

Financing of non-financial corporations – France • March 2019

Lower cost of non-financial corporations market financing continued in March

In March, the decline in the average 5-year cost of market financing continued to reach 0.99%, corresponding to a decrease of 55 basis points compared to the end of 2018.

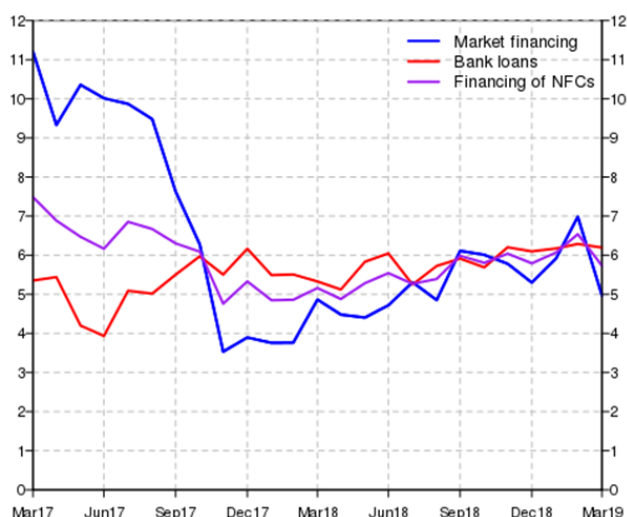
The growth in the market debt of non-financial corporations slowed from +7.0% in February to +5.0% in March, due to a base effect. The annual growth of bank loans remained dynamic at 6.2%. Overall, the market financing of non-financial corporations has grown by 5.7% over one year.

Financing of non-financial corporations

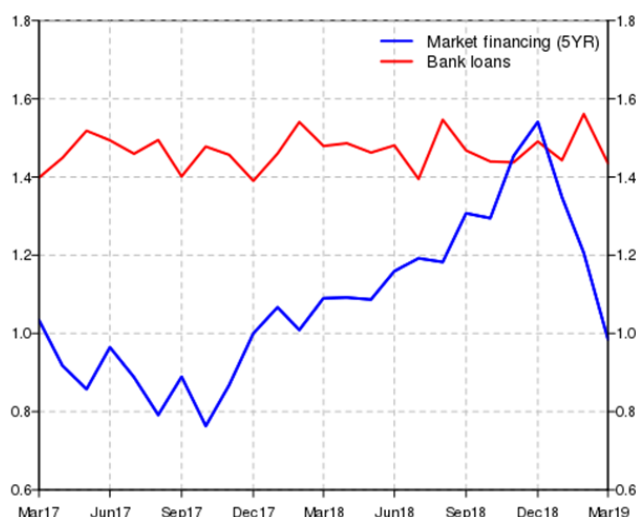
(Gross stocks and flows in billions of euros, growth rate and interest rate in %)

	Outstanding amount	Annual net issuance	Annual growth rate		Average cost of new financing (monthly average)	
	March-19	March-19	Feb.-19	March-19	Feb.-19	March-19
Financing of NFCs	1644	89	6,5	5,7	1,43	1,27
- Of which : bank loans	1029	60	6,3	6,2	1,56	1,44
- Of which : market financing	615	29	7,0	5,0	1,21	0,99
in euros	503	32	9,2	6,7		
in currencies	112	-3	-2,5	-2,5		

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



Average cost of financing (in %)



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



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 bank loans and the average cost of market financing cannot be directly compared since they often differ in their maturity horizon.

