



EUROPEAN CENTRAL BANK

EUROSYSTEM

# PRESS RELEASE

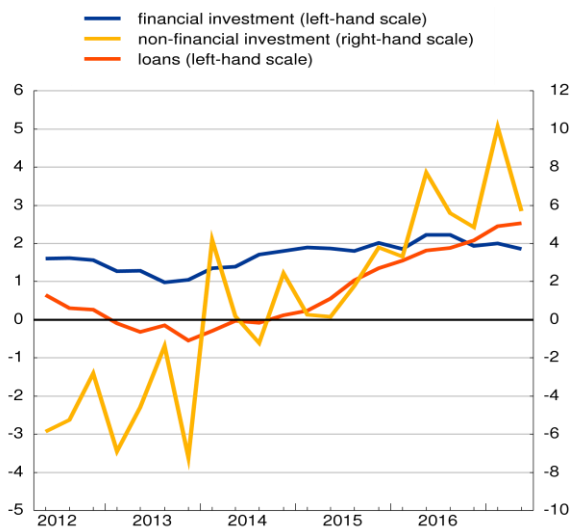
5 October 2017

## Households and non-financial corporations in the euro area: second quarter of 2017

- Household financial investment increased at a broadly unchanged annual rate of 1.8% in the second quarter of 2017. Among its components, currency and deposits grew at a lower rate of 3.8% (after 4.0%). Investment in life insurance and pension schemes grew at a lower rate of 2.2% (after 2.4%).
- The annual growth rate of loans to households stood at an unchanged rate of 2.5% in the second quarter of 2017. Household non-financial investment increased at a lower rate of 5.7% (after 10.1%) and their net worth increased at a higher rate of 4.9% (after 4.6%).
- The annual growth rate of the gross operating surplus of non-financial corporations (NFCs) decreased to 1.9% in the second quarter of 2017, from 4.5% in the previous quarter. The annual growth rate of gross non-financial investment decelerated to 8.4% (from 10.1%). Non-financial corporations' financing increased at a broadly unchanged rate of 2.3%.

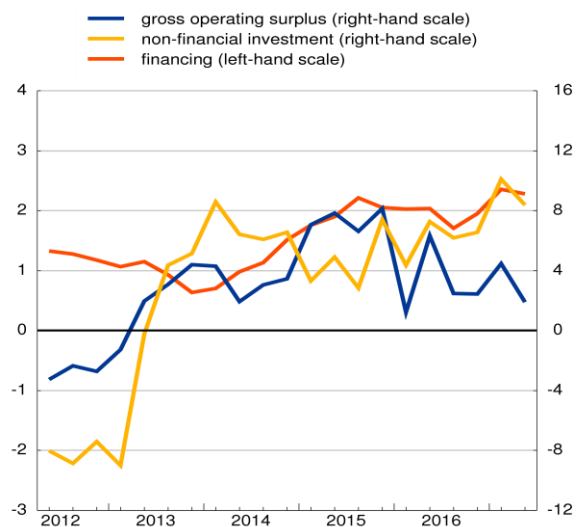
**Chart 1. Household financing and financial and non-financial investment**

(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](#) decreased to 2.8% in the second quarter of 2017, from 3.2% in the previous quarter. Gross operating surplus and mixed income from the self-employed increased at a lower rate of 2.2% (after 2.8%), while the compensation of employees grew at a rate of 3.5%. Household consumption expenditure grew at a broadly unchanged rate of 3.1%.

The household [gross saving rate](#) in the second quarter of 2017 was 12.0%, compared with 12.3% in the same quarter of the previous year.

The annual growth rate of household gross [non-financial investment](#) (which refers mainly to housing) decreased to 5.7% in the second quarter of 2017, from 10.1% in the previous quarter. [Loans](#) to households, the main component of household financing, increased at an unchanged rate of 2.5%.

The annual growth rate of household [financial investment](#) increased at a broadly unchanged rate of 1.8% in the second quarter of 2017. Among its components, currency and deposits grew at a lower rate of 3.8% (after 4.0%). Investment in life insurance and pension schemes grew at a lower rate of 2.2% (after 2.4%) and investment in shares and other equity grew at an unchanged rate of 1.1%. Investment in debt securities continued to decline, at a higher rate of -11.2% (after -10.2%).

The annual growth rate of household [net worth](#) increased to 4.9% in the second quarter of 2017, from 4.6% in the previous quarter, as net valuation gains on financial and non-financial assets as well as investments were only partly offset by the incurrence of liabilities. The value of [housing wealth](#) increased at a higher rate of 5.4% (after 5.0%). The household [debt-to-income ratio](#) continued to decrease, to 93.1% in the second quarter of 2017 from 93.5% in the second quarter of 2016, as disposable income grew faster than loans to households.

## Non-financial corporations

The annual growth rate of non-financial corporations' [gross operating surplus](#) decreased to 1.9% in the second quarter of 2017, from 4.5% in the previous quarter, while net property income (defined in this context as property income receivable minus interest and rent payable) was broadly unchanged. As a result gross entrepreneurial income (broadly equivalent to cash flow) increased at a lower rate of 1.6% (after 4.4%).<sup>1</sup> Net value added increased at a lower rate of 3.1% (after 4.4%). The annual growth rate of gross [non-financial investment](#) decelerated to 8.4% (from 10.1%). [Financing](#) of non-financial corporations increased at a broadly unchanged rate of 2.3%. Loan financing grew at a broadly unchanged rate of 1.4%, reflecting loans received from monetary financial institutions (MFIs) growing at a lower rate and loans from non-MFIs growing at a broadly unchanged rate.<sup>2</sup> The annual growth rate of issuance of debt securities decreased to 7.9% in the second quarter of 2017, from 8.6% in the previous quarter, trade credit financing grew at a lower rate of 3.8% (after 4.4%). Equity financing grew at a higher rate of 2.3% (after 2.1%).

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

<sup>2</sup> Loan financing comprises loans granted by all sectors (including loans granted by non-MFI financial institutions) and by creditors that are not resident in the euro area.

Non-financial corporations' [debt-to-GDP ratio](#) decreased to 131.8% in the second quarter of 2017, from 132.4% in the same quarter of the previous year.

Financial investment grew at an unchanged rate of 4.2%, compared with the previous quarter. Among its components, loans granted grew at a higher rate of 5.1% (after 4.2%), while investment in shares and other equity grew at an unchanged rate of 3.8%.

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**Notes:**

- These data come from a first release of quarterly euro area sector accounts from the European Central Bank (ECB) and Eurostat, the statistical office of the European Union. The [release calendar](#) can be found on the ECB website. This release incorporates revisions to data for previous quarters. An ECB press release covering all institutional sectors is scheduled for 27 October 2017. The tables and charts accompanying the present press release are available in the [publications section](#) of the Statistical Data Warehouse.
- Further data and methodological information on quarterly financial and non-financial accounts by institutional sector including euro area and national charts are available in the statistics section of the ECB's website under [Macroeconomic statistics/Sector accounts](#) (direct link to the sector accounts data in the ECB's Statistical Data Warehouse [Sector account data](#)). A new visual presentation of who-to-whom funding relationships between sectors is available in "[Our statistics](#)".
- 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.
- The sum of household debt and non-financial corporation debt (also referred to as "private debt") as a percentage of GDP is one of the headline indicators of the macroeconomic imbalances procedure (MIP). For non-financial corporations, the definition of debt used by the MIP differs from the definition applied here, as the MIP indicator is based on annual, consolidated data, and also excludes pension fund reserve liabilities and trade credits. For the MIP data see: [Annual scoreboard for the surveillance of macroeconomic imbalances](#).

Table 1. Households, selected components of euro area accounts

Non-financial transactions	four-quarter-cumulated sums EUR billions							annual percentage changes		percentage of HGDl, adjusted	
	2014	2015	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q1	2017 Q2	2016 Q2	2017 Q2
<u>Gross disposable income (HGDl)</u>	6,393	6,508	6,587	6,618	6,651	6,702	6,750	3.2	2.8	98.8	98.8
<u>Compensation of employees</u>	4,875	5,008	5,079	5,113	5,152	5,192	5,237	3.3	3.5	76.1	76.6
<u>Gross operating surplus and mixed income</u>	1,538	1,559	1,583	1,593	1,602	1,613	1,622	2.8	2.2	23.7	23.7
<u>Property income (receivable - payable)</u>	826	814	812	803	794	802	805			12.2	11.8
<u>Consumption expenditure</u>	5,657	5,778	5,849	5,879	5,919	5,965	6,010	3.2	3.1	87.7	88.0
<u>Gross saving</u>	821	813	821	821	813	819	823	3.2	1.5	12.3	12.0
<u>Gross non-financial investment</u>	533	541	556	564	570	584	592	10.1	5.7	8.3	8.7
<u>Net non-financial investment</u>	72	71	80	85	88	98	103	63.7	18.3	1.2	1.5
<u>Net lending (+)/net borrowing (-)</u>	291	276	264	253	238	230	226			4.0	3.3
Financial transactions	four-quarter-cumulated sums EUR billions							annual growth rates		percentage of HGDl, adjusted	
	2014	2015	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q1	2017 Q2	2016 Q2	2017 Q2
<u>Financial investment</u>	370	432	491	485	432	447	416	2.0	1.8	7.4	6.1
<u>Currency and deposits</u>	170	193	240	275	302	297	286	4.0	3.8	3.6	4.2
<u>Debt securities</u>	-191	-156	-83	-83	-92	-84	-91	-10.2	-11.2	-1.2	-1.3
<u>Shares and other equity</u>	140	209	137	81	71	66	68	1.1	1.1	2.1	1.0
<u>Life insurance and pension schemes</u>	231	191	199	201	192	167	157	2.4	2.2	3.0	2.3
<u>Financing</u>	38	117	162	187	176	217	240	3.1	3.4	2.4	3.5
<u>Loans</u>	7	83	112	116	129	152	158	2.5	2.5	1.7	2.3
<u>Net lending (+)/net borrowing (-) (financial accounts)</u>	332	315	329	299	255	231	176	1.5	1.1	4.9	2.6
<u>Changes in financial wealth not due to transactions</u>	536	448	3	410	365	498	557			0.0	8.2
Balance sheet	end-of-period stocks EUR billions							annual percentage changes		percentage of HGDl, adjusted	
	2014	2015	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q1	2017 Q2	2016 Q2	2017 Q2
<u>Financial assets</u>	21,402	22,268	22,486	22,750	23,030	23,240	23,429	4.1	4.2	337.2	342.9
<u>Currency and deposits</u>	7,194	7,387	7,530	7,558	7,687	7,722	7,813	4.0	3.7	112.9	114.3
<u>Debt securities</u>	1,001	844	817	792	763	734	720	-11.5	-11.8	12.2	10.5
<u>Shares and other equity</u>	5,631	6,171	5,938	6,096	6,209	6,360	6,452	5.9	8.7	89.0	94.4
<u>Life insurance and pension schemes</u>	6,433	6,704	7,041	7,144	7,288	7,329	7,340	5.7	4.2	105.6	107.4
<u>Liabilities</u>	6,831	6,934	7,010	7,028	7,076	7,145	7,219	2.6	3.0	105.1	105.7
<u>Loans (=debt)</u>	6,121	6,184	6,234	6,264	6,290	6,315	6,365	2.0	2.1	93.5	93.1
<u>Non-financial assets</u>	29,863	30,600	31,315	31,819	31,952	32,256	32,853	4.6	4.9	469.5	480.8
<u>Housing wealth</u>	27,947	28,737	29,481	30,007	30,129	30,464	31,060	5.0	5.4	442.0	454.5
<u>Net worth</u>	44,434	45,934	46,791	47,541	47,906	48,351	49,062	4.6	4.9	701.6	718.0

Table 2. Non-financial corporations, selected components of euro area accounts

Non-financial transactions	four-quarter-cumulated sums EUR billions							annual percentage changes		percentage of GVA	
	2014	2015	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q1	2017 Q2	2016 Q2	2017 Q2
<u>Gross value added (GVA)</u>	5,309	5,559	5,660	5,697	5,733	5,790	5,835	4.1	3.1	100.0	100.0
<u>Net value added (NVA)</u>	4,281	4,481	4,566	4,596	4,624	4,672	4,708	4.4	3.1	80.7	80.7
<u>Gross entrepreneurial income</u>	2,422	2,576	2,612	2,643	2,656	2,683	2,696	4.4	1.6	57.2	57.2
<u>Gross operating surplus</u>	2,115	2,272	2,313	2,327	2,341	2,367	2,378	4.5	1.9	50.6	50.5
<u>Property income (receivable - interest and rent payable)</u>	306	304	300	315	315	316	317			-13.5	-13.6
<u>Gross non-financial investment</u>	1,191	1,246	1,282	1,302	1,322	1,356	1,383	10.1	8.4	22.7	23.7
<u>Net non-financial investment</u>	163	168	189	200	213	238	257	46.1	35.6	3.3	4.4
<u>Net lending (+)/net borrowing (-)</u>	117	189	213	220	212	165	126			3.8	2.2
Financial transactions	four-quarter-cumulated sums EUR billions							annual growth rates		percentage of GVA	
	2014	2015	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q1	2017 Q2	2016 Q2	2017 Q2
<u>Financial investment</u>	504	741	770	689	796	880	870	4.2	4.2	13.6	14.9
<u>Currency and deposits</u>	40	110	174	178	154	166	171	7.1	7.2	3.1	2.9
<u>Debt securities</u>	-38	-36	30	25	-8	-21	-38	-7.3	-13.1	0.5	-0.6
<u>Loans</u>	134	177	127	25	102	169	203	4.2	5.1	2.2	3.5
<u>Shares and other equity</u>	266	368	353	396	432	382	381	3.8	3.8	6.2	6.5
<u>Financing</u>	417	589	622	513	602	716	694	2.4	2.3	11.0	11.9
<u>Debt securities</u>	39	40	47	58	84	105	100	8.6	7.9	0.8	1.7
<u>Loans</u>	204	118	189	36	106	148	133	1.5	1.4	3.3	2.3
<u>Shares and other equity</u>	222	429	331	330	301	338	357	2.1	2.3	5.9	6.1
<u>Trade credits and advances</u>	-15	13	47	68	130	114	101	4.4	3.8	0.8	1.7
<u>Net lending (+)/net borrowing (-) (financial accounts)</u>	87	152	148	176	194	164	176			2.6	3.0
Financial balance sheet	end-of-period stocks EUR billions							annual percentage changes		percentage of GVA	
	2014	2015	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q1	2017 Q2	2016 Q2	2017 Q2
<u>Financial assets</u>	19,736	21,129	20,875	21,281	22,151	22,832	23,033	9.7	10.3	368.8	394.8
<u>Currency and deposits</u>	2,190	2,316	2,375	2,437	2,475	2,510	2,540	7.6	7.0	42.0	43.5
<u>Debt securities</u>	292	249	289	281	240	254	260	-10.8	-10.1	5.1	4.5
<u>Loans</u>	3,882	4,024	4,008	3,972	4,118	4,250	4,262	6.4	6.3	70.8	73.1
<u>Shares and other equity</u>	9,295	10,306	9,931	10,328	10,934	11,392	11,501	13.7	15.8	175.5	197.1
<u>Liabilities</u>	28,642	30,805	30,345	30,907	31,595	32,370	32,636	6.7	7.6	536.2	559.3
<u>Debt</u>	13,310	13,916	14,103	14,057	14,234	14,362	14,408	3.0	2.2	132.4	131.8
<u>Debt securities</u>	1,178	1,207	1,255	1,290	1,298	1,341	1,350	9.2	7.5	22.2	23.1
<u>Loans</u>	9,247	9,751	9,836	9,759	9,816	9,912	9,912	1.5	0.8	173.8	169.9
<u>Trade credits and advances</u>	2,516	2,582	2,634	2,629	2,740	2,727	2,763	6.2	4.9	46.5	47.4
<u>Shares and other equity</u>	14,609	16,159	15,578	16,178	16,663	17,336	17,561	10.3	12.7	275.2	301.0

Sources: ECB and Eurostat