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## Equities and funds are gaining popularity

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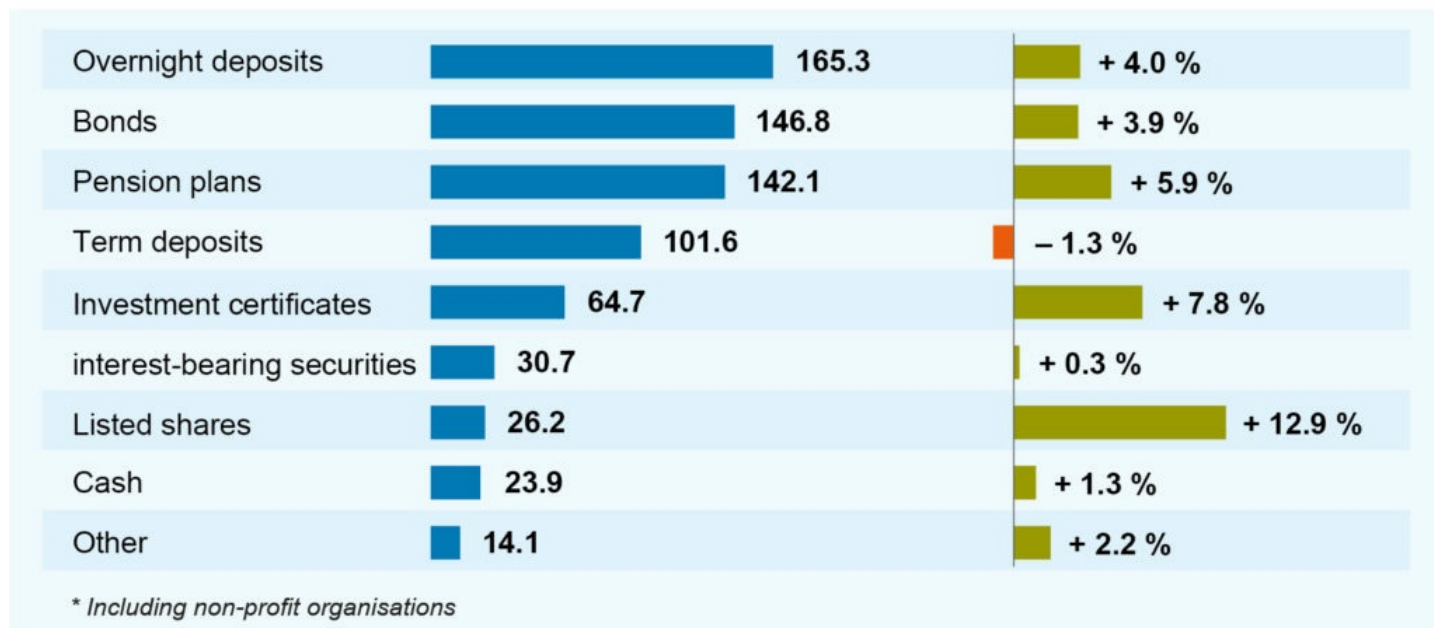
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When investing for the future, Austrian households continue to rely on flexibility and security while accepting lower returns on their investments. As current data provided by the Austrian National Bank (OeNB) shows, although financial assets in investment funds and listed shares are increasing, only a few are taking advantage of more attractive earnings opportunities.

In June, the total financial assets of private households and non-profit organisations in Austria amounted to EUR 715.4bn. This means that financial assets grew by 3.9 per cent in the first half of the year. By far the largest portion of this (165.3bn) by households is in the form of overnight deposits, which increased by 4.0 per cent. The share of cash also rose by 1.3 per cent to EUR 23.9bn. This continues a trend that has been observed over a longer period of time. While the share of these asset classes remained relatively stable compared to the rest of Europe, it has risen from 31 per cent to 43 per cent in Austria over the past ten years.

# Private Household Assets

EUR 715.4bn total in June 2019, +3.9% growth vs. December 2018\*



Contracted by: Erste Asset Management, source: OeNB, Statistik Austria

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## Private securities still low

However, the asset components of Austrian private households that have recently seen the strongest growth were listed shares and investment certificates. In the first half of the year, the volume of shares in private portfolios increased by 12.9 per cent to EUR 26.2bn, while that of investment certificates increased by 7.8 per cent to EUR 64.7bn.

Despite the strong growth, however, tradable securities (investment funds, bonds and listed shares) continue to play only a minor role, accounting for only 17 per cent of total private portfolios. According to the National Bank, less than one tenth of the population hold investment certificates, only 5 per cent are shareholders and only 3 per cent own bonds. Last year, an additional 400 million euros were invested in tradable securities, but this accounted for only about 3 per cent of so-called capital formation.

## Return potential remains untapped

By comparison, EUR 12.2bn or 85 per cent of the newly invested funds were invested in overnight deposits and cash. However, households did not make profits with it: "Even the extremely poor earnings – between 2015 and 2018, this form of investment produced a negative real return of – 1.3 per cent– did not change the high preference of households for liquid funds," the OeNB stated in a press release.

For tradable securities – i.e. investment certificates, bonds and listed shares largely neglected by Austrians – the statisticians of the National Bank, on the other hand, show a positive real return of 1.1 per cent.

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A blog post by APA Finance together with Erste AM Communications.