

PRESS RELEASE

6 July 2017

Households and non-financial corporations in the euro area:

first quarter of 2017

- The annual growth rate of loans to households increased to 2.4% in the first quarter of 2017, from 2.1% in the previous quarter. Household financial investment increased at a higher rate of 2.2% (after 2.0%), household non-financial investment increased at a higher rate of 9.4% (after 4.3%) and their net worth increased at a higher rate of 4.8% (after 4.5%).
- The annual growth rate of the gross operating surplus of non-financial corporations (NFCs) increased to 4.2% in the first quarter of 2017, from 2.3% in the previous quarter. Gross entrepreneurial income increased at a higher rate of 4.2% (after 1.4%). Non-financial corporations' financing increased at a higher rate of 1.9% (after 1.5%).
- Amongst the components of non-financial corporation financing, the annual growth rate of issuance of debt securities by NFCs increased to 9.4% in the first quarter of 2017, from 7.6% in the previous quarter and has thus been the most dynamic financing component.

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

(annual growth rates)

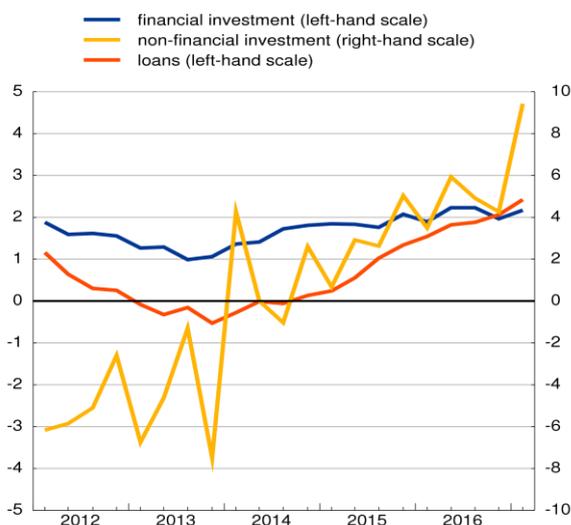
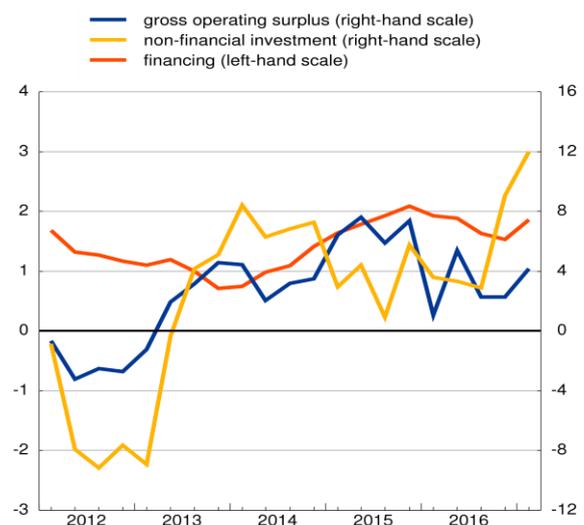


Chart 2. NFC gross-operating surplus, non-financial investment and financing

(annual growth rates)



Households

The annual growth rate of household [gross disposable income](#) increased to 3.2% in the first quarter of 2017, from 2.0% in the previous quarter. Gross operating surplus and mixed income from the self-employed increased at a higher rate of 3.0% (after 2.3%), and the compensation of employees grew at a higher rate of 3.1% (after 2.9%). Household consumption expenditure grew at a higher rate of 3.0% (after 2.8%).

The household [gross saving rate](#) in the first quarter of 2017 was 12.2%, compared with 12.4% 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 9.4% in the first quarter of 2017, from 4.3% in the previous quarter. [Loans](#) to households, the main component of household financing, increased at a higher rate of 2.4% (after 2.1%).

The annual growth rate of household [financial investment](#) increased to 2.2% in the first quarter of 2017, from 2.0% in the previous quarter. Among its components, currency and deposits grew at a broadly unchanged rate of 4.0%. Investment in life insurance and pension schemes grew at a lower rate of 2.4% (after 2.8%) and shares and other equity grew at a higher rate of 1.7% (after 1.2%). Investment in debt securities continued to decline at a lower rate of -10.1% (after -11.1%).

The annual growth rate of household [net worth](#) increased to 4.8% in the first quarter of 2017, from 4.5% in the previous quarter, 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 5.2% (after 4.9%). The household [debt-to-income ratio](#) continued to decrease, to 93.2% in the first quarter of 2017 from 93.4% in the first quarter of 2016, as disposable income grew faster than loans to households.

Non-financial corporations

The annual growth rate of non-financial corporations' [gross operating surplus](#) increased to 4.2% in the first quarter of 2017, from 2.3% 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 higher rate of 4.2% (after 1.4%).¹ Net value added increased at a higher rate of 4.0% (after 2.3%). The annual growth rate of gross [non-financial investment](#) accelerated to 12.0% (from 9.1%). [Financing](#) of non-financial corporations increased at a higher rate of 1.9% (after 1.5%). Loan financing grew at a broadly unchanged rate of 0.6%, reflecting an increase in the annual growth rate of loans received from monetary financial institutions (MFIs).² By contrast, the annual growth rate of loans from non-MFIs remained negative, mostly as a result of a decline in loans from other financial institutions, such as holding companies and financing subsidiaries, in the euro area.

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

² Loan financing comprises loans granted by all sectors (including loans granted by non-MFI financial institutions) and by creditors that are not resident in the euro area.

The annual growth rate of issuance of debt securities increased to 9.4% in the first quarter of 2017, from 7.6% in the previous quarter, while trade credit financing grew at a higher rate of 5.4% (after 4.7%). Equity financing grew at a broadly unchanged rate of 1.6%.

Non-financial corporations' [debt-to-GDP ratio](#) decreased to 132.6% in the first quarter of 2017, from 133.0% in the previous quarter.

Financial investment grew at a higher rate of 3.4% (after 3.2%), compared with the previous quarter. Among its components, loans granted grew at a higher rate of 1.7% (after 0.5%), while investment in shares and other equity grew at a lower rate of 3.1% (after 4.0%).

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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 28 July 2017. 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 account data](#) in the ECB's Statistical Data Warehouse). 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](#).