



EUROPEAN CENTRAL BANK

EUROSYSTEM

PRESS RELEASE

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Euro area households and non-financial corporations: 2nd Quarter 2015

- Loans to households increased in the second quarter of 2015 at an annual rate of 0.4% after being unchanged in the previous quarter. Household financial investment increased at a lower rate (1.7% after 1.9%). Household net worth increased at a lower rate (3.0% after 3.8%).
- Non-financial corporations' net entrepreneurial income (broadly equivalent to current profits) increased at a higher rate (7.8% after 5.5%), while their financing increased at a broadly unchanged rate (1.6%).

Chart 1. Household financing, financial and non-financial investment
Annual growth rates

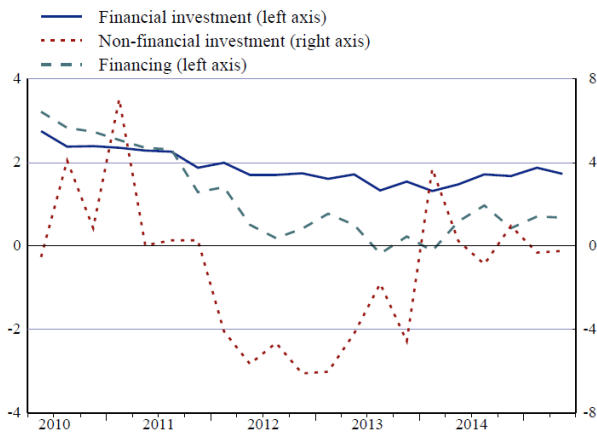
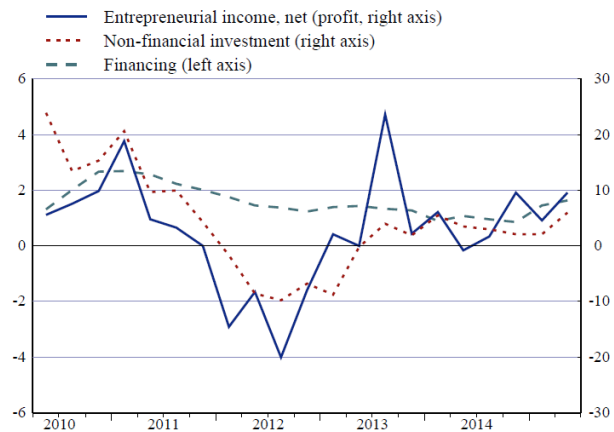


Chart 2. Non-financial corporation profits, non-financial investment and financing
Annual growth rates



Households

Household gross disposable income increased at a higher annual rate (second quarter 2015: 2.5%, first quarter 2015: 1.7%). The growth rate of gross operating surplus and mixed income from the self-employed increased (2.2% after 1.4%), while the compensation of employees grew at a broadly unchanged rate (2.4%). Household consumption expenditure increased at a higher rate (2.1% after

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1.8%). The household gross saving rate in the second quarter of 2015 was 12.7%, which is the same as in the second quarter of 2014. Household gross non-financial investment decreased at a broadly unchanged rate (-0.2%).

Household financing grew at an unchanged rate (0.7%). Its main component, loan financing, grew at a higher rate (0.4% after 0.0%), whilst other liabilities such as trade credits grew at a lower rate (2.8% after 6.2%).

Household financial investment grew at a lower rate (1.7% after 1.9%). Among the components, additions to currency and deposits grew at a broadly unchanged rate (2.9%). Additions to life insurance and pension schemes grew at an unchanged rate (3.6%), similarly to investments in shares and other equity (3.8%). The negative growth rate for investments in debt securities (-20.0%) reflects redemptions and sales exceeding purchases.

Household net worth increased at a lower rate (3.0% after 3.8%) with the continued growth being explained by financial and non-financial investments as well as net valuation gains which exceeded financing. The value of housing wealth increased at an unchanged rate (1.2%). The household debt-to-income ratio decreased to 95.2% in the second quarter of 2015, from 95.8% in the second quarter of 2014.

Household saving, change in net worth and debt								
<i>(percentages of adjusted gross disposable income, based on four-quarter cumulated flows)</i>								
	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2
Saving rate (gross)	12.5	12.8	12.8	12.7	12.8	12.7	12.7	12.7
Change in net worth	2.0	2.6	11.0	18.0	17.8	15.9	25.3	19.8
Non-financial investment (net)	1.3	1.2	1.3	1.2	1.2	1.1	1.1	1.0
Non-financial investment (gross)	8.5	8.3	8.4	8.4	8.3	8.3	8.3	8.2
Consumption of fixed capital (-)	7.1	7.1	7.1	7.1	7.1	7.1	7.2	7.2
Financial investment	4.0	4.7	4.0	4.6	5.3	5.2	6.0	5.5
Financing (-)	-0.2	0.2	-0.1	0.6	1.0	0.5	0.8	0.7
Revaluation of assets and other changes	-3.6	-3.1	5.6	12.8	12.4	9.9	19.0	14.0
Debt (loans, outstanding amount)	97.0	96.2	95.7	95.8	95.4	95.6	95.2	95.2

Non-financial corporations

Net entrepreneurial income of non-financial corporations increased at a higher rate in the second quarter (7.8% after 5.5%), similarly to net value added (3.7% after 2.9%). Gross non-financial investment and gross fixed capital formation increased at a higher rate (6.0% after 2.1%, and 6.2% after 4.1%). Financing of non-financial corporations grew at a broadly unchanged rate (1.6%). Loan financing grew at a lower rate (1.0%, after 1.2%), as loans granted by non-MFIs grew slower, while loans granted by MFIs grew faster.¹ The issuance of debt securities grew at a lower rate (3.4% after 4.0%), while trade credit accelerated (3.2% after 2.2%). The debt ratio increased to 136.2% in the second quarter of 2015 (after 133.1% in the second quarter of 2014). Equity financing grew at an unchanged rate (1.5%).

¹ Loan financing comprises loans granted by all sectors (including loans granted by non-MFI financial institutions) and by creditors that are not residents in the euro area.

Financial investment grew at a higher rate (3.2% after 2.6%). Among the components, loans granted grew at a lower rate (3.8% after 5.1%) while investment in shares and other equity accelerated (2.7% after 2.4%).

Non-financial corporations								
<i>(percentages of value added (net), based on four-quarter cumulated flows)</i>								
	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2
Entrepreneurial income, net (current profits)	33.0	33.1	33.3	33.2	33.3	33.2	33.4	33.9
Saving, net (retained earnings)	2.9	3.1	3.6	3.1	3.4	4.0	4.2	4.9
Non-financial investment, net	2.3	2.4	2.6	2.7	2.8	2.8	2.8	3.0
Non-financial investment (gross)	26.6	26.6	26.8	26.9	27.0	27.0	27.0	27.1
Consumption of fixed capital (-)	24.3	24.2	24.2	24.2	24.2	24.2	24.2	24.1
Financial investment	10.3	10.7	8.8	9.6	9.0	8.1	11.6	14.0
Financing	8.3	8.3	5.8	7.0	6.3	5.6	9.7	10.9
Debt (outstanding amount to GDP)	133.7	133.0	132.3	133.1	132.7	134.3	136.2	136.2

This press release incorporates revisions to previous quarters. Euro area charts and additional tables are available at [Euro area charts and additional tables](#). Quarterly financial and non-financial accounts by institutional sector are available at the [ECB's Statistical Data Warehouse \(SDW\)](#). A press release covering all institutional sectors is scheduled for October 28th. More information, including the release calendar, is available under "Euro area accounts" in the statistics section of the ECB's website at: [calendar](#).

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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 to analyse financial transactions refer to the total value of transactions during the year in relation to the outstanding stock a year before.
- Net entrepreneurial income is broadly equivalent to current profits in business accounting (after the receipt and payment of interest and including the profits of foreign subsidiaries, but before the payment of income taxes and dividends).
- The non-financial corporation debt ratio is defined here as the outstanding amount of loans, debt securities, trade credits and pension scheme liabilities as a percentage of GDP. The sum of household debt and non-financial corporation debt (also referred to as "private debt"), as a percentage of GDP is one of the headline indicators of the macroeconomic imbalances procedure (MIP). For non-financial corporations the definition of debt used by the MIP differs from the definition applied here as the MIP indicator is based on annual, consolidated (excluding debt financing within the NFC sector) data, moreover, pension fund reserve liabilities and trade credits are excluded. For the MIP data see: [Annual scoreboard for the surveillance of macroeconomic imbalances](#).
- Further methodological information is available at: [Euro area accounts](#).