



## Non-residents holdings of French CAC 40 shares at end-2019 and early 2020

At the end of 2019, non-residents held EUR 686 billion worth of shares in French CAC 40 companies, or a total of EUR 1,684 billion. This represents 40.8% of the total holdings and is down 7 percentage points on its 2013 peak. Non-resident holders are mainly from the euro area (43.1%) and the United States (33.7%).

In 2019, non-residents purchased EUR 500 million worth of shares in French CAC 40 companies, while residents were net sellers to the tune of EUR 1.9 billion.

During the first quarter of 2020, these flows reversed fairly significantly, with non-residents becoming net sellers and residents net buyers, in the amount of EUR 15 billion and EUR 20.7 billion respectively.

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JEL codes  
F21, F23, F36,  
G15, G34

**40.8%**

share of capital in French CAC 40 companies held by non-residents

**EUR 500 million**

net purchases of French CAC 40 shares by non-residents in 2019

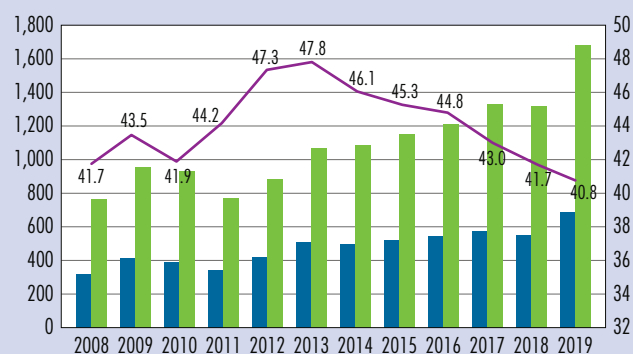
**9 out of 36**

French CAC 40 companies majority-owned by foreign investors

### Non-resident ownership of the capital of French CAC 40 companies

(rate as a %; amounts in EUR billions)

■ Non-resident holdings (market value)  
■ Market capitalisation  
— Non-resident ownership rate (right-hand scale)



Sources: Banque de France (balance of payments) and Euronext.



### 1 Non-resident ownership of French shares continued to decline in 2019

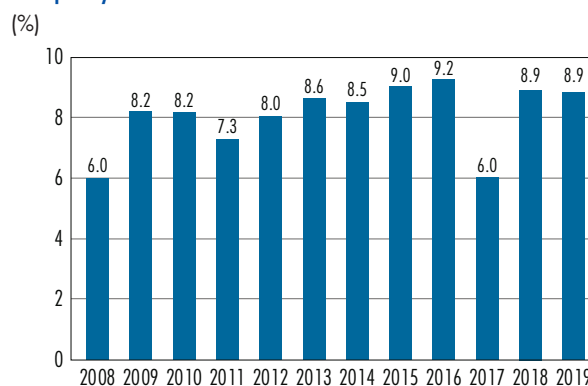
#### Non-resident holdings of shares listed on the CAC 40 decreased

As at 31 December 2019, non-resident investors held 40.8% of the total value of shares in the 36 French companies<sup>1</sup> listed in the CAC 40. The figure was down 0.9 percentage points compared with the previous year (see Chart 1). This figure has been declining since 2014.

Non-resident holdings of CAC 40 shares can be broken down into portfolio investments,<sup>2</sup> which accounted for 91.1%, and direct investments, which accounted for 8.9%. These proportions are identical to those of the previous year (see Chart 2).

Measured as a share of all French listed stocks, non-resident ownership fell by 0.7 percentage point in 2019 (compared with -0.9% in the CAC 40), to stand at 37% (see Chart 3). The overall decline was somewhat offset by the increase in the CAC 40's share of total market capitalisation in 2019, whose ownership rate by non-residents is higher.

### 2 Share of non-resident holdings in French CAC 40 companies that qualify as direct investments



Source: Banque de France (balance of payments).

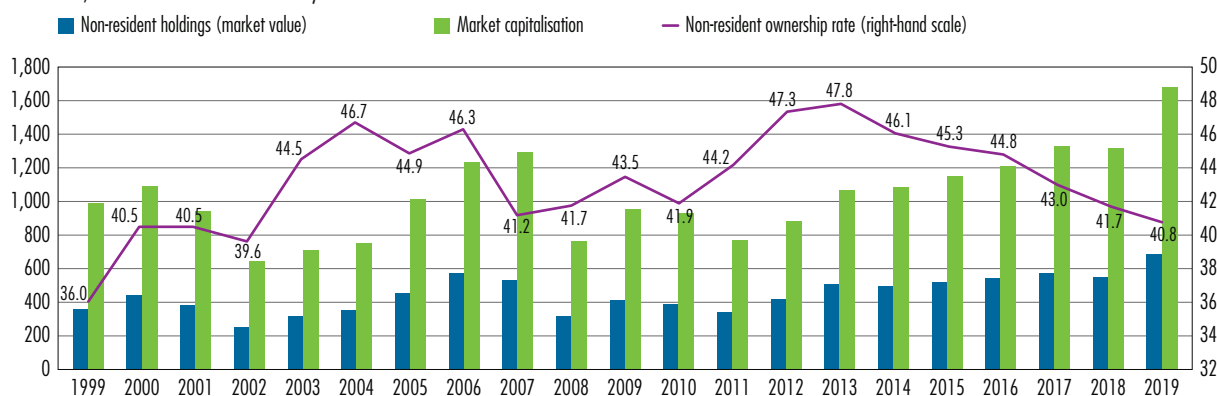
### Only a quarter of French CAC 40 companies are more than 50%-owned by non-residents

At 31 December 2019, out of the 36 French companies of the CAC 40, only 9 were more than 50%-owned by non-residents. Eight of them were less than 30% owned, a figure that has increased in recent years (see Table 1).

The dispersion of non-resident ownership rates for French CAC 40 companies increased in 2019. For the first

### C1 Non-resident ownership of the capital of French CAC 40 companies

(rate as a %; amounts in EUR billions)



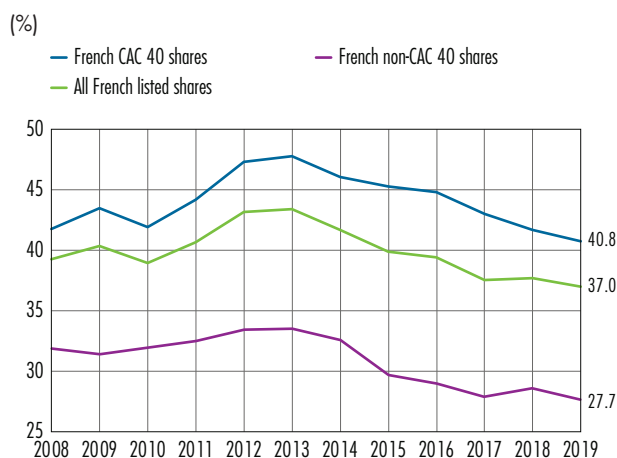
Sources: Banque de France (balance of payments) and Euronext.

1 Four CAC 40 companies are excluded from the scope of this study as their headquarters are not located in France (Airbus, ArcelorMittal, STMicroelectronics and TechnipFMC; see Appendix 1). Non-resident ownership rates depend on the index composition and the country of domiciliation of the individual companies during the reference period, and may thus be affected by changes in either of these factors. The impact of these changes in scope is described in Section 2, "Factors behind the change".

2 "Portfolio investments" refers to individual holdings accounting for less than 10% of the shares in a company. Beyond this threshold, holdings are considered to be "direct investments", within the meaning of the balance of payments. A company may be majority-owned by non-residents but without any of these holdings constituting a direct investment if no individual stake exceeds the threshold of 10%.

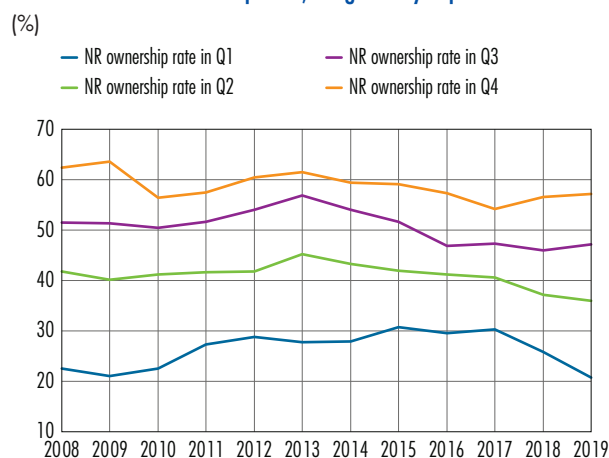


### C3 Change in the non-resident ownership rate for all French listed shares



Sources: Banque de France (balance of payments) and ECB (Quarterly sector accounts: Euro area securities issues statistics).

### C4 Dispersion of rates of non-resident (NR) ownership of French CAC 40 companies, weighted by capitalisation



Sources: Banque de France (balance of payments) and Euronext. Note: Rates of ownership of French CAC 40 securities are calculated per quartile – the first quartile (Q1) represents the 25% of companies with the lowest rate of non-resident ownership, and the last quartile (Q4) represents the 25% with the highest rate.

### T1 Breakdown of French CAC 40 companies by size of non-resident ownership

Share of capital held by non residents	Number of companies							
	2013	2014	2015	2016	2017	2018	2019	
0-30%	2	3	2	3	2	7	8	
30-50%	15	15	20	21	24	20	19	
Over 50%	19	18	14	11	8	9	9	
	<b>36</b>	<b>36</b>	<b>36</b>	<b>35</b>	<b>34</b>	<b>36</b>	<b>36</b>	

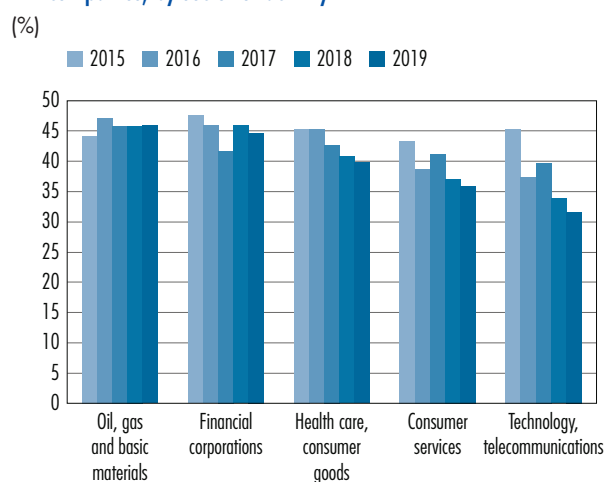
Source: Banque de France (balance of payments).

quartile of the least foreign-owned enterprises, the ownership rate decreased by 5.1 percentage points to 20.8%, while it increased by 0.5 percentage point for the last quartile of the most foreign-owned enterprises to 57.1% (see Chart 4).

### Non-resident CAC 40 holdings fell in most sectors of activity

Only the “oil, gas and basic materials and industries” sector, which tends to attract highest levels of foreign investment, posted a rise in non-resident ownership in 2019. Conversely, the share of non-resident ownership declined in 2019 for all other sectors of activity. The “technologies and telecoms” sector, which receives the least investment from non-residents, experienced the strongest decline (see Chart 5).

### C5 Non-resident ownership of the capital of French CAC 40 companies, by sector of activity



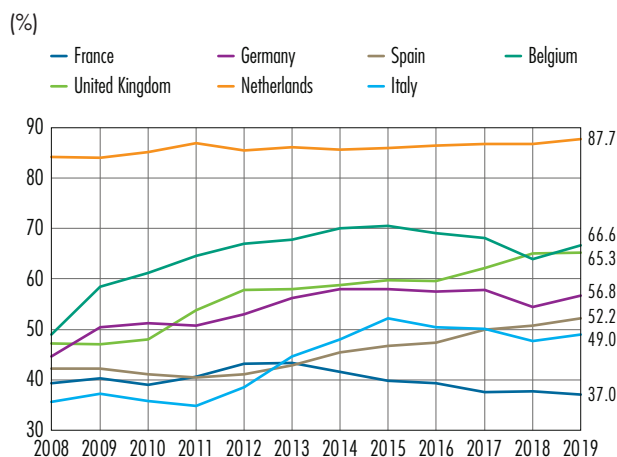
Source: Banque de France (balance of payments). Note: According to the Industry Classification Benchmark (ICB) used by Euronext

### Non-resident ownership of French listed shares is low compared with other European countries

The rate of non-resident ownership of all listed shares in France stood at 37% at the end of 2019. This rate is lower than that of other major European countries, which, unlike France, showed an increase between 2008 and 2019 (see Chart 6). In addition, French listed shares represent a total capitalisation of EUR 2,354 billion, an amount higher than that of other major European countries.



### C6 International comparison of non-resident ownership of all listed shares



Source: ECB (Quarterly sector accounts: Euro area securities issues statistics).

## 2 A change resulting from stock market prices and the composition of the index

The stock market prices of shares held by non-residents were less buoyant than those of shares held by residents, which contributed 0.3 percentage point to the decline in the non-resident CAC 40 ownership rate in 2019.

### C7 Non-resident ownership of the capital of French CAC 40 companies

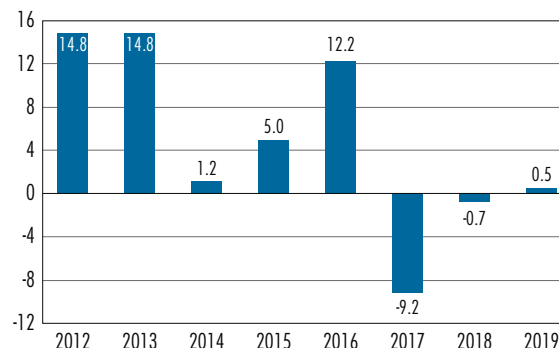
(2008 = 100)



a) Ownership rate adjusted for changes in the composition of the index between two consecutive periods.  
Sources: Banque de France (balance of payments) and Euronext.

### C8 Net non-resident flows into French CAC 40 shares

(EUR billions, based on prices at the start of the period)



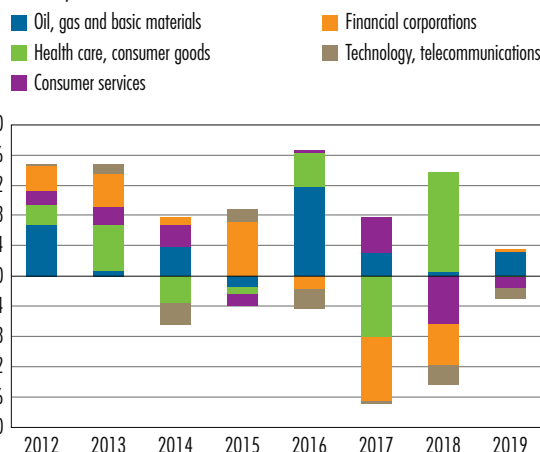
Source: Banque de France (balance of payments).

Changes in the composition of the index, with the entry of Thales and the exit of Valeo, contributed to a 0.3 percentage point decrease in the non-resident ownership rate.

Valued at December 2018 prices, in order to neutralise the impact of valuation effects, non-resident were net buyers to the tune of EUR 500 million in 2019, while residents were net sellers in the amount of EUR 1.9 billion<sup>3</sup> (see Chart 8 above and Appendix 2).

### C9 Breakdown by sector of non-resident purchases of French CAC 40 shares

(EUR billions)



Source: Banque de France (balance of payments).

Note: Prices as at start of period (excluding valuation effect) and according to the Euronext Industry Classification Benchmark (ICB).

<sup>3</sup> A listed company may increase its capital by issuing new shares. Conversely, it can buy back its own shares. These changes in the number of shares outstanding produce an imbalance between net purchases and net sales.



### C10 Net purchases by non-residents of French CAC 40 shares based on stock market prices in 2019

(X-axis: net flows of purchases in billions of euro;  
Y-axis: change in stock market prices as a %)



Source: Banque de France (balance of payments).

In 2019, non-residents purchased EUR 3.3 billion worth of securities in the "oil, gas, basic materials and industries" sector and sold EUR 1.6 billion worth of securities in the "utilities and consumer services" sector, as well as EUR 1.3 billion in the "technology and telecoms" sector (see Chart 9 above).

Non-residents were net sellers of 4 of the 36 securities corresponding to French CAC 40 companies. These are the four stocks whose share price declined in 2019. Thus, non-residents only made net purchases of securities whose price rose over the period.

### 3 US share increased in the non-resident ownership of French equities and investment funds

The International Monetary Fund's annual Coordinated Portfolio Investment Survey (CPIS),<sup>4</sup> to which the Banque de France contributes, details individual countries' total holdings of French equities and investment fund shares combined.<sup>5</sup>

At end-2019, 43.1% of the French equities and investment fund shares owned by non-residents were held by euro area investors, 33.7% by US investors, and 6.3% by

### T2 Country of residence of foreign holders of French equities and investment fund shares

(share of total non-resident holdings at year-end<sup>a)</sup> as a %)

	2013	2014	2015	2016	2017	2018	2019 <sup>b)</sup>
<b>Euro area</b>	<b>40.5</b>	<b>41.3</b>	<b>41.9</b>	<b>44.3</b>	<b>44.6</b>	<b>44.2</b>	<b>43.1</b>
of which: Luxembourg <sup>c)</sup>	12.4	12.7	13.3	13.7	14.0	14.9	14.9
Germany	7.6	7.5	7.8	7.7	7.7	7.5	7.8
Italy	6.4	6.8	6.2	7.0	6.9	6.2	5.6
Belgium	4.0	4.0	3.9	4.9	4.9	4.6	4.6
<b>United States</b>	<b>34.3</b>	<b>33.4</b>	<b>33.3</b>	<b>33.0</b>	<b>32.3</b>	<b>32.1</b>	<b>33.7</b>
United Kingdom	8.9	8.8	8.1	6.6	7.6	6.7	6.3
Canada	2.9	2.7	2.6	2.8	2.8	2.8	2.9
Japan	2.3	2.9	3.0	2.7	2.6	2.5	2.7
Norway	3.6	3.5	2.9	2.9	2.7	2.8	2.6
Switzerland	2.8	2.8	2.6	2.3	2.2	2.1	2.1
Australia	1.2	1.2	1.1	1.1	0.8	1.6	1.5
Other <sup>d)</sup>	3.5	3.3	4.5	4.4	4.5	5.1	5.1

a) All holding sectors, including investment funds.

b) Projection based on the relative weights of non-residents in the first half of 2019, due to time needed to collect data.

c) Luxembourg's percentage holding includes equities held by Luxembourg-based investment funds, shares of which may be owned by residents of other countries, including France.

d) The "Others" category mainly comprise Sweden (0.8%), Denmark (0.7%), and the Cayman Islands (0.6%).

Sources: Banque de France (balance of payments) and the IMF (CPIS).

UK investors. In 2019, the share held by euro area investors increased by 1.1 percentage point, while that held by US investors rose by 1.6 percentage point (see Table 2).

### 4 Non-residents were net sellers of French equities in the first quarter of 2020

In the first quarter of 2020, net sales of portfolio investments in CAC 40 French equities by non-residents amounted to EUR 15 billion. They sold EUR 7.4 billion worth of securities in the "financial corporations" sector, and EUR 6.1 billion in both the "oil, gas, basic materials and industries" and "health care and consumer goods" sectors. Conversely, they purchased EUR 7 billion worth of securities in the "utilities and consumer services" sector (see Chart 11).

Over the same period, residents' net purchases reached EUR 20.7 billion, mainly channelled into the sectors

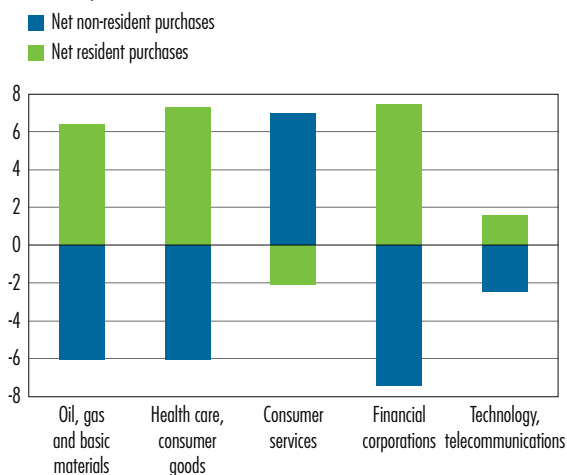
4 The IMF's Coordinated Portfolio Investment Survey (CPIS) provides data on the portfolio investment positions of almost 80 countries, broken down by security type (equities and investment fund shares, short and long-term debt instruments) and by counterparty country. Data and explanations concerning the CPIS can be found on the IMF's website: <http://data.imf.org/>

5 French UCITS are investment funds registered in France; they are governed by the French Monetary and Financial Code and supervised by the Autorité des marchés financiers. French UCITS allow investors to invest in a portfolio of French and foreign marketable securities.



### C11 Net flows of portfolio investments in CAC 40 French equities in the first quarter of 2020

(EUR billions)



Source: Banque de France (balance of payments).  
Note: Prices as at 31 December 2019 (excluding valuation effect) adjusted for changes in the composition of the index and according to the Euronext Industry Classification Benchmark (ICB)

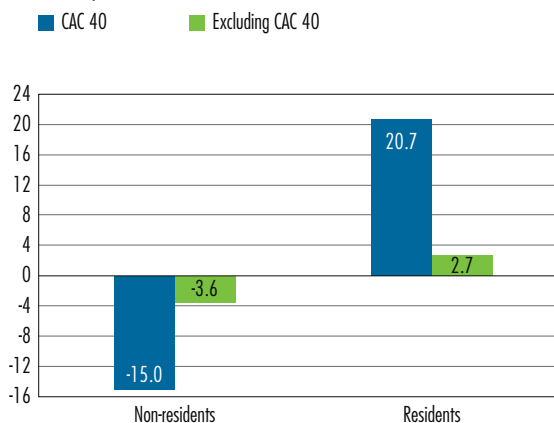
“financial corporations”, “health care and consumer goods” and “oil, gas, basic materials and industries” sectors (see Chart 12).

In the first quarter of 2020, non-residents were sellers of French listed shares, while residents were net buyers.

In previous episodes of declines in excess of 20% in the CAC 40 index (fourth quarter 2008 and third quarter 2011), the opposite trends between resident and non-resident holdings were not of this magnitude.

### C12 Net flows of portfolio investments in CAC 40 French equities in the first quarter of 2020

(EUR billions)



Source: Banque de France (balance of payments).  
Note: Prices as at 31 December 2019 (excluding valuation effect) adjusted for changes in the composition of the index

### T3 Net flows of portfolio investments in CAC 40 French equities during a period of declining stock market prices

(quarterly flow in EUR billions; % change)

	Changes in the value of the CAC 40	Non-resident flows	Resident flows
Q4 2008	-24.4	3.2	-1.1
Q3 2011	-22.6	0.2	3.1
Q1 2020	-24.5	-15.0	20.7

Source: Banque de France (balance of payments).  
Note: Prices as at end of previous quarter (excluding valuation effect) adjusted for changes in the composition of the index.



## Appendix 1

### Sources and methodology

#### 1 Composition of the CAC 40 in 2019 and scope of the study

For a company to be included in the scope of the study, it must be listed in the CAC 40 index and the registered offices of its parent company must be located in French

territory. In 2019, Thales entered the list of resident companies making up the CAC 40. Conversely, by exiting the CAC 40, Valeo is no longer in the scope of the study.

##### TA1 List of the 36 resident companies in the CAC 40 at 31 December 2019

Accor	Capgemini	Essilor International	Michelin	Safran	Thalès
Air Liquide	Carrefour	Hermès	Orange	Saint-Gobain	Total
Atos	Crédit Agricole	Kering	Pernod Ricard	Sanofi	Unibail-Rodamco-Westfield
Axa	Danone	Legrand	Groupe PSA	Schneider Electric	Veolia
BNP Paribas	Dassault Systemes	L'Oréal	Publicis Group	Société Générale	Vinci
Bouygues	Engie	LVMH	Renault	Sodexo	Vivendi

Source: Euronext.

Note: Airbus, ArcelorMittal, STMicroelectronics and TechnipFMC are excluded from the scope of the survey as their headquarters are located outside France.

#### 2 Revisions to data

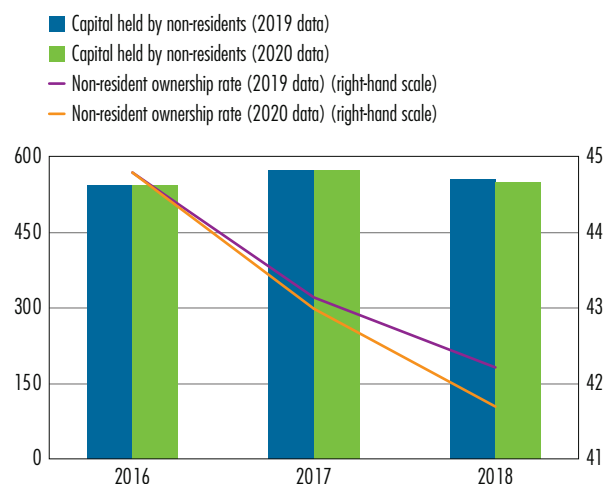
Data on French assets and liabilities positions for the last three years are revised when the Banque de France publishes its annual report on France's balance of payments.<sup>1</sup> The figures published in this article take account of these corrections.

Revisions to security holdings stem from additional data collected from securities custodians, the integration of additional foreign direct investments or corrections to the valuation of certain securities. However, stock market capitalisation data, produced by Euronext, are not revised.

As such, non-resident holdings of CAC 40 shares in 2018 were adjusted upwards from last year's published figure of EUR 557 billion to EUR 550 billion, leading to a decline in the ownership rate from 42.2% to 41.7%.

##### Revisions to data since 2016

(left-hand scale: amount in EUR billions; right-hand scale: %)



Source: Banque de France (balance of payments).

##### TA2 Revisions to 2017 and 2018 data

(amounts in EUR billions, rate %)

	2019 data		2020 data	
	2017	2018	2017	2018
Equity capital held by non-residents	575.0	556.8	573.0	549.9
Market capitalisation	1,332.9	1,318.8	1332.9	1,318.8
Non-resident ownership rate	43.1	42.2	43.0	41.7

Sources: Banque de France (balance of payments) and Euronext.

<sup>1</sup> The French balance of payments and international investment position 2019: <https://publications.banque-france.fr/en/liste-chronologique/french-balance-payments-and-international-investment-position>. Other documents on this topic are available on the Banque de France website, in the Balance of Payments and International Banking Statistics section.



## Appendix 2

### Breakdown of flow/stock effects

The breakdown of flow/stock effects makes it possible to determine the change in the value of financial outstandings between two dates that is due to financial transactions carried out over the period, and the change that is due to existing stocks, i.e. variations in exchange rates and in the prices of assets.

The stock at end-2019 consists of the stock at end-2018 plus any transaction flows over 2019, to which are added fluctuations in stock market prices, any other adjustments and changes in the composition of the CAC 40 index. Table TA1 below quantifies these different elements in order to show how they affected the change in outstandings between 2018 and 2019.

The main symbols used in this appendix are as follows:

$S_j^{(i)}$	Stock of French CAC 40 shares held by non-residents at the end of year $i$ , estimated at market value at the end of year $j$ .
$C_j^{(i)}$	Market capitalisation French CAC 40 shares at the end of year $i$ , estimated at market value of the end of year $j$ .
$CS_j^{(i)}$	Impact of the change in the composition of the CAC 40 over year $i$ on the stock of shares held by non-residents, calculated at market value for year $j$ .
$CC_j^{(i)}$	Impact of the change in the composition of the CAC 40 over year $i$ on the stock market capitalisation of the CAC 40 at market value for year $j$ .
$F_R^{(i)}$	Net flow of purchases/sales of CAC 40 shares by French residents in year $i$ , calculated at market value at the start of year $j$ .
$F_{NR}^{(i)}$	Net flow of purchases/sales of CAC 40 shares by non-residents in year $i$ , calculated at market value at the start of year $j$ .

**TA1 Non-resident ownership of French CAC 40 shares**  
(EUR billions)

	2018 stock	Change in the composition of the CAC index	Net non-resident flows in 2019	Adjustments	2019 stock
	$S18^{(18)}$	+ $CS19^{(18)}$	+ $F_{NR}19^{(18)}$		= $S19^{(18)}$
Change in stock in 2019, excluding price variations	549.9	2.0	0.5		552.4
	$V\_S18^{(18)}$	+ $V\_CS19^{(18)}$	+ $V\_F_{NR}19^{(18)}$		= $V\_S19^{(18)}$
Change in prices in 2019	133	-1.1	2.0		133.9
	$S18^{(19)}$	+ $CS19^{(19)}$	+ $F_{NR}19^{(19)}$		= $S19^{(19)}$
Change in stock in 2019 including price variations	682.9	0.9	2.5	0,0	686.3

**TA2 Total market capitalisation of French CAC 40 companies**  
(EUR billions)

	2018 capitalisation	Change in the composition of the CAC index	Net resident flows in 2019	Net non-resident flows in 2019	2019 capitalisation
	$C18^{(18)}$	+ $CC19^{(18)}$	+ $F_R19^{(18)}$	+ $F_{NR}19^{(18)}$	= $C19^{(18)}$
Change in market capitalisation in 2019 excluding price variations	1,318.8	15.6	-1.9	5.0	1,337.5
	$V\_C18^{(18)}$	+ $V\_CC19^{(18)}$	+ $V\_F_R19^{(18)}$	+ $V\_F_{NR}19^{(18)}$	= $V\_C19^{(18)}$
Change in prices in 2019	349.1	-3.4	10.4	-9.8	346.2
	$C18^{(19)}$	+ $CC19^{(19)}$	+ $F_R19^{(19)}$	+ $F_{NR}19^{(19)}$	= $C19^{(19)}$
Change in market capitalisation in 2019 including price variations	1,667.9	12.1	8.5	-4.8	1,683.7





### TA3 Measurement of the respective impacts of changes in the index composition, flows, prices and adjustments

(%)

	Non-resident ownership rate in 2018	+ Change in the composition of the index	+ Flows	+ Adjustments	Non-resident ownership rate in 2019
	41.69	-0.34	-0.06		
+ Valuation		-0.66	0.12		
+ Adjustments				0.0	
					40.76

(%)

Composition	Prices	Non-resident (NR) flows	Adjustments	Calculation formula	Non-resident ownership rate	
Constant	Constant	Excluding NR flows	Excluding adjustments	$S18^{(18)} / C18^{(18)}$	41.69	R1
Modified	Constant	Excluding NR flows	Excluding adjustments	$[S18^{(18)} + CS19^{(18)}] / [C18^{(18)} + CC19^{(18)}]$	41.36	R2
Modified	Current	Excluding NR flows	Excluding adjustments	$[S18^{(19)} + CS19^{(19)}] / [C18^{(19)} + CC19^{(19)}]$	40.70	R3
Modified	Constant	Including NR flows	Excluding adjustments	$[S19^{(18)}] / [C19^{(18)}]$	41.30	R4
Modified	Current	Including NR flows	Excluding adjustments	$[S18^{(19)} + CS19^{(19)} + FNR19^{(19)}] / [C19^{(19)}]$	40.76	R5
Modified	Current	Including NR flows	Including adjustments	$[S19^{(19)}] / [C19^{(19)}]$	40.76	R6

The impacts of changes in the composition of the index are calculated at constant prices, before taking into account non-resident flows and adjustments (by subtraction: R2 – R1).

The impacts of non-resident flows and changes in valuation are calculated after taking into account changes in the composition of the index (R4 – R2 for flows and R3 – R2 for valuation effects).

The impact of adjustments is calculated after taking into account all other effects (R6 – R5).

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