



EUROPEAN CENTRAL BANK

EUROSYSTEM

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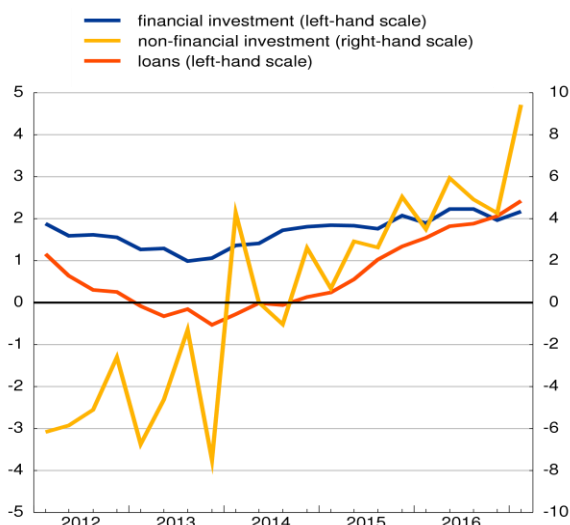
## Households and non-financial corporations in the euro area:

### 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.

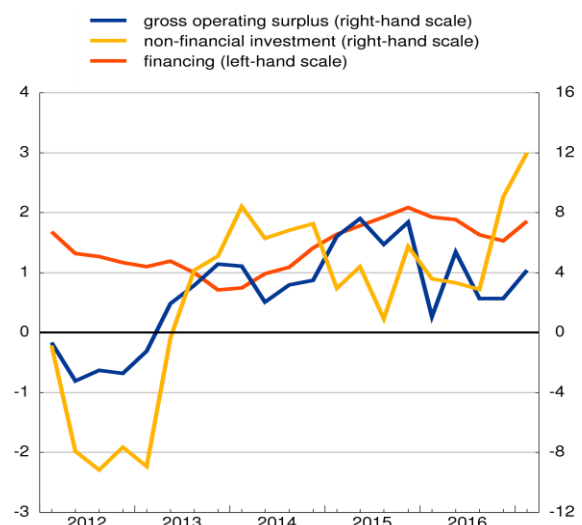
**Chart 1. Household financing and financial and non-financial investment**

(annual growth rates)



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

(annual growth rates)



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## 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%).<sup>1</sup> 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).<sup>2</sup> 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.

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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> 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](#).

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 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2016 Q4	2017 Q1	2016 Q1	2017 Q1
<b>Gross disposable income (HGDI)</b>	6,387	6,508	6,545	6,587	6,617	6,651	6,702	2.0	3.2	98.8	98.8
Compensation of employees	4,877	4,998	5,033	5,068	5,103	5,141	5,180	2.9	3.1	76.0	76.4
Gross operating surplus and mixed income	1,533	1,562	1,573	1,586	1,597	1,606	1,618	2.3	3.0	23.7	23.8
Property income (receivable - payable)	824	817	817	819	810	806	813			12.3	12.0
Consumption expenditure	5,650	5,769	5,804	5,838	5,869	5,910	5,953	2.8	3.0	87.6	87.8
Gross saving	822	820	821	830	829	822	831	-3.5	5.1	12.4	12.2
Gross non-financial investment	534	549	554	562	569	575	587	4.3	9.4	8.4	8.7
Net non-financial investment	73	79	82	87	91	93	103	12.2	54.4	1.2	1.5
Net lending (+)/net borrowing (-)	295	274	270	266	255	239	235			4.1	3.5
<b>Financial transactions</b>	four-quarter-cumulated sums EUR billions							annual growth rates		percentage of HGDI, adjusted	
	2014	2015	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2016 Q4	2017 Q1	2016 Q1	2017 Q1
Financial investment	374	440	424	491	489	438	486	2.0	2.2	6.4	7.2
Currency and deposits	171	190	211	241	275	304	298	4.1	4.0	3.2	4.4
Debt securities	-191	-156	-115	-91	-89	-97	-85	-11.1	-10.1	-1.7	-1.3
Shares and other equity	144	205	139	130	77	75	103	1.2	1.7	2.1	1.5
Life insurance and pension schemes	229	189	188	197	199	190	169	2.8	2.4	2.8	2.5
Financing	39	107	109	148	172	176	223	2.5	3.2	1.6	3.3
Loans	8	82	95	112	116	128	150	2.1	2.4	1.4	2.2
Net lending (+)/net borrowing (-) (financial accounts)	335	333	315	343	317	262	263	1.7	1.7	4.8	3.9
Changes in financial wealth not due to transactions	526	428	-378	-26	399	417	469			-5.7	6.9
<b>Balance sheet</b>	end-of-period stocks EUR billions							annual percentage changes		percentage of HGDI, adjusted	
	2014	2015	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2016 Q4	2017 Q1	2016 Q1	2017 Q1
Financial assets	21,416	22,276	22,337	22,469	22,736	23,093	23,255	3.7	4.1	337.1	342.8
Currency and deposits	7,193	7,397	7,436	7,541	7,569	7,702	7,736	4.1	4.0	112.2	114.0
Debt securities	1,027	871	845	830	806	772	742	-11.4	-12.1	12.7	10.9
Shares and other equity	5,620	6,126	5,976	5,879	6,045	6,246	6,391	2.0	6.9	90.2	94.2
Life insurance and pension schemes	6,437	6,710	6,932	7,042	7,139	7,275	7,256	8.4	4.7	104.6	107.0
Liabilities	6,863	6,962	6,990	7,031	7,048	7,100	7,176	2.0	2.7	105.5	105.8
Loans (=debt)	6,116	6,190	6,192	6,236	6,267	6,296	6,320	1.7	2.1	93.4	93.2
Non-financial assets	29,875	30,613	30,851	31,317	31,831	31,993	32,320	4.5	4.8	465.6	476.5
Housing wealth	27,960	28,761	29,034	29,502	30,039	30,181	30,547	4.9	5.2	438.2	450.3
Net worth	44,428	45,927	46,198	46,755	47,520	47,986	48,399	4.5	4.8	697.2	713.5

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 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2016 Q4	2017 Q1	2016 Q1	2017 Q1
<b>Gross value added (GVA)</b>	5,306	5,536	5,577	5,630	5,666	5,700	5,752	2.3	3.8	100.0	100.0
Net value added (NVA)	4,279	4,457	4,492	4,538	4,568	4,594	4,638	2.3	4.0	80.5	80.6
Gross entrepreneurial income	2,430	2,593	2,591	2,616	2,635	2,644	2,670	1.4	4.2	57.7	57.6
Gross operating surplus	2,117	2,262	2,268	2,297	2,310	2,323	2,347	2.3	4.2	50.5	50.6
Property income (receivable - interest and rent payable)	313	332	324	319	325	321	323			-13.6	-13.2
Gross non-financial investment	1,193	1,234	1,246	1,256	1,265	1,293	1,332	9.1	12.0	22.3	23.2
<b>Financial transactions</b>	four-quarter-cumulated sums EUR billions							annual growth rates		percentage of GVA	
	2014	2015	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2016 Q4	2017 Q1	2016 Q1	2017 Q1
Financial investment	501	742	762	739	677	685	718	3.2	3.4	13.7	12.5
Currency and deposits	40	106	163	171	171	172	163	7.4	7.0	2.9	2.8
Debt securities	-38	-36	20	26	20	-14	-36	-5.8	-13.1	0.4	-0.6
Loans	133	156	111	88	18	18	71	0.5	1.7	2.0	1.2
Shares and other equity	263	368	373	353	378	412	308	4.0	3.1	6.7	5.4
Financing	417	601	595	579	489	474	565	1.5	1.9	10.7	9.8
Debt securities	40	53	40	67	75	95	120	7.6	9.4	0.7	2.1
Loans	205	161	215	222	79	48	58	0.5	0.6	3.8	1.0
Shares and other equity	222	395	319	261	253	232	246	1.4	1.6	5.7	4.3
Trade credits and advances	-17	21	34	31	67	121	138	4.7	5.4	0.6	2.4
Net lending (+)/net borrowing (-) (financial accounts)	84	142	167	160	188	211	153			3.0	2.7
<b>Financial balance sheet</b>	end-of-period stocks EUR billions							annual percentage changes		percentage of GVA or GDP	
	2014	2015	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2016 Q4	2017 Q1	2016 Q1	2017 Q1
Financial investment	19,712	21,295	20,926	21,032	21,433	22,204	22,622	4.3	8.1	375.2	393.3
Currency and deposits	2,179	2,313	2,323	2,365	2,427	2,486	2,500	7.5	7.6	41.7	43.5
Debt securities	292	249	276	283	274	235	238	-5.9	-13.5	4.9	4.1
Loans	3,843	4,098	4,056	4,064	4,026	4,150	4,209	1.3	3.8	72.7	73.2
Shares and other equity	9,314	10,351	10,076	10,016	10,407	10,900	11,208	5.3	11.2	180.7	194.9
Financing	28,788	30,876	30,357	30,396	30,923	31,607	32,165	2.4	6.0	544.3	559.2
Debt	13,350	14,014	14,026	14,222	14,147	14,334	14,361	2.3	2.4	133.0	132.6
Debt securities	1,220	1,257	1,274	1,312	1,348	1,354	1,380	7.7	8.3	22.8	24.0
Loans	9,251	9,803	9,843	9,931	9,819	9,875	9,895	0.7	0.5	176.5	172.0
Trade credits and advances	2,512	2,583	2,535	2,604	2,604	2,728	2,707	5.6	6.8	45.5	47.1
Shares and other equity	14,710	16,139	15,663	15,507	16,101	16,580	17,113	2.7	9.3	280.9	297.5

Sources: ECB and Eurostat