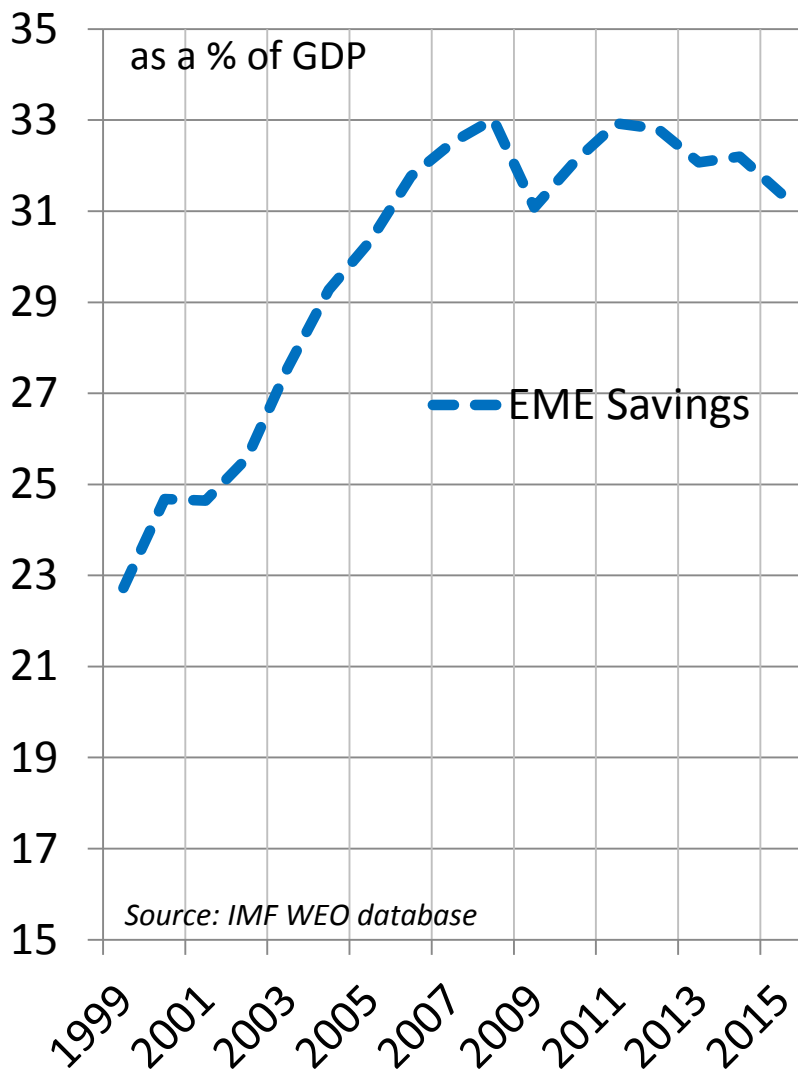


THE FUTURE OF SAVINGS CONFERENCE – PARIS, 4 NOVEMBER 2016

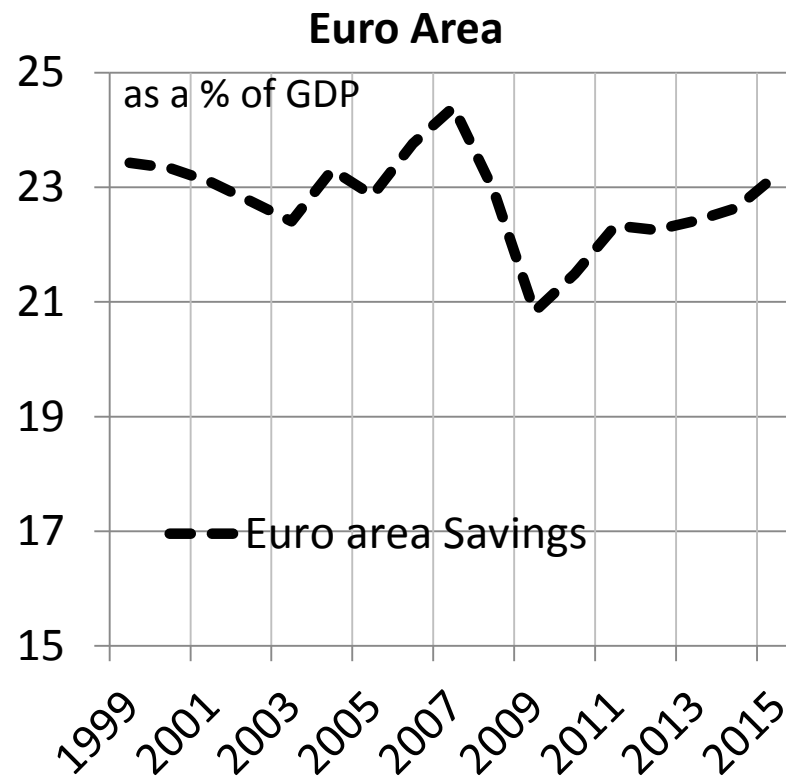
François Villeroy de Galhau, Governor of the Banque de France



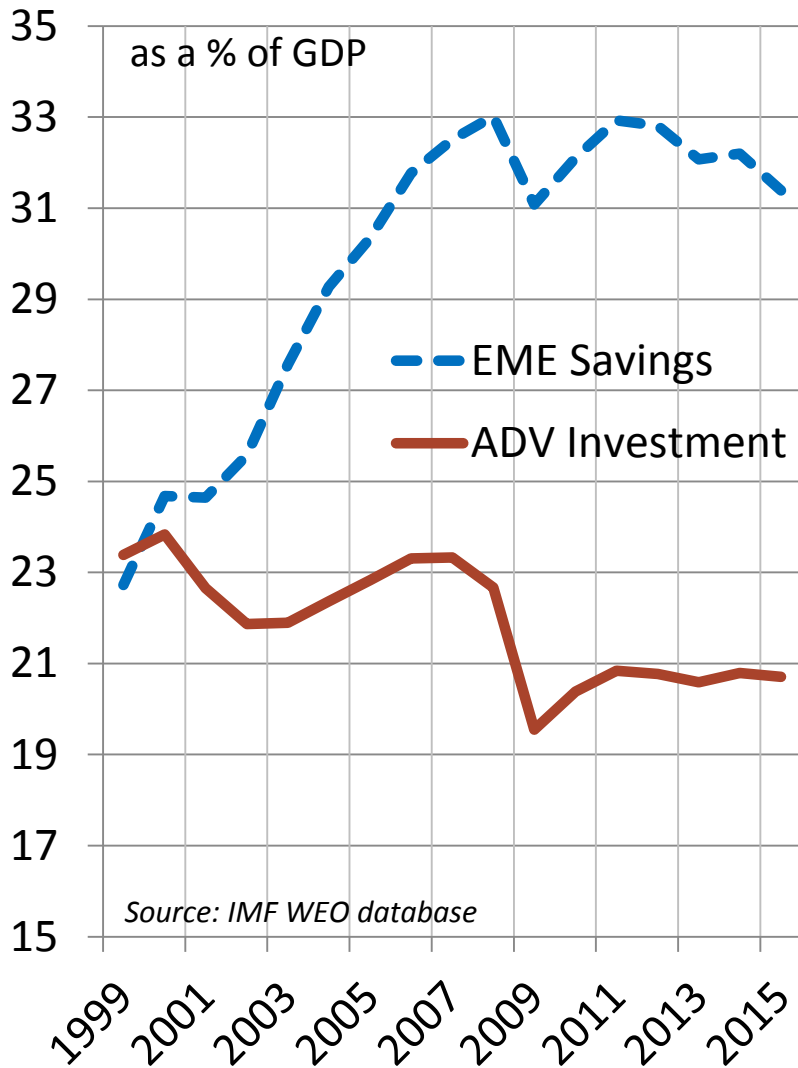
Savings glut or...



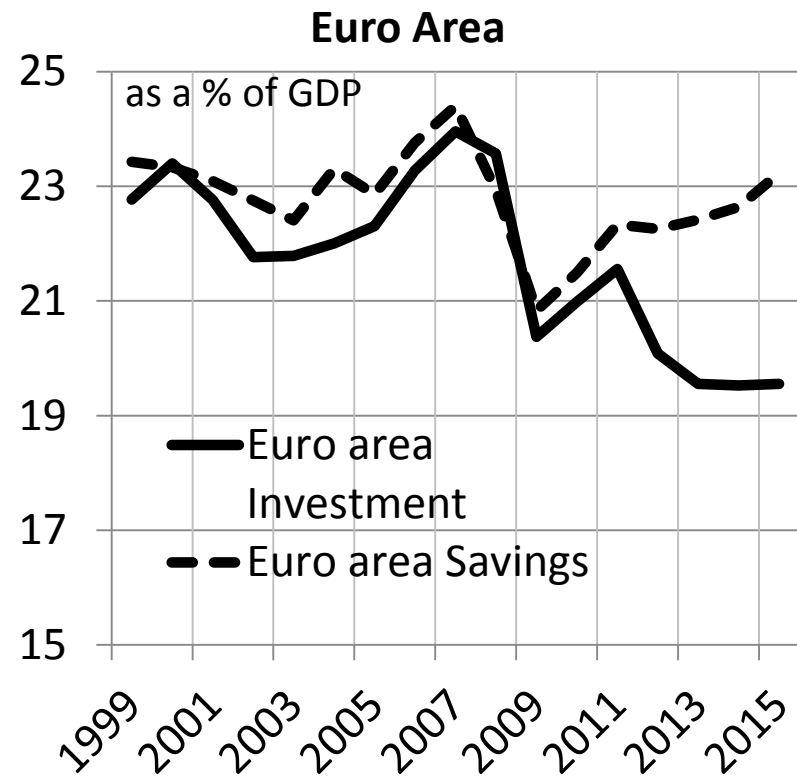
EMEs' saving glut in the 2000s...



Savings glut or... investment dearth?



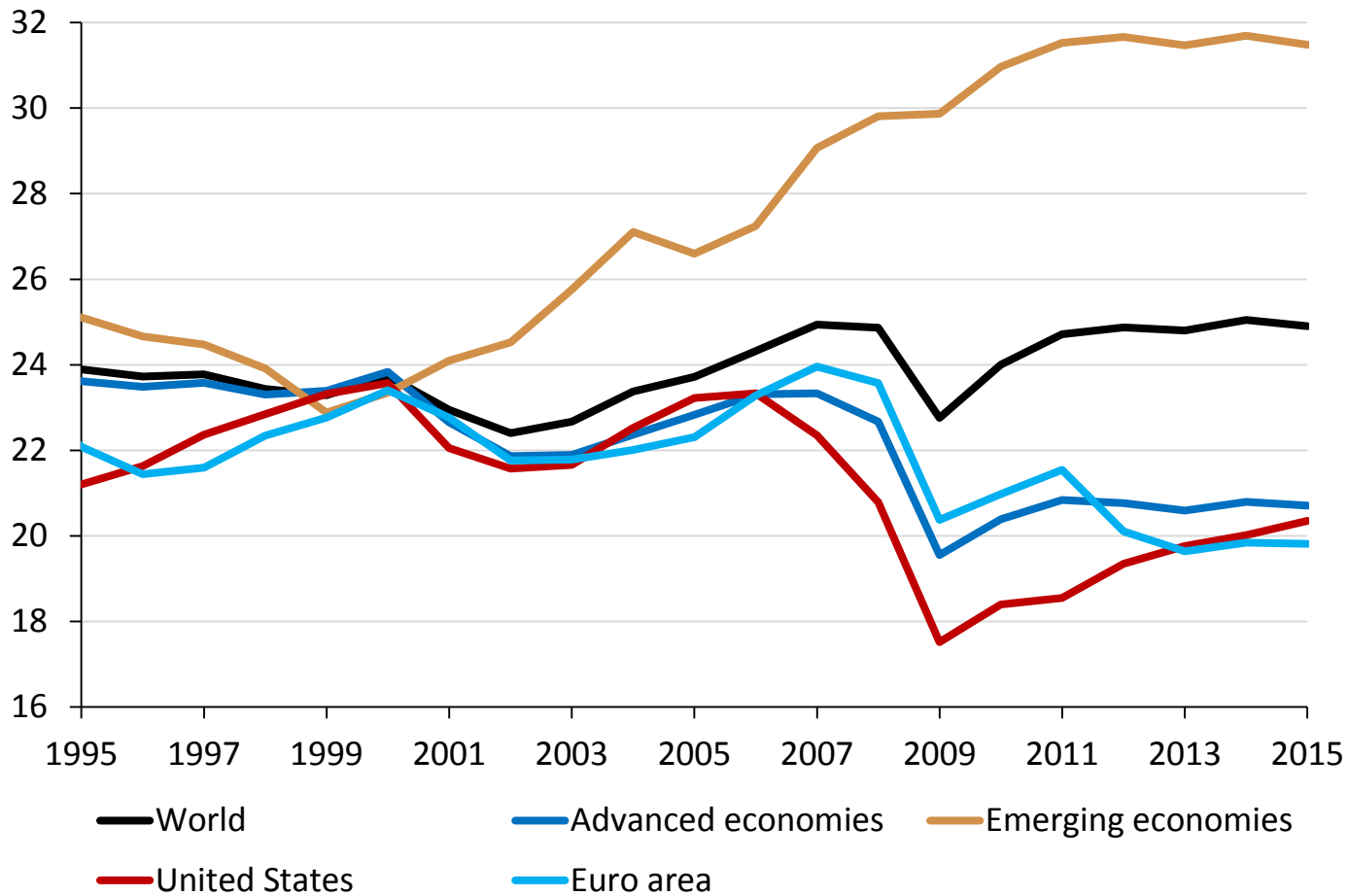
EMEs' saving glut in the 2000s...
and/or
ADV's investment dearth now?



What evidence? Total investment

Total investment as a share of GDP

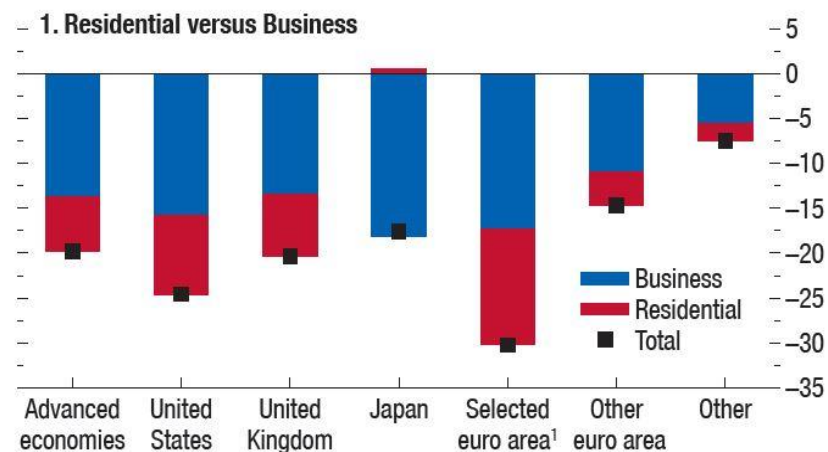
IMF WEO data, October 2016 (% of GDP)



What evidence? Business investment

Decomposition of the investment slump, 2008-14

average percent deviation from spring 2007 forecasts

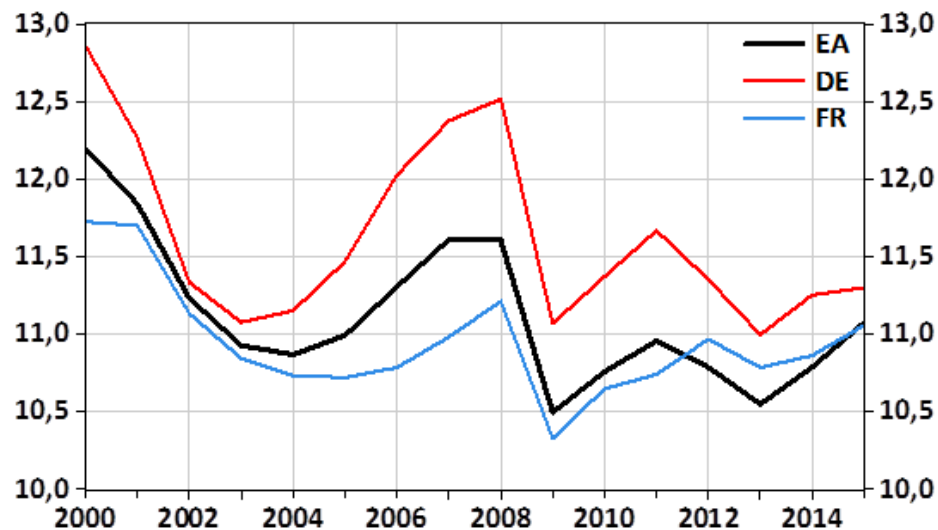


Source: IMF WEO Chapter 4 'Private investment: what's the holdup?', April 2015.

¹Greece, Ireland, Italy, Portugal, Spain.

Productive investment rate in the total economy

GFCF in machinery and equipment and intellectual property in % of value added, in value terms



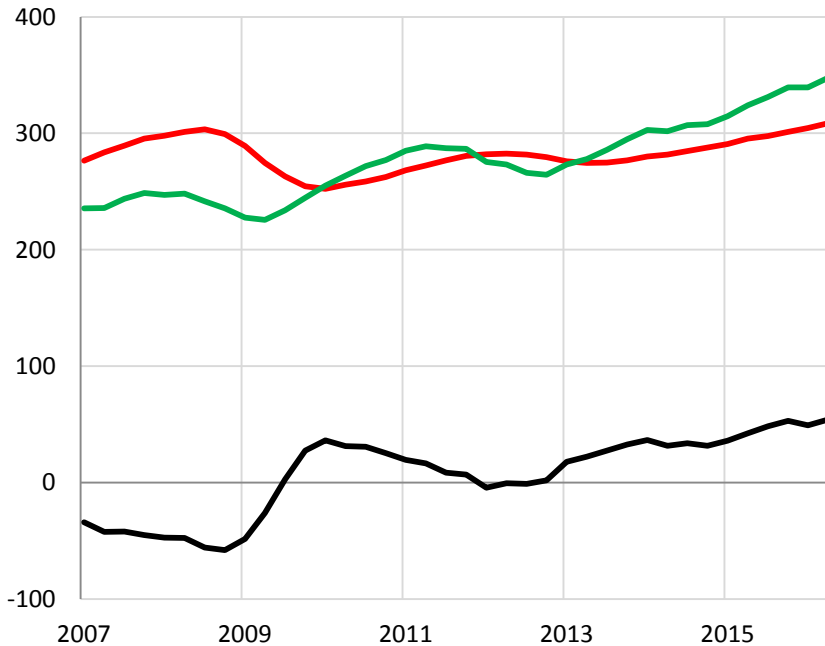
Source: Eurostat, BdF calculations.

What evidence? Businesses' behaviour

Non-financial corporations retained earnings and investment

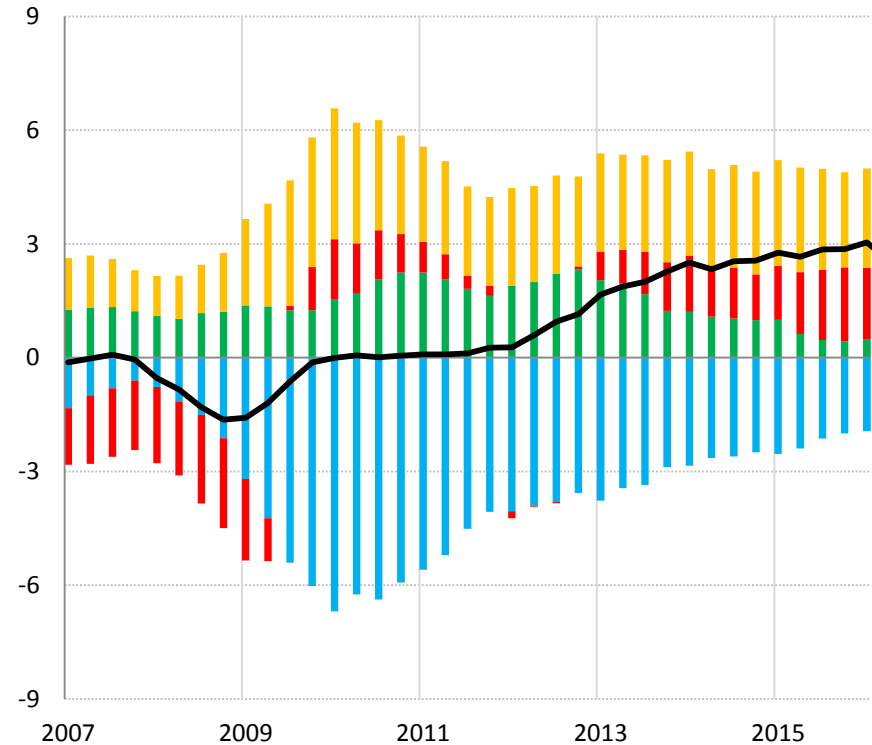
EUR bn. 4-quarter averages, euro area

- Gross fixed capital formation
- Retained earnings (LHS)
- Net lending (+) / net borrowing (-)



Euro area net lending/net borrowing percentage of GDP, 4-quarter averages

- Households
- Financial corporations
- Non-financial corporations
- General government
- Euro area

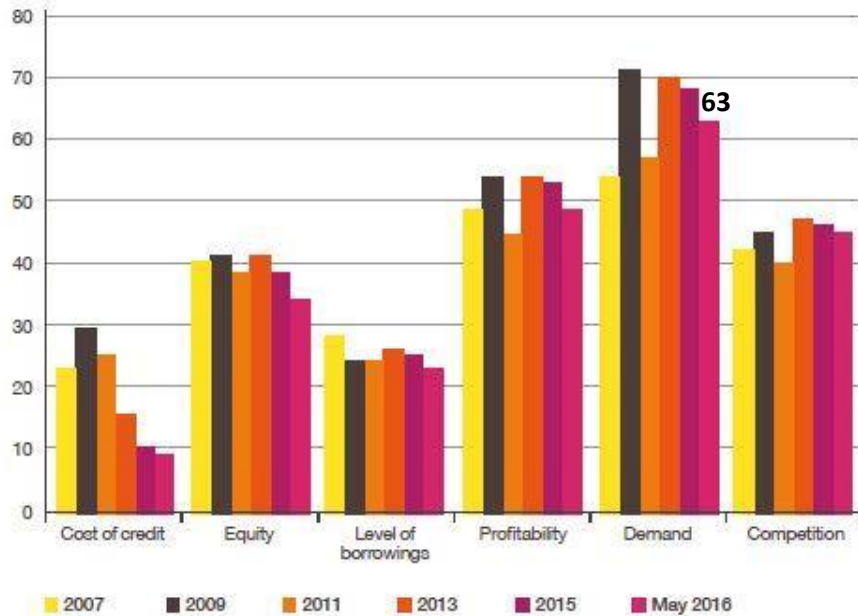


Source: Eurostat/ECB, latest observation: 20016Q2.

What causes? Economic levers

Opinion on obstacles to investment

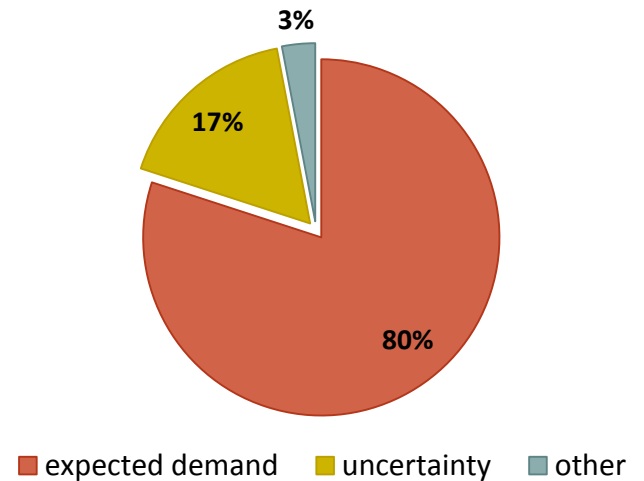
Proportion of respondents (as a %), sample of SMEs located in France



Source : SMEs 63th business climate survey, July 2016, Bpifrance.

Determinants of business investment growth

Contribution to the business investment slowdown, panel of 22 advanced economies, 1996-2014

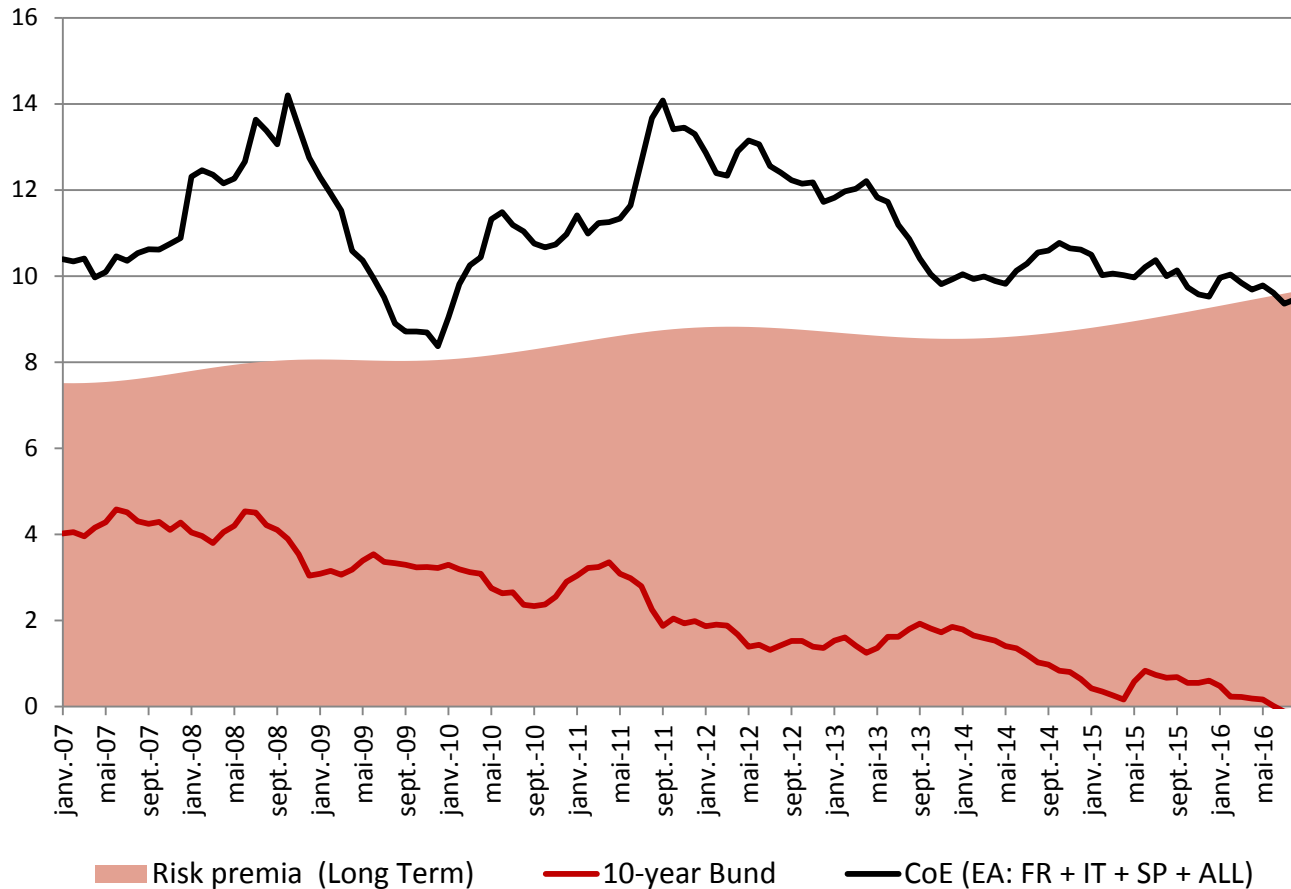


Source: Matthieu Bussière, Laurent Ferrara and Juliana Milovich, 'Explaining the recent slump in investment: the role of expected demand and uncertainty', Banque de France WP n°571, September 2015.

What causes? Financial levers: cost of equity

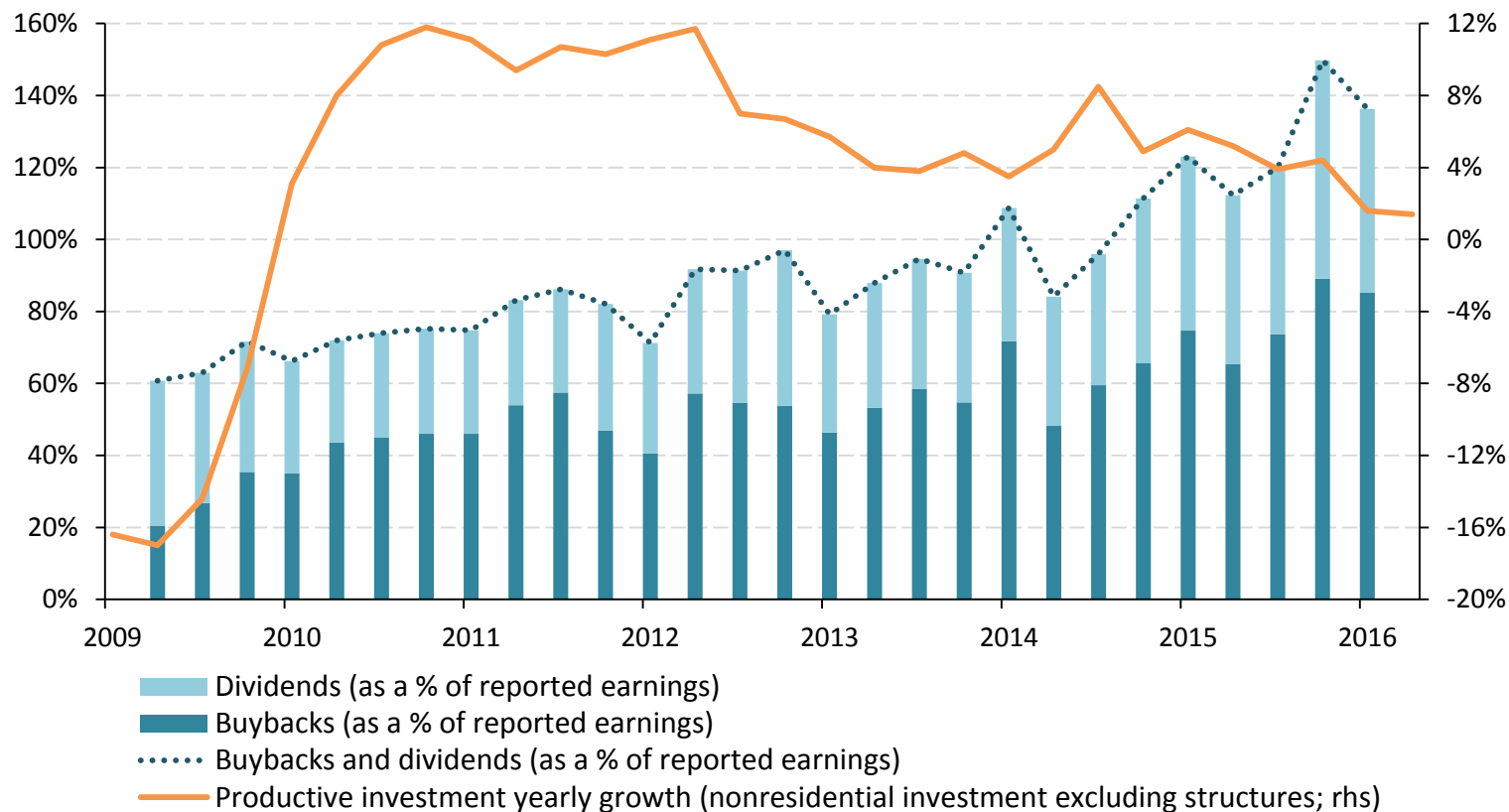
Cost of equity in the euro area

in %



Source: Banque de France.

Share buybacks and dividends and productive investment, United States

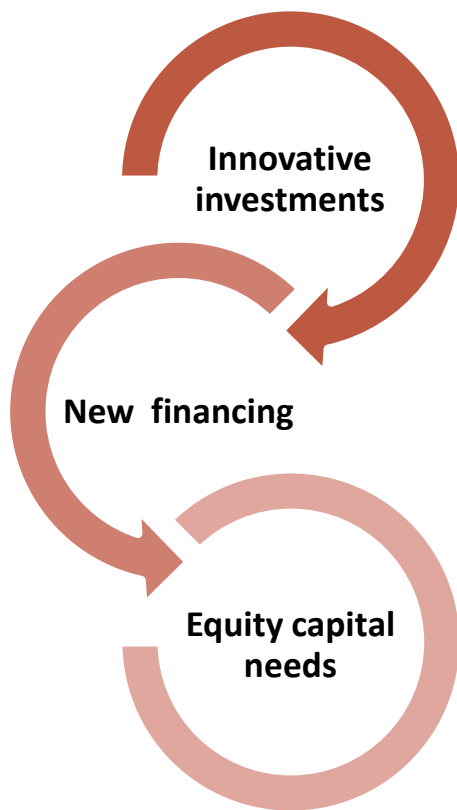


Source : S&P, BEA, BdF calculations.

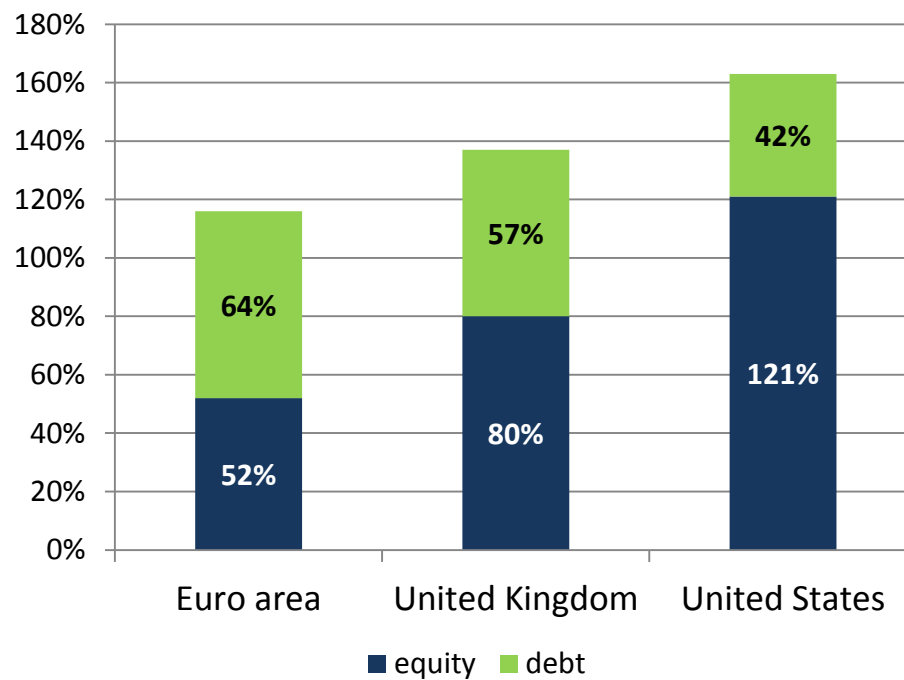
Note: the chart tracks S&P 500 companies' quarterly spending on share repurchases and dividends, as a percentage of reported operating profit. It started in the second quarter of 2009 when stocks started to recover.

Productive investment includes equipment and intellectual property and excludes residential and structures investment. It does not incorporate the oil sector investment (item "mining" in Structures).

What causes? Financial levers: Europe is lagging behind



NFC liabilities: net equity capital and financial debt as a % of GDP



Source: Banque de France; data as of 31 Dec. 2015