Statistics Netherlands

Press release

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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.

Institutional investment not yet back at old level

According to figures from Statistics Netherlands, investments by insurance companies and pension funds were worth 1 percent less at the end of 2001 than at the beginning of last year. Most of the decline in the value of investment was the result of a disappointing third quarter, when stock market prices fell substantially. For the whole of 2001 institutional investors lost a total 33 billion euro because of falling values. More than half of investments were abroad.

Institutional investors recovering from dip in third quarter

Institutional investments were worth 701 billion euro at the end of 2001, 1 percent less than the 708 billion euro at the beginning of the year. This is the first decrease in value ever measured in the 52 years of the survey. In the period 1996 to 2000 the average increase in value was 14.5 percent.

In the first two quarters of 2001 investments rose to 721 billion euro. In the third quarter the negative climate on the stock market pushed them down by 7 percent, to 673 billion euro, but in the fourth quarter they recovered slightly, rising 4 percent to 701 billion euro.

The fluctuations were larger for pension funds than for insurance companies. Investments by pension funds showed a 9 percent dip in the third quarter, followed by an increase of 5 percent in the fourth quarter. For insurance companies these percentages were –3 percent and +2 percent respectively. At the end of 2001 investments by pension funds were 2% lower than at the beginning of the year, those of insurance companies were 1 percent higher. The differences were mainly caused by the fact that pension funds invest relatively more in shares.

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Losses in 2001 caused by lower share prices

Institutional investors lost 33 billion euro because of stock exchange prices in 2001, compared with 3.5 billion euro profits from higher share prices in 2000. The 41 billion euro loss on shares in 2001 was compensated to some extent by the increased value of bonds (+ 6 billion euro) and real estate (+ 2 billion euro). In spite of the losses, the total value of investments has remained at the same level, as many new investments have been made. Insurance companies and pension funds bought relatively many shares in 2001 (42 billion euro).

The falling prices pushed down share prices in the first quarter. There were slight recoveries in share prices in the second quarter, but these were followed by sharp falls in the third quarter. This were partly redressed again in the fourth quarter. The total loss caused by lower share prices was 13% in 2001. The CBS all-share index and the MSCI world share index fell by more (21% and 15% respectively).

Bonds did better in all quarters except the second. On balance there was a 6 billion euro increase caused by higher prices. Here too, the result is better than the index: + 2.5 percent compared with an increase of 1 percent for the CBS index for bonds.

Last year was also a good year for investment in real estate. The value increases rose to over 5% in the course of the four quarters. The CBS index for real estate rose by nearly 3 percent in the same period.

Less investment at home, more abroad

The increasing trend of investing outside the Netherlands at the cost of domestic investment, particularly bonds and government loans, continued in 2001. The introduction of the euro means that companies can invest throughout the EMU countries without the risk of fluctuating exchange rates. At the end of 2000 nearly 49 percent of investments were outside the Netherlands; by the end of 2001 this was more than half (53 percent) of all investment. Investment in the Dutch government fell from nearly 12 percent to just over 9 percent at the end of 2001.

Three-quarters of foreign investment consists of securities. In the course of the year institutional investment in both foreign shares (+3 percent) and foreign bonds (+17 percent) rose. Insurance companies, in particular, benefited from the large increase in foreign bonds.