



EUROPEAN CENTRAL BANK

EUROSYSTEM

Statistical release

28 July 2020

Euro area economic and financial developments by institutional sector: first quarter of 2020

Euro area [net saving](#) decreased to €832 billion in the four quarters to the first quarter of 2020, compared with €871 billion in the four quarters to the previous quarter. Euro area [net non-financial investment](#) decreased to €573 billion (from €584 billion previously), due to decreased investments by households and non-financial corporations. Euro area [net lending](#) to the rest of the world decreased to €267 billion (from €295 billion previously) reflecting the decrease in net saving (see Chart 1).

The household [debt-to-income ratio](#)¹ increased to 93.6% in the first quarter of 2020 compared with 93.3% in the first quarter of 2019. Non-financial corporations' [debt-to-GDP ratio](#) (consolidated measure) increased to 79.0% in the first quarter of 2020, from 77.5% in the first quarter of 2019; the [non-consolidated](#), wider debt measure increased to 139.4% from 138.5% (see Chart 2).

Total euro area economy

Euro area [net saving](#) decreased to €832 billion (8.6% of euro area net disposable income) in the four quarters to the first quarter of 2020 compared with €871 billion in the four quarters to the previous quarter. Euro area [net non-financial investment](#) decreased slightly to €573 billion (5.9% of net disposable income), from €584 billion previously, due to decreased investments by households and

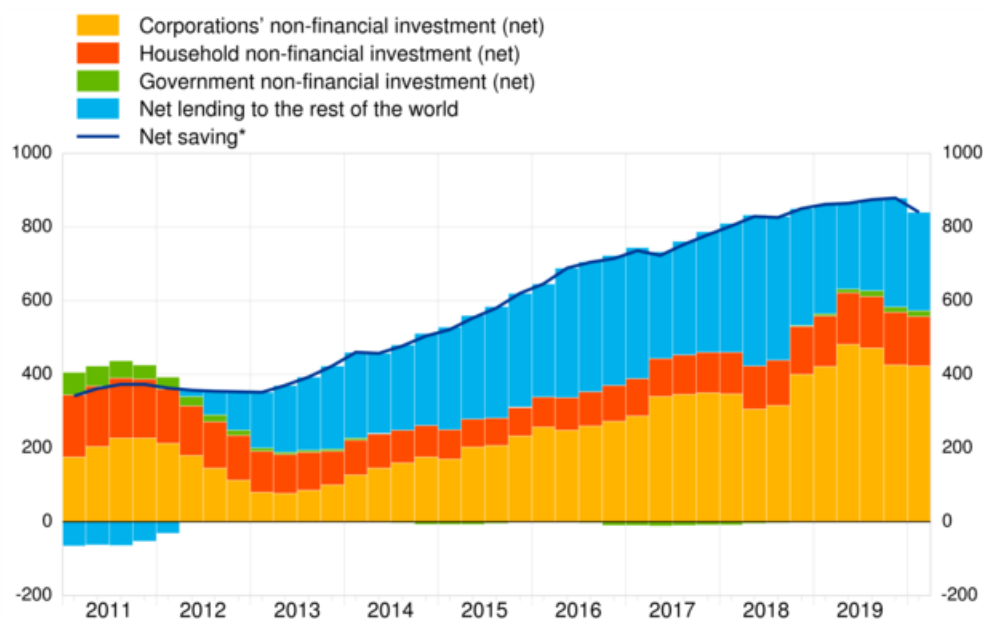
¹ Calculated as loans divided by gross disposable income adjusted for the change in pension entitlements.

non-financial corporations, while net investments by financial corporations and government were unchanged.

Euro area [net lending](#) to the rest of the world decreased to €267 billion in the four quarters to the first quarter of 2020 (from €295 billion in the four quarters to the previous quarter) reflecting the decrease in net saving, which was only partly offset by lower net non-financial investment. Net borrowing by non-financial corporations increased to €72 billion (-0.7% of net disposable income) from €15 billion, while the net lending by financial corporations increased to €90 billion (0.9% of net disposable income) from €87 billion. Net lending by households increased to €373 billion (3.9% of net disposable income) from €299 billion. The overall increase in net lending by the total private sector was more than offset by an increase in net borrowing of the government sector (to €124 billion from €76 billion, that is to -1.3% of net disposable income, after -0.8% 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 a broadly unchanged rate of 2.7% in the first quarter of 2020. Stronger investment in shares and other equity as well as in currency and

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deposits was offset by larger disinvestment from debt securities and a slower growth in life insurance and pension schemes.

Households were overall net buyers of listed shares, mainly those issued by other financial institutions and the rest of the world sector (i.e. shares issued by non-residents). Households continued to sell debt securities (in net terms, and including redemptions). These net sales involved mainly debt securities issued by euro area MFIs and general government (see Table 1 below and [Table 2.2. in the Annex](#)).

The household [debt-to-income ratio](#)² increased to 93.6% in the first quarter of 2020 from 93.3% in the first quarter of 2019, as the outstanding amount of loans to households grew faster than disposable income. Similarly the household [debt-to-GDP ratio](#) increased, to 58.2% in the first quarter of 2020 from 57.5% in the first quarter of 2019 (see Chart 2).

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

(annual growth rates)

	Financial transactions				
	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1
Financial investment*	2.2	2.4	2.5	2.6	2.7
Currency and deposits	4.8	5.0	5.3	5.1	5.2
Debt securities	-0.3	-3.0	-9.3	-10.3	-13.0
Shares and other equity	-0.5	-0.2	-0.0	0.3	1.2
Life insurance and pension schemes	2.3	2.5	2.7	2.6	2.1
Financing**	3.5	3.4	3.9	4.0	3.7
Loans	3.4	3.3	3.5	3.6	3.3

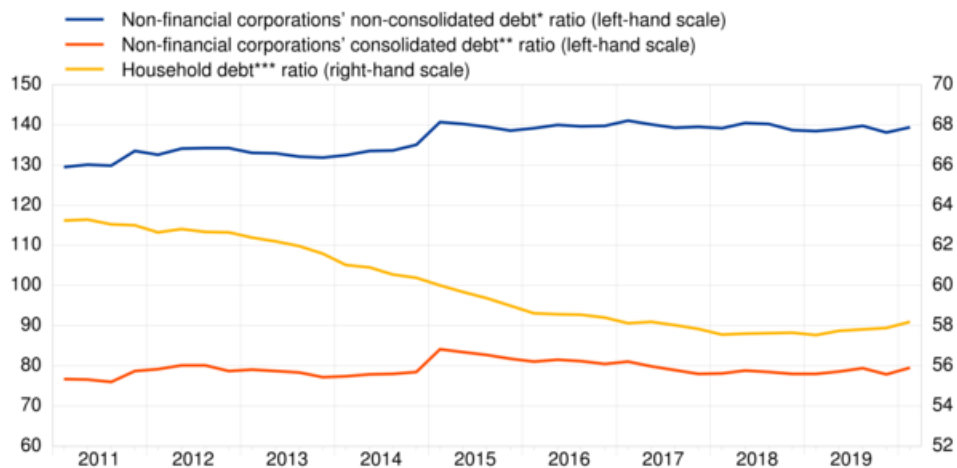
* Items not shown include: loans granted, prepayments of insurance premiums and reserves for outstanding claims and other accounts receivable.

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

² Calculated as loans divided by gross disposable income adjusted for the change in pension entitlements.

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 loans and debt securities, excluding debt positions between non-financial corporations.

*** Outstanding amount of loan liabilities.

Non-financial corporations

In the first quarter of 2020 the annual growth of [financing](#) of non-financial corporations stood at 1.8%, a broadly unchanged rate compared with the previous quarter. This resulted from an acceleration in the growth of loans from all resident sectors, which offset a deceleration in financing in the form of debt securities and equity, and a reduction of trade credits (see Table 2 below and [Table 3.2 in the annex](#)).

Non-financial corporations' [debt-to-GDP ratio](#) (consolidated measure) increased to 79.0% in the first quarter of 2020, from 77.5% in the first quarter of 2019, as the debt grew faster than GDP. The [non-consolidated](#), wider debt measure increased to 139.4% from 138.5% (see Chart 2).

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

(annual growth rates)

	Financial transactions				
	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1
Financing*	1.4	1.2	1.3	1.7	1.8
Debt securities	4.4	5.2	6.1	6.3	4.9
Loans	1.7	1.6	1.4	1.9	3.0
Shares and other equity	0.8	0.7	1.0	1.5	1.1
Trade credits and advances	2.2	-0.1	-0.0	0.2	-0.1
Financial investment**	2.2	1.5	1.7	2.2	2.1
Currency and deposits	5.5	5.3	6.0	5.7	9.6
Debt securities	-2.1	-7.3	-2.1	-8.7	-2.4
Loans	0.7	0.6	-0.1	1.5	0.7
Shares and other equity	2.0	1.8	1.8	2.4	1.8

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

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

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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 3 July 2020.

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 10 August 2020.

Hyperlinks in the main body of the statistical release lead to data that may change with subsequent 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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The production of quarterly financial accounts (QFA) may have been affected by the COVID-19 crisis. More information on the potential impact on QFA can be found [here](#).

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