

## Financing of non-financial corporations – France • July 2020

### Lower cost of non-financial corporations market financing continued in July

In July, the decline in the average 5-year cost of market financing continued. The latter reached 1.08%, marking a decrease of 88 basis points compared to the peak reached in March.

The growth in the financing of non-financial corporations is nearly stable (+12.9% over one year in July after +13.1% in June). The annual growth rate of market debt decreased in July, at +13.5% (down from +14.7% in June). Bank lending grew by +12.6% on a year-over-year basis.

The recent rise in non-financial corporations debt is accompanied by an increase in their cash flow.

#### 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		Average cost of new financing (monthly average)	
	July-20	July-20	June-20	July-20	June-20	July-20
Financing of NFCs	1885	217	13.1	12.9	1.23	1.19
- Of which : bank loans	1186	133	12.2	12.6	1.18	1.26
- Of which : market financing	698	84	14.7	13.5	1.29	1.08
in euros	593	82	17.0	16.1		
in currencies	105	2	3.8	1.5		

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



#### Average cost of financing (in %)



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



## 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.

