



Non-residents held fewer shares in French CAC 40 companies at end-2020

At end-2020, non-residents held EUR 667 billion worth of shares in French CAC 40 companies, out of a total market capitalisation of EUR 1,672 billion, which corresponds to a holding rate of 39.9%, down for the seventh consecutive year. Changes in stock prices accounted for most of this decline.

In 2020, non-residents purchased EUR 1.7 billion worth of CAC 40 shares, while residents were net buyers for a much higher amount, to the tune of EUR 10.5 billion.

Non-resident investors were mainly from the euro area (43.9%), whose share is increasing, and from the United States (32.4%).

Christophe Guette-Khiter
Balance of Payments Directorate
Securities Division

JEL codes
F21, F23, F36,
G15, G34

39.9%

capital of French CAC 40 companies held by non-residents

1.7 billion euros

net purchases of French CAC 40 shares by non-residents in 2020

11 out of **37**

French CAC 40 companies majority-owned by non-residents

Non-resident ownership of French CAC 40 companies

(rates in %; amounts in EUR billions)



Sources: Banque de France (balance of payments) and Euronext.



1 Non-resident holdings of French shares continued to decline in 2020

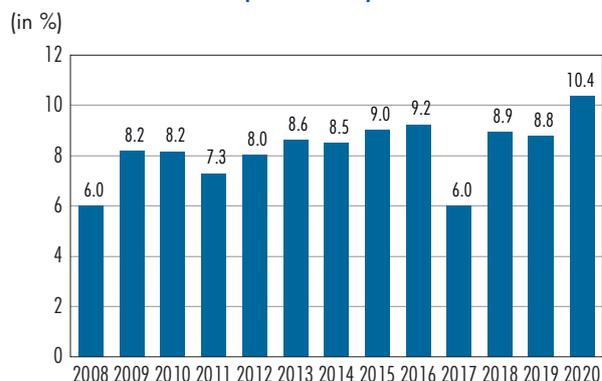
Simultaneous fall in the non-resident holding rate of CAC 40 and non-CAC 40 listed shares

At 31 December 2020, the share of non-residents in the ownership of the 37 resident companies¹ in the CAC 40 stood at 39.9%, down 0.7 percentage point on the previous year (see Chart 1), continuing the decline that began in 2014.

Non-resident holdings in the CAC 40 can be broken down between portfolio investments (89.6%) and individual direct investments (10.4%) (see Chart 2)². For the latter, which reflect a long-term commitment, this is the highest point over the last twenty years.

In 2020, non-resident ownership of French non-CAC listed companies fell by 1.4 percentage point. For all French listed shares, the non-resident ownership rate fell by 0.8 percentage point to 36.1% (see Chart 3 below).

C2 Share of direct investment in the capital of French CAC 40 companies held by non-residents



Source: Banque de France (balance of payments).

30% of French companies in the CAC 40 are majority-owned by non-residents

At 31 December 2020, 11 of the 37 French CAC 40 companies were majority-owned by non-residents and 9 were less than 30%-owned by non-residents. The number of French companies with international investors holding more than 50% of their capital has increased since 2017 (see Table 1 below).

C1 Non-resident ownership of French CAC 40 companies

(rates in %; amounts in EUR billions)



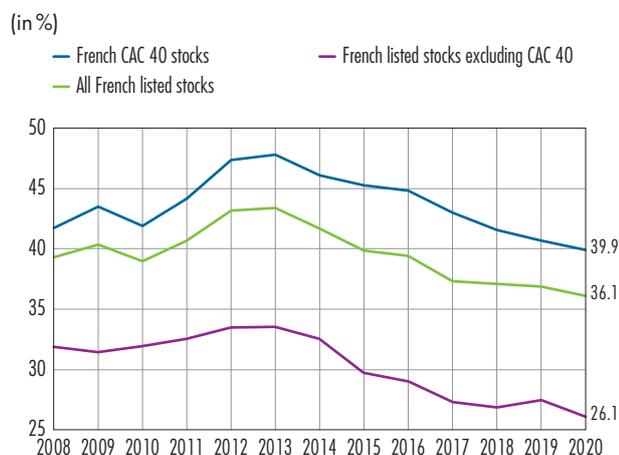
Sources: Banque de France (balance of payments) and Euronext.

¹ Three CAC 40 companies are excluded from the scope of this study because their headquarters are located abroad (Airbus, ArcelorMittal and STMicroelectronics, see Appendix 1). Non-resident holding rates are calculated on the basis of the composition of the index and the place of residence of companies at the reference period, and are therefore affected by their changes. The impact of these changes in scope is described in Section 2 "Factors of change".

² Individual holdings representing less than 10% of a company's total shares are referred to as "portfolio investments". Above this threshold, these holdings are treated as "direct investments" for balance of payments purposes. A company may be majority-owned by non-residents without these holdings constituting direct investments, provided that individually they do not exceed the 10% threshold.



C3 Changes in non-residents' holdings of listed French shares



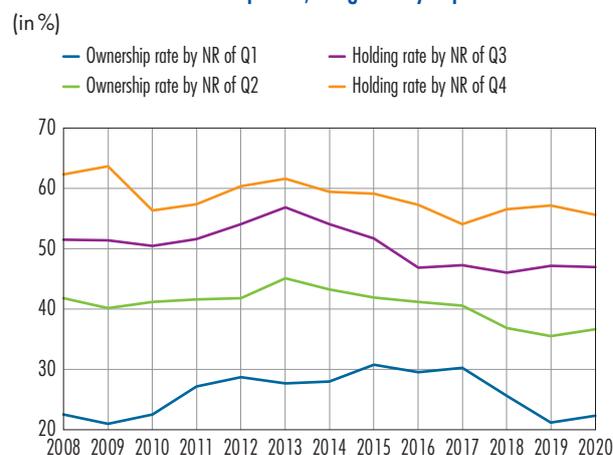
Sources: Banque de France (balance of payments) and European Central Bank (quarterly sector accounts: securities issues statistics).

The dispersion of non-resident ownership rates of French CAC 40 companies, which had been rising since 2017, is narrowing slightly. In 2020, for the first quarter of companies with the lowest foreign ownership, the ownership rate increased by 1.2 percentage point, while it decreased by 1.6 percentage point for the last quarter of companies with the highest foreign ownership (see Chart 4).

Non-resident ownership declines in the financial sector, but increases in technology-related activities

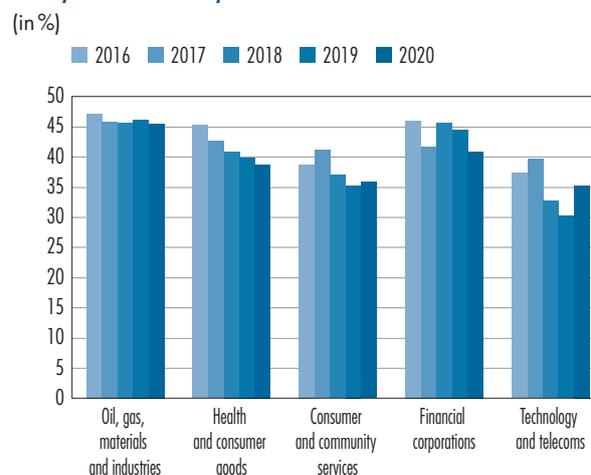
In 2020, the "Technology and telecoms" sector posted a 5.1 percentage point increase in its share of non-resident ownership. In contrast, the share of non-resident ownership in the "Financial corporations" sector dropped by 3.5 percentage points. The "Oil, gas, materials and industries" sector remained the sector with the highest non-resident ownership rate (see Chart 5).

C4 Dispersion of non-resident (NR) ownership rates of French CAC 40 companies, weighted by capitalisation



Sources: Banque de France (balance of payments) and Euronext. Note: The holding rates of French CAC 40 stocks are calculated by quartiles, from the 25% of firms with the lowest foreign holdings (Q1) to the 25% with the highest foreign holdings (Q4). Q3 corresponds to the median.

C5 Non-resident ownership rates of French CAC 40 companies, by sector of activity



Source: Banque de France (balance of payments). Note: According to the Industry Classification Benchmark (ICB) used by Euronext.

T1 Breakdown of French CAC 40 companies according to the share of capital held by non-residents and the presence of direct investments

Share of capital held by non-residents	Number of invested companies												
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0-30%	6	3	7	5	4	2	3	2	3	2	7	8	9
30-50%	15	18	15	17	15	15	15	20	21	24	20	18	17
Over 50%	15	15	15	15	16	19	18	14	11	8	9	9	11
Total	36	36	37	37	35	36	36	36	35	34	36	36	37
<i>o/w number of directly invested companies</i>	7	8	7	7	7	7	8	8	9	6	6	7	7

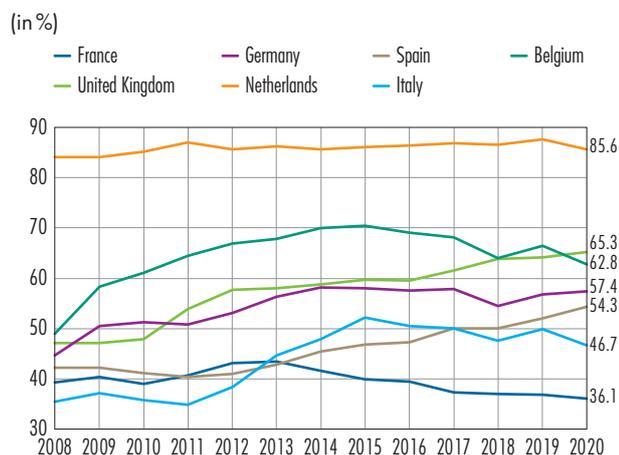
Source: Banque de France (balance of payments).



Non-resident holdings of French listed shares are low relative to other European countries

At end-2020, non-residents held 36.1% of all French listed shares. This holding rate is lower than that of the other major European countries, which, unlike France, posted an increase between 2008 and 2020 (see Chart 6). In addition, French listed shares accounted for EUR 2,308 billion of market capitalisation, which is higher than in the other major European countries (EUR 2,037 billion and EUR 1,964 billion respectively for the United Kingdom and Germany).

C6 International comparison of non-resident holding rates in total listed shares



Source: European Central Bank (quarterly sector accounts: securities issues statistics).

2 A strong impact of stock price trends on non-resident holdings of French shares

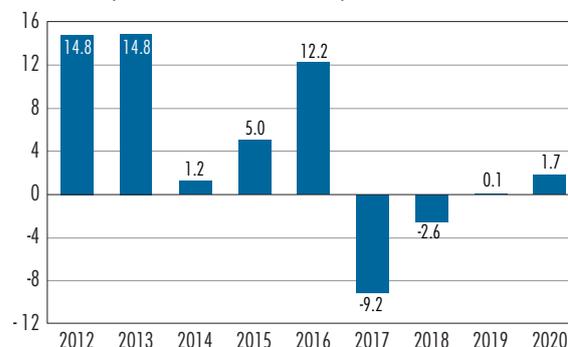
The stock market prices of shares held by non-residents were less dynamic than those of shares held by residents, contributing 1.2 percentage point to the decline in the non-resident ownership rate in the CAC 40 in 2020 (see Appendix 2).

Changes in the composition of the index, with the entry of Worldline, Teleperformance, Alstom, and the exit of Sodexo and Accor, contributed to raising the non-resident ownership rate by 0.2 percentage point.

If we value their holdings at end-2019 prices to neutralise the impact of valuation effects, non-residents were net

C7 Net flows of non-resident purchases of French CAC 40 shares

(EUR billions, priced at the start of the period)



Source: Banque de France (balance of payments).

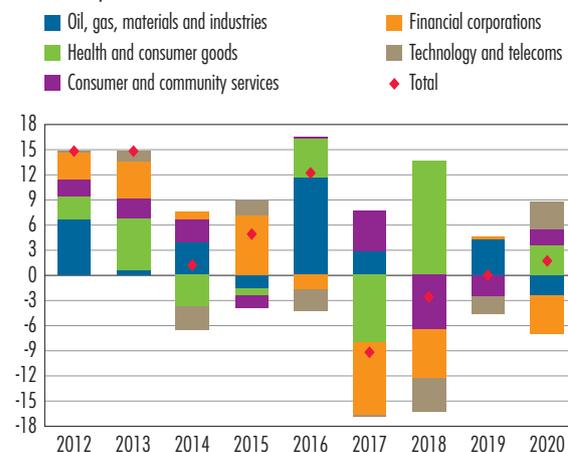
buyers to the tune of EUR 1.7 billion in 2020 (see Chart 7 and Appendix 2).

Non-residents purchased EUR 3.5 billion and EUR 3.3 billion worth of stocks in the "Health and consumer goods" and "Technology and telecoms" sectors respectively. Conversely, they were net sellers of stocks in the "Financial corporations" and "Oil, gas, materials and industries" sectors (see Chart 8).

On average at end-2019 non-residents held 45.1% of CAC 40 companies whose stock prices fell in 2020, against 35.6% of companies whose stock prices rose over the same period. Overall, companies that posted

C8 Breakdown of net acquisitions by non-residents of French CAC 40 shares, by sector

(EUR billions)



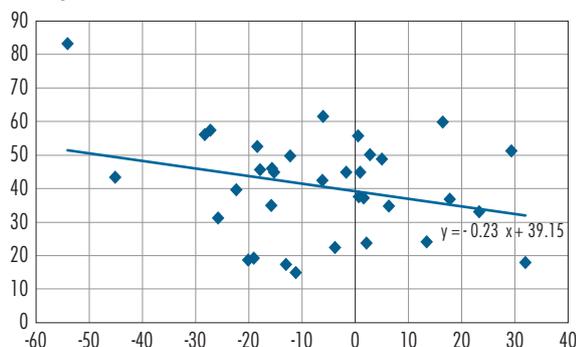
Source: Banque de France (balance of payments).

Note: Priced at the start of the period (excluding valuation effect) and according to the Industry Classification Benchmark (ICB) used by Euronext.



C9 Changes in stock prices in 2020 according to non-resident holding rates at end-2019

(in %; x-axis: change in stock prices;
y-axis: non-resident holding rate;
linear regression line)



Source: Banque de France (balance of payments).

a significant decline in their stock price in 2020 were among the most invested by non-residents (see Chart 9).

3 In 2020, non-residents sold in the first quarter and purchased in the second

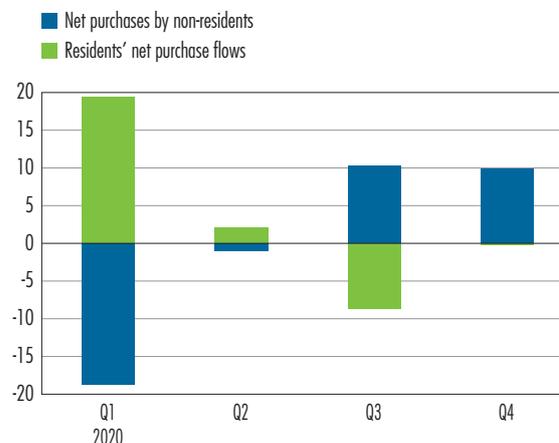
The decline in the non-resident holding rate in 2020 masks significant fluctuations between quarters. In the first quarter of 2020, non-residents' net sales of portfolio investments in French CAC 40 shares amounted to EUR 18.7 billion, while residents were net buyers to the tune of EUR 19.3 billion.³ As a result, the non-resident holding rate of portfolio investments⁴ dropped from 42.8% to 40.9%, one of the largest variations since 2007.

After a sluggish second quarter, non-residents rebuilt their positions in the second half of 2020. Their net acquisitions totalled EUR 20 billion, while residents scaled back their positions by EUR 9 billion (see Chart 10).

These large movements are linked to fluctuations in the CAC 40 stock market index. The index dropped by 26.5% in the first quarter of 2020, then rose by 26.3%

C10 Net portfolio investment flows of French CAC 40 shares in 2020

(in EUR billions)



Source: Banque de France (balance of payments).

Notes: Priced at the start of the quarter (excluding valuation effects), adjusted for index re-composition effects and according to the Industry Classification Benchmark (ICB) used by Euronext. Most of the equity issues of CAC 40 companies took place in the last quarter of 2020. Most of them were subscribed by non-residents.

over the following three quarters. In total, the CAC 40 fell by 7.1% over the year.

4 The share of the euro area rose, while that of the United States and the United Kingdom declined

The annual International Monetary Fund (IMF) *Coordinated Portfolio Investment Survey* (CPIS),⁵ to which the Banque de France contributes, provides a detailed breakdown by country of holdings of French listed shares and mutual fund shares.⁶

At end-2020, 43.9% of French shares and mutual fund shares held abroad were held in the euro area, 32.4% in the United States and 5.1% in the United Kingdom. In 2020, the share of the euro area increased

3 A listed company may raise its capital by issuing new shares. Conversely, it may buy back its own shares. These changes in the number of shares outstanding produce an imbalance between net purchases and net sales.

4 The non-resident portfolio investment holding rate measures the share of portfolio investment outstandings held by non-residents in total market capitalisation.

5 The IMF's CPIS survey provides portfolio investment positions for nearly 80 countries by type of security (shares and mutual funds, short-term and long-term debt securities) and by country of counterparty. Data and explanations of the CPIS are available on the IMF website: <http://data.imf.org/>

6 A mutual fund is an investment fund that invests in a portfolio of securities. The place of residence and the nationality of the investors holding mutual fund shares are distinct from the nationality of the mutual fund.



T2 Geographical origin of non-resident holders of French listed shares and mutual fund shares

(year-end holding rates^{a)}, in %)

	2012	2013	2014	2015	2016	2017	2018	2019	2020 ^{b)}
Euro area	41.0	40.5	41.3	41.9	44.3	44.6	44.3	43.2	43.9
<i>o/w: Luxembourg^{c)}</i>	<i>11.9</i>	<i>12.4</i>	<i>12.7</i>	<i>13.4</i>	<i>13.7</i>	<i>14.0</i>	<i>14.9</i>	<i>14.4</i>	<i>14.7</i>
<i>Germany</i>	<i>7.8</i>	<i>7.6</i>	<i>7.5</i>	<i>7.8</i>	<i>7.7</i>	<i>7.7</i>	<i>7.5</i>	<i>8.1</i>	<i>8.6</i>
<i>Italy</i>	<i>6.2</i>	<i>6.4</i>	<i>6.8</i>	<i>6.2</i>	<i>7.0</i>	<i>6.9</i>	<i>6.2</i>	<i>5.0</i>	<i>4.9</i>
<i>Belgium</i>	<i>4.6</i>	<i>4.0</i>	<i>4.0</i>	<i>3.9</i>	<i>4.9</i>	<i>4.9</i>	<i>4.7</i>	<i>4.9</i>	<i>4.5</i>
United States	34.2	34.3	33.4	33.3	33.0	32.3	32.2	33.7	32.4
United Kingdom	7.3	8.9	8.8	8.1	6.6	7.6	6.7	5.5	5.1
Norway	4.0	3.6	3.5	2.9	2.9	2.7	2.8	3.2	3.1
Japan	2.8	2.3	2.9	3.0	2.7	2.5	2.5	2.7	3.1
Canada	3.0	2.9	2.7	2.6	2.8	2.8	2.8	2.9	2.9
Switzerland	3.0	2.8	2.8	2.6	2.3	2.2	2.1	2.1	2.1
Australia	1.3	1.2	1.2	1.1	1.1	0.8	1.4	1.3	1.3
Other ^{d)}	3.4	3.5	3.3	4.5	4.4	4.5	5.1	5.3	6.2
Total	100								

Sources: Banque de France (balance of payments) and IMF (CPIS survey).

a) All holding sectors, including mutual funds.

b) Projection based on the relative weights of non-residents in the first half of 2020, due to collection delays.

c) For Luxembourg, holdings are carried by mutual funds, whose units may themselves be held by non-Luxembourg entities, including French residents.

d) Within the "Other" category, the main countries are Sweden (0.8%) and Denmark (0.7%).

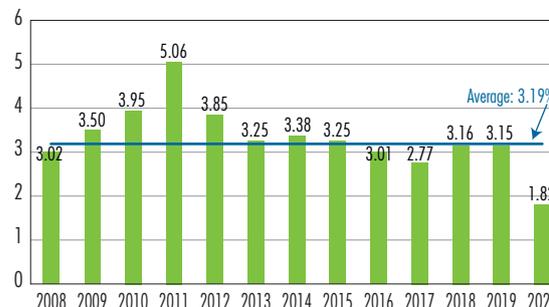
by 0.7 percentage point and the shares of the United States and the United Kingdom decreased by 1.3 and 0.4 percentage point respectively (see Table 2).

5 The year 2020 was marked by a fall in dividends paid out by CAC 40 companies

In 2020, dividends paid out by French CAC 40 companies represented 1.8% of market capitalisation, down 1.3 percentage point from the previous year (see Chart 11). While this fall concerned all sectors, the "Financial corporations" sector was the most affected (see Chart 12). Indeed, as a result of the Covid-19 pandemic that emerged in March 2020, the European Central Bank (ECB) prohibited the distribution of dividends by listed banking groups under its supervision.

C11 Dividends paid out by French CAC 40 companies as a percentage of market capitalisation

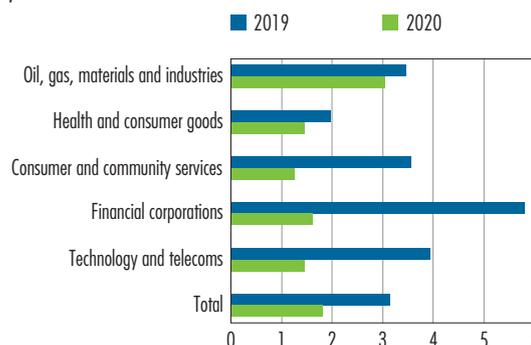
(in %)



Sources: Banque de France (balance of payments) and Euronext.

C12 Dividends paid out by French CAC 40 companies as a percentage of market capitalisation by sector

(in %)



Sources: Banque de France (balance of payments) and Euronext.



Appendix 1 Sources and methods

TA1 List of the 37 resident companies of the CAC 40 as of 31 December 2020

Air Liquide	Crédit Agricole	L'Oréal	Safran	Unibail-Rodamco-Westfield
Alstom	Danone	LVMH	Saint-Gobain	Veolia
Atos	Dassault Systèmes	Michelin	Sanofi	Vinci
Axa	Engie	Orange	Schneider Electric	Vivendi
BNP Paribas	Essilor International	Pernod Ricard	Société Générale	Worldline
Bouygues	Hermès	Groupe PSA	Teleperformance	
Capgemini	Kering	Publicis Groupe	Thales	
Carrefour	Legrand	Renault	Total	

Source: Euronext.

Note: Airbus, ArcelorMittal and STMicroelectronics are not included in this study, as their headquarters are located abroad.

1 Composition of the CAC 40 in 2020 and scope of the study

For a company to be included in the scope of the study, it must belong to the CAC 40 and the head office of its parent company must be located in France. By entering the CAC 40 in 2020, Worldline, Teleperformance and Alstom joined the list of resident companies making up the CAC 40. The fact that Technip FMC left the CAC 40 does not change the scope of the study, as it is domiciled abroad. Conversely, when Sodexo and Accor left the CAC 40, they were removed from the scope of the study.

2 Data revision

Following the annual publication of the *Banque de France's Balance of Payments Report*,¹ revisions are made to French assets and liabilities over the past three years. The figures published in this article take these corrections into account.

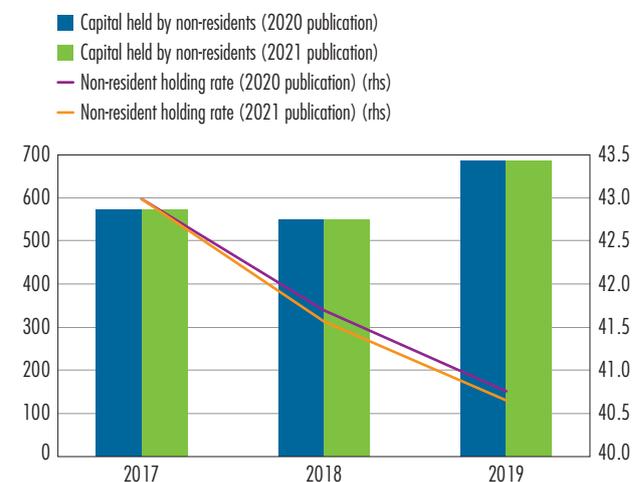
The revisions made to securities holdings result from additional collections from custodians, the inclusion of new direct investments, and corrections to the valuation of certain securities. On the other hand, the market capitalisation data compiled by Euronext are not subject to revision.

¹ Annual report on *France's balance of payments and international investment position 2018*, available on the Banque de France website: <https://publications.banque-france.fr/en>. Other documents on this topic are available on the Banque de France website, in the *balance of payments and other international statistics section*.

Non-resident holdings of CAC 40 shares in 2019 are revised downwards compared with the data published the previous year, from EUR 686 billion to EUR 684 billion, resulting in a decrease in the holding rate from 40.8% to 40.6%.

Data revision since 2017

(lhs: in EUR billions; rhs: in %)



Source: Banque de France (balance of payments).

TA2 2018 and 2019 data revision

(amounts in EUR billions, rates in %)

	2020 publication		2021 publication	
	2018	2019	2018	2019
Capital held by non-residents	549.9	686.3	548.2	684.4
Market capitalisation	1,318.8	1,683.7	1,318.8	1,683.7
Non-resident holding rate	41.7	40.8	41.6	40.6

Sources: Banque de France (balance of payments) and Euronext.



Appendix 2 Flow-stock breakdown

The flow-stock analysis distinguishes, in the change in financial stocks between two dates, the change due to financial transactions during that period and the change due to the stock already built up, which is affected by exchange rate fluctuations and asset price changes.

Thus, the stock at end-2020 takes into account the stock at end-2019 and the flows in 2020, plus stock market fluctuations, possible adjustments and changes in the composition of the CAC 40 index. Table TA1 below quantifies these various elements in order to assess their impact on the change in outstandings between 2019 and 2020.

The main ratings used in this appendix are the following:

$S_j^{(i)}$	Stock of CAC 40 shares held by non-residents at the end of year i , estimated at the market value of the end of year j .
$C_j^{(i)}$	Market capitalisation of CAC 40 shares at the end of year i , estimated at the market value of the end of year j .
$CS_j^{(i)}$	Effect of the change in the composition of the CAC 40 in year i on the stock held by non-residents, at the market value of year j .
$CC_j^{(i)}$	Effect of the change in the composition of the CAC 40 in year i on the market capitalisation of the CAC 40, at market value of year j .
$F_R^{(i)}$	Resident net purchase/sale flows in year i of CAC 40 shares, at the initial market value of year j .
$F_{NR}^{(i)}$	Non-resident net purchase/sale flows in year i of CAC 40 shares, at the initial market value of year j .

TA1 Non-resident holdings of French CAC 40 shares

(in EUR billions)

	2019 stock	Change in the composition of the CAC index	Non-resident net flows in 2020	Adjustments	2020 stock
	$S_{19}^{(19)}$	$+CS_{20}^{(19)}$	$+F_{NR,20}^{(19)}$		$= S_{20}^{(19)}$
Change in stock excluding price changes in 2020	684.4	6.4	1.7		692.5
	$V_{S_{19}}^{(19)}$	$+V_{CS_{20}}^{(19)}$	$+V_{F_{NR,20}}^{(19)}$		$= V_{S_{20}}^{(19)}$
Price changes in 2020	-39.2	7.1	6.6		-25.5
	$S_{19}^{(20)}$	$+CS_{20}^{(20)}$	$+F_{NR,20}^{(20)}$		$= S_{20}^{(20)}$
Change in stock including price changes in 2020	645.2	13.5	8.4	0.0	667.0

TA2 Total capitalisation of French CAC 40 companies

(in EUR billions)

	2019 capitalisation	Change in the composition of the CAC index	Resident net flows in 2020	Non-resident net flows in 2020	2020 capitalisation
	$C_{19}^{(19)}$	$+CC_{20}^{(19)}$	$+F_R,20^{(19)}$	$+F_{NR,20}^{(19)}$	$= C_{20}^{(19)}$
Change in capitalisation excluding price changes in 2020	1,683.7	6.9	10.5	1.7	1,702.8
	$V_{C_{19}}^{(19)}$	$V_{CC_{20}}^{(19)}$	$V_{F_R,20}^{(19)}$	$V_{F_{NR,20}}^{(19)}$	$= V_{C_{20}}^{(19)}$
Price changes in 2020	-47.4	15.7	-6.2	6.6	-31.3
	$C_{19}^{(20)}$	$+CC_{20}^{(20)}$	$+F_R,20^{(20)}$	$+F_{NR,20}^{(20)}$	$= C_{20}^{(20)}$
Change in stock including price changes in 2020	1,636.3	22.6	4.3	8.4	1,671.6



TA3 Measurement of the respective contributions of composition, flow, valuation and adjustment effects

(in % and % points)

Non-resident holding rate in 2019 (1)	40.65
+ Flows excl. valuation (2)	-0.19
+ Valuation (3)	-0.77
<i>o/w valuation of the stock held by non-residents</i>	-1.22
<i>o/w valuation linked to flows</i>	+0.39
<i>o/w valuation linked to the change in the composition of the index</i>	+0.06
Changes in the composition of the index excl. valuation (4)	+0.21
Adjustments (5)	+0.00
Non-resident holding rate in 2020 (6) = (1) + (2) + (3) + (4) + (5)	39.90

(in %)

Composition	Price	Non-resident (NR) flows	Adjustments	Calculation formula	Non-resident holding rate	
Constant	Constant	Excl. NR flows	Excl. adjustments	$S19^{(19)} / C19^{(19)}$	40.65	Q1
Modified	Constant	Excl. NR flows	Excl. adjustments	$[S19^{(19)} + CS20^{(19)}] / [C19^{(19)} + CC20^{(19)}]$	40.86	Q2
Modified	Current	Excl. NR flows	Excl. adjustments	$[S19^{(20)} + CS20^{(20)}] / [C19^{(20)} + CC20^{(20)}]$	39.70	Q3
Modified	Constant	Incl. NR flows	Excl. adjustments	$[S20^{(19)}] / [C20^{(19)}]$	40.67	Q4
Modified	Current	Incl. NR flows	Excl. adjustments	$[S19^{(20)} + CS20^{(20)} + F_{NR}20^{(20)}] / [C20^{(20)}]$	39.90	Q5
Modified	Current	Incl. NR flows	Incl. adjustments	$[S20^{(20)}] / [C20^{(20)}]$	39.90	Q6

The effects of the change in composition are calculated at constant prices, before taking into account holding flows and adjustments (Q2 – Q1).

The impact of adjustments is calculated after taking into account all other effects (Q6 – Q5).

The flow and valuation effects are calculated after taking into account the change in the composition of the index (Q4 – Q2 for flows and Q3 – Q2 for valuation).

Published by
Banque de France

Managing Editor
Gilles Vaysset

Editor-in-Chief
Claude Cornélis

Editor
Nelly Noulin

Translator/English Editor
Stéphanie Evans

Technical production
Studio Creation
Press and Communication

ISSN 1952-4382

To subscribe to the Banque de France's publications

<https://publications.banque-france.fr/en>
"Subscription"

