



EUROPEAN CENTRAL BANK
EUROSYSTEM

PRESS RELEASE

7 April 2020

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

The annual growth rate of [loans](#) to households stood at an unchanged rate of 3.5% in the fourth quarter of 2019 compared with the previous quarter. The [financial investment](#) of households increased at an unchanged rate of 2.6% and their [gross non-financial investment](#) increased at a lower rate of 3.7% (after 4.3%), while their [net worth](#) increased at a higher rate of 5.4% (after 4.5%).

The annual growth rate of the [gross operating surplus](#) of non-financial corporations (NFCs) was broadly unchanged at 3.3% in the fourth quarter of 2019. [Gross entrepreneurial income](#) increased at a lower rate of 2.1% (after 2.8%). The annual growth rate of NFCs' [gross non-financial investment](#) decreased to -2.5% (from -1.1%), while their [financing](#) increased at a higher rate of 2.0% (after 1.6%).

European Central Bank

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

(annual growth rates)

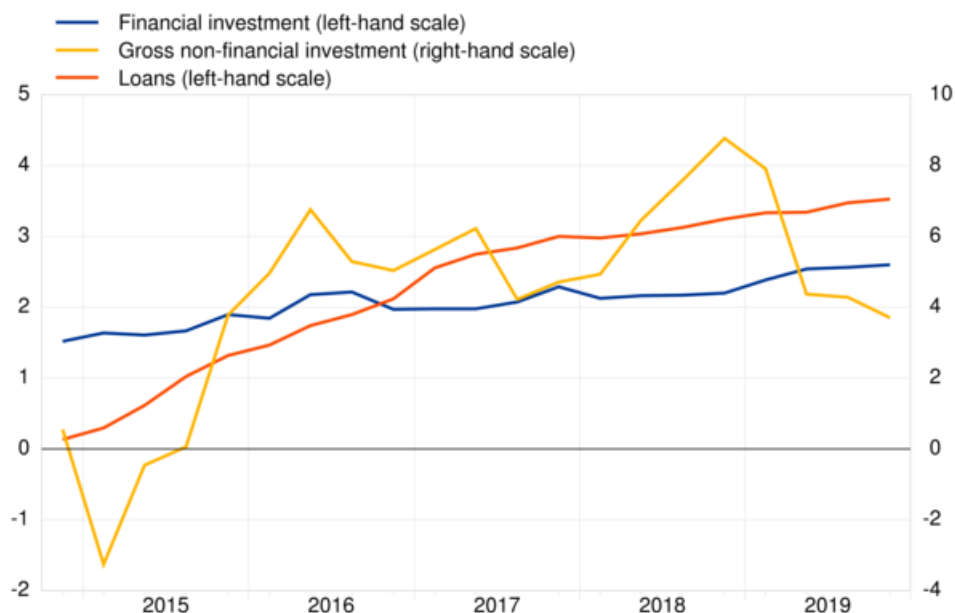
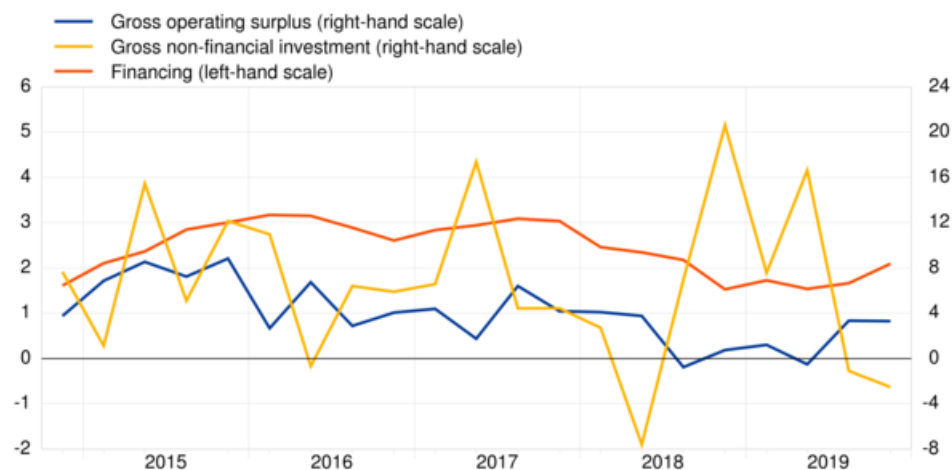


Chart 2. NFC gross-operating surplus, non-financial investment and financing

(annual growth rates)



Households

The annual growth rate of household [gross disposable income](#) decreased to 2.1% in the fourth quarter of 2019 (after 3.6% in the previous quarter). Gross operating surplus and mixed income of the self-employed grew at a lower rate of 2.8% (after 3.0% in the previous quarter). The growth of compensation of employees was also lower (3.1%, after 3.6%) as well as that of net property income. In this context, household consumption expenditure also grew at a lower rate of 1.9% (after 2.7%).

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Households and non-financial corporations in the euro area: 4th Quarter 2019

The household [gross saving rate](#) was 13.0% in the fourth quarter of 2019, compared with 12.9% in the previous quarter.

The annual growth rate of household [gross non-financial investment](#) (which refers mainly to housing) decreased to 3.7% in the fourth quarter of 2019, from 4.3% in the previous quarter. [Loans](#) to households, the main component of household financing, increased at an unchanged rate of 3.5%.

The annual growth rate of household [financial investment](#) stood at an unchanged rate of 2.6% in the fourth quarter of 2019. Among its components, currency and deposits grew at a lower rate of 5.1% (after 5.3%), investment in life insurance and pension schemes grew at a broadly unchanged rate of 2.6%, and shares and other equity grew at a higher rate of 1.1% (after 0.7%), owing mainly to higher net purchases of investment fund shares. Investment in debt securities continued to decline, at a higher rate of -10.1% (after -7.1%).

The annual growth rate of household [net worth](#) increased to 5.4% in the fourth quarter of 2019, from 4.5% in the previous quarter, driven by higher valuation gains in financial assets, though mainly related to a base effect. The growth in net worth was also due to continued increases in the value of [housing wealth](#) (growing at a lower rate of 3.3%, after 3.5%), and financial investments exceeding financing. The household [debt-to-income ratio](#) increased, to 93.8% in the fourth quarter of 2019 from 93.6% in the fourth quarter of 2018, as disposable income grew slower than loans to households.

Non-financial corporations

[Net value added](#) by NFCs increased at a lower rate of 3.1% (after 3.8%) in the fourth quarter of 2019. [Gross operating surplus](#) stood at a broadly unchanged rate of 3.3% in the fourth quarter of 2019, 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 2.1% (after 2.8%).¹

The annual growth rate of NFC [gross non-financial investment](#) decreased from -1.1% in the third quarter of 2019 to -2.5% in the fourth quarter.² [Financing](#) of NFCs increased at a higher rate of 2.0% (after 1.6%), as equity financing (1.7%, after 1.0%) and loan financing (1.8%, after 1.6%) increased at higher rates³. The annual growth rate of issuance of debt securities by NFCs stood at an unchanged rate of 6.3% in the fourth quarter of 2019, and trade credit financing rose at a lower rate of 1.3% (after 2.3%).

NFC's [debt-to-GDP ratio](#) (consolidated measure) increased to 77.3% in the fourth quarter of 2019, from 77.0% in the fourth quarter of 2018; the [non-consolidated](#), wider debt measure was unchanged at 139.2%.

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

² 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).

³ 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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Households and non-financial corporations in the euro area: 4th Quarter 2019

NFC [financial investment](#) grew at an annual rate of 2.4%, compared with 2.1% in the previous quarter. Among its components, loans granted grew at a higher rate of 2.2% (after 0.7%), and investment in shares and other equity grew also at a higher rate, of 2.4% (after 1.7%).

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.

With today's release, full consistency between financial transactions of the "rest-of-the-world sector" and those recorded in the euro area balance of payments, also published today, has been implemented for all reference quarters from 2016 Q1 onwards.

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