



9th September 2021

Financing of non-financial corporations – France • July 2021

The cost of non-financial corporations financing is very low

In July, the financing of non-financial corporations grew by 1.9% year-on-year, at a lower pace than during the previous month (2.5%). However, if compared to the pre-crisis situation two years ago, NFCs financing stands at a high level at 14.3%.

Since March 2020, the rise in non-financial corporations debt has been generally correlated with an increase in their cash flow.

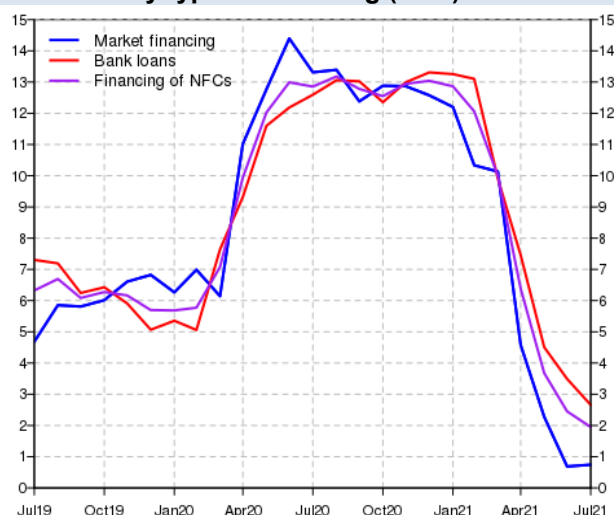
In July, the 5-year average cost of corporate market financing remained at low levels (0.5%).

Financing of non-financial corporations

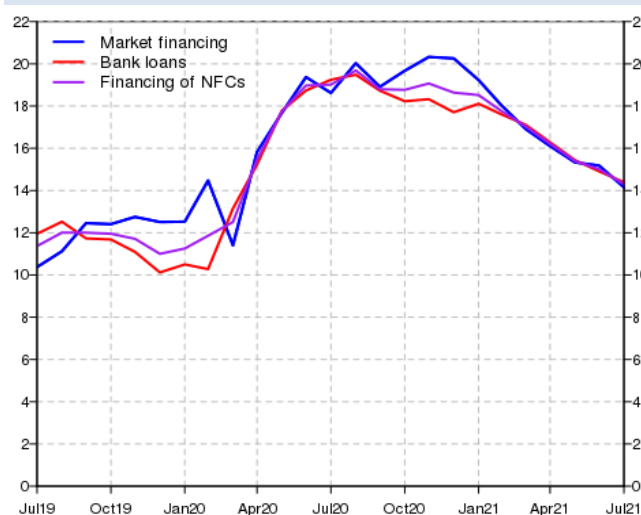
(Gross stocks and flows in billions of euros, growth rate and interest rate in %)

	Outstanding amount 	Annual net issuance 	Annual growth rate 		Two-year growth rate (compared to 2019)		Cost of financing in euros 	
	July-21	July-21	June-21	July-21	June-21	July-21	June-21	July-21
Financing of NFCs	1913	37	2.5	1.9	15.0	14.3	0.96	0.95
- Of which : bank loans	1213	31	3.5	2.7	14.9	14.4	1.17	1.23
- Of which : market financing	700	5	0.7	0.7	15.2	14.2	0.60	0.47
in euros	599	11	1.8	1.8	18.8	17.9		
in currencies	101	-5	-5.7	-5.2	-2.0	-3.7		

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




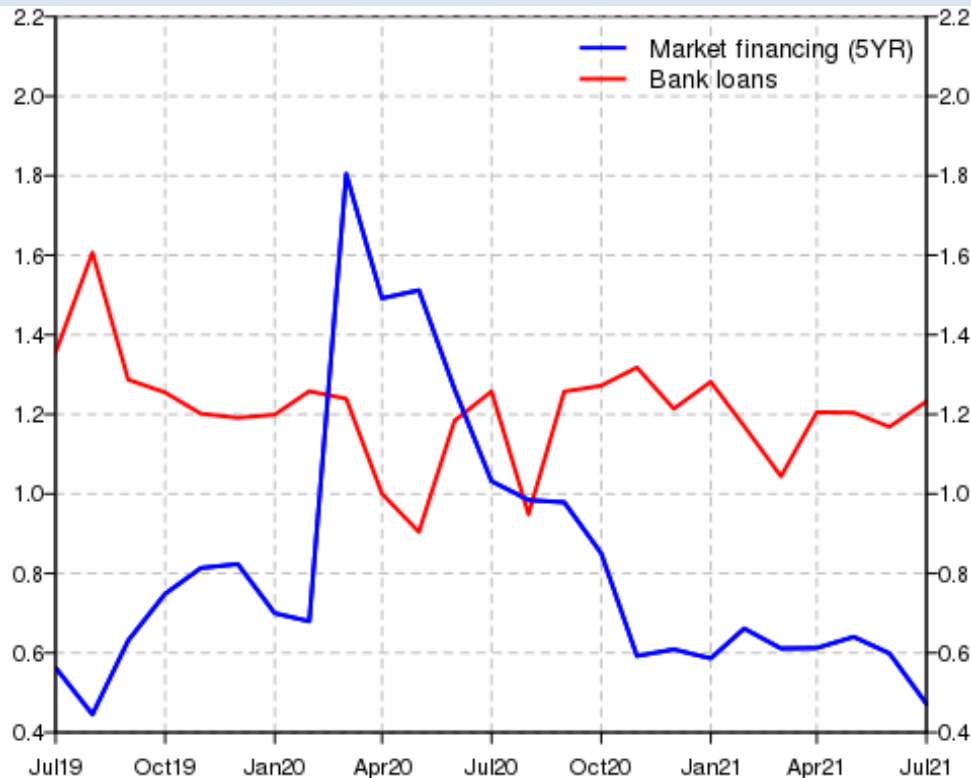
Two-year growth rate, by type of financing (in %)



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



Average cost of financing in euros (in %) 



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.