



EUROPEAN CENTRAL BANK  
EUROSYSTEM

# PRESS RELEASE

3 July 2019

## Households and non-financial corporations in the euro area: first quarter of 2019

The annual growth rate of [loans](#) to households increased to 3.4% in the first quarter of 2019 compared with 3.2% in the previous quarter. The [financial investment](#) of households increased at a higher rate of 2.2% (after 1.9%) and their [gross non-financial investment](#) increased at a lower rate of 7.7% (after 8.5%). Household [net worth](#) increased at a higher rate of 3.6% (after 2.5%).

The annual growth rate of the [gross operating surplus](#) of non-financial corporations (NFCs) was 1.0% in the first quarter of 2019, compared to 1.7% in the previous quarter. [Gross entrepreneurial income](#) increased at a lower rate of 0.3% (after 2.4%). The annual growth rate of NFCs' [gross non-financial investment](#) decreased to 5.5% (from 21.3% due to one-off effects), while their [financing](#) increased at an unchanged rate of 1.2%.

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

(annual growth rates)

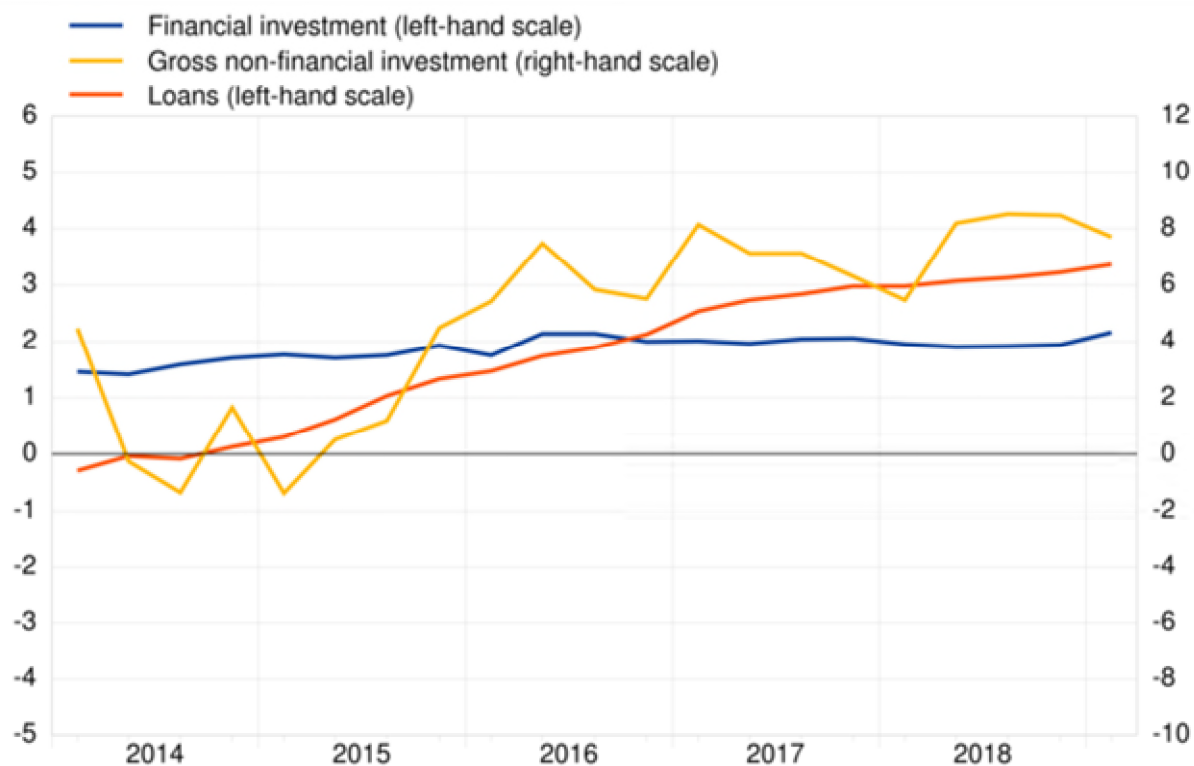
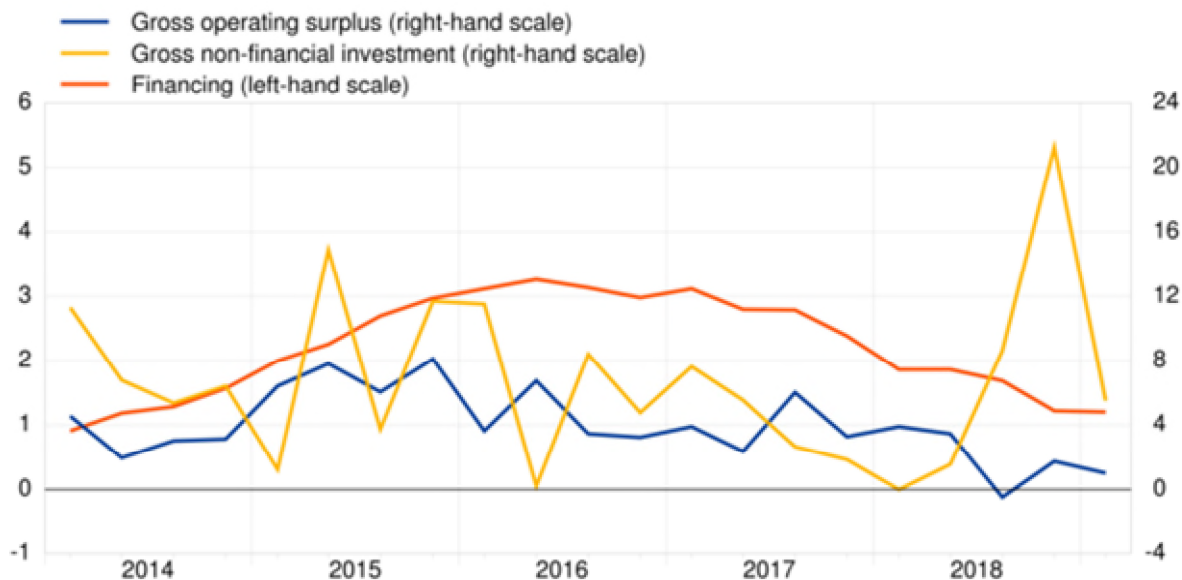


Chart 2. NFC gross-operating surplus, non-financial investment and financing

(annual growth rates)



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## Households

The annual growth rate of household [gross disposable income](#) increased to 4.0% in the first quarter of 2019 (after 3.3% in the previous quarter). Gross operating surplus and mixed income of the self-employed increased at an unchanged rate of 2.5%, while the compensation of employees grew at a broadly unchanged rate of 3.9%. Household consumption expenditure grew at a lower rate of 2.0% (after 2.7%).

The household [gross saving rate](#) in the first quarter of 2019 was 12.4%, compared with 11.9% in the previous quarter.

The annual growth rate of household [gross non-financial investment](#) (which refers mainly to housing) decreased to 7.7% in the first quarter of 2019, from 8.5% in the previous quarter. [Loans](#) to households, the main component of household financing, increased to 3.4% in the first quarter of 2019 compared with 3.2% in the previous quarter.

The annual growth rate of household [financial investment](#) increased to 2.2% in the first quarter of 2019, from 1.9% in the previous quarter. Among its components, currency and deposits grew at a higher rate of 4.8% (after 4.1%), investment in life insurance and pension schemes grew at an unchanged rate of 2.0%, and shares and other equity decreased at a rate of -0.4% (after 0.1%). Investment in debt securities continued to decline, at a lower rate of -2.0% (after -3.8%).

The annual growth rate of household [net worth](#) increased to 3.6% in the first quarter of 2019, from 2.5% in the previous quarter, as valuation changes on financial assets turned positive, valuation gains on non-financial assets remained positive, and net purchases of financial and non-financial assets were only partially offset by the incurrence of liabilities. The value of [housing wealth](#) increased at a lower rate of 4.0% after 4.7% in the previous quarter. The household [debt-to-income ratio](#) continued to decrease, to 93.0% in the first quarter of 2019 from 93.4% in the first quarter of 2018, as disposable income grew faster than loans to households.

## Non-financial corporations

[Net value added](#) by NFCs increased at a lower annual growth rate of 2.6% (after 3.1%) in the first quarter of 2019. [Gross operating surplus](#) growth decreased to 1.0% in the first quarter of 2019, from 1.7% in the previous quarter, and net property income (defined in this context as property income receivable minus interest and rent payable) decreased. As a result, [gross entrepreneurial income](#) (broadly equivalent to cash flow) increased at a lower rate of 0.3% (after 2.4%).<sup>1</sup>

The annual growth rate of NFC [gross non-financial investment](#) decreased to 5.5% (from 21.3%).<sup>2</sup> [Financing](#) of NFCs increased at an unchanged rate of 1.2%. Among its components, the annual growth rate of issuance of

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

<sup>2</sup> Gross non-financial investment is the sum of gross fixed capital formation, changes of inventories, and the net acquisition of valuables and non-produced assets (e.g. licences). The high growth rate in the fourth quarter of 2018 was due to large net acquisition of non-produced assets.

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debt securities by NFCs increased to 4.8% in the first quarter of 2019, from 4.3% in the previous quarter, and equity financing grew at a higher rate of 0.7% (after 0.5%). Loan financing grew at a lower rate of 1.3% (after 2.0%)<sup>3</sup>, and trade credit financing grew at a lower rate of 1.1% (after 3.2%).

Non-financial corporations' [debt-to-GDP ratio](#) decreased to 135.6% in the first quarter of 2019, from 136.7% in the first quarter of 2018.

NFC financial investment grew at a slightly lower annual rate of 1.8%, compared with 2.0% in the previous quarter. Among its components, investment in shares and other equity grew at a broadly unchanged rate of 1.6% (after 1.7%), while currency and deposits grew at a higher rate of 4.9% (after 4.3%).

## Annexes

[Tables](#)

[Charts](#)

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## Notes

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.

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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<sup>3</sup> Loan financing comprises loans granted by all euro area sectors (in particular MFIs, non-MFI financial institutions and loans from other non-financial corporations) and by creditors that are not resident in the euro area.

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