

National balance sheet and financial flow accounts, second quarter 2013

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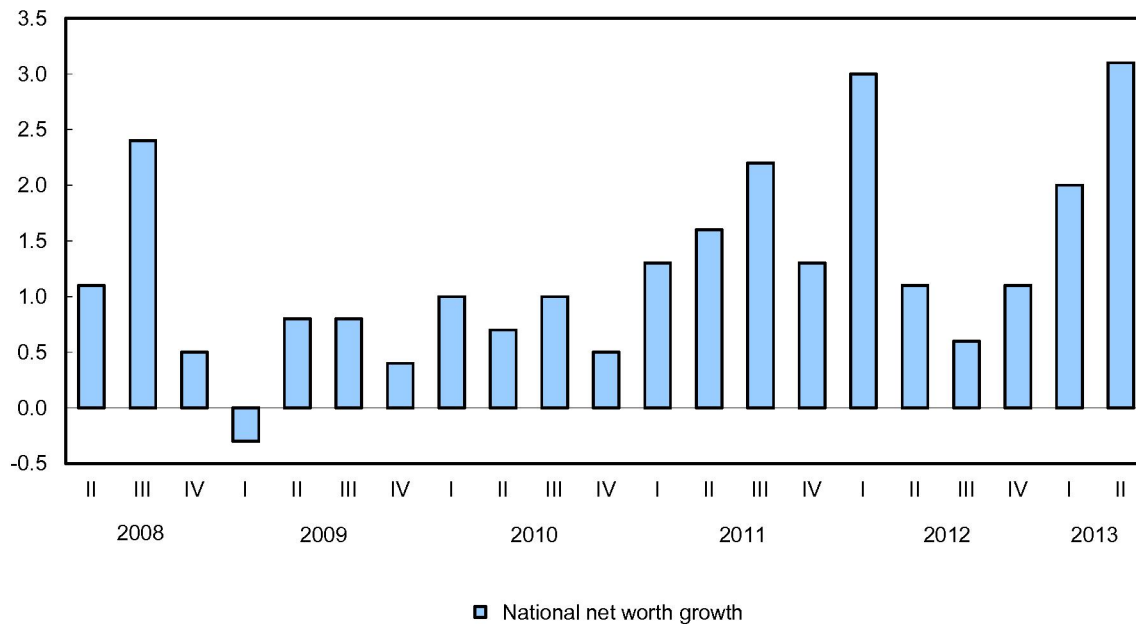
National net worth increased to \$7.3 trillion in the second quarter, up 3% from the first quarter to reach \$207,300 on a per capita basis. This compares with a 2% rise in the first quarter. National saving accounted for 2% of the increase.

Economy-wide non-financial assets, or national wealth, advanced 1% or by \$95 billion to \$7.4 trillion at the end of the second quarter, mainly on gains in the value of residential real estate. This gain in national wealth was a major contributor to the higher national net worth, together with lower net foreign indebtedness.

The decrease in Canada's net foreign indebtedness (international liabilities less international assets) largely reflected the impact of lower domestic stock markets on the value of Canada's international liabilities. Also, the revaluation effect of a weaker Canadian dollar, which depreciated by 3.4% against its US counterpart during the quarter, made US dollar denominated assets more valuable.

Chart 1
National net worth

% change, not seasonally adjusted



Financial markets

Funds raised by domestic non-financial sectors on financial markets totalled \$70 billion in the second quarter. Households and non-financial corporations accounted for the majority of private sector demand for funds. The government sector demand for funds increased in the second quarter, mainly driven by federal and provincial paper issuance.



Credit market debt (consumer credit, mortgages, loans, short-term paper and bonds) of domestic non-financial sectors totalled \$4.2 trillion at the end of the second quarter, up 1.7% from the previous quarter. Bonds accounted for \$1.5 trillion of the outstanding credit market debt, with government debt at about \$1.1 trillion.

Household sector

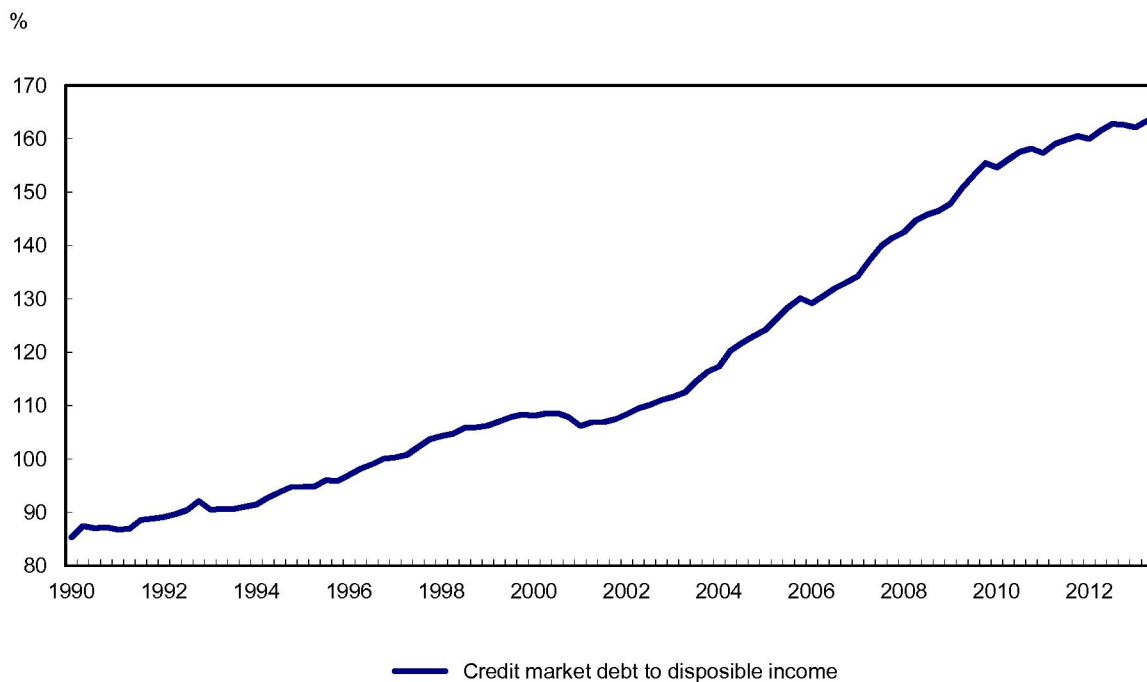
Household net worth advanced 0.7% in the second quarter, led by a 1.6% gain in the value of household real estate during the quarter. On a per capita basis, household net worth rose to \$205,900 in the second quarter.

The increase in household net worth was tempered by weakness in domestic stock markets. The Standard and Poor's / Toronto Stock Exchange composite index was down 4.9% in the quarter, compared with a 2.5% increase in the previous quarter.

Funds raised by households (consumer credit, loans and mortgages) were \$25.9 billion in the second quarter. Mortgage borrowing led the demand for funds at \$18 billion in the quarter with consumer credit also contributing to the household demand for funds.

Mortgage debt stood at just over \$1.1 trillion and consumer credit debt reached \$500 billion by quarter end. The growth in credit market debt increased from 0.5% to 1.6% during the quarter. Leverage, as measured by household credit market debt to disposable income, increased to 163.4% in the second quarter, up from 162.1% in the first quarter. This increase followed two consecutive quarterly declines in this measure. Owner's equity as a percentage of real estate remained stable at 69.1%.

Chart 2
Household credit market debt to disposable income



Government sector

Total government net debt (expressed at book value) rose from \$922 billion in the first quarter to \$937 billion in the second quarter. New government borrowing during the quarter was led by federal short-term paper issuance.

The ratio of total government net debt to gross domestic product continued to trend upward, increasing to 51.0% at quarter end from 50.4% in the first quarter. Higher borrowing drove this increase, which was accentuated by revaluation effects to foreign currency denominated provincial bonds arising from a weaker Canadian dollar.

Corporate sector

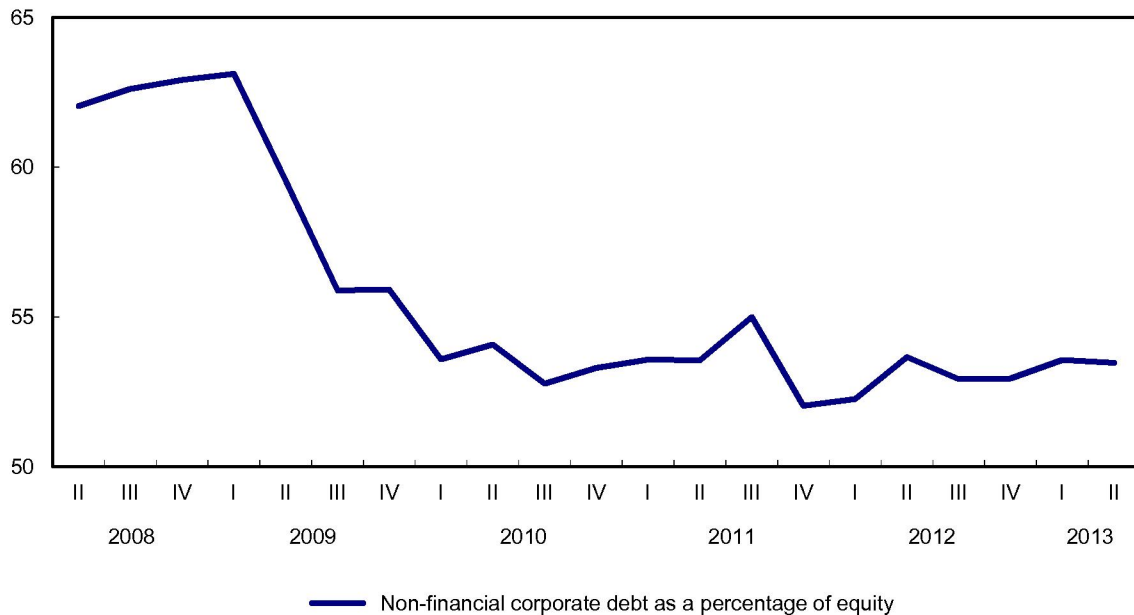
The corporate sector remained a net lender to the rest of the economy, led by financial corporations. The corporate sector lent \$17 billion during the quarter, up from \$10.2 billion during the previous quarter.

Financial assets of financial corporations increased by \$11 billion to reach \$9.9 trillion, with the financial assets of mutual funds representing the largest share of this gain. Of this increase, the majority reflected higher foreign equity assets and mutual fund shares. Bond holdings of financial corporations decreased in value by \$27 billion during the quarter as yields were sharply higher.

Non-financial corporations demand for funds was \$17 billion during the quarter, comprised mainly of share and bond issuances. On a book value basis, the ratio of debt-to-equity of non-financial corporations edged down in the second quarter, standing at 53 cents of credit market debt for every dollar of equity.

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

%, not seasonally adjusted



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

	First quarter 2012	Second quarter 2012	Third quarter 2012	Fourth quarter 2012	First quarter 2013	Second quarter 2013	First quarter to second quarter 2013
	billions of dollars						change in billions of dollars
National net worth	6,768	6,840	6,878	6,954	7,093	7,310	217
Period-to-period							
percentage change	3.0	1.1	0.6	1.1	2.0	3.1	
National wealth	6,973	7,086	7,179	7,256	7,319	7,414	95
Period-to-period percentage change	1.9	1.6	1.3	1.1	0.9	1.3	
Canada's net foreign debt	205	246	301	302	226	104	-122
National net worth, by sector							
Household sector	6,776	6,816	6,955	7,062	7,214	7,263	49
Non-profit institutions serving household sector	70	72	74	75	71	72	1
Corporate sector	163	213	95	73	46	205	159
General government sector	-242	-261	-245	-257	-238	-229	9
	dollars						change in dollars
National net worth per capita	194,700	196,100	196,500	198,400	201,800	207,300	5,500

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

	First quarter 2012	Second quarter 2012	Third quarter 2012	Fourth quarter 2012	First quarter 2013	Second quarter 2013
	%					
Household sector						
Debt to gross domestic product (GDP)	92.09	92.99	93.92	94.09	94.13	95.21
Debt to disposable income	162.28	163.85	164.98	164.76	164.30	165.62
Credit market debt to disposable income	159.97	161.51	162.76	162.62	162.10	163.37
Consumer credit and mortgage liabilities to disposable income	149.51	150.93	151.98	151.71	151.61	152.61
Net worth as a percentage of disposable income	671.60	669.37	676.18	679.43	688.63	687.76
Debt to total assets	19.46	19.66	19.61	19.52	19.26	19.41
Debt to net worth	24.16	24.48	24.40	24.25	23.86	24.08
Credit market debt to net worth	23.82	24.13	24.07	23.94	23.54	23.75
Consumer credit and mortgage liabilities to net worth	22.26	22.55	22.48	22.33	22.02	22.19
Total assets to net worth	124.16	124.48	124.40	124.25	123.86	124.08
Financial assets to net worth	66.17	65.80	66.37	66.73	67.16	66.91
Financial assets to non-financial assets	114.08	112.14	114.36	116.01	118.45	117.02
Owner's equity as a percentage of real estate	69.48	69.45	69.17	69.02	69.10	69.06
Real estate as a percentage of disposable income	335.74	339.49	338.94	337.42	337.68	340.29
Households and non-profit institutions serving household sector						
Debt to GDP	94.34	95.26	96.20	96.40	96.38	97.47
Debt to disposable income	162.19	163.74	164.86	164.68	164.18	165.54
Credit market debt to disposable income	156.93	158.43	159.65	159.54	159.05	160.34

Table 3
Corporations sector indicators – Not seasonally adjusted

	First quarter 2012	Second quarter 2012	Third quarter 2012	Fourth quarter 2012	First quarter 2013	Second quarter 2013
	%					
Corporations sector						
Private non-financial corporations total debt to equity (market value)	183.36	185.87	183.82	183.67	183.38	188.70
Private non-financial corporations credit market debt to equity (book value)	52.26	53.66	52.92	52.94	53.56	53.47

Table 4
General government sector indicators – Not seasonally adjusted

	First quarter 2012	Second quarter 2012	Third quarter 2012	Fourth quarter 2012	First quarter 2013	Second quarter 2013
	%					
General government sector						
General government gross debt (book value) to gross domestic product (GDP)	109.53	109.76	110.78	110.43	111.74	113.27
Federal general government gross debt (book value) to GDP	49.16	48.79	49.02	48.78	49.20	49.40
Other levels of general government gross debt (book value) to GDP	59.55	60.31	60.88	60.58	61.10	61.73
General government net debt (book value) to GDP	49.23	49.15	49.67	50.26	50.44	51.02
Federal general government net debt (book value) to GDP	34.10	33.97	33.81	33.69	33.70	33.67
Other levels of general government net debt (book value) to GDP	25.98	26.15	26.63	27.51	28.18	28.94

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 second quarter 2013 issue of *Canadian Economic Accounts Quarterly Review*, Vol. 12, no. 2 (13-010-X). This publication is now available from the *Browse by key resource* module of our website under *Publications*. Revised National balance sheet and Financial flow accounts for the first quarter has been released, along with those for the second quarter. These data incorporate new and revised source data and updated data.

Data on National balance sheet accounts and financial flow accounts for the third quarter will be released on December 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) or Media Relations (613-951-4636; mediahotline@statcan.gc.ca).