



EUROPEAN CENTRAL BANK

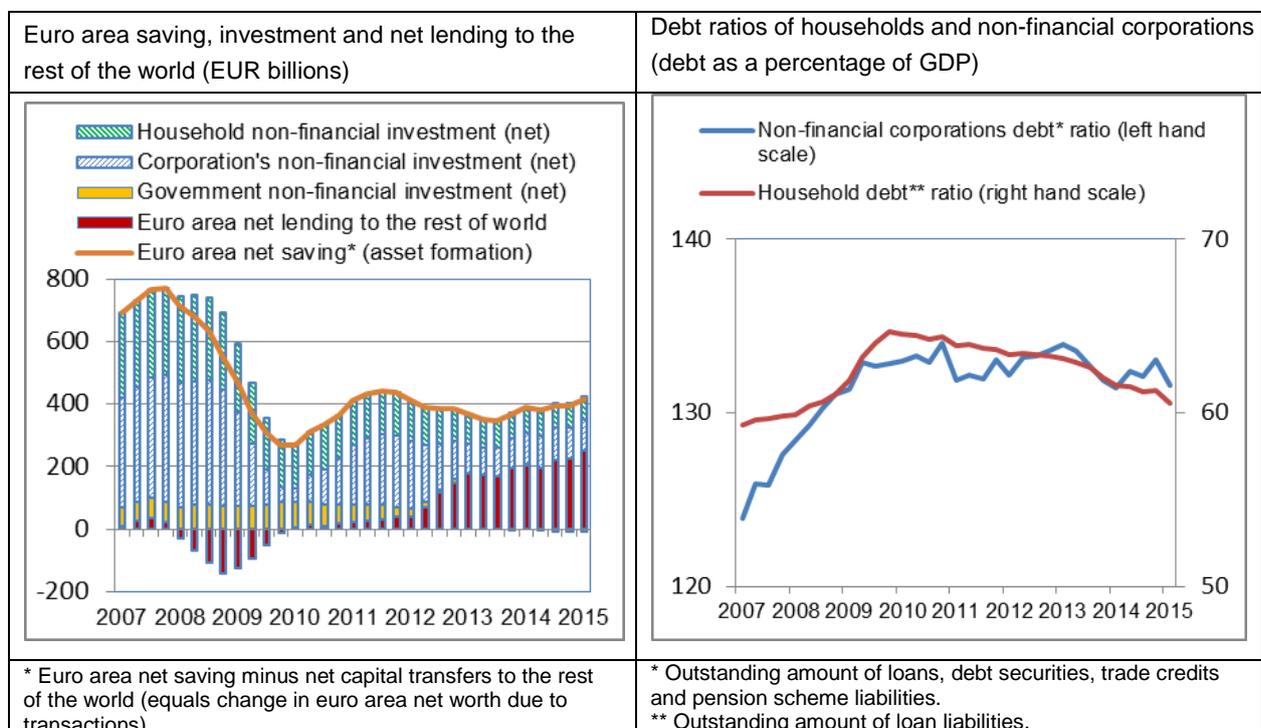
EUROSYSTEM

PRESS RELEASE

29 July 2015

Euro area economic and financial developments by institutional sector: 1st quarter 2015

- Euro area saving grew while net non-financial investments decreased. Net non-financial investments decreased for non-financial corporations and households, and continued to be negative for government and for financial corporations. As a result, euro area net lending to the rest of the world increased.
- The household debt-to-GDP ratio as well as the household debt-to-disposable income ratio decreased (to 61.0% in the first quarter of 2015, from 61.6% in the first quarter of 2014; and to 94.7% from 95.5% respectively).
- The non-financial corporation debt-to-GDP ratio increased to 135.3% in the first quarter of 2015 (from 131.5% in the first quarter of 2014).



European Central Bank Directorate General Communications
Global Media Relations Division, Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany
Tel.: +49 69 1344 7455, e-mail: media@ecb.europa.eu, website: www.ecb.europa.eu

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Total euro area economy

Euro area net saving, that is the sum of the savings of households, corporations and government after deducting the consumption of fixed capital, increased as a percentage of euro area net disposable income (first quarter 2015: 4.8% compared to first quarter 2014: 4.5%). Euro area net non-financial investment decreased (2.0% after 2.3% of net disposable income) as the growth in gross fixed capital formation was more than offset by the decline in inventories and the increase of consumption of fixed capital. Net capital transfers to the rest of the world were broadly unchanged. As a result, euro area net lending to the rest of the world increased to 3.1% (after 2.5% in the first quarter of 2014) of net disposable income. While net lending by euro area households as a percentage of euro area net disposable income was broadly unchanged (3.5% after 3.4%) and the net lending of non-financial corporations decreased (to 1.0% after 1.4), net lending by the financial corporations sector increased and the borrowing by the government sector decreased.

Households

Household gross disposable income increased at a higher annual rate (first quarter 2015: 2.0%, fourth quarter 2014: 1.5%) as the growth rate of gross operating surplus and mixed income from the self-employed increased (1.4% after 0.0%). The compensation of employees grew at an unchanged rate (2.3%).

Household consumption expenditure increased at a higher rate (1.7% after 1.5%). The household gross saving rate in the first quarter of 2015 was 12.7%, which is the same as in the first quarter of 2014. Household gross non-financial investment decreased at a lower rate (-0.1% after -0.5% in the fourth quarter of 2014). Household financing increased at a higher rate (0.7% after 0.5%) while its main component, loan financing remained broadly unchanged (0.0% after 0.1% respectively).

Household financial investment grew at a higher rate (1.9% after 1.7%). Among the components, additions to currency and deposits grew at a broadly unchanged rate (2.8% after 2.7%). Additions to life insurance and pension schemes grew at an unchanged rate (3.6%). Investments in shares and other equity increased at a higher rate (3.7% after 3.3%). The negative growth rate for investments in debt securities (-20.1% after -17.0%) reflects redemptions and sales exceeding purchases.

Household net worth increased at a higher rate (3.8% after 2.3%), with the continued growth being explained by financial and non-financial investments as well as net valuation gains which exceeded financing. The value of housing wealth increased at a higher rate (1.3 after 0.7%). The household debt-to-GDP ratio as well as the household debt-to-disposable income ratio decreased (to 61.0% from 61.6% in the first quarter of 2014; and to 94.7% from 95.5 % respectively).

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Household saving, change in net worth and debt								
<i>(percentages of adjusted gross disposable income, based on four-quarter cumulated flows)</i>								
	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1
Saving rate (gross)	12.5	12.5	12.7	12.7	12.6	12.7	12.7	12.7
Change in net worth	12.0	11.1	11.4	14.2	17.6	15.3	11.6	19.2
Non-financial investment (net)	1.4	1.4	1.2	1.3	1.3	1.2	1.2	1.1
Non-financial investment (gross)	8.5	8.4	8.3	8.4	8.3	8.3	8.2	8.2
Consumption of fixed capital (-)	7.1	7.1	7.0	7.1	7.1	7.1	7.1	7.1
Financial investment	4.7	3.6	4.2	3.6	4.5	5.2	5.2	5.8
Financing (-)	0.5	-0.2	0.0	-0.3	0.4	0.8	0.5	0.8
Revaluation of assets and other changes	6.4	5.9	6.0	8.9	12.3	9.7	5.7	13.0
Debt (loans, outstanding amount)	97.2	96.8	96.0	95.5	95.5	95.0	95.1	94.7

Non-financial corporations

Net entrepreneurial income of non-financial corporations increased after decreasing previously (0.8% after -3.0%) and net value added increased at a higher rate (2.8% after 2.1%). Non-financial investment (net) decreased, as the increase of gross fixed capital formation was more than offset by declining inventories and increasing consumption of fixed capital.

Financing of non-financial corporations grew at a higher rate (1.5% after 1.1%). Loan financing grew at a higher rate (1.0% after 0.8%), as loans granted by MFIs turned positive while loans granted by non-MFIs grew at a lower rate.¹ The issuance of debt securities grew at a higher rate (4.0% after 3.3%), as did trade credit financing (2.4% after 0.8%). The debt ratio increased to 135.3% (after 131.5% in the first quarter of 2014). Equity financing grew at a higher rate (1.7% after 1.2%).

Financial investment grew at a higher rate (2.5% after 1.9%). Among the components, loans granted grew at a higher rate (4.6% after 3.6%), and investment in shares and other equity grew at a higher rate (2.3% after 1.1%).

Non-financial corporations								
<i>(percentages of value added (net), based on four-quarter cumulated flows)</i>								
	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1
Entrepreneurial income*, net (current profits)	32.9	32.8	32.8	33.2	33.1	33.4	32.9	32.7
Saving, net (retained earnings)	1.8	2.7	3.1	3.5	3.2	3.2	2.6	2.7
Non-financial investment, net	2.0	2.2	2.3	2.5	2.5	2.5	2.5	2.4
Non-financial investment (gross)	26.3	26.5	26.5	26.6	26.7	26.7	26.6	26.5
Consumption of fixed capital (-)	24.3	24.2	24.2	24.1	24.1	24.1	24.1	24.1
Financial investment	7.9	10.3	9.5	8.9	10.5	8.8	8.6	11.1
Financing	6.7	7.7	6.8	5.7	7.9	6.5	7.2	10.1
Debt (outstanding amount to GDP)	133.6	132.7	131.9	131.5	132.4	132.1	133.1	135.3

* ECB estimate.

This press release incorporates revisions compared to the press release on “Euro area households and non-financial corporations” of 13 July. Quarterly financial and non-financial accounts by institutional sector are

¹ Loan financing comprises loans granted by all sectors (including loans granted by non-MFI financial institutions) and by creditors that are not residents in the euro area.

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available for the euro area as well as for EU countries at the [ECB's Statistical Data Warehouse \(SDW\)](#). Euro area charts and additional tables are available under "Euro area accounts" in the statistics section of the ECB's website at: [Euro area charts and additional tables](#). The next quarterly press release, with advanced results for households and non-financial corporations, is scheduled for 12 October 2015 (see also the Statistical Release Calendar on the ECB website: [calendar](#)).

For media queries, please contact Stefan Ruhkamp, tel.: +49 69 1344 5057.

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.
- Net entrepreneurial income is broadly equivalent to current profits in business accounting (after the receipt and payment of interest and including the profits of foreign subsidiaries, but before the payment of income taxes and dividends).
- 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, moreover, pension fund reserve liabilities and trade credits are excluded. For the MIP data see: [Annual scoreboard for the surveillance of macroeconomic imbalances](#).
- Further methodological information is available at: [Euro area accounts](#).