



Press release

Statistics Netherlands

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Since the published figures on institutional investors were incorrect, this press release is incorrect.

[The figures covering the period 2000-2002 have been revised recently.](#)

Sharp fall in value of institutional investment

The falls in share prices have reduced the value of institutional investors' share portfolios by 53 billion euro. Statistics Netherlands has never before observed such a drastic fall for institutional investors. More than 9% of bond portfolios were sold in the third quarter, mainly domestic government bonds. The total value of investment by pension funds and insurance companies fell from 721 billion to 673 billion euro.

Share portfolios down in value

The share portfolios of institutional investors shrank by 13% in the third quarter of 2001. Lower share prices account for 53 billion euro (-17%) of this reduction. Relative losses on share prices for insurance companies are slightly lower (-15%) than for pension funds (-18%). The MSCI World index for shares fell by 21% in the same period.

Institutional investors bought 13 billion euro worth of shares in the third quarter, bringing the total amount of shares bought in the first three quarters of this year to 38 billion euro. The total amount lost because of falling share prices in these three quarters was 65 billion euro. The ratio between foreign and domestic shares remained unchanged.

Domestic bonds sold

The value of the total bond portfolio fell by more than 5 billion euro. Domestic government bonds in particular were sold or redeemed (-6 billion euro). Institutional investors are turning their attention to foreign bonds, as repayments on the government debt have led to more tension on the bond market. The elimination of exchange-rate based risks with the introduction of the euro have also shifted attention to foreign markets.

Pension funds sold nearly 8 billion euro worth of bonds and realised profits of nearly 2 billion euro, resulting in a 4% loss on their portfolios. The domestic part of their portfolios fell by 11%.

Insurance companies bought 1% more bonds in the third quarter of this year. This is the balance of a reduction of just over 7% in domestic bonds and acquisition of 4 billion euro worth of foreign bonds (+10%).

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Total investment down sharply

Total institutional investment fell substantially in the third quarter, from 721 billion euro to 673 billion euro (-6.7%). In terms of percentages, such a large decrease was last measured in the third quarter of 1998 (-6.5%). Institutional investment is now at the same level as at the end of 1999.

A large part of the decrease in total investment can be traced back to shares (-13%) and bonds (-2%). Together these two categories account for 75% of total investment. For pension funds, shares and bonds account for 82%, and for insurance companies 63% of investment. Pension fund investment is therefore more sensitive to turbulence on the stock markets. Total investment by pension funds fell by nearly 9% in the third quarter of 2001, while insurance companies lost 3% on investments.

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