.6%	88.9	-7.0%	106.3	3.1%	105.3	2.7%	105.1	2.2%
Q4 2012	99.0	0.3%	106.2	2.3%	88.0	-5.8%	107.0	2.7%	106.1	4.0%	105.6	2.1%
Q1 2013	98.8	-0.8%	106.5	1.9%	86.3	-6.6%	107.2	2.2%	106.8	2.6%	106.1	1.8%
Q2 2013	98.6	0.7%	106.6	1.5%	85.9	-4.1%	107.1	1.4%	106.8	3.4%	106.3	1.5%
Q3 2013	100.0	1.1%	107.0	1.3%	86.7	-2.5%	107.4	1.0%	108.6	3.1%	106.8	1.5%
Q4 2013	100.3	1.3%	107.0	0.8%	86.9	-1.3%	107.3	0.3%	109.0	2.7%	106.8	1.1%
Q1 2014	101.7	3.0%	107.2	0.7%	88.1	2.0%	107.4	0.3%	110.5	3.5%	107.1	1.0%
Q2 2014	102.8	4.2%	107.2	0.6%	88.4	2.9%	107.3	0.2%	112.1	4.9%	107.2	0.8%
Q3 2014	102.3	2.3%	107.3	0.3%	87.8	1.3%	107.1	-0.2%	111.7	2.9%	107.4	0.6%
Q4 2014	101.9	1.6%	107.2	0.1%	86.5	-0.4%	107.0	-0.2%	111.8	2.6%	107.3	0.4%
Q1 2015	105.2	3.5%	106.9	-0.3%	88.6	0.6%	106.8	-0.6%	116.0	4.9%	107.0	-0.1%
Q2 2015	106.0	3.1%	107.4	0.2%	89.6	1.3%	107.1	-0.1%	116.6	4.0%	107.6	0.4%
Q3 2015	105.5	3.1%	107.4	0.1%	88.8	1.2%	107.0	-0.1%	116.2	4.0%	107.6	0.2%
Q4 2015	106.6	4.6%	107.3	0.1%	88.9	2.8%	106.9	-0.1%	117.9	5.5%	107.6	0.3%
Q1 2016	105.8	0.5%	107.0	0.1%	88.2	-0.5%	106.5	-0.3%	117.2	1.1%	107.3	0.3%
Q2 2016	106.8	0.7%	107.3	-0.1%	88.1	-1.7%	106.6	-0.5%	118.8	1.9%	107.7	0.2%

All series are indexed in 2010. Source: Flossbach von Storch Research Institute, November 2016



Table 2: Euro area – Real assets

	Total real assets		Real estate		Business wealth		Durables		Collectors' items	
	Index	change p.a.	Index	change p.a.	Index	change p.a.	Index	change p.a.	Index	change p.a.
Q1 2005	90.2	-	89.2	-	93.5	-	105.7	-	62.0	-
Q2 2005	91.9	-	90.6	-	98.3	-	105.4	-	64.6	-
Q3 2005	95.2	-	93.0	-	110.1	-	104.7	-	64.8	-
Q4 2005	95.8	-	93.7	-	109.9	-	104.8	-	67.8	-
Q1 2006	99.4	10.2%	95.5	7.1%	128.3	37.2%	104.7	-1.0%	69.7	12.4%
Q2 2006	99.4	8.2%	97.2	7.3%	116.1	18.0%	104.5	-0.9%	73.7	14.1%
Q3 2006	100.9	6.0%	98.3	5.7%	121.5	10.3%	103.6	-1.1%	75.6	16.8%
Q4 2006	103.8	8.4%	99.4	6.2%	138.2	25.8%	103.5	-1.3%	78.0	15.1%
Q1 2007	105.4	6.1%	99.6	4.3%	150.7	17.5%	103.6	-1.0%	83.2	19.3%
Q2 2007	108.3	8.9%	101.5	4.4%	161.6	39.2%	103.4	-1.0%	90.2	22.4%
Q3 2007	107.6	6.6%	102.6	4.3%	148.5	22.2%	102.7	-0.8%	87.9	16.3%
Q4 2007	106.6	2.7%	102.8	3.4%	137.0	-0.8%	102.8	-0.7%	92.1	18.0%
Q1 2008	104.3	-1.0%	103.3	3.7%	114.0	-24.4%	102.5	-1.1%	87.8	5.5%
Q2 2008	104.8	-3.2%	103.7	2.2%	115.5	-28.5%	102.1	-1.3%	90.2	0.0%
Q3 2008	102.2	-5.0%	103.0	0.4%	97.9	-34.0%	101.6	-1.1%	88.9	1.1%
Q4 2008	97.3	-8.7%	101.5	-1.3%	66.6	-51.4%	101.7	-1.1%	79.9	-13.2%
Q1 2009	95.1	-8.8%	99.8	-3.4%	59.4	-47.9%	101.3	-1.2%	81.4	-7.3%
Q2 2009	96.9	-7.5%	99.4	-4.2%	78.1	-32.3%	101.0	-1.1%	87.1	-3.5%
Q3 2009	98.4	-3.8%	99.2	-3.7%	93.0	-5.0%	100.3	-1.3%	80.9	-9.0%
Q4 2009	98.8	1.6%	99.4	-2.0%	94.8	42.4%	100.2	-1.4%	88.7	10.9%
Q1 2010	99.0	4.0%	98.9	-0.9%	99.5	67.6%	100.1	-1.1%	90.2	10.9%
Q2 2010	99.4	2.6%	100.1	0.8%	93.6	19.8%	100.0	-1.0%	101.9	17.1%
Q3 2010	100.1	1.8%	100.5	1.3%	97.9	5.2%	99.8	-0.4%	98.8	22.1%
Q4 2010	101.5	2.7%	100.5	1.0%	109.0	15.0%	100.0	-0.2%	109.1	23.0%
Q1 2011	102.1	3.1%	100.6	1.7%	113.0	13.6%	99.8	-0.3%	107.4	19.1%
Q2 2011	102.6	3.2%	101.3	1.2%	111.9	19.5%	99.8	-0.2%	113.0	10.9%
Q3 2011	99.7	-0.4%	101.2	0.8%	87.9	-10.2%	99.4	-0.4%	111.2	12.6%
Q4 2011	98.5	-3.0%	100.1	-0.3%	84.5	-22.5%	99.8	-0.2%	112.6	3.3%
Q1 2012	99.0	-3.0%	99.1	-1.6%	96.9	-14.2%	99.8	-0.1%	111.5	3.8%
Q2 2012	97.4	-5.0%	98.6	-2.7%	86.0	-23.1%	100.0	0.2%	117.3	3.8%
Q3 2012	97.9	-1.8%	98.0	-3.2%	94.8	7.8%	99.6	0.2%	119.1	7.1%
Q4 2012	98.1	-0.4%	97.3	-2.8%	100.9	19.4%	99.8	-0.1%	120.5	7.0%
Q1 2013	97.7	-1.2%	95.6	-3.4%	110.3	13.8%	99.9	0.1%	119.6	7.3%
Q2 2013	98.0	0.6%	95.8	-2.9%	111.0	29.1%	99.9	-0.1%	126.9	8.1%
Q3 2013	99.5	1.6%	95.8	-2.2%	123.8	30.7%	99.5	-0.1%	128.2	7.7%
Q4 2013	99.9	1.9%	94.9	-2.4%	133.7	32.5%	99.8	0.1%	133.4	10.7%
Q1 2014	101.3	3.6%	94.7	-1.0%	147.4	33.6%	99.9	0.1%	132.8	11.1%
Q2 2014	102.3	4.4%	95.4	-0.4%	150.9	35.9%	99.9	0.0%	136.5	7.6%
Q3 2014	101.6	2.2%	95.7	-0.1%	142.2	14.8%	99.5	0.0%	142.8	11.3%
Q4 2014	101.1	1.1%	95.1	0.1%	141.6	5.9%	99.5	-0.3%	148.8	11.5%
Q1 2015	104.1	2.7%	94.9	0.2%	169.7	15.2%	99.6	-0.3%	152.1	14.5%
Q2 2015	105.4	3.0%	96.4	1.0%	169.5	12.3%	100.1	0.2%	162.0	18.7%
Q3 2015	105.2	3.5%	97.3	1.6%	162.2	14.1%	99.8	0.4%	157.3	10.1%
Q4 2015	106.4	5.2%	97.3	2.3%	171.8	21.4%	100.3	0.8%	161.4	8.4%
Q1 2016	105.4	1.3%	97.7	3.0%	161.7	-4.7%	100.3	0.8%	150.9	-0.7%
Q2 2016	106.5	1.1%	99.0	2.7%	158.4	-6.6%	100.5	0.3%	151.6	-6.4%

All series are indexed in 2010. Source: Flossbach von Storch Research Institute, November 2016.



Table 3: Euro area – Financial assets

	Total financial assets		Cash holdings		Bonds		Shares		Other financial assets	
	Index	Annual change	Index	Annual change	Index	Annual change	Index	Annual change	Index	Annual change
Q1 2005	95.9	-	100.0	-	101.6	-	102.4	-	52.9	-
Q2 2005	97.4	-	100.0	-	103.9	-	106.1	-	56.6	-
Q3 2005	98.6	-	100.0	-	104.0	-	113.3	-	58.8	-
Q4 2005	99.7	-	100.0	-	101.8	-	119.8	-	65.8	-
Q1 2006	100.7	5.0%	100.0	0.0%	99.6	-1.9%	129.3	26.3%	68.6	29.8%
Q2 2006	98.9	1.5%	100.0	0.0%	97.5	-6.1%	119.8	12.9%	69.0	22.0%
Q3 2006	100.3	1.7%	100.0	0.0%	98.6	-5.2%	129.2	14.0%	68.0	15.8%
Q4 2006	101.6	1.9%	100.0	0.0%	98.2	-3.5%	138.6	15.6%	68.8	4.5%
Q1 2007	101.8	1.1%	100.0	0.0%	97.2	-2.4%	140.7	8.8%	70.5	2.7%
Q2 2007	102.4	3.6%	100.0	0.0%	94.0	-3.6%	152.0	26.9%	70.0	1.5%
Q3 2007	101.8	1.5%	100.0	0.0%	95.1	-3.5%	144.2	11.6%	71.4	5.0%
Q4 2007	102.0	0.4%	100.0	0.0%	94.7	-3.5%	143.3	3.4%	75.2	9.2%
Q1 2008	99.9	-1.9%	100.0	0.0%	96.0	-1.2%	119.5	-15.1%	83.1	17.8%
Q2 2008	98.7	-3.6%	100.0	0.0%	92.4	-1.7%	119.1	-21.6%	81.5	16.5%
Q3 2008	96.7	-5.0%	100.0	0.0%	93.4	-1.9%	106.3	-26.3%	76.4	7.0%
Q4 2008	92.6	-9.2%	100.0	0.0%	96.0	1.3%	76.9	-46.3%	68.3	-9.1%
Q1 2009	92.0	-7.8%	100.0	0.0%	96.3	0.3%	66.7	-44.2%	75.8	-8.7%
Q2 2009	93.9	-4.9%	100.0	0.0%	96.2	4.2%	81.1	-31.9%	74.9	-8.1%
Q3 2009	96.2	-0.5%	100.0	0.0%	99.2	6.3%	93.5	-12.0%	73.7	-3.6%
Q4 2009	97.7	5.5%	100.0	0.0%	99.5	3.6%	97.0	26.1%	82.5	20.8%
Q1 2010	98.7	7.2%	100.0	0.0%	100.1	3.9%	100.0	49.8%	86.9	14.6%
Q2 2010	99.6	6.1%	100.0	0.0%	100.2	4.1%	95.8	18.1%	101.5	35.6%
Q3 2010	100.5	4.4%	100.0	0.0%	101.8	2.5%	99.7	6.6%	100.6	36.5%
Q4 2010	101.2	3.6%	100.0	0.0%	98.0	-1.5%	104.5	7.8%	111.0	34.5%
Q1 2011	100.8	2.1%	100.0	0.0%	96.4	-3.6%	104.9	5.0%	110.2	26.7%
Q2 2011	100.6	0.9%	100.0	0.0%	96.9	-3.3%	102.0	6.5%	110.7	9.0%
Q3 2011	100.0	-0.5%	100.0	0.0%	98.2	-3.5%	84.2	-15.5%	125.7	25.0%
Q4 2011	99.6	-1.6%	100.0	0.0%	96.3	-1.7%	88.7	-15.1%	120.4	8.5%
Q1 2012	102.2	1.4%	100.0	0.0%	100.0	3.7%	99.3	-5.4%	122.3	11.0%
Q2 2012	100.5	-0.1%	100.0	0.0%	99.8	3.0%	89.6	-12.2%	119.2	7.7%
Q3 2012	103.5	3.5%	100.0	0.0%	101.7	3.6%	101.1	20.0%	128.1	1.9%
Q4 2012	103.6	4.0%	100.0	0.0%	103.7	7.6%	103.7	16.9%	121.1	0.6%
Q1 2013	103.8	1.6%	100.0	0.0%	103.2	3.2%	109.4	10.2%	116.6	-4.7%
Q2 2013	101.7	1.2%	100.0	0.0%	102.3	2.5%	107.8	20.3%	100.6	-15.6%
Q3 2013	102.3	-1.1%	100.0	0.0%	101.1	-0.6%	115.2	13.9%	99.8	-22.1%
Q4 2013	102.1	-1.4%	100.0	0.0%	101.9	-1.7%	119.3	15.0%	90.3	-25.4%
Q1 2014	103.9	0.1%	100.0	0.0%	103.8	0.6%	122.6	12.1%	98.2	-15.8%
Q2 2014	105.1	3.3%	100.0	0.0%	105.7	3.3%	129.1	19.8%	96.7	-3.9%
Q3 2014	105.6	3.2%	100.0	0.0%	107.6	6.4%	129.6	12.5%	96.5	-3.3%
Q4 2014	105.9	3.7%	100.0	0.0%	108.8	6.7%	129.6	8.7%	96.3	6.6%
Q1 2015	110.5	6.4%	100.0	0.0%	111.7	7.6%	151.3	23.4%	105.0	7.0%
Q2 2015	108.4	3.1%	100.0	0.0%	106.5	0.8%	147.7	14.4%	101.9	5.3%
Q3 2015	106.0	0.3%	100.0	0.0%	107.4	-0.2%	133.3	2.9%	95.2	-1.3%
Q4 2015	106.7	0.8%	100.0	0.0%	107.5	-1.2%	140.3	8.2%	93.3	-3.1%
Q1 2016	106.9	-3.3%	100.0	0.0%	109.2	-2.3%	131.8	-12.9%	101.5	-3.3%
Q2 2016	107.2	-1.1%	100.0	0.0%	109.9	3.1%	130.1	-11.9%	105.0	3.1%

All series are indexed in 2010. Source: Flossbach von Storch Research Institute, November 2016.



Table 4: Southern countries – Wealth prices

	Italy		Greece		Portugal		Spain	
	Index	change p.a.	Index	change p.a.	Index	change p.a.	Index	change p.a.
Q1 2005	92.5	-	92.2	-	101.6	-	93.0	-
Q2 2005	94.9	-	94.5	-	102.0	-	96.2	-
Q3 2005	97.7	-	97.4	-	103.9	-	99.4	-
Q4 2005	98.0	-	100.4	-	105.0	-	101.3	-
Q1 2006	101.7	9.9%	106.1	15.2%	106.1	4.5%	105.3	13.3%
Q2 2006	101.2	6.6%	107.0	13.3%	104.2	2.1%	106.2	10.3%
Q3 2006	103.0	5.4%	109.5	12.4%	104.9	0.9%	109.2	9.8%
Q4 2006	105.8	7.9%	114.5	14.1%	104.8	-0.2%	114.1	12.6%
Q1 2007	108.1	6.3%	116.2	9.5%	107.6	1.4%	116.9	10.9%
Q2 2007	110.5	9.2%	118.1	10.4%	111.4	7.0%	119.5	12.5%
Q3 2007	109.2	6.1%	119.6	9.2%	108.1	3.1%	118.7	8.7%
Q4 2007	108.1	2.2%	119.3	4.2%	106.3	1.4%	117.7	3.2%
Q1 2008	106.3	-1.7%	115.8	-0.4%	103.5	-3.8%	114.1	-2.3%
Q2 2008	106.8	-3.3%	115.5	-2.2%	103.2	-7.4%	112.9	-5.5%
Q3 2008	105.0	-3.9%	112.9	-5.6%	99.8	-7.7%	108.4	-8.6%
Q4 2008	101.2	-6.4%	108.2	-9.3%	95.3	-10.3%	102.7	-12.8%
Q1 2009	99.1	-6.8%	103.9	-10.3%	96.3	-7.0%	99.1	-13.2%
Q2 2009	100.2	-6.2%	106.4	-7.9%	99.1	-4.0%	101.2	-10.4%
Q3 2009	100.6	-4.1%	105.7	-6.4%	101.2	1.4%	101.9	-6.0%
Q4 2009	100.1	-1.1%	105.7	-2.3%	101.5	6.5%	101.4	-1.3%
Q1 2010	100.0	0.9%	104.2	0.2%	101.4	5.3%	100.4	1.3%
Q2 2010	99.7	-0.4%	100.4	-5.6%	100.0	1.0%	100.4	-0.8%
Q3 2010	100.0	-0.6%	98.1	-7.2%	99.7	-1.5%	99.5	-2.3%
Q4 2010	100.3	0.2%	97.3	-7.9%	98.9	-2.5%	99.6	-1.7%
Q1 2011	100.5	0.5%	97.3	-6.6%	98.5	-2.9%	97.9	-2.5%
Q2 2011	100.9	1.1%	95.0	-5.3%	95.5	-4.5%	96.3	-4.1%
Q3 2011	99.2	-0.9%	92.0	-6.2%	91.3	-8.4%	92.0	-7.5%
Q4 2011	97.9	-2.4%	88.7	-8.8%	88.6	-10.5%	89.0	-10.7%
Q1 2012	98.7	-1.9%	85.8	-11.8%	88.4	-10.2%	85.9	-12.2%
Q2 2012	96.7	-4.1%	83.4	-12.2%	85.7	-10.2%	82.1	-14.8%
Q3 2012	96.4	-2.8%	81.8	-11.1%	86.4	-5.4%	80.8	-12.2%
Q4 2012	95.0	-3.0%	79.7	-10.2%	88.1	-0.5%	80.3	-9.7%
Q1 2013	94.5	-4.2%	77.8	-9.2%	88.6	0.2%	76.9	-10.5%
Q2 2013	94.4	-2.3%	75.7	-9.2%	88.0	2.7%	76.4	-6.9%
Q3 2013	94.2	-2.3%	74.6	-8.7%	89.2	3.2%	78.4	-2.9%
Q4 2013	94.0	-1.0%	73.6	-7.6%	93.9	6.5%	78.7	-2.0%
Q1 2014	95.0	0.5%	72.9	-6.3%	98.5	11.1%	80.0	4.1%
Q2 2014	94.4	0.0%	71.8	-5.1%	98.6	12.0%	81.7	7.0%
Q3 2014	93.4	-0.8%	71.0	-4.9%	98.1	10.0%	81.4	3.9%
Q4 2014	91.8	-2.4%	69.6	-5.5%	96.1	2.3%	80.8	2.7%
Q1 2015	94.3	-0.8%	69.3	-5.0%	98.8	0.3%	82.7	3.3%
Q2 2015	94.4	0.0%	67.8	-5.7%	100.2	1.6%	84.9	3.9%
Q3 2015	94.1	0.8%	67.0	-5.6%	98.9	0.8%	83.6	2.6%
Q4 2015	94.1	2.5%	66.6	-4.4%	100.1	4.2%	83.9	3.8%
Q1 2016	92.5	-1.9%	66.3	-4.3%	99.7	0.9%	84.0	1.6%
Q2 2016	91.7	-2.9%	66.1	-2.5%	100.0	-0.1%	84.8	-0.1%

All series are indexed in 2010. Source: Flossbach von Storch Research Institute, November 2016.



Table 5: Northern countries – Wealth prices

	Austria		Belgium		Finland		France		Germany		Netherlands	
	Index	change p.a.	Index	change p.a.	Index	change p.a.	Index	change p.a.	Index	change p.a.	Index	change p.a.
Q1 2005	82.3	-	85.1	-	82.5	-	84.5	-	95.6	-	94.1	-
Q2 2005	83.6	-	86.5	-	84.8	-	87.4	-	95.0	-	95.4	-
Q3 2005	85.4	-	89.1	-	86.4	-	91.4	-	97.7	-	96.8	-
Q4 2005	87.7	-	90.6	-	87.9	-	93.1	-	96.3	-	97.7	-
Q1 2006	90.7	10.2%	92.5	8.7%	89.5	8.4%	96.3	14.0%	99.2	3.8%	99.1	5.3%
Q2 2006	90.2	7.9%	92.9	7.4%	90.2	6.3%	97.0	11.0%	97.6	2.7%	99.1	3.8%
Q3 2006	91.8	7.5%	95.5	7.2%	91.0	5.3%	99.2	8.5%	97.2	-0.5%	100.4	3.7%
Q4 2006	94.6	7.9%	96.8	6.9%	92.9	5.7%	100.8	8.3%	99.5	3.3%	101.4	3.8%
Q1 2007	99.5	9.7%	98.7	6.7%	94.8	6.0%	101.9	5.9%	98.8	-0.5%	102.7	3.6%
Q2 2007	101.5	12.5%	100.4	8.1%	96.9	7.5%	104.6	7.9%	101.6	4.1%	103.8	4.8%
Q3 2007	98.9	7.7%	100.6	5.4%	96.7	6.3%	105.0	5.9%	100.4	3.4%	104.8	4.4%
Q4 2007	96.7	2.2%	100.0	3.2%	96.6	3.9%	104.8	3.9%	99.3	-0.2%	105.1	3.6%
Q1 2008	94.5	-5.0%	98.9	0.2%	95.7	0.9%	101.7	-0.2%	97.8	-1.0%	104.1	1.4%
Q2 2008	95.4	-5.9%	99.0	-1.4%	95.9	-1.1%	102.2	-2.3%	98.6	-3.0%	104.0	0.1%
Q3 2008	92.2	-6.8%	98.3	-2.4%	93.7	-3.1%	100.9	-3.9%	95.1	-5.3%	104.0	-0.8%
Q4 2008	86.7	-10.3%	94.0	-5.9%	88.7	-8.2%	94.6	-9.8%	91.2	-8.2%	100.2	-4.7%
Q1 2009	87.8	-7.1%	92.9	-6.0%	89.9	-6.0%	91.6	-10.0%	90.5	-7.5%	99.0	-4.9%
Q2 2009	91.8	-3.8%	93.7	-5.3%	92.2	-3.8%	92.4	-9.6%	93.8	-4.8%	98.1	-5.7%
Q3 2009	94.5	2.5%	96.7	-1.6%	94.3	0.6%	95.2	-5.7%	95.8	0.7%	98.6	-5.2%
Q4 2009	97.2	12.2%	96.8	2.9%	96.2	8.5%	95.8	1.3%	98.0	7.4%	99.2	-1.0%
Q1 2010	97.1	10.6%	98.4	5.8%	98.7	9.8%	97.2	6.1%	98.2	8.5%	99.6	0.6%
Q2 2010	98.0	6.7%	99.0	5.6%	99.3	7.7%	98.5	6.6%	99.4	6.0%	99.9	1.9%
Q3 2010	100.5	6.3%	100.8	4.3%	100.5	6.7%	101.0	6.1%	100.1	4.5%	100.1	1.5%
Q4 2010	104.4	7.4%	101.7	5.2%	101.4	5.4%	103.3	7.8%	102.3	4.4%	100.4	1.2%
Q1 2011	104.3	7.4%	102.1	3.8%	102.3	3.6%	103.9	6.9%	104.2	6.1%	100.3	0.7%
Q2 2011	104.7	6.9%	102.5	3.5%	103.2	3.9%	105.7	7.3%	105.4	6.1%	99.1	-0.8%
Q3 2011	101.3	0.9%	102.7	1.8%	101.6	1.1%	104.7	3.7%	101.8	1.7%	98.1	-2.0%
Q4 2011	101.1	-3.1%	102.4	0.6%	101.3	-0.1%	103.5	0.2%	102.1	-0.3%	97.0	-3.4%
Q1 2012	105.1	0.7%	104.5	2.3%	103.7	1.5%	104.8	0.9%	104.9	0.7%	96.9	-3.5%
Q2 2012	105.2	0.5%	103.9	1.4%	103.6	0.4%	103.5	-2.1%	104.6	-0.8%	95.2	-4.0%
Q3 2012	108.6	7.2%	106.2	3.4%	104.3	2.7%	105.4	0.7%	107.2	5.3%	93.7	-4.6%
Q4 2012	110.3	9.1%	106.0	3.6%	104.8	3.4%	105.1	1.5%	109.1	6.9%	94.1	-3.0%
Q1 2013	112.5	7.1%	107.1	2.5%	105.7	1.9%	105.3	0.5%	110.3	5.1%	92.7	-4.3%
Q2 2013	111.9	6.4%	106.4	2.3%	105.6	1.9%	105.3	1.8%	111.0	6.1%	91.0	-4.4%
Q3 2013	115.7	6.5%	107.5	1.2%	106.1	1.7%	107.8	2.3%	112.2	4.7%	91.8	-2.0%
Q4 2013	114.8	4.0%	107.1	1.0%	105.7	0.9%	108.0	2.8%	113.3	3.9%	91.7	-2.5%
Q1 2014	118.7	5.5%	106.8	-0.3%	106.1	0.4%	109.2	3.7%	115.4	4.7%	92.5	-0.3%
Q2 2014	120.3	7.4%	107.9	1.4%	107.0	1.3%	110.3	4.8%	117.7	6.0%	93.2	2.4%
Q3 2014	118.9	2.7%	109.2	1.6%	106.6	0.5%	110.0	2.0%	116.8	4.1%	93.8	2.2%
Q4 2014	119.2	3.9%	110.3	3.0%	106.2	0.4%	108.8	0.7%	117.8	4.0%	94.1	2.6%
Q1 2015	123.2	3.8%	111.4	4.3%	108.3	2.0%	112.1	2.6%	123.7	7.1%	96.8	4.7%
Q2 2015	126.6	5.3%	112.4	4.2%	108.4	1.3%	112.2	1.7%	124.6	5.8%	96.5	3.5%
Q3 2015	127.2	7.0%	112.7	3.2%	107.0	0.4%	111.7	1.5%	124.0	6.2%	96.7	3.1%
Q4 2015	128.0	7.3%	113.5	2.9%	107.6	1.3%	112.5	3.4%	126.8	7.7%	97.9	4.0%
Q1 2016	129.3	5.0%	112.3	0.8%	107.3	-0.9%	111.3	-0.7%	126.0	1.9%	98.7	1.9%
Q2 2016	130.5	3.1%	113.8	1.3%	108.3	-0.1%	112.0	-0.1%	128.7	3.3%	99.1	2.7%

All series are indexed in 2010. Source: Flossbach von Storch Research Institute, November 2016.



Methodology and Data Sources

This study covers the southern Euro area countries Greece, Italy, Portugal, and Spain as well as the northern countries Austria, Belgium, Finland, France, Germany, and the Netherlands. For each country, the asset composition of the average household is calculated based on the Eurosystem Household Finance and Consumption Study (EHFCS, European Central Bank, Statistics Paper Series No.2, April 2013). The assets of a household are split up into real assets and financial assets. Real assets consist of real estate, business capital, durable goods, and collectors' items. Financial assets are broken down into cash equivalents, bonds, stocks and other types of financial assets. Table 6 reports the overall and country-specific weights. Mutual funds, pension funds and life insurances are broken down into their respective asset classes and the assets contained in them allocated to these classes.

For each asset class, we calculate the country-specific quarterly price change. We use wealth prices and not asset valuation indicators and we exclude cash flows from assets, such as interest, dividends or rental yields. For real asset prices, such as real estate or consumer durables, we use data adjusted for quality changes. Thus, our wealth price indices correspond conceptually to consumer price indices.

The index is calculated as a Laspeyres price index. All time series are indexed to 100 in 2010 which is the year that the results of the EHFCS refer to. For time series available on a daily or weekly frequency, the quarterly index value is based on the average price within the last month of the quarter. For monthly time series, the last month of the quarter determines the index value.

Real estate prices are measured with the help of time series of real estate prices provided by Eurostat, national statistics offices, and Oxford

Table 6: Weighting schemes

	all	Southern countries				Northern countries					
		IT	GR	PT	ES	AT	BE	FI	FR	DE	NL
Country weight in the overall index	-	19.6%	1.9%	1.9%	15.8%	3.1%	5.0%	1.4%	20.7%	25.3%	5.3%
average household wealth (in 1.000 €)	258	287	160	170	324	282	369	198	258	222	252
Country-specific Weights											
Total real assets	83.2%	90.0%	93.0%	87.6%	89.7%	83.1%	70.9%	85.1%	80.8%	78.9%	73.6%
Real estate	69.0%	77.2%	83.7%	70.9%	77.7%	55.6%	63.5%	76.3%	65.1%	61.7%	67.8%
Business wealth	9.4%	8.3%	4.7%	11.9%	9.0%	22.9%	4.3%	3.3%	8.1%	13.0%	2.2%
Consumer durables	3.9%	3.8%	3.8%	4.0%	2.5%	3.8%	2.6%	4.5%	6.3%	3.5%	2.9%
Collector's items	0.8%	0.8%	0.8%	0.8%	0.5%	0.8%	0.5%	1.0%	1.3%	0.7%	0.6%
Financial assets	16.8%	10.0%	7.0%	12.4%	10.3%	16.9%	29.1%	14.9%	19.2%	21.1%	26.4%
Cash equivalents	8.4%	4.9%	5.5%	8.9%	6.3%	11.6%	12.6%	7.8%	7.4%	11.9%	10.8%
Bonds	4.4%	3.3%	0.8%	1.7%	1.6%	3.0%	8.8%	1.4%	6.2%	4.6%	8.1%
Shares	2.3%	0.7%	0.3%	1.0%	1.3%	1.4%	5.5%	4.6%	3.7%	2.0%	5.3%
Other fin. assets	1.7%	1.0%	0.4%	0.7%	1.1%	0.8%	2.1%	1.1%	1.9%	2.6%	2.3%

Source: EHFCS, European Central Bank, 2013.



Economics, all obtained via Haver Analytics. Business wealth is measured through MSCI Small Cap price indices of the respective country provided by ThomsonReuters. The price development of durable consumer goods is captured through the HICP time series for the respective country provided by Eurostat.

The price series for collectors' items and objects for speculation consists of the four representative subcategories jewelry, art, fine wines and historic automobiles. While jewelry prices are measured with help of the respective national or HICP time series, the three other categories consist of the same price series for every country. The Artprice Global Index by artprice.com provides information on art prices, the Liv-ex Fine Wine 100 by Liv-ex Ltd. denotes prices for fine wine, and the HAGI Top Index by the Historic Automobile Group International measures the price development of historic cars.

The geographical distribution of stock and bond investments is captured with help of the coordinated portfolio investment survey (CPIS) by the International Monetary Fund (IMF). The price development of the resulting investments is measured with help of Barclays bond indices and MSCI stock price indices. Other financial instruments are measured with help of the London Bullion gold price and ThomsonReuters Continuous Commodity Index, both provided by ThomsonReuters.

Due to data availability, the methodology of the Flossbach von Storch wealth price series for the Euro countries differs slightly from the Flossbach von Storch Vermögenspreisindex, which is published separately on a quarterly basis.²

List of Data Sources

artprice.com
Barclays
Eurostat
European Central Bank (ECB)
Oxford Economics
HAGI (Historic Automobile Group)
Haver Analytics
International Monetary Fund (IMF)
Liv-ex Ltd.
MSCI
ThomsonReuters

² For further details on the FvS Vermögenspreisindex see <http://www.fvs-ri.com/fvs-vermoegenspreisindex/ueberblick.html>.



LEGAL NOTICE

The information contained and opinions expressed in this document reflect the views of the author at the time of publication and are subject to change without prior notice. Forward-looking statements reflect the judgement and future expectations of the author. The opinions and expectations found in this document may differ from estimations found in other documents of Flossbach von Storch AG. The above information is provided for informational purposes only and without any obligation, whether contractual or otherwise. This document does not constitute an offer to sell, purchase or subscribe to securities or other assets. The information and estimates contained herein do not constitute investment advice or any other form of recommendation. All information has been compiled with care. However, no guarantee is given as to the accuracy and completeness of information and no liability is accepted. **Past performance is not a reliable indicator of future performance.** All authorial rights and other rights, titles and claims (including copyrights, brands, patents, intellectual property rights and other rights) to, for and from all the information in this publication are subject, without restriction, to the applicable provisions and property rights of the registered owners. You do not acquire any rights to the contents. Copyright for contents created and published by Flossbach von Storch AG remains solely with Flossbach von Storch AG. Such content may not be reproduced or used in full or in part without the written approval of Flossbach von Storch AG.

Reprinting or making the content publicly available – in particular by including it in third-party websites – together with reproduction on data storage devices of any kind requires the prior written consent of Flossbach von Storch AG.

© 2016 Flossbach von Storch. All rights reserved.

SITE INFORMATION

Publisher: Flossbach von Storch AG, Research Institute, Ottoplatz 1, 50679 Cologne, Germany; Phone +49 221 33 88-291, research@fvsag.com, *Directors:* Dr. Bert Flossbach, Kurt von Storch, Dirk von Velsen; *Registration:* No. 30 768 in the Commercial and Companies Register held at Cologne District Court; *VAT-No.* DE200075205; *Supervisory authority:* German Federal Financial Services Supervisory Authority, Marie-Curie-Straße 24 – 28, 60439 Frankfurt / Graurheindorfer Straße 108, 53117 Bonn, www.bafin.de; *Author:* Dr. Philipp Immenkötter; *Editorial deadline:* 25. November 2016