



EUROPEAN CENTRAL BANK  
EUROSYSTEM

# PRESS RELEASE

29 January 2019

## Euro area economic and financial developments by institutional sector: third quarter of 2018

Euro area [net saving](#) was broadly unchanged at €805 billion in the four quarters to the third quarter of 2018. Euro area net [non-financial investment](#) increased to €431 billion (from €406 billion previously), due to increased investments by households and non-financial corporations. Euro area [net lending](#) to the rest of the world decreased to €382 billion (from €404 billion previously) in line with the increased net non-financial investment and broadly unchanged net saving.

Household debt was lower at the end of the third quarter of 2018 compared to a year ago, both with respect to GDP and gross disposable income (the corresponding ratios decreased to 57.8% and to 93.7% from 58.3% and 94.1% respectively). Non-financial corporation [debt](#) declined to 137.0% of GDP, from 137.5% one year ago.

### Total euro area economy

Euro area [net saving](#) was broadly unchanged at €805 billion (8.6% of euro area net disposable income) in the four quarters to the third quarter of 2018. Euro area net [non-financial investment](#) increased to €431 billion (4.6% of net disposable income), due to increased investments by households and non-financial corporations.

Euro area [net lending](#) to the rest of the world decreased to €382 billion (from €404 billion previously) reflecting the increased net non-financial investment and broadly unchanged net saving. Net lending of non-financial corporations decreased from €155 billion to €136 billion (1.5% of net disposable income) while that of financial corporations decreased from €94 billion to €84 billion (0.9% of net disposable income). Net lending by households stayed unchanged at €210 billion (2.2% of net disposable income). The decrease in net lending by

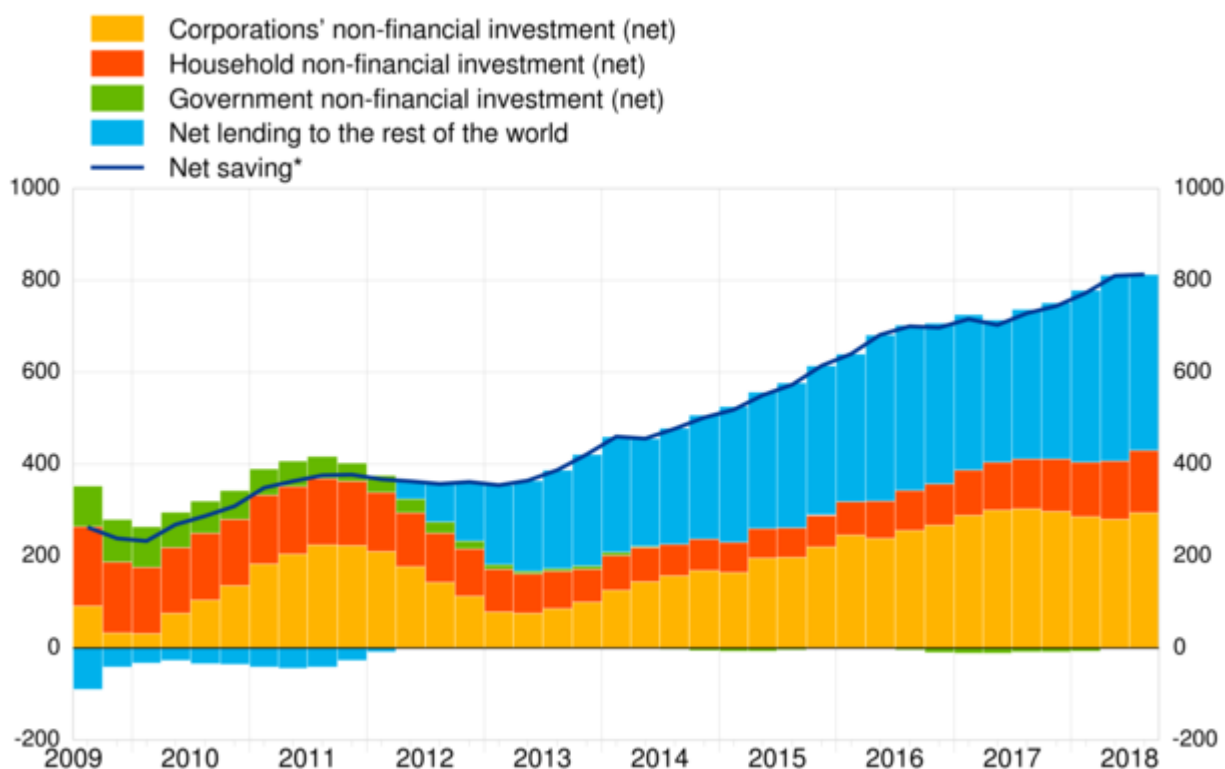
European Central Bank Directorate General Communications  
Global Media Relations Division, Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany  
Tel.: +49 69 1344 7455, e-mail: [media@ecb.europa.eu](mailto:media@ecb.europa.eu), website: [www.ecb.europa.eu](http://www.ecb.europa.eu)

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the total private sector was partially offset by a decrease in net borrowing by the government sector (-0.5% of net disposable income, after -0.6% previously).

Chart 1. Euro area saving, investment and net lending to the rest of the world

(EUR billions, four-quarter sums)



\* Net saving minus net capital transfers to the rest of the world (equals change in net worth due to transactions).

## Households

The annual growth rate of household [financial investment](#) stood at an unchanged rate of 1.9% in the third quarter of 2018. Investment in currency and deposits, investment fund shares as well as life insurance and pension schemes were the main contributors.

Households were overall net sellers of listed shares. By issuing sector, they were net sellers of listed shares of non-financial-corporations, MFIs and other financial institutions (except insurance corporations), and net buyers of listed shares of insurance corporations and the rest of the world sector (shares issued by non-residents). Households continued to sell debt securities (in net terms) issued by MFIs, while marginally bought debt securities issued by other sectors (see Table 1 below and [Table 2.2. in the Annex](#)).

The household [debt-to-income ratio](#)<sup>1</sup> continued to decrease, to 93.7% in the third quarter of 2018 from 94.1% in the third quarter of 2017, as disposable income grew faster than the outstanding amount of loans to

<sup>1</sup> Calculated as loans divided by gross disposable income.

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households. Similarly the household [debt-to-GDP ratio](#) decreased, to 57.8% in the third quarter of 2018 from 58.3% in the third quarter of 2017 (see Chart 2).

Table 1. Financial investments and financing of households, main items

(annual growth rates)

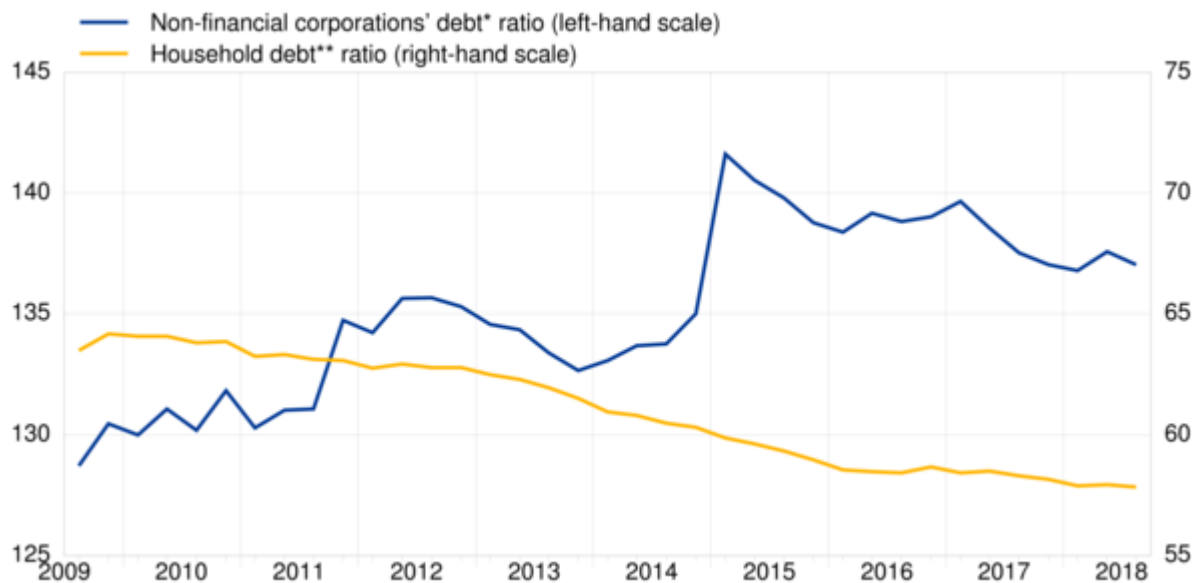
	Financial transactions				
	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3
<b>Financial investment*</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>
Currency and deposits	3.7	3.3	3.3	3.8	3.8
Debt securities	-12.1	-12.4	-13.0	-9.4	-4.6
Shares and other equity	1.5	1.6	1.7	1.0	0.8
Investment fund shares	5.1	6.3	5.6	3.6	2.8
Life insurance and pension schemes	2.1	2.3	2.3	2.2	2.2
<b>Financing**</b>	<b>3.0</b>	<b>3.3</b>	<b>3.0</b>	<b>3.2</b>	<b>3.0</b>
Loans	2.8	2.9	3.0	3.1	3.0

\* Items not shown include: loans granted, prepayments of insurance premiums and reserves for outstanding claims and other accounts receivable.

\*\* Items not shown include: financial derivative's net liabilities, pension schemes and other accounts payable.

Chart 2. Debt ratios of households and non-financial corporations

(debt as a percentage of GDP)



\* Outstanding amount of loans, debt securities, trade credits and pension scheme liabilities.

\*\* Outstanding amount of loan liabilities.

## Non-financial corporations

In the third quarter of 2018 annual growth of [financing](#) of non-financial corporations stood at an unchanged annual rate of 1.7% compared with the previous quarter, this being the result of an acceleration in financing by

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](mailto:media@ecb.europa.eu), website: [www.ecb.europa.eu](http://www.ecb.europa.eu)

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debt securities and loans from financial corporations, by a deceleration in intercompany loans, equity and trade credits.

Non-financial corporations' [debt-to-GDP ratio](#) decreased to 137.0% in the third quarter of 2018, from 137.5% in the third quarter of 2017 (see chart 2).

Table 2. Financial investments and financing of non-financial corporations, main items

(annual growth rates)

	Financial transactions				
	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3
<b>Financing*</b>	<b>2.4</b>	<b>2.0</b>	<b>1.6</b>	<b>1.7</b>	<b>1.7</b>
Debt securities	7.5	5.6	5.5	5.4	5.8
Loans	2.1	2.6	2.2	2.3	2.5
Shares and other equity	1.7	0.9	0.9	0.8	0.7
Trade credits and advances	6.7	5.3	4.7	5.7	4.7
<b>Financial investment**</b>	<b>4.1</b>	<b>3.4</b>	<b>3.0</b>	<b>3.1</b>	<b>2.8</b>
Currency and deposits	5.7	7.3	4.6	5.5	4.4
Debt securities	-12.2	-4.0	-13.3	-7.1	-9.8
Loans	5.5	3.9	3.7	2.4	2.1
Shares and other equity	2.4	1.3	1.6	1.8	2.1

\* Items not shown include: pension schemes, other accounts payable, financial derivative's net liabilities and deposits.

\*\* Items not shown include: other accounts receivable and prepayments of insurance premiums and reserves for outstanding claims..

## Annexes

[Tables](#)

[Charts](#)

For media queries, please contact [Esther Tejedor](#), tel.: +49 69 1344 95596.

## Notes

These data come from a second release of quarterly euro area sector accounts from the European Central Bank (ECB) and Eurostat, the statistical office of the European Union. This release incorporates revisions and completed data for all sectors compared with the first quarterly release on "Euro area households and non-financial corporations" of 11 January 2019.

The debt-to-GDP (or debt-to-income) ratios are calculated as the outstanding amount of debt in the reference quarter divided by the sum of GDP (or income) in the four quarters to the reference quarter. The ratio of non-financial transactions (e.g. savings) as a percentage of income or GDP is calculated as sum of the four quarters to the reference quarter for both numerator and denominator.

European Central Bank Directorate General Communications  
Global Media Relations Division, Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany  
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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 next release of the [Household Sector Report](#) containing results for the euro area and all EU countries is scheduled for 8 February 2019.

Hyperlinks in the main body of the press release lead to data that may change with subsequent 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.

**European Central Bank** Directorate General Communications  
Global Media Relations Division, Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany  
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