

# National balance sheet and financial flow accounts, first quarter 2013

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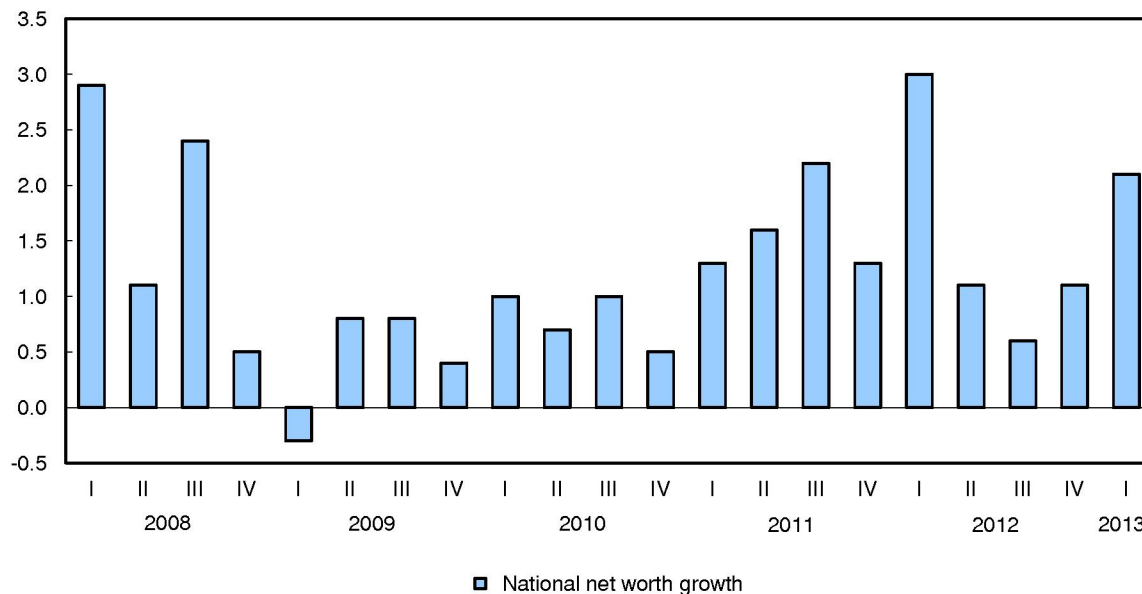
National net worth increased to \$7.1 trillion in the first quarter, up 2.1% from the fourth quarter of 2012 to reach \$202,000 on a per capita basis. This compares with a 1.1% rise in the previous quarter and represents the largest increase in national net worth since the first quarter of 2012. Higher asset prices, primarily real estate, led the advance, while national saving accounted for 3% of the increase in national net worth.

The increase in national net worth was comprised of higher national wealth and lower net foreign indebtedness. Economy-wide non-financial assets, or national wealth, advanced \$75 billion to reach \$7.3 trillion at the end of the first quarter. This represented an increase of 1.0%, mainly on gains in the value of residential real estate.

The decrease in Canada's net foreign indebtedness (international liabilities less international assets) largely reflected the impact of higher values of Canada's holdings of international assets. This was led by strength in foreign stock markets with the Standard and Poor's 500 up by 10%. As well, the Canadian dollar depreciated by 2.1% against its US counterpart, making US dollar denominated assets more valuable.

**Chart 1**  
**National net worth**

% change, not seasonally adjusted



## Financial markets

Total funds raised by domestic non-financial sectors on financial markets amounted to \$57 billion in the first quarter. Non-financial corporations accounted for almost all of private sector demand for funds, as household sector borrowing was down. The government sector demand for funds increased in the first quarter, mainly driven by provincial bond issuance.

Total credit market debt (consumer credit, mortgages, loans, short-term paper and bonds) of domestic non-financial sectors totaled \$4.1 trillion at the end of the first quarter, up 1.5% from the previous quarter. Bonds accounted for \$1.5 trillion of the outstanding credit market debt, with government issuances at about \$1 trillion.



## Household sector

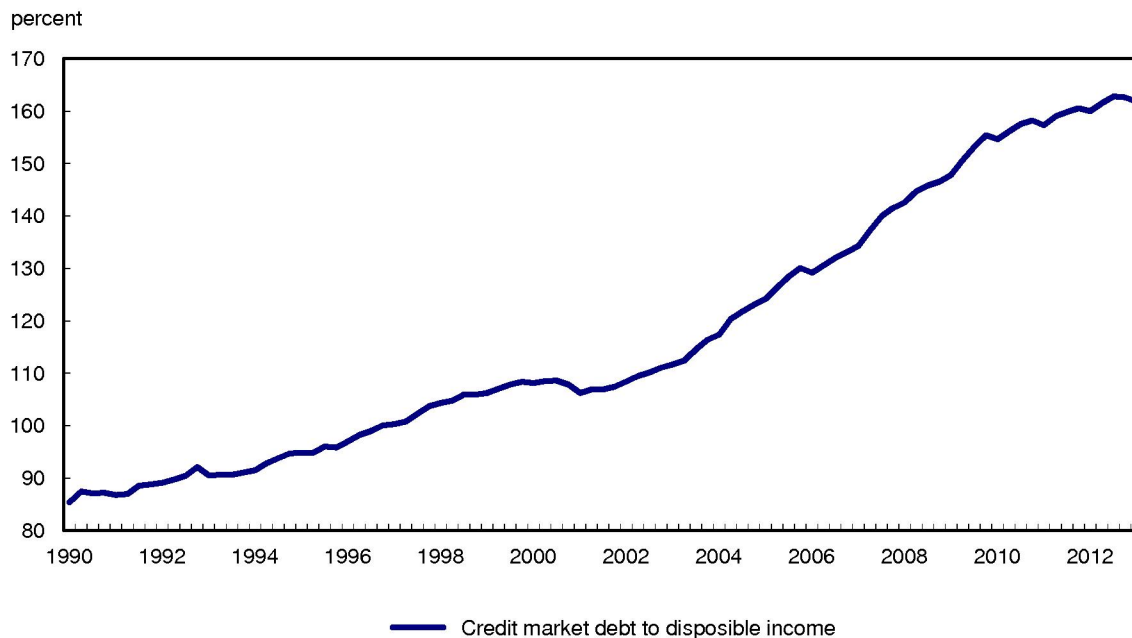
Household net worth advanced 1.9% in the first quarter, led by gains in the value of equity holdings (including investment funds) and pension assets. This reflected strength in domestic stock markets. The Standard and Poor's / Toronto Stock Exchange composite index was up 2.5% in the quarter, compared with a 0.9% increase in the previous quarter.

The value of household real estate increased by 0.9% in the first quarter, reflecting strength in real estate values. On a per capita basis, household net worth rose to \$204,800 in the first quarter, up 1.7% from the previous quarter.

Funds raised by households (consumer credit, loans and mortgages) were \$1.4 billion in the first quarter. Mortgage borrowing led the demand for funds at \$3.8 billion in the quarter, this marks the slowest pace of mortgage borrowing since the first quarter of 2009. The increase in mortgage borrowing was partially offset by decreases in other loans and consumer credit.

Mortgage debt stood at just below \$1.1 trillion and consumer credit debt reached \$496 billion by quarter end. The growth in credit market debt slowed from 1.0% to 0.3% during the quarter. Leverage, as measured by household credit market debt to disposable income, was 161.8% in the first quarter, down from 162.6% in the fourth quarter of 2012. This marks the second consecutive quarterly decline. Owner's equity as a percentage of real estate increased slightly to 69.2%.

**Chart 2**  
**Household credit market debt to disposable income**



## Government sector

Total government net debt (expressed at book value) rose from \$915 billion in the fourth quarter of 2012 to \$942 billion in the first quarter. New government borrowing during the quarter was led by provincial bond issuances. The ratio of total government net debt to gross domestic product (GDP) continued to trend upward, increasing to 51.6% at quarter end from 50.3% in the fourth quarter.

The total government net debt to GDP ratio reached a low in 2008 at 37.2%. Since then, federal and other levels of government net debt have cumulatively increased by \$393 billion, with federal government net debt accounting for 36% of the increase and the remainder attributable to other levels of government.

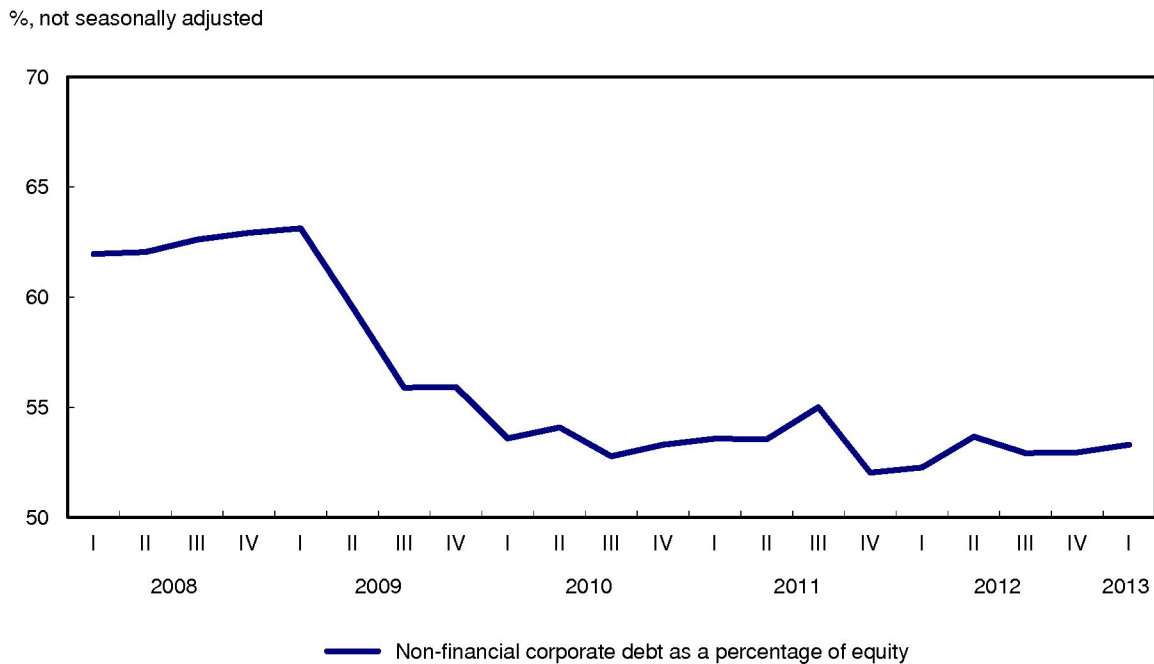
### Corporate sector

The corporate sector remained a net lender to the rest of the economy, led by financial corporations. The corporate sector lent \$10 billion during the quarter, up from \$3.5 billion during the previous quarter.

Financial assets of financial corporations increased by \$193 billion to reach \$9.9 trillion. Of this increase, the majority reflected appreciation in Canadian and foreign equity values. The financial assets of investment funds represented 37% of this increase.

Non-financial corporations accounted for almost all of private sector demand for funds, primarily through increased loans. This increase in loans of \$19 billion represents the largest since 2008. On a book value basis, the ratio of debt-to-equity of non-financial corporations increased slightly in the first quarter, standing at 53 cents of credit market debt for every dollar of equity.

**Chart 3**  
**Non-financial corporate debt-to-equity ratio**



**Note to readers**

This release is a combined analysis of the National balance sheet accounts and Financial flow accounts. The National balance sheet accounts comprise the balance sheets of all sectors and sub-sectors of the economy. The main sectors are households, non-profit institutions serving households, financial corporations, non-financial corporations, government, and non-residents. They cover all national non-financial assets and financial asset-liability claims outstanding in all sectors.

The Financial flow accounts (FFA) measure net lending or borrowing by examining financial transactions in the economy by sector. The FFA arrive at a measure of net financial investment which is the difference between transactions in financial assets and liabilities (for example, net purchases of securities less net issuance of securities). The FFA also provide the link between financial and non-financial activity in the economy which ties estimates of saving and non-financial capital acquisition (for example, investment in new housing) with the underlying financial transactions.

Definitions concerning financial indicators can be found in [Financial indicators from the National balance sheet accounts](#).

**Table 1**  
**National balance sheet accounts – Market value, not seasonally adjusted**

	Fourth quarter 2011	First quarter 2012	Second quarter 2012	Third quarter 2012	Fourth quarter 2012	First quarter 2013	Fourth quarter 2012 to first quarter 2013
	billions of dollars						change in billions of dollars
<b>National net worth</b>	<b>6,569</b>	<b>6,768</b>	<b>6,840</b>	<b>6,878</b>	<b>6,954</b>	<b>7,100</b>	<b>146</b>
<b>Period-to-period percentage change</b>	<b>1.3</b>	<b>3.0</b>	<b>1.1</b>	<b>0.6</b>	<b>1.1</b>	<b>2.1</b>	
National wealth	6,841	6,973	7,086	7,179	7,256	7,331	75
Period-to-period percentage change	1.2	1.9	1.6	1.3	1.1	1.0	
Canada's net foreign debt	272	205	246	301	302	231	-71
<b>National net worth, by sector</b>							
Household sector	6,585	6,776	6,816	6,955	7,062	7,195	133
Non-profit institutions serving household sector	69	70	72	74	75	75	0
Corporate sector	169	163	213	95	73	89	16
General government sector	-253	-242	-261	-245	-257	-260	-3
	dollars						change in dollars
<b>National net worth per capita</b>	<b>189,500</b>	<b>194,700</b>	<b>196,100</b>	<b>196,500</b>	<b>198,400</b>	<b>202,000</b>	<b>3,600</b>

Note(s): Data may not add to totals as a result of rounding.

**Table 2**  
**Households and non-profit institutions serving household sector indicators – Market value, not seasonally adjusted**

	Fourth quarter 2011	First quarter 2012	Second quarter 2012	Third quarter 2012	Fourth quarter 2012	First quarter 2013
	%					
<b>Household sector</b>						
Debt to gross domestic product (GDP)	92.53	92.09	92.99	93.92	94.09	94.08
Debt to disposable income	162.79	162.28	163.85	164.98	164.76	163.99
Credit market debt to disposable income	160.50	159.97	161.51	162.76	162.62	161.77
Consumer credit and mortgage liabilities to disposable income	150.23	149.51	150.93	151.98	151.71	151.30
Net worth as a percentage of disposable income	658.24	671.60	669.37	676.18	679.43	686.35
Debt to total assets	19.83	19.46	19.66	19.61	19.52	19.29
Debt to net worth	24.73	24.16	24.48	24.40	24.25	23.89
Credit market debt to net worth	24.38	23.82	24.13	24.07	23.94	23.57
Consumer credit and mortgage liabilities to net worth	22.82	22.26	22.55	22.48	22.33	22.04
Total assets to net worth	124.73	124.16	124.48	124.40	124.25	123.89
Financial assets to net worth	66.28	66.17	65.80	66.37	66.73	67.01
Financial assets to non-financial assets	113.38	114.08	112.14	114.36	116.01	117.81
Owner's equity as a percentage of real estate	69.00	69.48	69.45	69.17	69.02	69.20
Real estate as a percentage of disposable income	330.18	335.74	339.49	338.94	337.42	337.66
<b>Households and non-profit institutions serving household sector</b>						
Debt to GDP	94.76	94.34	95.26	96.20	96.40	96.37
Debt to disposable income	162.62	162.19	163.74	164.86	164.68	163.97
Credit market debt to disposable income	157.40	156.93	158.43	159.65	159.54	158.77

**Table 3**  
**Corporations sector indicators – Not seasonally adjusted**

	Fourth quarter 2011	First quarter 2012	Second quarter 2012	Third quarter 2012	Fourth quarter 2012	First quarter 2013
	%					
<b>Corporations sector</b>						
Private non-financial corporations total debt to equity (market value)	184.60	183.36	185.87	183.82	183.67	181.75
Private non-financial corporations credit market debt to equity (book value)	52.03	52.26	53.66	52.92	52.94	53.30

**Table 4**  
**General government sector indicators – Not seasonally adjusted**

	Fourth quarter 2011	First quarter 2012	Second quarter 2012	Third quarter 2012	Fourth quarter 2012	First quarter 2013
	%					
<b>General government sector</b>						
General government gross debt (book value) to gross domestic product (GDP)	107.93	109.53	109.76	110.78	110.43	111.91
Federal general government gross debt (book value) to GDP	48.51	49.16	48.79	49.02	48.78	49.25
Other levels of general government gross debt (book value) to GDP	59.09	59.55	60.31	60.88	60.58	61.21
General government net debt (book value) to GDP	48.88	49.23	49.15	49.67	50.26	51.55
Federal general government net debt (book value) to GDP	33.63	34.10	33.97	33.81	33.69	33.80
Other levels of general government net debt (book value) to GDP	25.64	25.98	26.15	26.63	27.51	29.10

**Available in CANSIM: tables 378-0119 to 378-0125.**

**Definitions, data sources and methods: survey numbers 1804 and 1806.**

The [National economic accounts](#) module, accessible from the *Browse by key resource* module of our website, features an up-to-date portrait of national and provincial economies and their structure.

Links to other releases from the national accounts can be found in the first quarter 2013 issue of *Canadian Economic Accounts Quarterly Review*, Vol. 12, no. 1 (13-010-X). This publication is now available from the *Browse by key resource* module of our website under *Publications*. Revised National Balance Sheet Accounts and Financial Flow Accounts for the first quarter of 1990 to the fourth quarter of 2012 have been released, along with those for the first quarter of 2013. These data incorporate new and revised source data and updated data.

Data on National balance sheet accounts and financial flow accounts for the second quarter will be released on September 13.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; [infostats@statcan.gc.ca](mailto:infostats@statcan.gc.ca)) or Media Relations (613-951-4636; [mediahotline@statcan.gc.ca](mailto:mediahotline@statcan.gc.ca)).