



EUROPEAN CENTRAL BANK

EUROSYSTEM

PRESS RELEASE

4 October 2019

Households and non-financial corporations in the euro area: second quarter of 2019

The annual growth rate of [loans](#) to households stood at an unchanged rate of 3.3% in the second quarter of 2019 compared with the previous quarter. The [financial investment](#) of households increased at a broadly unchanged rate of 2.2% and their [gross non-financial investment](#) increased at a lower rate of 4.4% (after 7.6%). Household [net worth](#) increased at a higher rate of 4.1% (after 3.5%).

The annual growth rate of the [gross operating surplus](#) of non-financial corporations (NFCs) was 0.3% in the second quarter of 2019, compared to 1.8% in the previous quarter. [Gross entrepreneurial income](#) increased at a lower rate of 0.8% (after 1.9%). The annual growth rate of NFCs' [gross non-financial investment](#) increased to 15.9% (from 7.4%), mainly reflecting the import of intellectual property products, while their [financing](#) increased at a lower rate of 1.0% (after 1.3%).

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Chart 1. Household financing and financial and non-financial investment

(annual growth rates)

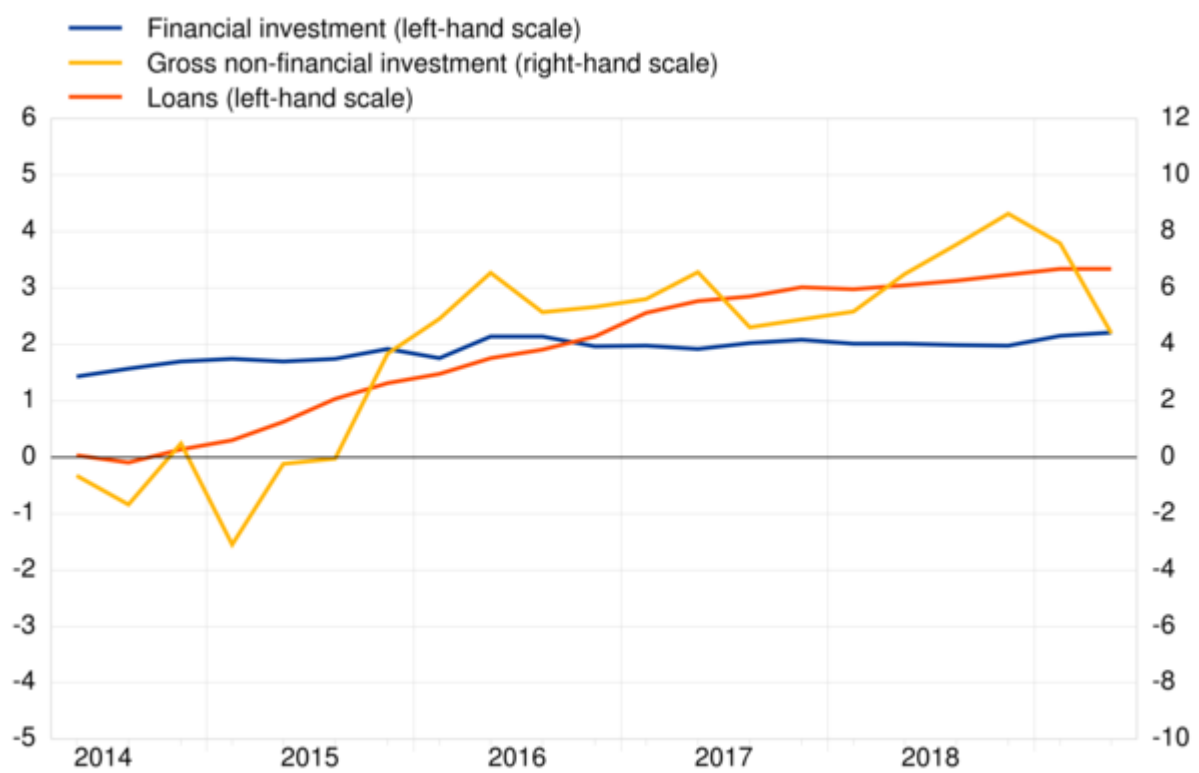
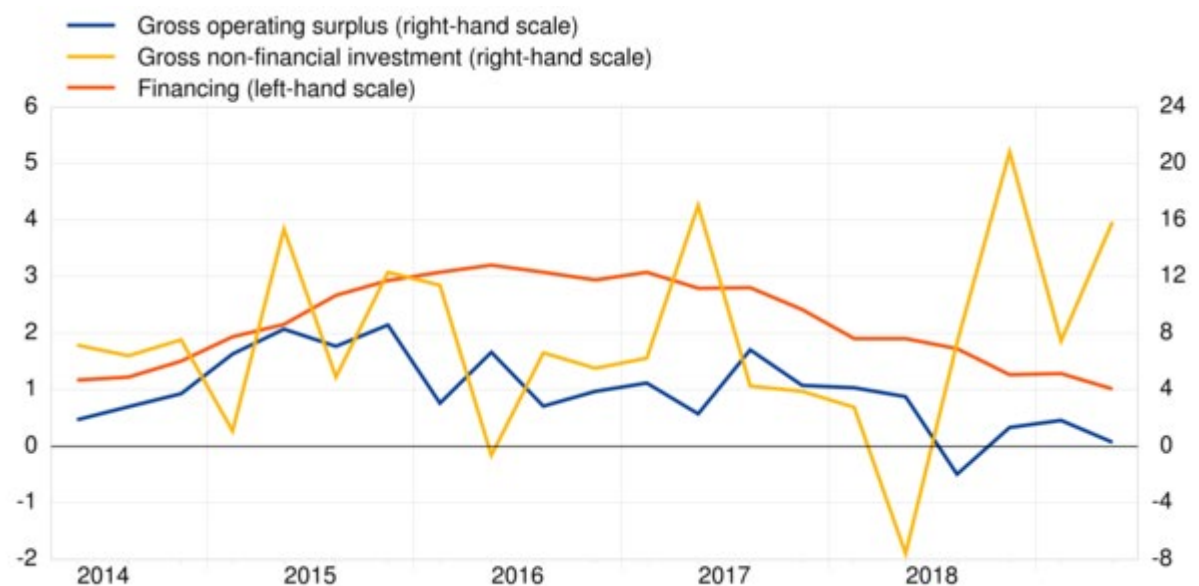


Chart 2. NFC gross operating surplus, non-financial investment and financing

(annual growth rates)



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Households

The annual growth rate of household [gross disposable income](#) increased to 3.6% in the second quarter of 2019 (after 3.4% in the previous quarter). Gross operating surplus and mixed income of the self-employed increased at a higher rate of 3.3% (after 2.9%), while the compensation of employees grew at a lower rate of 3.6% (after 3.8%). Household consumption expenditure grew at a higher rate of 2.4% (after 1.9%).

The household [gross saving rate](#) in the second quarter of 2019 was 13.0%, compared with 12.7% in the previous quarter.

The annual growth rate of household [gross non-financial investment](#) (which refers mainly to housing) decreased to 4.4% in the second quarter of 2019, from 7.6% in the previous quarter. [Loans](#) to households, the main component of household financing, increased at an unchanged rate of 3.3%.

The annual growth rate of household [financial investment](#) increased at a broadly unchanged rate of 2.2% in the second quarter of 2019. Among its components, currency and deposits grew at an unchanged rate of 4.9%. Investment in life insurance and pension schemes grew at a rate of 2.5% (after 2.2%). Disinvestment from shares and other equity continued, albeit at a lower rate (-0.4% after -0.8%). Disinvestment from debt securities increased, reaching a rate of -3.8% (after -0.3%).

The annual growth rate of household [net worth](#) increased to 4.1% in the second quarter of 2019, from 3.5% in the previous quarter, as valuation changes on financial and non-financial assets were positive and net purchases of financial and non-financial assets were only partially offset by the incurrence of liabilities. The value of [housing wealth](#) increased at an unchanged rate of 4.0%. The household [debt-to-income ratio](#) stood unchanged at 93.5% in the second quarter of 2019 compared with the second quarter of 2018, as disposable income grew broadly at the same pace as loans to households.

Non-financial corporations

[Net value added](#) by NFCs increased at a broadly unchanged rate of 3.3% in the second quarter of 2019. [Gross operating surplus](#) decreased to 0.3% in the second quarter of 2019, from 1.8% in the previous quarter, and net property income (defined in this context as property income receivable minus interest and rent payable) slightly increased. As a result [gross entrepreneurial income](#) (broadly equivalent to cash flow) increased at a lower rate of 0.8% (after 1.9%).¹

The annual growth rate of NFC [gross non-financial investment](#) increased to 15.9% (from 7.4%), mainly reflecting the import of intellectual property products.² [Financing](#) of NFCs increased at a lower rate of 1.0%

¹ Gross entrepreneurial income is the sum of gross operating surplus and property income receivable minus interest and rent payable.

² Gross non-financial investment is the sum of gross fixed capital formation, changes of inventories, and the net acquisition of valuables and non-produced assets (e.g. licences).

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(after 1.3%), as trade credit financing grew at a lower rate of 1.5% (after 3.5%). Loan financing grew at an unchanged rate of 1.2%³ and equity financing increased at a broadly unchanged rate of 0.4%.

Non-financial corporations' [debt-to-GDP ratio](#) decreased to 136.5% in the second quarter of 2019, from 138.0% in the second quarter of 2018.

NFC financial investment grew at a lower annual rate of 1.3%, compared with 1.9% in the previous quarter. Among its components, loans granted decreased at a higher rate of -0.9% (after -0.4%), while investment in shares and other equity grew at a lower rate of 1.3% (after 1.6%).

Annexes

[Tables](#)

[Charts](#)

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Notes

The annual growth rate of non-financial transactions and of outstanding assets and liabilities (stocks) is calculated as the percentage change between the value for a given quarter and that value recorded four quarters earlier. The annual growth rates used for financial transactions refer to the total value of transactions during the year in relation to the outstanding stock a year before.

Hyperlinks in the main body of the press release are dynamic. The data they lead to may therefore change with subsequent data releases as a result of revisions. Figures shown in annex tables are a snapshot of the data as at the time of the current release.

³ Loan financing comprises loans granted by all euro area sectors (in particular MFIs, non-MFI financial institutions and loans from other non-financial corporations) and by creditors that are not resident in the euro area.

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