



EUROPEAN CENTRAL BANK

EUROSYSTEM

## Statistical release

2 October 2020

# Households and non-financial corporations in the euro area: second quarter of 2020

The annual growth rate of [loans](#) to households decreased to 2.9% in the second quarter of 2020, from 3.3% in the previous quarter. The [financial investment](#) of households increased at a higher rate of 3.3% (after 2.7%) and their [gross non-financial investment](#) decreased (-14.3% after 0.0%), while their [net worth](#) increased at a higher rate of 3.8% (after 2.9%).

The annual growth rate of the [gross operating surplus](#) of non-financial corporations (NFCs) was -18.1% in the second quarter of 2020, compared to a lower decline in the previous quarter (-6.1%). [Gross entrepreneurial income](#) decreased (at a rate of -24.4% after -7.9%). NFCs' [gross non-financial investment](#) decreased (-28.1% after 0.0%), while their [financing](#) increased at a broadly unchanged rate of 1.9% (after 2.0%).

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

(annual growth rates)

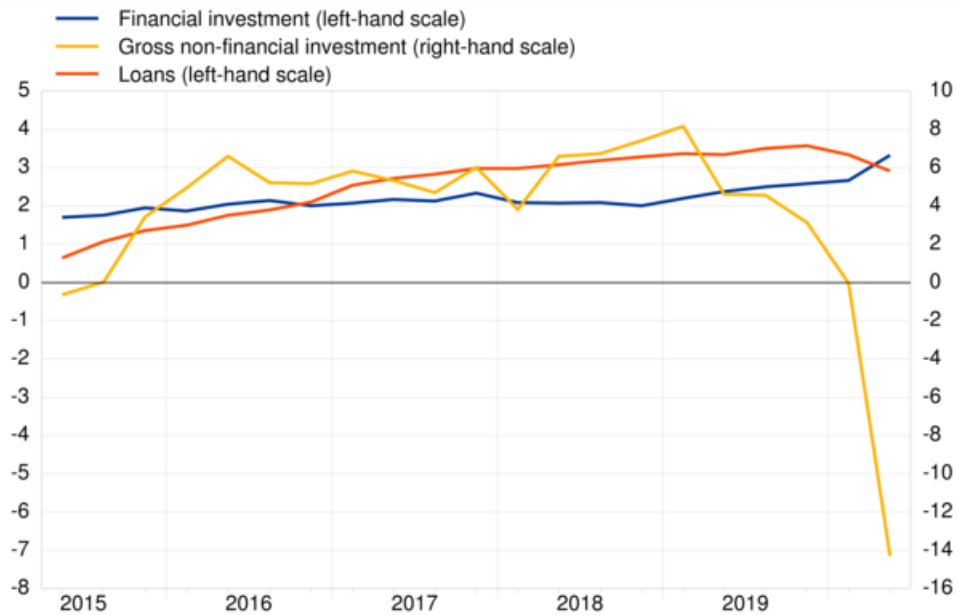
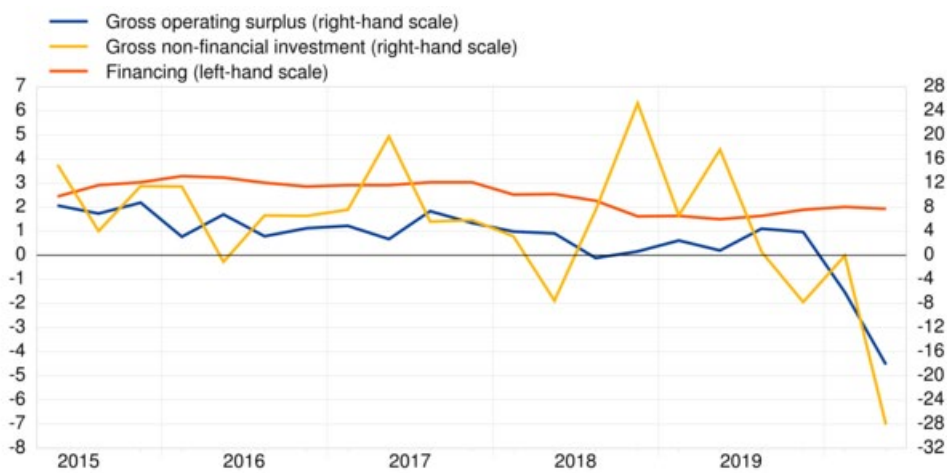


Chart 2. NFC gross-operating surplus, non-financial investment and financing

(annual growth rates)



## Households

The annual growth rate of household [gross disposable income](#) decreased to -2.7% in the second quarter of 2020 (after a positive rate of 2.2% in the previous quarter). Gross operating surplus and mixed income of the self-employed decreased (-7.4% after 0.1%), as well as compensation of employees (-7.6% after 1.3%). The annual rate of growth of household consumption expenditure also decreased (-15.3% after -2.4%).

The household [gross saving rate](#) in the second quarter of 2020 was 16.6%, compared with 13.9% in the previous quarter.

The annual growth rate of household [gross non-financial investment](#) (which refers mainly to housing) decreased to -14.3% in the second quarter of 2020, from 0.0% in the previous quarter. [Loans](#) to households, the main component of household financing, increased at a lower rate of 2.9% (after 3.3%).

The annual growth rate of household [financial investment](#) increased to 3.3% in the second quarter of 2020, from 2.7% in the previous quarter, mainly reflecting a higher growth rate in currency and deposits, which reached 6.4% (after 5.2%). Investment in life insurance and pension schemes grew at a broadly unchanged rate of 2.2% (after 2.1%), and investment in shares and other equity increased at a higher rate of 1.9% (after 1.2%). Investment in debt securities continued to decline (-10.2% after -12.2%).

The annual growth rate of household [net worth](#) increased to 3.8% in the second quarter of 2020, from 2.9% in the previous quarter, driven by lower valuation losses in financial assets, higher financial investment and continued valuation gains in non-financial assets. [Housing wealth](#) increased at a broadly stable rate of 4.4% (after 4.3%). The household [debt-to-income ratio](#) continued to increase, to 94.8% in the second quarter of 2020 from 93.4% in the second quarter of 2019, as disposable income decreased while loans to households increased.

## Non-financial corporations

[Net value added](#) by NFCs decreased in the second quarter of 2020 (at an annual rate of -21.1% after -3.5% in the previous quarter). [Gross operating surplus](#) also declined (-18.1% after -6.1%), and net property income (defined in this context as property income receivable minus interest and rent payable) decreased. As a result [gross entrepreneurial income](#) (broadly equivalent to cash flow) decreased (-24.4% after -7.9%).<sup>1</sup>

The annual growth rate of NFC [gross non-financial investment](#) decreased in the second quarter of 2020 (at -28.1% after 0.0% in the previous quarter).<sup>2</sup> [Financing](#) of NFCs increased at a broadly unchanged rate of 1.9% (after 2.0%). The annual growth rate of issuance of debt securities by NFCs increased to 11.4% in the second

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

<sup>2</sup> Gross non-financial investment is the sum of gross fixed capital formation, changes of inventories, and the net acquisition of valuables and non-produced assets (e.g. licences).

quarter of 2020, from 5.0% in the previous quarter, while trade credit financing decreased more strongly, at an annual rate of -4.5% (after -0.8%). Loan financing grew at a lower annual rate of 3.3% (after 3.7%).<sup>3</sup> The annual growth rate of equity financing remained unchanged, at 1.3%.

NFC's [debt-to-GDP ratio](#) (consolidated measure) increased to 83.6% in the second quarter of 2020, from 78.7% in the same quarter of the previous year; the [non-consolidated \(wider\) debt](#) increased to 145.4% of GDP from 139.7%.

NFC [financial investment](#) grew at an annual rate of 2.6%, compared with 2.3% in the previous quarter, reflecting mainly a higher growth rate in currency and deposits (18.2% after 9.6%). Investment in debt securities grew at a rate of 10.1%, after a decrease in the previous quarter (-2.4%). Investment in shares and other equity grew at a broadly unchanged rate of 2.0% (after 1.9%), while loans granted increased at a lower annual rate of 1.0% (after 1.3%).

For queries, please use the [Statistical information request form](#).

## 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 statistical release are dynamic. The data they lead to may therefore change with subsequent data 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.

The production of quarterly financial accounts (QFA) may have been affected by the COVID-19 crisis. More information on the potential impact on QFA can be found [here](#).

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<sup>3</sup> 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.