



EUROPEAN CENTRAL BANK

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Financing and financial investment in the euro area in the first quarter of 2005

*In the first quarter of 2005, the annual growth rate of **financing** of the **non-financial sectors** in the euro area and the annual growth rate of debt financing of the non-financial sectors remained stable, at 4.6% and 5.4% respectively (see Table 1).*

*The annual growth rate of **financial investment** of the **non-financial sectors** remained broadly stable, at 4.7%, in the first quarter of 2005 (see Table 2).*

*As regards **insurance corporations and pension funds**, the annual growth rate of **financial investment** also remained broadly stable, at 6.0% in the first quarter of 2005 (see Table 3).*

With regard to the **financing** of the individual non-financial sectors, the annual growth rate of debt financing by **households** increased to 8.2% in the first quarter of 2005, from 8.0% in the fourth quarter of 2004. The annual growth rate of financing by **non-financial corporations** increased to 3.1%, from 2.2% in the previous quarter. This was due to an increase in the growth rate of debt financing to 4.7%, from 3.3% in the previous quarter, while the annual growth rate of financing via the issuance of quoted shares remained broadly stable at 0.5%. The annual growth rate of **general government** debt financing decreased to 4.0% in the first quarter of 2005, from 5.2% in the fourth quarter of 2004. Both of the two main financing instruments for general government, debt securities and loans, contributed to this decline.

As regards **financial investment** of the **non-financial sectors**, the annual growth rate of investment in currency and deposits decreased to 5.9% in the first quarter of 2005, from 6.2% in the fourth quarter of 2004. The annual growth rate of investment in debt securities increased to 4.1% in the first quarter of 2005, from 2.3% in the previous quarter. The annual growth rate of investment in shares decreased to 1.3%, from 1.5%, in the previous quarter. The annual growth rate of households' investment in life insurance and pension fund reserves remained broadly stable at 6.7%.

The annual growth rate of insurance technical reserves, the major financing instrument of **insurance corporations and pension funds**, remained broadly stable, at 6.5%, in the first quarter of 2005. The annual growth rate of financing of this sector through quoted shares decreased further to 1.2%, from 1.6% in the previous quarter. The annual growth rate of insurance corporations and pension funds' financial investment in debt securities decreased

further, to 10.0% (from 10.3% in the previous quarter). The annual growth rate of investments in shares increased to 3.4% in the first quarter of 2005 (from 2.9%).

Notes

- *The publication of the statistics on financing and financial investment in the euro area in the second quarter of 2005 is scheduled to take place at 10.00 am on **16 November 2005**.*
- *A more detailed set of quarterly data starting in the fourth quarter of 1997 is published in Tables 3.1 and 3.2 (non-financial sectors) and in Table 3.3 (insurance corporations and pension funds) of the "Euro area statistics" section of the ECB's Monthly Bulletin. The corresponding quarterly data are also made available on the "Euro area statistics – download" page in the "Statistics" section of the ECB's website (<http://www.ecb.int>) and can be downloaded as tables (pdf files) and as csv files. A detailed methodological description of the data is also available on this website.*

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TABLE 1Financing of non-financial sectors¹⁾ in the euro area – main liabilities

| | Total | | Households ²⁾ | | Non-financial corporations | | | | | | General government | | | | | |
|---|-------|-----------|--------------------------|---|----------------------------|------------|------------|--------------------------------------|-------------------------|------------------------|-----------------------|----------------|-------------|---------------------------------------|--------------------------|-----------------------------------|
| | 1 | Debt 2 | Total (debt) 3 | Loans taken from euro area MFIs 4 | Total 5 | Debt | | | | Quoted shares 11 | Total (debt) 12 | Deposits 13 | Loans 14 | Taken from euro area MFIs 15 | Debt securities 16 | |
| | | | | | | Total 6 | Loans 7 | Taken from euro area MFIs 8 | Debt securities 9 | | | | | | | Pension fund reserves 10 |
| | | | | | | | | | | | | | | | | |
| Annual growth rate (%)³⁾ | | | | | | | | | | | | | | | | |
| 2000 Q4 | 6.6 | 7.3 | 7.1 | 7.3 | 9.2 | 14.7 | 15.1 | 10.9 | 17.9 | 5.0 | 4.7 | 2.0 | 5.2 | -1.1 | -0.9 | 2.6 |
| 2001 Q4 | 4.6 | 5.7 | 5.8 | 5.3 | 5.1 | 8.8 | 7.2 | 6.3 | 23.6 | 4.5 | 1.4 | 3.0 | 14.4 | -0.2 | -0.9 | 3.3 |
| 2002 Q4 | 3.8 | 4.7 | 6.5 | 5.8 | 2.4 | 3.8 | 3.8 | 3.6 | 3.2 | 4.7 | 0.6 | 4.3 | 12.3 | -1.8 | -1.1 | 5.3 |
| 2003 Q3 | 5.2 | 6.0 | 7.3 | 5.8 | 3.7 | 5.3 | 4.6 | 3.6 | 10.8 | 4.4 | 0.7 | 5.6 | 13.2 | 1.5 | 1.2 | 6.2 |
| 2003 Q4 | 4.9 | 5.6 | 7.4 | 6.4 | 3.2 | 4.5 | 3.4 | 3.5 | 11.6 | 4.9 | 0.8 | 5.3 | 8.9 | 2.0 | 1.5 | 5.8 |
| 2004 Q1 | 4.6 | 5.2 | 7.4 | 6.6 | 1.9 | 2.4 | 1.8 | 3.2 | 4.7 | 4.8 | 1.0 | 5.9 | 7.5 | 3.6 | 2.2 | 6.3 |
| 2004 Q2 | 4.7 | 5.4 | 7.9 | 7.2 | 1.8 | 2.5 | 2.2 | 4.0 | 3.4 | 4.7 | 0.3 | 6.1 | 4.8 | 4.7 | 2.4 | 6.5 |
| 2004 Q3 | 4.8 | 5.5 | 8.1 | 7.7 | 1.8 | 2.5 | 1.9 | 4.5 | 4.9 | 4.7 | 0.4 | 6.2 | 11.3 | 3.9 | 1.4 | 6.5 |
| 2004 Q4 | 4.6 | 5.4 | 8.0 | 7.9 | 2.2 | 3.3 | 3.3 | 5.4 | 2.7 | 4.5 | 0.4 | 5.2 | 17.5 | 0.9 | -0.7 | 5.7 |
| 2005 Q1 | 4.6 | 5.4 | 8.2 | 8.0 | 3.1 | 4.7 | 4.3 | 5.8 | 7.5 | 4.4 | 0.5 | 4.0 | 12.8 | -1.2 | -2.1 | 4.8 |
| Share of main liabilities (amounts outstanding) in percent | | | | | | | | | | | | | | | | |
| 2000 Q1 | 100 | 71 | 19 | 18 | 51 | 22 | 18 | 16 | 2 | 2 | 29 | 30 | 1 | 6 | 5 | 23 |
| 2005 Q1 | 100 | 83 | 24 | 21 | 44 | 26 | 21 | 18 | 4 | 2 | 17 | 33 | 1 | 5 | 5 | 26 |

TABLE 2Financial investment of non-financial sectors¹⁾ in the euro area – main financial assets

| | Total 1 | Currency and deposits 2 | Debt securities | | | Shares ⁴⁾ | | | | Insurance technical reserves 10 | Net equity of households in life insurance and pension fund reserves 11 |
|--|------------|-------------------------------|-----------------|-----------------|----------------|----------------------|-----------------------|----------------------------|-------------------------------------|--|--|
| | | | Total 3 | Short-term 4 | Long-term 5 | Total 6 | Quoted shares 7 | Mutual fund shares 8 | Money market fund shares 9 | | |
| | | | | | | | | | | | |
| Annual growth rate (%)³⁾ | | | | | | | | | | | |
| 2000 Q4 | 6.3 | 3.3 | 7.9 | 16.5 | 6.8 | 7.5 | 8.3 | 6.3 | 0.1 | 8.5 | 9.1 |
| 2001 Q4 | 4.7 | 4.8 | 8.3 | 3.8 | 8.8 | 1.7 | -0.8 | 6.0 | 21.4 | 7.3 | 7.4 |
| 2002 Q4 | 4.1 | 5.0 | 2.4 | 5.8 | 2.1 | 1.8 | -0.1 | 4.5 | 12.0 | 6.4 | 6.6 |
| 2003 Q3 | 4.9 | 6.5 | -1.8 | -7.4 | -1.1 | 4.4 | 1.6 | 7.2 | 9.3 | 6.6 | 6.9 |
| 2003 Q4 | 4.7 | 5.6 | -1.2 | -2.5 | -1.1 | 4.2 | 1.3 | 7.1 | 8.5 | 6.9 | 7.1 |
| 2004 Q1 | 4.4 | 5.3 | -1.0 | 1.4 | -1.2 | 3.7 | 2.1 | 5.1 | 2.8 | 6.6 | 6.8 |
| 2004 Q2 | 4.8 | 5.3 | 3.0 | 20.8 | 1.1 | 3.4 | 4.0 | 2.9 | 1.7 | 6.3 | 6.4 |
| 2004 Q3 | 4.7 | 5.6 | 3.3 | 18.8 | 1.7 | 2.5 | 3.3 | 1.8 | 0.5 | 6.2 | 6.4 |
| 2004 Q4 | 4.6 | 6.2 | 2.3 | 5.0 | 2.0 | 1.5 | 1.9 | 1.1 | -0.8 | 6.5 | 6.6 |
| 2005 Q1 | 4.7 | 5.9 | 4.1 | 5.5 | 3.9 | 1.3 | 1.6 | 1.0 | -2.3 | 6.6 | 6.7 |
| Share of main financial assets (amounts outstanding) in percent | | | | | | | | | | | |
| 2000 Q1 | 100 | 33 | 11 | 1 | 10 | 34 | 21 | 13 | 1 | 22 | 20 |
| 2005 Q1 | 100 | 37 | 12 | 1 | 11 | 25 | 14 | 12 | 2 | 26 | 23 |

TABLE 3

Financing and financial investment of insurance corporations and pension funds in the euro area – main liabilities and main financial assets

| | Main Liabilities | | | Main financial assets | | | | | | | | | | Prepayments of insurance premiums and reserves for outstanding claims 14 | |
|--|---------------------|---|-----------------------|-----------------------|--|------------|--------------------|----------------|----------------------|------|-------------|------------------------|--------------------------------|--|--------------------------------------|
| | 1 | Insurance technical reserves 2 | Quoted shares 3 | Total 4 | Deposits with euro area MFIs 5 | Loans 6 | Debt securities | | Shares ⁴⁾ | | Total 10 | Quoted shares 11 | Mutual fund shares 12 | | Money market fund shares 13 |
| | | | | | | | Long-term 7 | Long-term 8 | Long-term 9 | | | | | | |
| Annual growth rate (%)³⁾ | | | | | | | | | | | | | | | |
| 2000 Q4 | 8.3 | 8.8 | 3.4 | 6.5 | 6.0 | -0.6 | -3.7 | 4.0 | 4.1 | 11.2 | 5.4 | 17.9 | 12.3 | 7.1 | |
| 2001 Q4 | 7.6 | 8.0 | 3.8 | 7.5 | 3.4 | 3.4 | 1.7 | 8.9 | 9.0 | 8.1 | 8.5 | 7.7 | 22.5 | 19.5 | |
| 2002 Q4 | 5.8 | 6.6 | 0.3 | 6.1 | 5.6 | 0.9 | 1.9 | 8.6 | 8.4 | 5.1 | 2.5 | 7.6 | 18.0 | 8.7 | |
| 2003 Q3 | 6.5 | 6.7 | 2.8 | 6.7 | 5.0 | 3.6 | 10.0 | 10.2 | 9.6 | 4.3 | 0.2 | 7.7 | 17.7 | 4.6 | |
| 2003 Q4 | 7.1 | 6.9 | 6.2 | 6.7 | 3.6 | 0.2 | 3.5 | 11.3 | 11.1 | 5.3 | 2.6 | 7.5 | 11.3 | -1.1 | |
| 2004 Q1 | 6.9 | 6.7 | 8.3 | 6.9 | 3.9 | -0.1 | -0.2 | 10.5 | 10.5 | 6.6 | 3.6 | 8.8 | 5.9 | -0.1 | |
| 2004 Q2 | 6.4 | 6.3 | 3.5 | 6.1 | 4.8 | -3.0 | -3.1 | 10.6 | 10.7 | 4.5 | 0.7 | 7.5 | -1.7 | -0.9 | |
| 2004 Q3 | 6.2 | 6.3 | 4.8 | 6.6 | 7.5 | -1.3 | -2.6 | 10.5 | 10.9 | 4.3 | 0.3 | 7.5 | 4.6 | -0.4 | |
| 2004 Q4 | 6.4 | 6.5 | 1.6 | 5.9 | 7.4 | -5.8 | -5.6 | 10.3 | 10.6 | 2.9 | -0.8 | 6.1 | 6.3 | 7.6 | |
| 2005 Q1 | 6.3 | 6.5 | 1.2 | 6.0 | 6.8 | -4.8 | -5.1 | 10.0 | 10.4 | 3.4 | 0.4 | 5.9 | 8.0 | 7.0 | |
| Share of main liabilities/financial assets (amounts outstanding) in percent | | | | | | | | | | | | | | | |
| 2000 Q1 | 100 | 86 | 12 | 100 | 15 | 11 | 9 | 34 | 33 | 39 | 20 | 18 | 1 | 3 | |
| 2005 Q1 | 100 | 93 | 5 | 100 | 15 | 8 | 7 | 42 | 40 | 32 | 15 | 17 | 2 | 3 | |

Source: ECB.

The financing and financial investment of non-financial sectors and insurance corporations and pension funds in the euro area (as shown in Tables 1, 2 and 3) cover most of the ESA 95 financial asset and liability categories. Financial derivatives, loans granted by general government and non-financial corporations, unquoted shares, other equity, and other receivables and payables are not yet included. This also applies to deposits held by the non-financial sectors with banks abroad and loans received from them.

- 1) Non-financial sectors comprise households (including non-profit institutions serving households), non-financial corporations and general government.
- 2) Including non-profit institutions serving households.
- 3) Ratio of accumulated transactions over the last four quarters to the corresponding outstanding amount of financial assets or liabilities one year ago at the end of the quarter.
- 4) Excluding unquoted shares.