



EUROPEAN CENTRAL BANK

EUROSYSTEM

PRESS RELEASE

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Households and non-financial corporations in the euro area: third quarter of 2018

The annual growth rate of [loans](#) to households was unchanged at 3.1% in the third quarter of 2018. The [financial investment](#) of households increased at a broadly unchanged rate of 1.9%, while their [non-financial investment](#) increased at an also broadly unchanged rate of 8.5% and their [net worth](#) increased at a stable rate of 3.8%.

The annual growth rate of the [gross operating surplus](#) of non-financial corporations (NFCs) decreased to 0.3% in the third quarter of 2018, from 4.2% in the previous quarter. [Gross entrepreneurial income](#) increased at a lower rate of 0.8% (after 4.2%). The annual growth rate of NFCs' gross non-financial investment increased to 8.1% (from 1.0%), while their [financing](#) increased at a lower rate of 1.5% (after 1.7%).

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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Chart 1. Household financing and financial and non-financial investment

(annual growth rates)

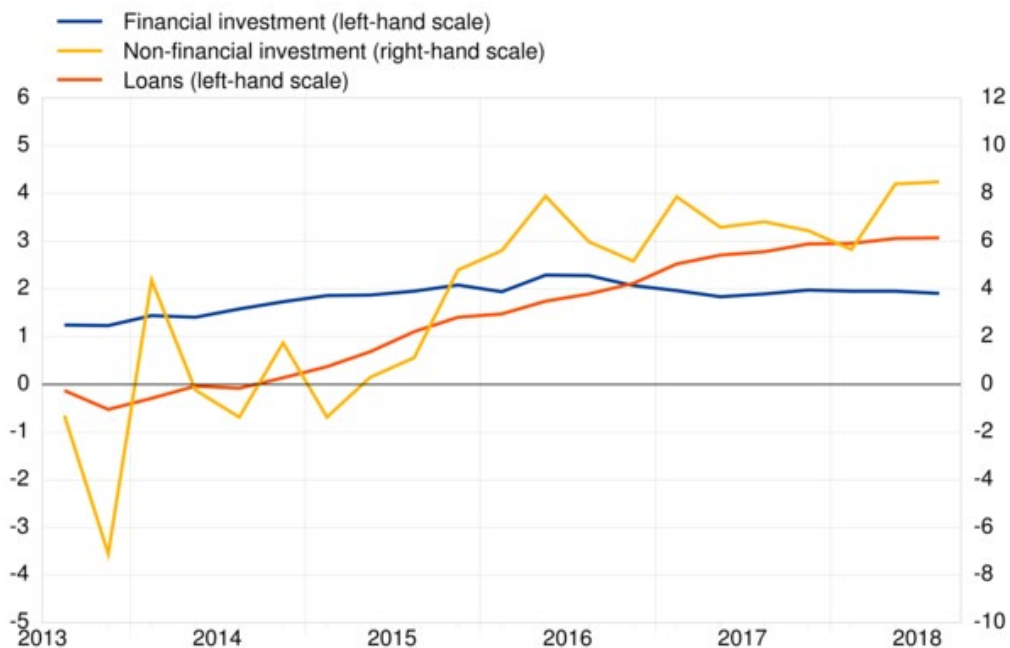
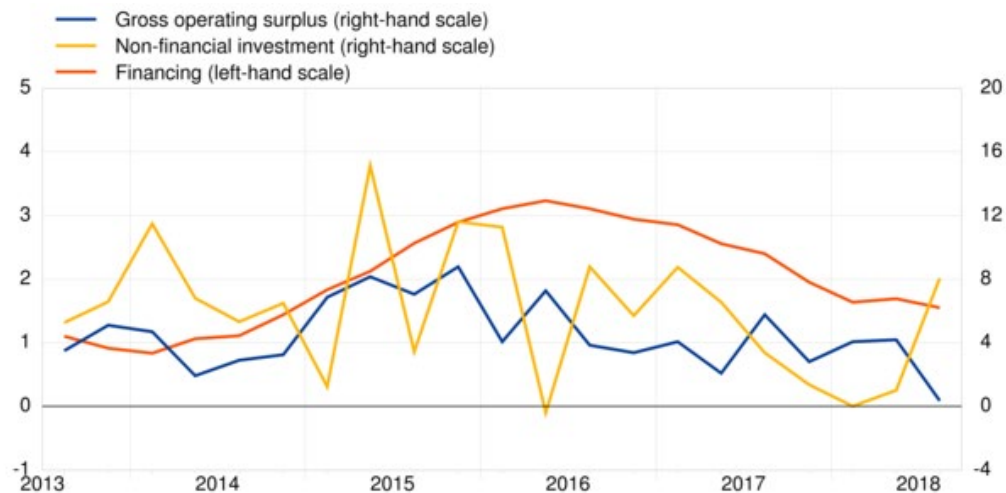


Chart 2. NFC gross-operating surplus, non-financial investment and financing

(annual growth rates)



Households

The annual growth rate of household [gross disposable income](#) decreased to 3.2% in the third quarter of 2018, from 3.5% in the previous quarter. Gross operating surplus and mixed income increased at a lower rate of 2.4% (after 2.8%), while the compensation of employees grew at an unchanged rate of 4.1%. Household consumption expenditure grew at a lower rate of 2.6% (after 3.0%).

The household [gross saving rate](#) in the third quarter of 2018 was 12.1%, compared with 11.8% in the same quarter of the previous year. The annual growth rate of household [gross non-financial investment](#) (which refers mainly to housing) stood at a broadly unchanged rate of 8.5% in the third quarter of 2018. [Loans](#) to households, the main component of household financing, increased at an unchanged rate of 3.1%.

The annual growth rate of household [financial investment](#) stood at a broadly unchanged rate of 1.9% in the third quarter of 2018. Among its components, currency and deposits grew at an unchanged rate of 3.8%. Investment in life insurance and pension schemes grew at a lower rate of 2.0% (after 2.2%) and shares and other equity grew at a lower rate of 0.9% (after 1.2%). Debt securities continued to decline, albeit at a lower rate (-5.1% after -8.7%).

The annual growth rate of household [net worth](#) stood at an unchanged rate of 3.8% in the third quarter of 2018, reflecting larger valuation gains on non-financial assets and, to a lesser extent, higher non-financial investment, offset by holding losses on financial assets, lower financial investment and higher incurrence of liabilities. The value of [housing wealth](#) increased at a higher rate of 5.5% (after 5.0%). The household [debt-to-income ratio](#) continued to decrease, to 93.6% in the third quarter of 2018 from 94.1% in the third quarter of 2017, as disposable income grew faster than loans to households.

Non-financial corporations

Net value added by NFCs increased at a lower annual growth rate of 3.0% in the third quarter of 2018 (after 4.1% in the previous quarter). [Gross operating surplus](#) decreased to 0.3% year-on-year, from 4.2% in the previous quarter, while net property income (defined in this context as property income receivable minus interest and rent payable) increased. As a result, [gross entrepreneurial income](#) (broadly equivalent to cash flow) increased at a lower rate of 0.8% (after 4.2%).¹

The annual growth rate of NFC [gross non-financial investment](#) increased to 8.1% (from 1.0%). [Financing](#) of NFCs increased at a lower rate of 1.5% (after 1.7%), with loan financing growing at a broadly unchanged rate of 2.4%. The latter is the result of different dynamics: an increase in the annual growth rate of loans granted by MFIs which was partially offset by a decreased growth of loans from resident sectors other than MFIs and a

¹ Gross entrepreneurial income is the sum of gross operating surplus and property income receivable minus interest and rent payable.

stronger net reduction in loans from the rest of the world.² Moreover, the annual growth of issuance of debt securities by NFCs stood at a broadly unchanged rate of 4.9% in the third quarter of 2018, while trade credit financing grew at a lower rate of 4.5% (after 5.7%) and equity financing grew at a broadly unchanged rate of 0.7%. Non-financial corporations' [debt-to-GDP ratio](#) decreased to 137.0% in the third quarter of 2018, from 137.6% in the third quarter of 2017.

NFC financial investment grew at a lower annual rate of 2.8% (compared with 3.1% in the previous quarter). Among its components, loans granted grew at a lower rate of 1.8% (after 2.4%), while investment in shares and other equity grew at a higher rate of 2.0% (after 1.7%).

Annexes

[Tables](#)

[Charts](#)

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

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.

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.

² Loan financing comprises loans granted by all euro area sectors (in particular MFIs, non-MFI financial institutions and loans from other non-financial corporations) and by creditors that are not resident in the euro area.