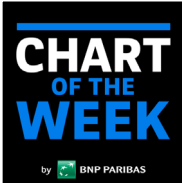


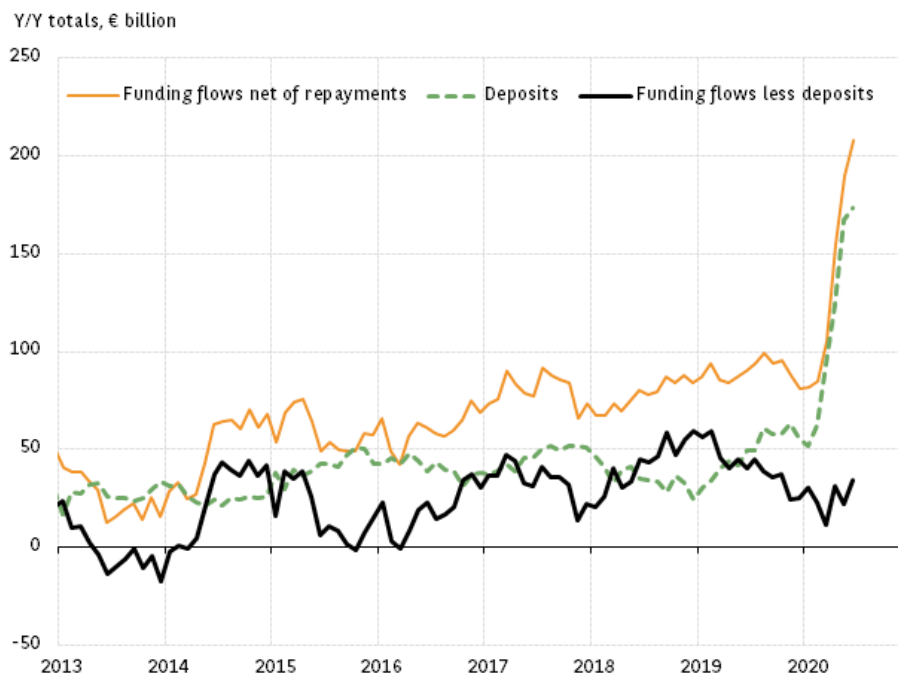
CHART OF THE WEEK



26 August 2020

FRANCE: MATCHING SURGES IN NON-FINANCIAL CORPORATIONS' FUNDING AND DEPOSITS

Laurent Quignon



SOURCE: BANQUE DE FRANCE, BNP PARIBAS

To cope with the collapse in their revenues during lockdown, French non-financial corporations (NFCs) raised record funding flows. These totalled close to EUR 208 billion year-on-year net of repayments at end-June 2020, or 2.5 times the annual average recorded between 2017 and 2019 (EUR 83 billion).

The growth in funding flows stemmed chiefly from bank loans (EUR 118.5 billion at 30 June, including some EUR 106 billion in PGE state-guaranteed loans since 25 March 2020) and also from net issues of debt securities (EUR 89 billion). NFCs' deposits posted a matching increase (EUR 173.4 billion), and so the annual increase in debt net of deposits remained within the range seen since 2012. Some of the funding obtained was used to pay resident suppliers, triggering the circulation of deposits between resident NFCs. These trends also suggest that some businesses have squirreled away the funding they have raised amid the current period of uncertainty to make sure they are able to cover their future expenses.

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