



EUROPEAN CENTRAL BANK

EUROSYSTEM

PRESS RELEASE

26 October 2018

Euro area economic and financial developments by institutional sector: second quarter of 2018

Euro area [net saving](#) increased to €800 billion in the four quarters to the second quarter of 2018, compared with €765 billion in the four quarters to the previous quarter. Euro area net [non-financial investment](#) increased slightly to €407 billion, as increased investments by households and reduced disinvestments by government were only partly offset by decreased investment of corporations. Euro area net lending to the rest of the world increased to €400 billion in line with an increase of net saving which exceeded that of net non-financial investments.

Household debt was lower at the end of the second quarter of 2018 compared to a year ago, both with respect to GDP and disposable income (the respective ratios stand at 57.9% and to 93.7%).

Non-financial corporation debt declined to 136.5% of GDP, from 138.0% one year ago.

Total euro area economy

Euro area [net saving](#) increased to €800 billion (8.6% of euro area net disposable income) in the four quarters to the second quarter of 2018 compared with €765 billion in the four quarters to the previous quarter. Euro area net [non-financial investment](#) increased to €407 billion (4.4% of net disposable income), as increased investments by households and less negative net investment by government were partly offset by decreased investment of corporations.

Euro area [net lending](#) to the rest of the world increased to €400 billion (4.3% of net disposable income) from €374 billion previously, reflecting the increase in net saving above that of net non-financial investments. Net lending of non-financial corporations increased from €231 billion to €235 billion (2.5% of net disposable income) while net lending by financial corporations decreased from €15 billion to €4 billion. Net lending by

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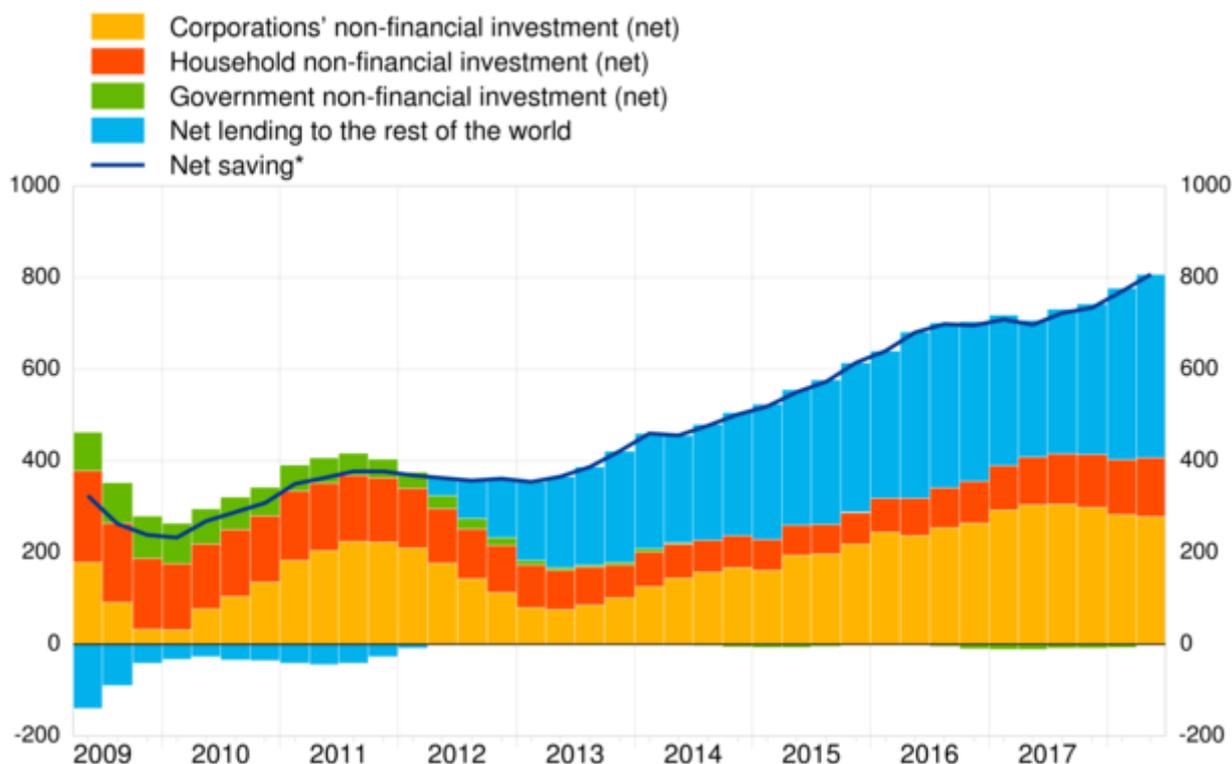
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households remained unchanged at €215 billion (2.3% of net disposable income). In addition to the increased net lending by the total private sector, the increase of euro area net lending was also supported by the decreased net borrowing by the government sector (-0.6% of net disposable income, after -0.9% previously).

Chart 1. Euro area saving, investment and net lending to the rest of the world

(EUR billions, four-quarter sums)



* Net saving minus net capital transfers to the rest of the world (equals change in net worth due to transactions).

Households

The annual growth rate of household [financial investment](#) stood at an unchanged rate of 1.9% in the second quarter of 2018.

Households were net sellers of listed shares. They reduced their holdings of listed shares issued by OFIs and NFCs, while net purchases of shares issued by other sectors and the rest of the world were broadly stable. Households continued to sell debt securities in net terms in particular due to a reduction of household holdings of debt securities issued by MFIs (see Table 1 below and [Table 2.2. in the Annex](#)).

The household [debt-to-income ratio](#)¹ continued to decrease, to 93.7% in the first quarter of 2018 from 94.0% in the first quarter of 2017, as disposable income grew faster than the outstanding amount of loans to households. Similarly the household [debt-to-GDP ratio](#) decreased, to 57.9% in the first quarter of 2018 from 58.5% in the first quarter of 2017 (see Chart 2).

¹ Calculated as loans divided by gross disposable income.

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Table 1. Financial investment and financing of households, main items

(annual growth rates)

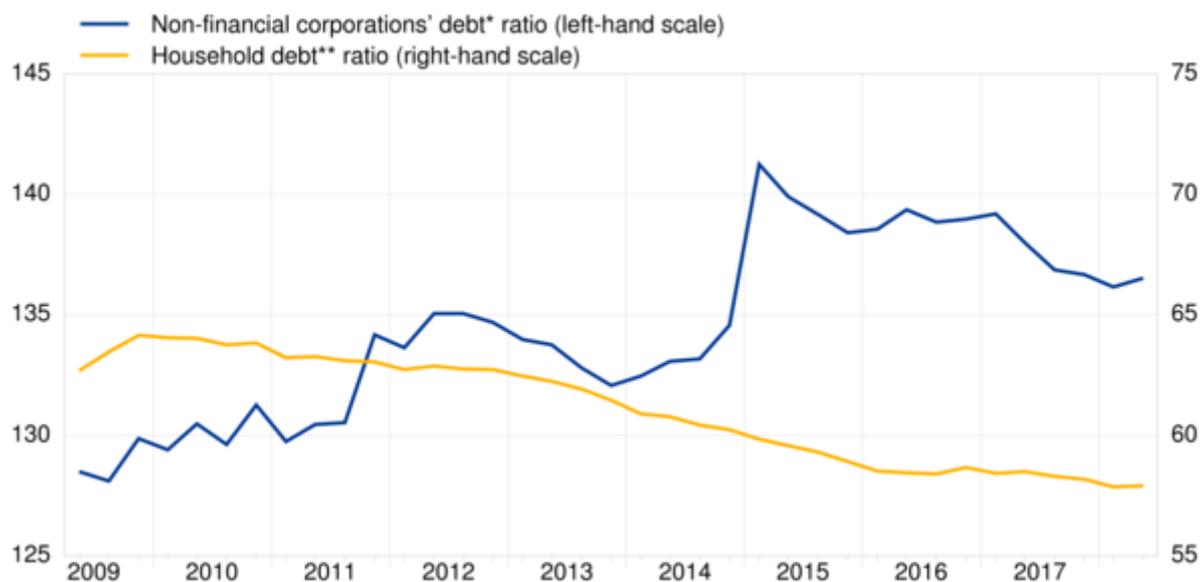
	Financial transactions				
	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2
Financial investment*	1.8	1.9	1.9	1.9	1.9
Currency and deposits	3.8	3.7	3.3	3.3	3.8
Debt securities	-12.0	-11.7	-11.9	-12.2	-8.7
Shares and other equity	1.5	1.7	1.8	2.0	1.1
Investment fund shares	5.1	5.3	6.7	6.1	3.9
Life insurance and pension schemes	2.2	2.1	2.2	2.2	2.2
Financing**	2.8	3.1	3.3	3.2	3.5
Loans	2.7	2.8	2.9	2.9	3.1

* Items not shown include: loans granted, prepayments of insurance premiums and reserves for outstanding claims and other accounts receivable.

** Items not shown include: financial derivative's net liabilities, pension schemes and other accounts payable.

Chart 2. Debt ratios of households and non-financial corporations

(debt as a percentage of GDP)



* Outstanding amount of loans, debt securities, trade credits and pension scheme liabilities.

** Outstanding amount of loan liabilities.

Non-financial corporations

In the second quarter of 2018 [financing](#) of non-financial corporations growth at a broadly unchanged rate, compared with the previous quarter, of 1.5% (see Table 2).

Non-financial corporations' [debt-to-GDP ratio](#) stood at to 136.5% at the end of the second quarter of 2018, compared with 138.0% at the end of the second quarter of 2017 (see Chart 2).

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Table 2. Financial investment and financing of non-financial corporations, main items

(annual growth rates)

	Financial transactions				
	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2
Financing*	2.5	2.3	1.8	1.4	1.5
Debt securities	9.5	6.9	5.2	5.1	5.0
Loans	1.6	1.9	2.6	2.1	2.2
Shares and other equity	2.2	1.7	0.7	0.7	0.6
Trade credits and advances	5.9	6.7	5.3	4.6	5.5
Financial investment**	4.3	4.0	3.5	3.0	3.2
Currency and deposits	6.4	5.7	7.4	4.6	5.3
Debt securities	-15.8	-15.1	-6.1	-13.7	-6.9
Loans	4.6	5.3	3.9	3.5	2.4
Shares and other equity	3.6	2.3	1.4	1.7	2.1

* Items not shown include: pension schemes, other accounts payable, financial derivative's net liabilities and deposits.

** Items not shown include: other accounts receivable and prepayments of insurance premiums and reserves for outstanding claims..

Annexes

[Tables](#)

[Charts](#)

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Notes

These data come from a second release of quarterly euro area sector accounts from the European Central Bank (ECB) and Eurostat, the statistical office of the European Union. This release incorporates revisions and completed data for all sectors compared with the first quarterly release on "Euro area households and non-financial corporations" of 4 October 2018.

The debt-to-GDP (or debt-to-income) ratios are calculated as the outstanding amount of debt in the reference quarter divided by the sum of GDP (or income) in the four quarters to the reference quarter. The ratio of non-financial transactions (e.g. savings) as a percentage of income or GDP is calculated as sum of the four quarters to the reference quarter for both numerator and denominator.

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 next release of the [Household Sector Report](#) containing results for the euro area and all EU countries is scheduled for 12 November 2018.

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.

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