

Financing of non-financial corporations – France • May 2021

The level of financing of non-financial corporations remained high

In May, financing of non-financial corporations rose by 3.7% over one year, after 6.3% in the previous month. This smaller increase compared to 2020 is explained by a base effect, linked to the sharp rise observed in spring 2020. However, the financing increase over two years stood at 15.4%, close to the 16.2% increase between April 2019 and April 2021.

Since March 2020, the rise in non-financial corporations debt was globally accompanied by an increase in their cash flow.

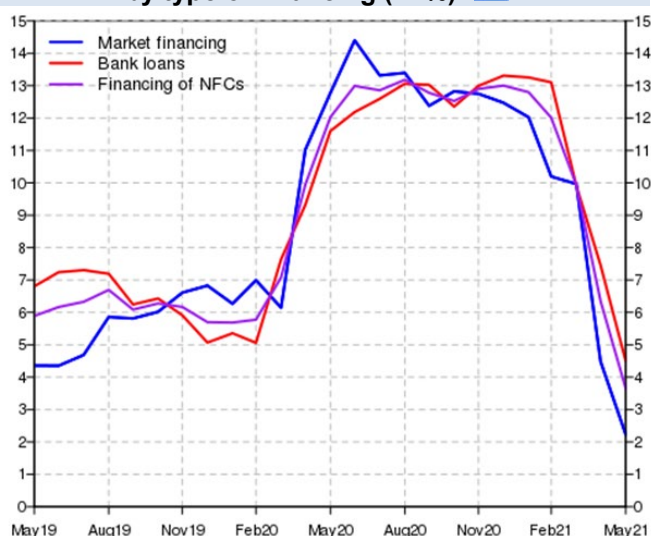
In May, the average cost of non-financial corporations financing remained at a low level, at 1.0%.

Financing of non-financial corporations

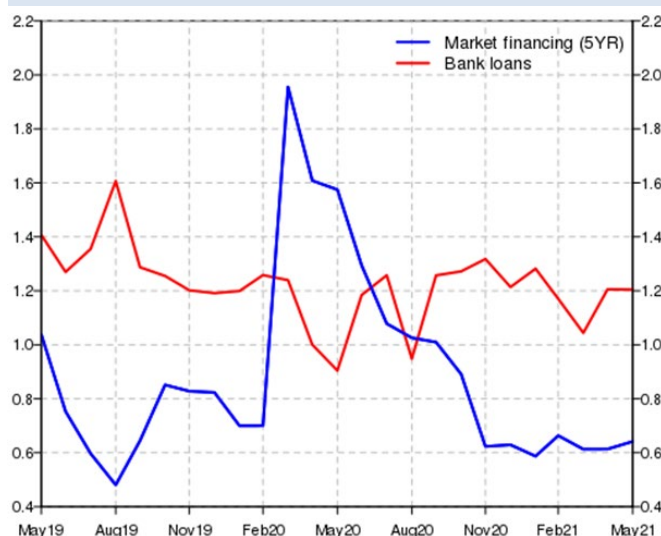
(Gross stocks and flows in billions of euros, growth rate and interest rate in %)

| | Outstanding amount | Annual net issuance | Annual growth rate | | Two-year growth rate (compared to 2019) | | Average cost of new financing | |
|-------------------------------|------------------------|-------------------------|------------------------|--------|---|--------|-----------------------------------|--------|
| | May-21 | May-21 | Apr.-21 | May-21 | Apr.-21 | May-21 | Apr.-21 | May-21 |
| Financing of NFCs | 1902 | 67 | 6.3 | 3.7 | 16.2 | 15.4 | 0.99 | 1.00 |
| - Of which : bank loans | 1204 | 52 | 7.5 | 4.5 | 16.3 | 15.4 | 1.21 | 1.20 |
| - Of which : market financing | 698 | 15 | 4.5 | 2.2 | 16.0 | 15.3 | 0.61 | 0.64 |
| in euros | 596 | 20 | 5.5 | 3.4 | 19.3 | 18.7 | | |
| in currencies | 101 | -4 | -0.8 | -4.2 | 0.4 | -0.6 | | |

Annual growth rate, by type of financing (in %)



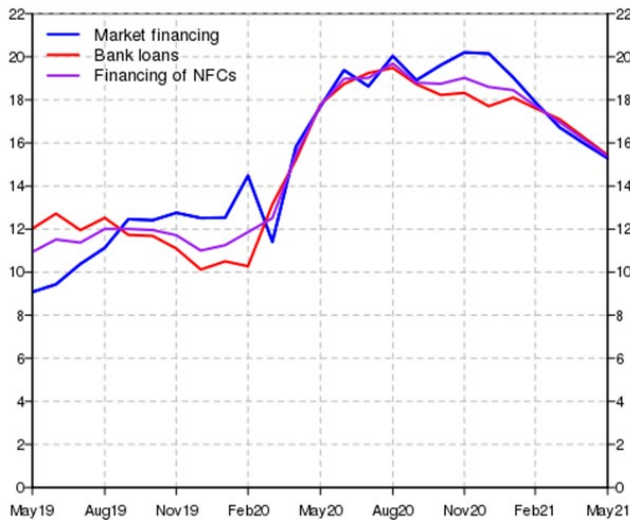
Average cost of financing (in %)



Source and calculations : General Directorate of Statistics, Economics and International



Two-year growth rate (in %)



Composition of non-financial corporate debt

Non-financial corporate debt in this « Stat Info » refers to debt securities issues (bonds and negotiable debt securities) subscribed by residents and non-residents as well as to the credits granted by resident credit institutions.

Negotiable debt securities include short-term commercial papers (less than one year) and medium-term negotiable notes. Further details on loans to non-financial corporations is available in the « Stat Info » referring to loans to non-financial corporations :

<https://www.banque-france.fr/en/statistics/loans/loans/loans-non-financial-corporations>

Overall non-financial corporate debt also includes bank loans from non-resident credit institutions. This measure can be found in the « Stat Info » related to non-financial sector debt :

<https://www.banque-france.fr/en/statistics/savings/financial-accounts/financial-accounts>

The average cost of bank loans to non-financial corporations is computed using the monthly interest rate applied by French banks. This indicator only covers euro-denominated loans with a term of at least one year and with an initial amount of at least one million euros. It excludes revolving term facilities and overdrafts.

The average cost of market financing is calculated on the basis of month-end actuarial rates of return of alive securities. It only covers euro-denominated securities with an initial maturity longer than one year and with a fixed coupon rate. A specific calibration process using the yield curve is performed to align different maturities with a constant 5-year maturity. The average cost of market financing calculation methodology excludes extreme values.

The average cost of bank loans and the average cost of market financing cannot be directly compared since they often differ in their maturity horizon.

