



## Non-resident holdings of French CAC 40 shares at end-2018

At the end of 2018, non-residents held EUR 557 billion worth of shares in French CAC 40 companies, or 42.2% of a total market capitalisation of EUR 1,319 billion. The rate of non-resident ownership thus declined for a fifth consecutive year, primarily due to a change in the composition of the index.

Non-residents purchased a net total of EUR 5 billion of CAC 40 shares in 2018, whereas resident investors purchased a higher total of EUR 8.5 billion.

Some 44.2% of non-resident investors are based in euro area countries, while 33% are based in the United States.

**Christophe Guette-Khiter**  
Balance of Payments Directorate  
Securities Division

JEL codes  
F21, F23, F36,  
G15, G34

**42.2%**

share of capital in French CAC 40 companies held by non-residents

EUR **5 billion**

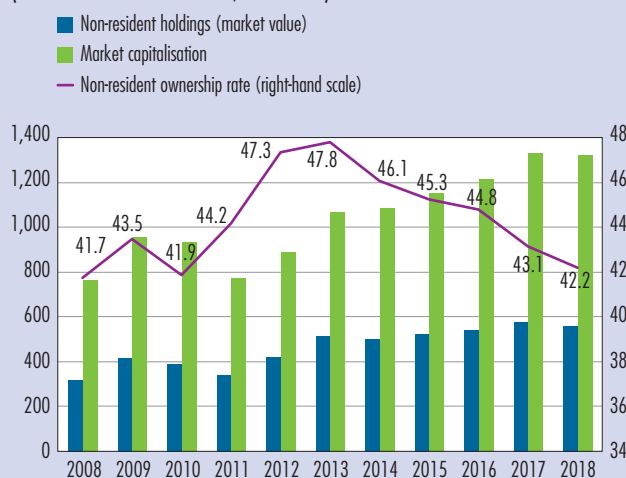
net purchases of French CAC 40 shares by non-residents in 2018

**10 out of 36**

French CAC 40 companies majority-owned by foreign investors

### Non-resident ownership of the capital of French CAC 40 companies

(amounts in EUR billions, rate in %)



Sources: Banque de France (balance of payments) and Euronext.



### 1 Non-resident ownership of French shares

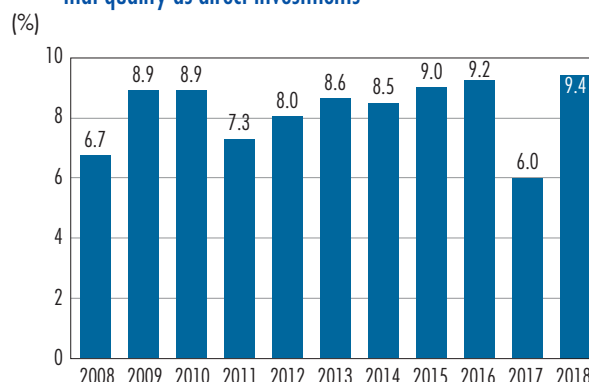
#### Decline in non-resident ownership of CAC 40 shares and rise in ownership of non-CAC 40 shares

As at 31 December 2018, non-resident investors had a 42.2% shareholding in the 36 French companies listed in the CAC 40,<sup>1</sup> down 0.9 percentage point on the previous year (see Chart 1) and continuing the decline observed since 2013.

Non-resident holdings of CAC 40 shares can be broken down into portfolio investments,<sup>2</sup> which accounted for 90.6%, and direct investments, which accounted for 9.4% (see Chart 2).

Measured across all French listed stocks, non-resident ownership edged up slightly by 0.4 percentage points in 2018 to 37.8% (see Chart 2). This was the cumulative result of two effects:

### C2 Proportion of non-resident holdings in French CAC 40 companies that qualify as direct investments

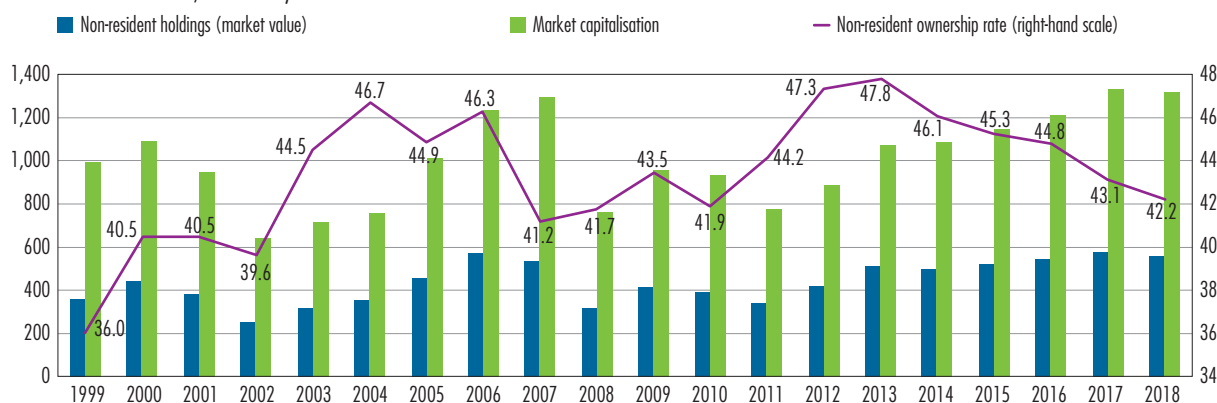


Source: Banque de France (balance of payments).

- the sharp fall in the share of the market capitalisation of non-CAC 40 companies helped to push up the rate of non-resident ownership;
- in parallel, non-resident investors increased their overall stake in French non-CAC 40 companies slightly to 27.6% (see Chart 3).

### C1 Non-resident ownership of the capital of French CAC 40 companies

(amounts in EUR billions, rate in %)



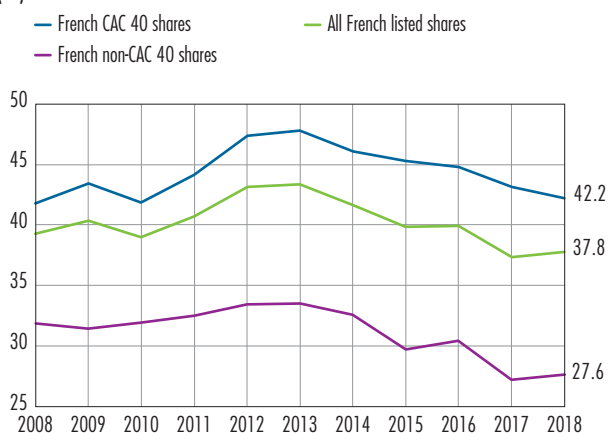
Sources: Banque de France (balance of payments) and Euronext.

<sup>1</sup> Four CAC 40 companies are excluded from the scope of this study as their headquarters are not located in France (ArcelorMittal, EADS, STMicroelectronics and Technip; see Appendix 1: "Composition of the CAC 40 in 2018 and scope of the study"). Non-resident ownership rates depend on the index composition and the country of domiciliation of the individual companies during the reference period, and may thus be affected by changes in either of these factors. The impact of these changes in scope is described in Section 2, "Factors behind the change".

<sup>2</sup> "Portfolio investments" refers to individual holdings accounting for less than 10% of the shares in a company. Beyond this threshold, holdings are considered to be "direct investments" within the meaning of the balance of payments. A company may be majority-owned by non-residents but without any of these holdings constituting a direct investment if no individual stake exceeds the threshold of 10%.

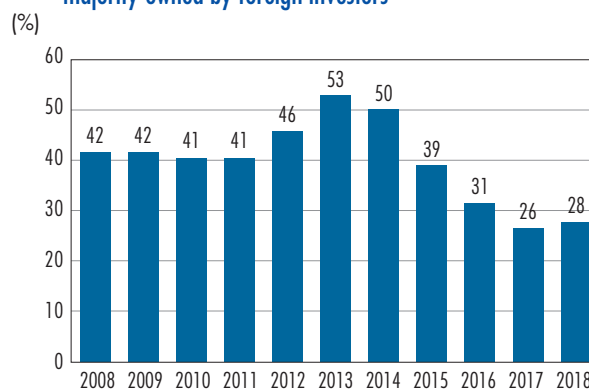


### C3 Non-resident ownership rate for all French listed shares (%)



Sources: Banque de France (balance of payments) and European Central bank (quarterly sector accounts, securities issues statistics).

### C4 Proportion of French CAC 40 companies majority-owned by foreign investors (%)



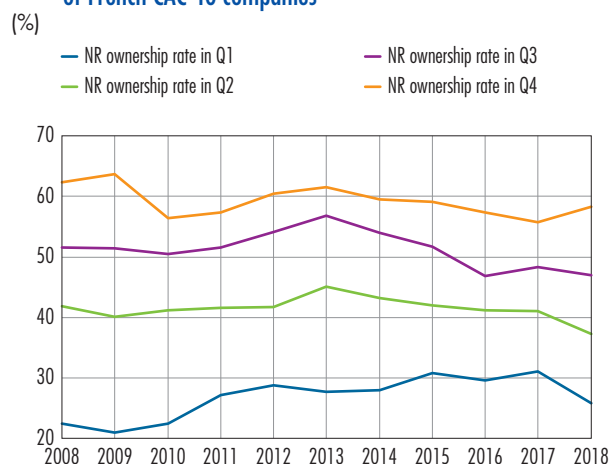
Source: Banque de France (balance of payments).

### Fewer than 30% of French CAC 40 companies are more than 50%-owned by non-residents

As at 31 December 2018, of the 36 French companies included in the CAC 40 index, only ten were majority-owned by non-resident investors, down from 14 in 2015 which was the last year when the CAC 40 comprised 36 French companies (see Table 1 and Chart 4).

The dispersion of non-resident ownership rates for French CAC 40 companies increased in 2018. For the first quartile of companies (i.e. the least foreign-owned) non-resident ownership fell by 5 percentage points, whereas for the last quartile (i.e. the most foreign-owned) it rose by 2 percentage points.

### C5 Dispersion of rates of non-resident ownership of French CAC 40 companies (%)



Sources: Banque de France (balance of payments) and Euronext. Note: Rates of ownership of French CAC 40 securities are calculated per quartile – the first quartile (Q1) represents the 25% of companies with the lowest rate of non-resident ownership, and the last quartile (Q4) represents the 25% with the highest rate.

### T1 Breakdown of French CAC 40 companies by size of non-resident stake

Share of capital held by non residents	Number of companies						
	2012	2013	2014	2015	2016	2017	2018
0-30%	4	2	3	2	3	2	7
30-40%	6	8	7	9	9	9	9
40-50%	9	7	8	11	12	14	10
More than 50%	16	19	18	14	11	9	10
	<b>35</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>35</b>	<b>34</b>	<b>36</b>

Source: Banque de France (balance of payments).

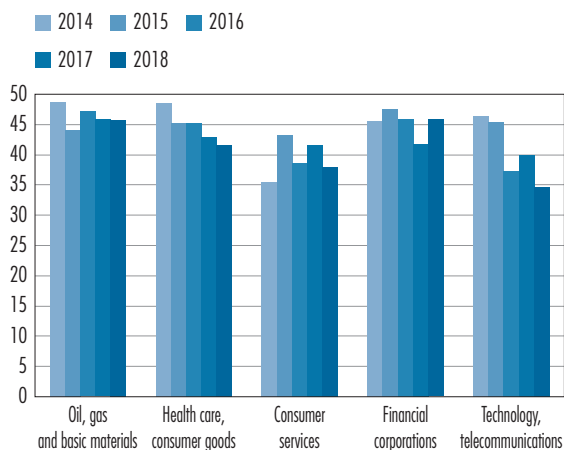
### Non-resident ownership has declined in the majority of sectors

“Financial corporations” was the only sector to see a rise in the proportion of shares held by non-residents in 2018, following the decline caused by structural effects in 2017. As a result, the sector once again ranks first in terms of non-resident ownership. In contrast, in all other sectors, non-resident shareholdings declined



### C6 Non-resident ownership of the capital of French CAC 40 companies, by sector of activity

(%)



Source: Banque de France (balance of payments).

Note: According to the Industry Classification Benchmark (ICB) used by Euronext.

in 2018. “Technology and telecommunications” saw the biggest drop, making it the sector with the lowest rate of non-resident ownership (see Chart 6).

### Non-resident ownership of French listed shares is low compared with other European countries

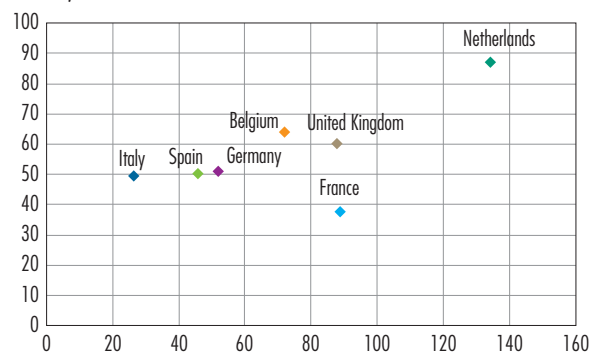
French listed shares have the highest market capitalisation in Europe, and exceeded the total value of UK listed shares in 2018. Expressed as a ratio of gross domestic product (GDP), to appreciate its size relative to the economy, France’s market capitalisation is larger than those of Italy, Spain, Germany and Belgium, comparable to that of the United Kingdom, but smaller than that of the Netherlands. Despite this, non-resident ownership of French shares is markedly lower than in the aforementioned countries, where rates tend to rise in line with market cap to GDP ratios (see Chart 7a).

In 2018, the average non-resident ownership rate for European countries fell by 2 percentage points, whereas for France it rose slightly (see Chart 7b).

### C7 International comparison of non-resident ownership of all listed shares

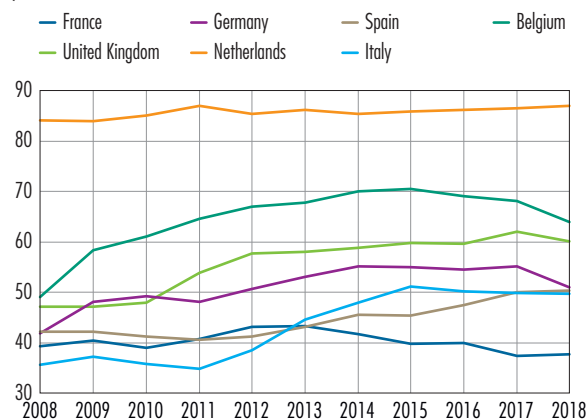
#### a) Ownership rate and market capitalisation in 2018

(x-axis: capitalisation/GDP in %; y-axis: non-resident ownership rate in %)



#### b) Change in ownership rate

(%)



Source: European Central Bank (quarterly sector accounts, securities issues statistics).

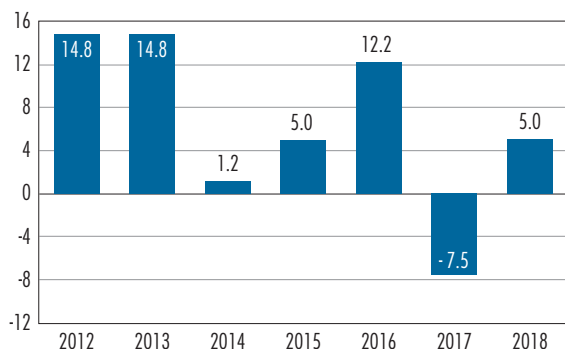
## 2 Factors behind the change: strong impact of changes in the index composition

Based on prices at end-December 2017 (to neutralise the impact of changes in valuation), resident investors purchased a net total of EUR 8.5 billion worth of shares in 2018, compared with EUR 5 billion of purchases by non-residents (see Appendix 2 and Chart 8 below).

Non-residents mainly bought EUR 16.9 billion of shares in the “Health care and consumer goods” sector, and sold EUR 5.6 billion of shares in “Consumer services” along with EUR 5.5 billion in “Financial corporations” (see Chart 9 for an analysis over the long term).



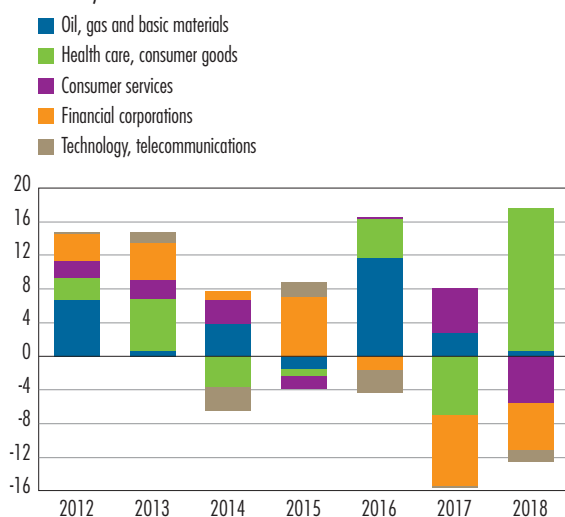
### C8 Net non-resident flows into French CAC 40 shares (EUR billions, based on prices at the start of the period)



Sources: Banque de France (balance of payments).

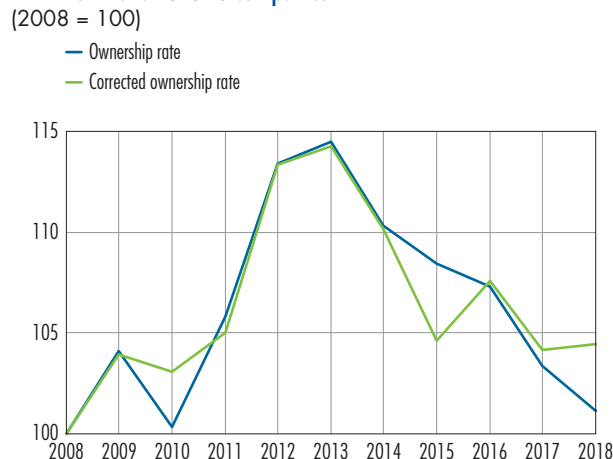
Variations in stock market prices had very little impact on the rate of non-resident ownership (-0.1 percentage point). In contrast, changes in the composition of the index accounted for nearly all of the decline (-1.1 percentage point) over the year. Since 2008, changes in composition have tended to have an overall downward impact on the evolution of non-resident ownership.

### C9 Breakdown by sector of non-resident purchases of French CAC 40 shares (EUR billions)



Source: Banque de France (balance of payments).  
Note: Prices as at 31 December 2017 (excluding valuation effect) and according to the ICB used by Euronext.

### C10 Non-resident ownership of the capital of French CAC 40 companies (2008 = 100)



Sources: Banque de France (balance of payments) and Euronext.  
Note: Ownership rate corrected for changes in the composition of the index between two consecutive periods.

## 3 Increase in the proportion of French equities and investment fund shares owned by euro area investors

The International Monetary Fund's annual *Coordinated Portfolio Investment Survey* (CPIS),<sup>3</sup> to which the Banque de France contributes, details individual countries' total holdings of French equities and investment fund shares combined.

At end-2018, 44.2% of the French equities and investment fund shares owned by non-residents were held by euro area investors, 33% by US investors and 6.4% by UK investors. Between 2012 and 2018, the proportion held by euro area investors increased by 3.2 percentage points, while the proportion held by US investors shrank by 1.2 percentage point. The only significant decline in 2018 was in the proportion of equities and fund shares held by UK investors, which fell from 7.6% at end-2017 to 6.4% at end-2018 (see Table 2).

<sup>3</sup> The CPIS survey conducted by the IMF provides data on the portfolio investment positions of almost 80 countries, broken down by security type (equities and investment fund shares short and long-term debt instruments) and by counterparty country. CPIS data and explanations of the statistics can be found on the IMF's website: <http://data.imf.org/>



### T2 Country of residence of foreign holders of French equities and investment fund shares

(%)

	Share of total non-resident holdings at year-end <sup>a)</sup>						
	2012	2013	2014	2015	2016	2017	2018 <sup>b)</sup>
<b>Euro area, of which:</b>	<b>41.0</b>	<b>40.5</b>	<b>41.3</b>	<b>41.9</b>	<b>44.3</b>	<b>44.5</b>	<b>44.2</b>
Luxembourg <sup>c)</sup>	11.9	12.4	12.6	13.4	13.7	13.9	14.8
Germany	7.8	7.6	7.5	7.8	7.7	7.8	7.6
Italy	6.2	6.4	6.8	6.2	7.0	6.9	6.0
Belgium	4.6	4.0	4.0	3.9	4.9	4.9	5.0
<b>United States</b>	<b>34.2</b>	<b>34.3</b>	<b>33.4</b>	<b>33.3</b>	<b>33.0</b>	<b>32.3</b>	<b>33.0</b>
United Kingdom	7.3	8.9	8.8	8.1	6.6	7.6	6.4
Canada	3.0	2.9	2.7	2.6	2.8	2.8	2.9
Norway	4.0	3.6	3.5	2.9	2.9	2.7	2.8
Japan	2.8	2.3	2.9	3.0	2.7	2.6	2.7
Switzerland	3.0	2.8	2.8	2.6	2.3	2.2	2.1
Other <sup>d)</sup>	4.7	4.7	4.6	5.6	5.4	5.3	5.9
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

a) All holding sectors, including investment funds.

b) Projection based on the relative weights of non-residents in the first half of 2018, due to time needed to collect data.

c) Luxembourg's percentage holding includes equities held by Luxembourg-based investments funds, shares of which may be owned by residents of other countries, including France.

d) The "Others" category mainly comprises Denmark (1.1%), Australia (0.9%) and Sweden (0.8%).

Sources: Banque de France (balance of payments) and International Monetary Fund (CPIS).

## 4 Income paid by CAC 40 companies

In 2018, the French companies in the CAC 40 index paid out EUR 41.7 billion in dividends to their shareholders, of which EUR 17.3 billion went to non-residents (see Table 3). As a share of these companies' market capitalisation, the payments were below the average level observed since 2008 (3.2% and 3.4% respectively). Only financial corporations had a payout ratio that was higher than the long-term average (see Chart 11b).

### T3 Dividends paid by French CAC 40 companies

(EUR billions and %)

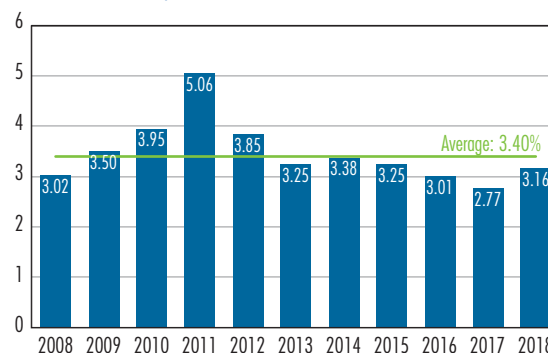
	2012	2013	2014	2015	2016	2017	2018
Dividends paid to non-residents by French CAC 40 companies	15.8	16.5	16.6	15.9	16.0	16.6	17.3
Dividends paid to all shareholders by French CAC 40 companies	34.1	34.8	36.6	37.4	36.4	36.9	41.7
Share of dividends paid to non-residents by French CAC 40 companies	46.4	47.4	45.5	42.6	44.0	44.8	41.6

Source: Banque de France (balance of payments).

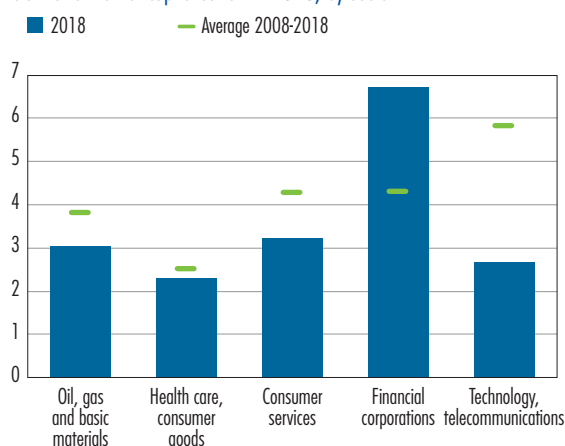
### C11 Dividends paid out by French CAC 40 companies

(%)

a) relative to market capitalisation since 2008



b) relative to market capitalisation in 2018, by sector



Sources: Banque de France (balance of payments) and Euronext.



## Appendix 1

### Sources and methodology

#### 1 Composition of the CAC 40 in 2018 and scope of the study

For a company to be included in the scope of the study, it must be listed in the CAC 40 index and the registered offices of its parent company must be located in French territory. Hermès and Dassault Systèmes joined the CAC 40 index over the course of 2018 and were thus incorporated into the scope of the study. The exclusion

of LafargeHolcim and Solvay from the CAC 40 did not affect the scope of the study as both of these companies are domiciled abroad. Consequently, the number of resident companies listed in the CAC 40 rose from 34 in 2017 to 36 at end-2018.

Ta List of the 36 resident companies in the CAC 40 at 31 December 2018

AccorHotels	Capgemini	Essilor International	Michelin	Safran	Total
Air Liquide	Carrefour	Hermès	Orange	Saint-Gobain	Unibail-Rodamco-Westfield
Atos	Crédit Agricole	Kering	Pernod Ricard	Sanofi	Valeo
Axa	Danone	Legrand	Groupe PSA	Schneider Electric	Veolia
BNP Paribas	Dassault Systèmes	L'Oréal	Publicis Groupe	Société Générale	Vinci
Bouygues	Engie	LVMH	Renault	Sodexo	Vivendi

Source: Euronext.

Note: ArcelorMittal, EADS, STMicroelectronics and Technip are excluded from the scope of the survey as their headquarters are located outside France.

#### 2 Revisions to data

Data on French assets and liabilities positions for the last three years are revised when the Banque de France publishes its annual report on France's balance of payments.<sup>1</sup> The figures published in this article take account of these corrections.

Tb Revisions to 2016 and 2017 data

(EUR billions and %)

	2018 data		2019 data	
	2016	2017	2016	2017
Equity capital held by non-residents	546.9	569.0	542.8	575.0
Market capitalisation	1,211.8	1,332.9	1,211.8	1,332.9
Non-resident ownership rate	45.1	42.7	44.8	43.1

Sources: Banque de France (balance of payments) and Euronext.

<sup>1</sup> The French balance of payments and international investment position, 2018 (French version, English version forthcoming).

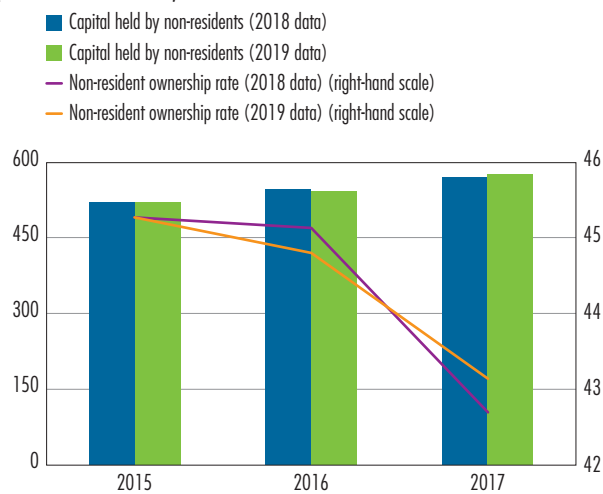


Revisions to security holdings stem from additional data collected from securities custodians, the integration of additional foreign direct investments or corrections to the valuation of certain securities. However, stock market capitalisation data, produced by Euronext, are not revised.

As such, non-resident holdings of French CAC 40 shares in 2017 were adjusted upwards from a published figure of EUR 569 billion to EUR 575 billion, leading to an increase in the ownership rate from 42.7% to 43.1%.

### Revisions to data since 2015

(EUR billions and %)



Source: Banque de France (balance of payments).





## Appendix 2

### Breakdown of flow/stock effects

The breakdown of flow/stock effects makes it possible to determine the change in the value of financial outstandings between two dates that is due to transactions carried out over the period, and the change that is due to existing stocks, i.e. variations in exchange rates and in the prices of assets.

The stock at end-2018 consists of the stock at end-2017 plus any transaction flows over 2018, to which are added fluctuations in stock market prices, any other adjustments and, in this case, changes in the composition of the CAC 40 index. Table Ta below quantifies these different elements in order to show how they affected the change in outstandings between 2017 and 2018.

The main symbols used in this appendix are as follows:

$S_j^{(i)}$  Stock of French CAC 40 shares held by non-residents at the end of year  $i$ , estimated at market value at the end of year  $j$ .

$C_j^{(i)}$  Market capitalisation of CAC 40 shares at the end of year  $i$ , estimated at market value at the end of year  $j$ .

$CS_j^{(i)}$  Impact of the change in the composition of the CAC 40 over year  $i$  on the stock of shares held by non-residents, calculated at market value for year  $j$ .

$CC_j^{(i)}$  Impact of the change in the composition of the CAC 40 over year  $i$  on the stock market capitalisation of the CAC 40 at market value for year  $j$ .

$F_R^{(i)}$  Net flow of purchases/sales of CAC 40 shares by French residents in year  $i$ , calculated at market value at the start of year  $j$ .

$F_{NR}^{(i)}$  Net flow of purchases/sales of CAC 40 shares by non-residents in year  $i$ , calculated at market value at the start of year  $j$ .

**Ta Non-resident ownership of French CAC 40 shares**

(EUR billions)

	2017 stock	Change in the composition of the CAC index	Net non-resident flows in 2018	Adjustments	2018 stock
	$S_{17}^{(17)}$	$= + CS_{18}^{(17)}$	$= + F_{NR}^{(17)}$		$= S_{18}^{(17)}$
Change in stock in 2018, excluding price variations	575.0	14.4	5.0		594.4
	$V_{S17}^{(17)}$	$+ V_{CS18}^{(17)}$	$+ V_{F_{NR}18}^{(17)}$		$= V_{S18}^{(17)}$
Change in prices in 2018	-29.6	1.7	-9.8		-37.7
	$S_{17}^{(18)}$	$= + CS_{18}^{(18)}$	$= + F_{NR}^{(18)}$		$= S_{18}^{(18)}$
Change in stock in 2018 including price variations	545.4	16.2	-4.8	0.0	556.8

**Tb Total market capitalisation of French CAC 40 companies**

(EUR billions)

	2017 capitalisation	Change in the composition of the CAC index	Net resident flows in 2018	Net non-resident flows in 2018	2018 capitalisation
	$C_{17}^{(17)}$	$= + CC_{18}^{(17)}$	$= + F_R^{(17)}$	$= + F_{NR}^{(17)}$	$= C_{18}^{(17)}$
Change in market capitalisation in 2018 excluding price variations	1,332.9	70.1	8.5	5.0	1,416.4
	$V_{C17}^{(17)}$	$V_{CC18}^{(17)}$	$V_{F_R18}^{(17)}$	$V_{F_{NR}18}^{(17)}$	$= V_{C18}^{(17)}$
Change in prices in 2018	-70.5	8.0	-25.2	-9.8	-97.6
	$C_{17}^{(18)}$	$= + CC_{18}^{(18)}$	$= + F_R^{(18)}$	$= + F_{NR}^{(18)}$	$= C_{18}^{(18)}$
Change in market capitalisation in 2018 including price variations	1,262.3	78.1	-16.7	-4.8	1,318.8



**Tc Measurement of the respective impacts of changes in the index composition, flows, prices and adjustments**

(% and percentage points)

	Non-resident ownership rate in 2017	+ Change in the composition of the index	+ Flows	+ Adjustments	Non-resident ownership rate in 2018
	43.14	-1.13	-0.04		
+ Valuation		-0.11	0.36		
+ Adjustments				0.00	
					42.22

(%)

Composition	Prices	Non-resident (NR) flows	Adjustments	Calculation formula	Non-resident ownership rate	
Constant	Constant	Excluding NR flows	Excluding adjustments	$S17^{(17)} / C17^{(17)}$	43.14	R1
Modified	Constant	Excluding NR flows	Excluding adjustments	$[S17^{(17)} + CS18^{(17)}] / [C17^{(17)} + CC18^{(17)}]$	42.01	R2
Modified	Current	Excluding NR flows	Excluding adjustments	$[S17^{(18)} + CS18^{(18)}] / [C17^{(18)} + CC18^{(18)}]$	41.90	R3
Modified	Constant	Including NR flows	Excluding adjustments	$[S18^{(17)}] / [C18^{(17)}]$	41.97	R4
Modified	Current	Including NR flows	Excluding adjustments	$[S17^{(18)} + CS18^{(18)} + F_{NR}18^{(18)}] / [C18^{(18)}]$	42.22	R5
Modified	Current	Including NR flows	Including adjustments	$[S18^{(18)}] / [C18^{(18)}]$	42.22	R6

**Published by**  
Banque de France

**Managing Editor**  
Gilles Vaysset

**Editor-in-Chief**  
Claude Cornélis

**Editor**  
Nelly Noulin

**Translator**  
Vicky Buffery

**Technical production**  
Studio Creation  
Press and Communication

ISSN 1952-4382

To subscribe to the Banque de France's publications

<https://publications.banque-france.fr/en>

"Subscription"

