



EUROPEAN CENTRAL BANK

EUROSYSTEM

PRESS RELEASE

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

- The annual growth of loans to households increased to 3.0% in the fourth quarter of 2017, from 2.8% in the previous quarter. Household financial investment increased at a broadly unchanged rate of 2.0%, household non-financial investment increased at a higher rate of 7.4% (after 6.7%) and their net worth increased at a broadly unchanged rate of 5.1%.
- The annual growth rate of the gross operating surplus of non-financial corporations (NFCs) decreased to 3.2% in the fourth quarter of 2017, from 6.7% in the previous quarter. Gross entrepreneurial income increased at a broadly unchanged rate of 6.6%. Non-financial corporations' financing increased at a lower rate of 2.0% (after 2.6%).
- The annual growth rate of gross non-financial investment of NFCs decreased to 2.7% (from 4.1%).

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

(annual growth rates)

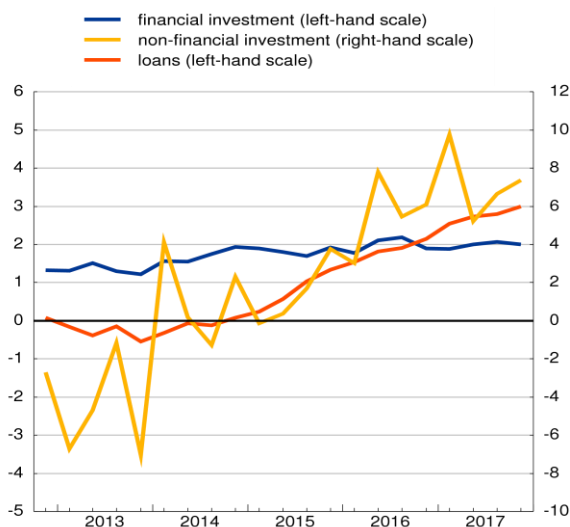
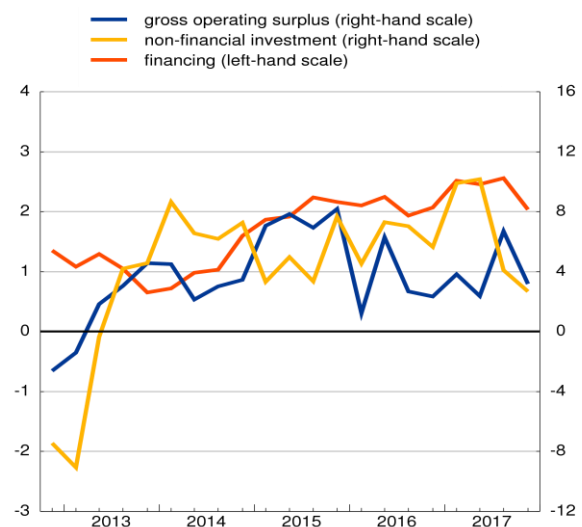


Chart 2. NFC gross-operating surplus, non-financial investment and financing

(annual growth rates)



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Households

The annual growth rate of household [gross disposable income](#) stood at an unchanged rate of 2.8% in the fourth quarter of 2017. Gross operating surplus and mixed income from the self-employed increased at a lower rate of 3.2% (after 3.5%), while the compensation of employees grew at an unchanged rate of 3.7%. Household consumption expenditure grew at a lower rate of 2.6% (after 3.1%).

The household [gross saving rate](#) in the fourth quarter of 2017 was 11.9%, compared with 12.2% in the same quarter of the previous year.

The annual growth rate of household gross [non-financial investment](#) (which refers mainly to housing) increased to 7.4% in the fourth quarter of 2017, from 6.7% in the previous quarter. [Loans](#) to households, the main component of household financing, increased at a higher rate of 3.0% (after 2.8%).

The annual growth rate of household [financial investment](#) stood at a broadly unchanged rate of 2.0% in the fourth quarter of 2017. Among its components, currency and deposits grew at a lower rate of 3.4% (after 3.7%). Investment in life insurance and pension schemes grew at a higher rate of 2.3% (after 2.0%) and shares and other equity grew at a higher rate of 1.4% (after 1.2%). Investment in debt securities declined at a higher rate of -10.4% (after -10.1%).

The annual growth rate of household [net worth](#) stood at a broadly unchanged rate of 5.1% in the fourth quarter of 2017, 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 6.4% (after 5.6%). The household [debt-to-income ratio](#) increased to 93.5% in the fourth quarter of 2017 from 93.3% in the fourth quarter of 2016, as disposable income grew at a slower pace than loans to households.

Non-financial corporations

The annual growth rate of non-financial corporations' [gross operating surplus](#) decreased to 3.2% in the fourth quarter of 2017, from 6.7% in the previous quarter, while net property income (defined in this context as property income receivable minus interest and rent payable) increased. As a result gross entrepreneurial income (broadly equivalent to cash flow) increased at a broadly unchanged rate of 6.6%.¹ Net value added increased at a lower rate of 4.6% (after 5.5%). The annual growth rate of gross [non-financial investment](#) decreased to 2.7% (from 4.1%); the deceleration is due to a decrease in inventories. [Financing](#) of non-financial corporations increased at a lower rate of 2.0% (after 2.6%). Loan financing grew at a higher rate of 3.0% (after 2.6%), reflecting an increase in the annual growth rate of loans received from monetary financial institutions (MFIs) and from other resident sectors. By contrast, the annual growth rate of loans from the rest of the world decreased.

The annual growth rate of issuance of debt securities decreased to 5.3% in the fourth quarter of 2017, from 7.0% in the previous quarter, and trade credit financing grew at a lower rate of 4.2% (after 5.3%). Equity financing grew at a lower rate of 1.3% (after 2.1%).

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

Non-financial corporations' [debt-to-GDP ratio](#) decreased to 132.5% in the fourth quarter of 2017, from 135.2% in the fourth quarter of 2016.

Financial investment grew at a lower rate of 3.6% (after 4.4%), compared with the previous quarter. Among its components, loans granted grew at a lower rate of 4.5% (after 7.5%), while investment in shares and other equity grew at a lower rate of 1.7% (after 2.5%).

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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 April 2018. 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 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 HGDI, adjusted	
	2014	2015	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 Q3	2017 Q4	2016 Q4	2017 Q4
<u>Gross disposable income (HGDI)</u>	6,398	6,518	6,658	6,708	6,753	6,798	6,845	2.8	2.8	98.8	98.8
<u>Compensation of employees</u>	4,879	5,013	5,153	5,194	5,239	5,285	5,336	3.7	3.7	76.5	77.0
<u>Gross operating surplus and mixed income</u>	1,538	1,559	1,601	1,613	1,624	1,638	1,651	3.5	3.2	23.8	23.8
<u>Property income (receivable - payable)</u>	829	821	802	813	818	826	825			11.9	11.9
<u>Consumption expenditure</u>	5,658	5,779	5,917	5,969	6,016	6,062	6,101	3.1	2.6	87.8	88.1
<u>Gross saving</u>	825	822	822	821	820	820	827	0.0	3.7	12.2	11.9
<u>Gross non-financial investment</u>	533	541	571	584	592	601	612	6.7	7.4	8.5	8.8
<u>Net non-financial investment</u>	73	72	91	100	104	111	118	24.7	29.6	1.3	1.7
<u>Net lending (+)/net borrowing (-)</u>	296	285	246	231	222	212	212			3.7	3.1
Financial transactions	four-quarter-cumulated sums EUR billions							annual growth rates		percentage of HGDI, adjusted	
	2014	2015	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 Q3	2017 Q4	2016 Q4	2017 Q4
<u>Financial investment</u>	396	413	422	421	450	468	462	2.1	2.0	6.3	6.7
<u>Currency and deposits</u>	171	194	302	297	284	279	257	3.7	3.4	4.5	3.7
<u>Debt securities</u>	-194	-153	-93	-92	-86	-78	-77	-10.1	-10.4	-1.4	-1.1
<u>Shares and other equity</u>	157	178	45	38	77	74	87	1.2	1.4	0.7	1.3
<u>Life insurance and pension schemes</u>	233	193	169	152	145	142	164	2.0	2.3	2.5	2.4
<u>Financing</u>	38	128	152	197	220	250	229	3.6	3.3	2.3	3.3
<u>Loans</u>	5	82	133	158	170	175	188	2.8	3.0	2.0	2.7
<u>Net lending (+)/net borrowing (-) (financial accounts)</u>	358	285	270	223	230	218	233	1.4	1.5	4.0	3.4
<u>Changes in financial wealth not due to transactions</u>	540	439	338	564	630	497	298			5.0	4.3
Balance sheet	end-of-period stocks EUR billions							annual percentage changes		percentage of HGDI, adjusted	
	2014	2015	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 Q3	2017 Q4	2016 Q4	2017 Q4
<u>Financial assets</u>	21,466	22,304	23,033	23,276	23,486	23,619	23,790	4.1	3.3	341.8	343.4
<u>Currency and deposits</u>	7,199	7,390	7,662	7,697	7,785	7,808	7,913	3.7	3.3	113.7	114.2
<u>Debt securities</u>	986	830	739	702	683	668	663	-13.4	-10.3	11.0	9.6
<u>Shares and other equity</u>	5,706	6,220	6,260	6,459	6,566	6,666	6,701	9.1	7.0	92.9	96.7
<u>Life insurance and pension schemes</u>	6,436	6,709	7,281	7,325	7,332	7,345	7,427	2.9	2.0	108.0	107.2
<u>Liabilities</u>	6,788	6,902	7,023	7,097	7,167	7,214	7,249	3.0	3.2	104.2	104.6
<u>Loans (=debt)</u>	6,115	6,178	6,286	6,312	6,365	6,403	6,477	2.2	3.0	93.3	93.5
<u>Non-financial assets</u>	29,874	30,630	32,006	32,300	32,840	33,523	33,914	5.2	6.0	474.9	489.5
<u>Housing wealth</u>	27,924	28,721	30,130	30,453	30,992	31,695	32,065	5.6	6.4	447.1	462.8
<u>Net worth</u>	44,552	46,031	48,016	48,479	49,159	49,928	50,455	5.0	5.1	712.5	728.2

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 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 Q3	2017 Q4	2016 Q4	2017 Q4
<u>Gross value added (GVA)</u>	5,312	5,564	5,739	5,793	5,841	5,913	5,977	5.0	4.3	100.0	100.0
<u>Net value added (NVA)</u>	4,285	4,490	4,635	4,680	4,720	4,784	4,839	5.5	4.6	80.7	81.0
<u>Gross entrepreneurial income</u>	2,413	2,567	2,638	2,660	2,676	2,719	2,760	6.7	6.6	56.9	57.0
<u>Gross operating surplus</u>	2,117	2,276	2,346	2,368	2,382	2,422	2,441	6.7	3.2	50.6	50.4
<u>Property income (receivable - interest and rent payable)</u>	295	291	292	291	294	297	319			-12.8	-13.5
<u>Gross non-financial investment</u>	1,191	1,249	1,325	1,358	1,392	1,405	1,414	4.1	2.7	23.1	23.7
<u>Net non-financial investment</u>	165	174	220	245	271	276	276	9.3	0.6	3.8	4.6
<u>Net lending (+)/net borrowing (-)</u>	127	190	211	159	110	115	141			3.7	2.4
Financial transactions	four-quarter-cumulated sums EUR billions							annual growth rates		percentage of GVA	
	2014	2015	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 Q3	2017 Q4	2016 Q4	2017 Q4
<u>Financial investment</u>	499	807	843	955	872	929	785	4.4	3.6	14.7	13.1
<u>Currency and deposits</u>	40	103	156	165	167	153	187	6.4	7.7	2.7	3.1
<u>Debt securities</u>	-36	-43	-10	-32	-46	-41	-14	-14.0	-5.5	-0.2	-0.2
<u>Loans</u>	160	270	179	266	245	310	193	7.5	4.5	3.1	3.2
<u>Shares and other equity</u>	265	340	390	336	314	256	182	2.5	1.7	6.8	3.0
<u>Financing</u>	449	636	656	787	769	819	665	2.6	2.0	11.4	11.1
<u>Debt securities</u>	39	40	90	114	105	91	69	7.0	5.3	1.6	1.2
<u>Loans</u>	240	175	136	212	195	259	301	2.6	3.0	2.4	5.0
<u>Shares and other equity</u>	207	381	328	351	380	341	227	2.1	1.3	5.7	3.8
<u>Trade credits and advances</u>	-11	30	135	153	138	145	121	5.3	4.2	2.3	2.0
<u>Net lending (+)/net borrowing (-) (financial accounts)</u>	49	170	188	168	103	110	121			3.3	2.0
Financial balance sheet	end-of-period stocks EUR billions							annual percentage changes		percentage of GVA	
	2014	2015	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 Q3	2017 Q4	2016 Q4	2017 Q4
<u>Financial assets</u>	19,135	20,870	21,993	22,697	22,728	23,042	23,236	8.7	5.7	383.2	388.8
<u>Currency and deposits</u>	2,175	2,303	2,434	2,470	2,491	2,542	2,603	6.1	6.9	42.4	43.6
<u>Debt securities</u>	329	270	250	258	265	262	248	-11.1	-0.6	4.4	4.2
<u>Loans</u>	3,715	4,051	4,285	4,404	4,372	4,386	4,349	5.9	1.5	74.7	72.8
<u>Shares and other equity</u>	9,263	10,344	10,937	11,433	11,506	11,709	11,803	12.6	7.9	190.6	197.5
<u>Liabilities</u>	29,371	31,622	32,663	33,412	33,614	33,915	34,163	6.1	4.6	569.1	571.6
<u>Debt</u>	13,375	14,058	14,567	14,708	14,687	14,692	14,784	1.9	1.5	135.2	132.5
<u>Debt securities</u>	1,187	1,213	1,317	1,345	1,342	1,373	1,378	4.5	4.7	22.9	23.1
<u>Loans</u>	9,279	9,814	9,990	10,117	10,072	10,018	10,014	0.5	0.2	174.1	167.6
<u>Trade credits and advances</u>	2,540	2,656	2,880	2,864	2,890	2,916	3,005	5.9	4.4	50.2	50.3
<u>Shares and other equity</u>	14,923	16,503	17,157	17,798	18,041	18,324	18,494	10.2	7.8	298.9	309.4

Sources: ECB and Eurostat