

Financing of non-financial corporations – France • March 2021

The growth of financing of non-financial corporations remained dynamic

In March, the growth of financing of non-financial corporations rose by 9.9% over one year, after 12.0% in the previous month. This smaller increase reflected a base effect, linked to a jump in bank loans in March 2020. Compared to March 2019, the total financing increase over two years stood at 16.7%, close to the 17.4% increase between February 2019 and February 2021.

The growth of market financing remained at a high level (10.0% after 10.2% in February).

The rise in non-financial corporations debt since March 2020 was globally accompanied by an increase in their cash flow.

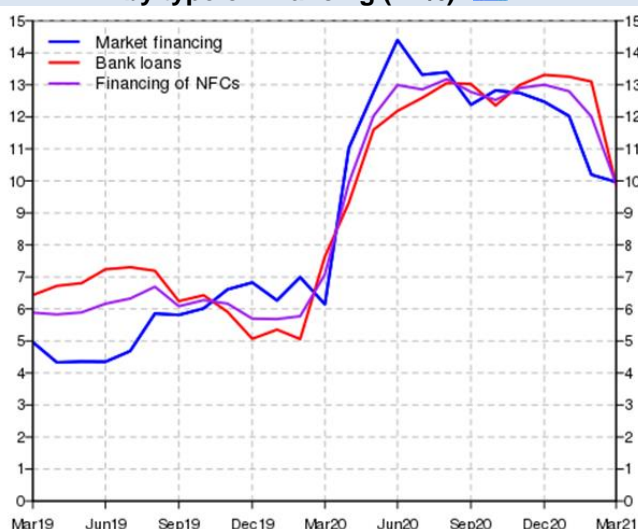
In March, the cost of financing decreased by 9 basis points and reached 0.89%, a low level by historical standards.

Financing of non-financial corporations

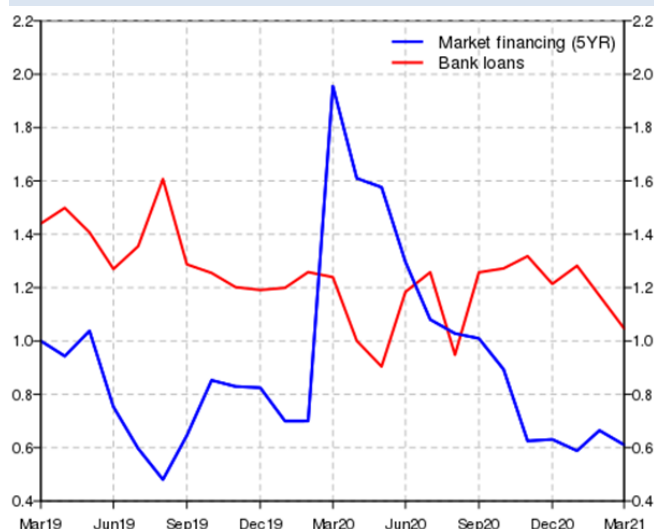
(Gross stocks and flows in billions of euros, growth rate and interest rate in %)

	Outstanding amount		Annual net issuance		Annual growth rate		Average cost of new financing (monthly average)	
	Mar.-21	Mar.-21	Feb.-21	Mar.-21	Feb.-21	Mar.-21	Feb.-21	Mar.-21
Financing of NFCs	1906	172	12.0	9.9	0.98	0.89		
- Of which : bank loans	1207	109	13.1	9.9	1.17	1.05		
- Of which : market financing	699	64	10.2	10.0	0.66	0.61		
in euros	596	66	12.4	12.5				
in currencies	103	-2	-0.5	-2.4				

Annual growth rate, by type of financing (in %)



Average cost of financing (in %)



Source and calculations : General Directorate of Statistics, Economics and International



Composition of non-financial corporate debt

Non-financial corporate debt in this « Stat Info » refers to debt securities issues (bonds and negotiable debt securities) subscribed by residents and non-residents as well as to the credits granted by resident credit institutions.

Negotiable debt securities include short-term commercial papers (less than one year) and medium-term negotiable notes. Further details on loans to non-financial corporations is available in the « Stat Info » referring to loans to non-financial corporations :

<https://www.banque-france.fr/en/statistics/loans/loans/loans-non-financial-corporations>

Overall non-financial corporate debt also includes bank loans from non-resident credit institutions. This measure can be found in the « Stat Info » related to non-financial sector debt :

<https://www.banque-france.fr/en/statistics/savings/financial-accounts/financial-accounts>

The average cost of bank loans to non-financial corporations is computed using the monthly interest rate applied by French banks. This indicator only covers euro-denominated loans with a term of at least one year and with an initial amount of at least one million euros. It excludes revolving term facilities and overdrafts.

The average cost of market financing is calculated on the basis of month-end actuarial rates of return of alive securities. It only covers euro-denominated securities with an initial maturity longer than one year and with a fixed coupon rate. A specific calibration process using the yield curve is performed to align different maturities with a constant 5-year maturity. The average cost of market financing calculation methodology excludes extreme values.

The average cost of bank loans and the average cost of market financing cannot be directly compared since they often differ in their maturity horizon.

