

# National balance sheet and financial flow accounts, first quarter 2014

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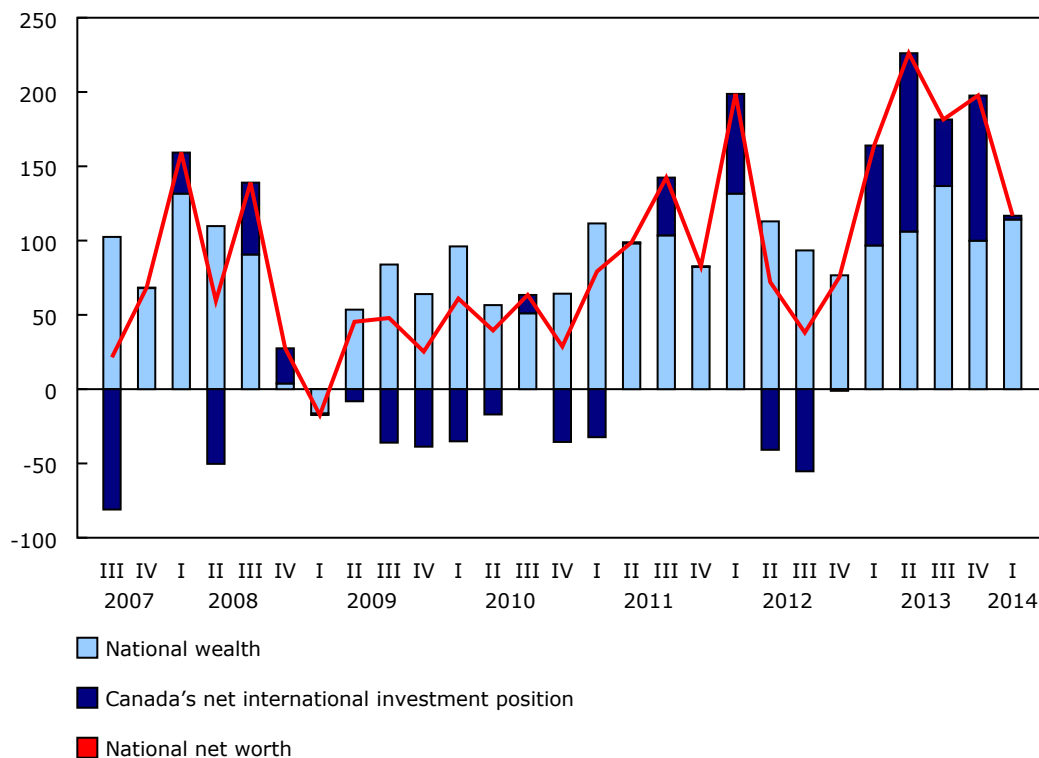
National net worth rose 1.5% from the fourth quarter of 2013 to \$7.8 trillion in the first quarter, reaching \$221,300 on a per capita basis. This was slower than the 2.6% advance in the previous quarter. The change in national net worth was led by a 1.5% increase in non-financial assets.

Economy-wide non-financial assets, or national wealth, advanced \$115 billion to \$7.8 trillion at the end of the first quarter. This growth mainly reflected gains in the value of real estate.

Canada's net asset position edged up by \$2.5 billion to \$30.2 billion in the first quarter. The increase in the value of Canada's foreign currency-denominated international assets reflected the effect of a weaker Canadian dollar, while liabilities held by non-resident investors were up mainly on higher Canadian equity prices.

**Chart 1**  
**Changes in national net worth**

billions of dollars



## Debt of non-financial sectors

Debt of domestic non-financial sectors edged down by the end of the first quarter. Retirement of federal government short-term paper continued at levels similar to those registered in the fourth quarter along with a reduction in short-term paper liabilities of other levels of government. Funds raised by non-financial private corporations eased in the first quarter.



Credit market debt (consumer credit, mortgages, loans, short-term paper and bonds) of domestic non-financial sectors totalled \$4.3 trillion at the end of the first quarter. This was largely unchanged from the previous quarter. Increases in bonds, mortgages and non-mortgage loans were offset by retirements in government short-term paper.

Of the total outstanding credit market debt at the end of the first quarter, bonds and mortgages continue to account for the majority at \$1.5 trillion and \$1.4 trillion respectively. These two liabilities accounted for 69.4% of total outstanding credit market debt in the first quarter.

## **Household sector**

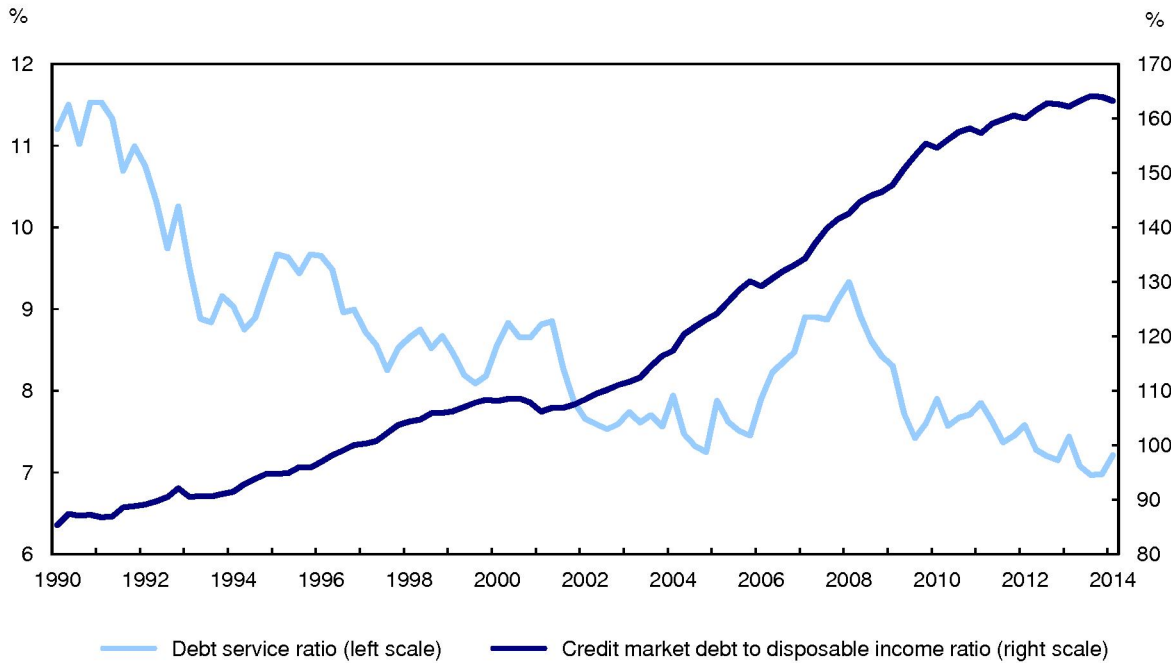
Household net worth advanced 2.5% in the first quarter, led by a 3.2% gain in the value of shares and other equities, notably mutual funds. This primarily reflected continued strength in domestic stock markets during the quarter. The increase in household net worth was also supported by a 2.0% gain in the value of household real estate. On a per capita basis, household net worth rose to \$222,600 in the first quarter.

The ratio of financial assets to non-financial assets has continued its general upward trend since its marked decline in 2008 when equity prices declined sharply. At the end of the first quarter, the ratio stood at 119.5%, up from 118.4% in the previous quarter.

At the end of the first quarter, mortgage debt stood at over \$1.1 trillion, up 0.6% over the previous quarter. This was the lowest rate of advance since early 2009. Consumer credit debt edged down 0.3% from the fourth quarter to \$507 billion by quarter end. Consumer credit debt as a proportion of total outstanding household debt has generally been declining since the financial crisis.

Leverage, as measured by household credit market debt to disposable income, edged down from 163.9% in the fourth quarter of 2013 to 163.2% in the first quarter of 2014. The household debt service ratio, defined as household mortgage and non-mortgage interest paid divided by disposable income, continued to hover at historically low levels. Owner's equity as a percentage of real estate was 69.9% at the end of the first quarter, slightly higher than the 69.5% recorded at the end of the previous quarter.

**Chart 2**  
**Household sector leverage indicators**

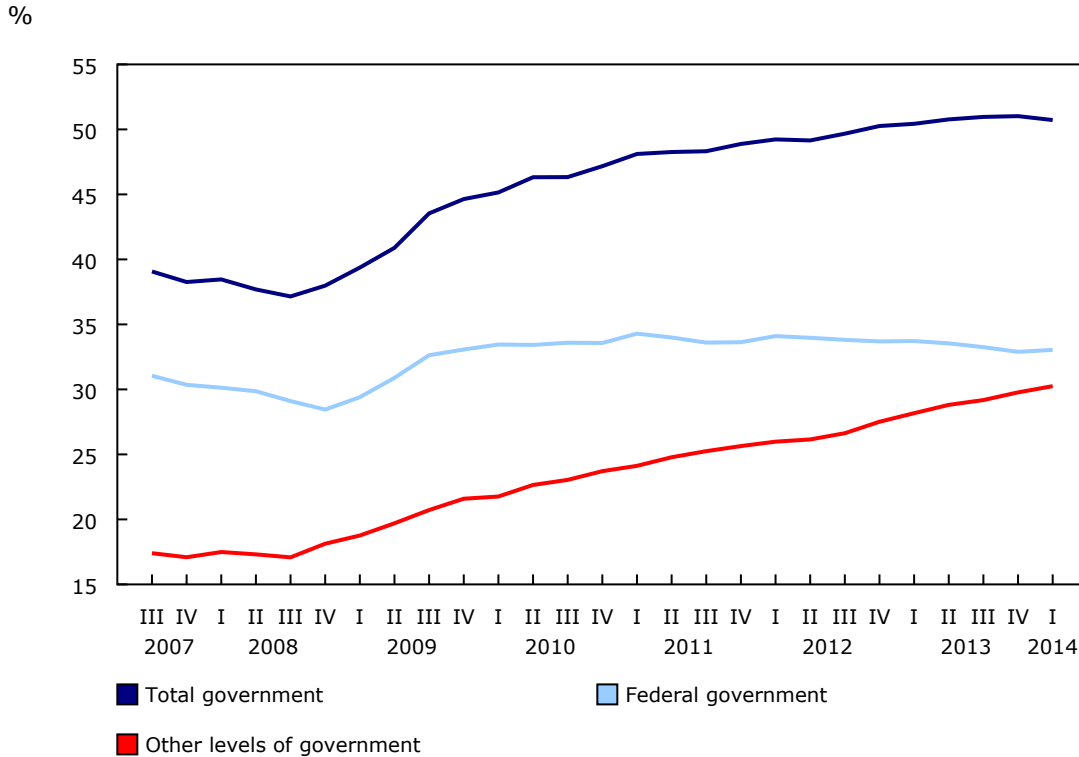


**Government sector**

Total government gross debt (expressed at book value) was unchanged in the first quarter. Increased provincial and municipal government borrowing was offset by lower borrowing by the federal government. By the end of the first quarter, the overall government deficit stood at \$17.0 billion compared with \$22.6 billion in the first quarter of 2013.

The ratio for the federal government net debt to gross domestic product increased compared with the previous quarter and the ratio for the other levels of government continued its upward trend, which began in late 2008.

**Chart 3**  
**Net debt (book value) to gross domestic product**



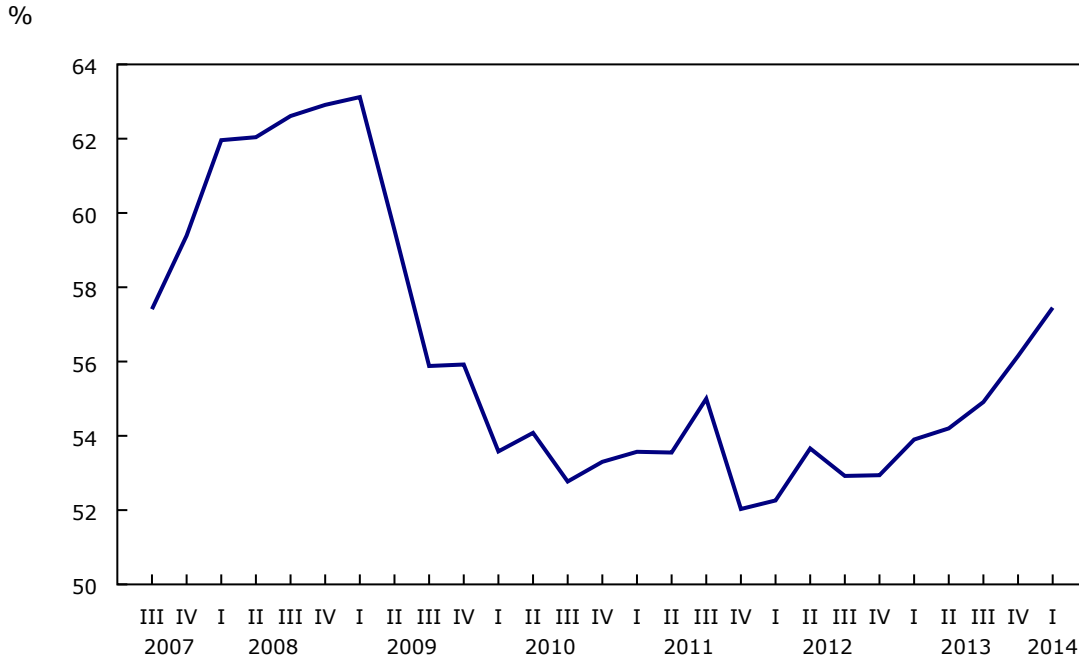
**Corporate sector**

The corporate sector remained a net lender to the rest of the economy. Corporate net lending amounted to \$4.4 billion over the quarter, up from \$2.1 billion in the previous quarter.

Non-financial private corporations raised \$15.4 billion worth of funds during the first quarter. On a book value basis, the debt-to-equity ratio of non-financial corporation's was 57 cents of credit market debt for every dollar of equity at quarter end. This ratio has been rising since the end of 2012.

At the end of the first quarter, financial assets of financial corporations increased by \$204 billion to \$10.4 trillion. Domestic equity assets accounted for the largest share of this gain, reflecting a quarter of strong domestic stock prices that outpaced foreign stock prices.

**Chart 4**  
**Non-financial corporate debt-to-equity ratio**



**Note to readers**

*This is a combined release 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. All data is unadjusted for seasonal variation.*

*The Financial flow accounts (FFA) articulate net lending or borrowing activity by sector by measuring financial transactions in the economy. 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](#)" and in the [System of macroeconomic accounts glossary](#).*

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

	Fourth quarter 2012	First quarter 2013	Second quarter 2013	Third quarter 2013	Fourth quarter 2013	First quarter 2014	Fourth quarter 2013 to first quarter 2014
	billions of dollars						change in billions of dollars
<b>National net worth</b>	<b>6,954</b>	<b>7,118</b>	<b>7,344</b>	<b>7,525</b>	<b>7,723</b>	<b>7,840</b>	<b>117</b>
<b>Period-to-period   percentage change</b>	<b>1.1</b>	<b>2.4</b>	<b>3.2</b>	<b>2.5</b>	<b>2.6</b>	<b>1.5</b>	<b>...</b>
National wealth	7,256	7,353	7,459	7,596	7,695	7,810	115
Period-to-period percentage change	1.1	1.3	1.4	1.8	1.3	1.5	...
Canada's net foreign debt	302	235	115	70	-28	-30	-2
<b>National net worth, by sector</b>							
Household sector	7,062	7,247	7,310	7,469	7,692	7,888	196
Non-profit institutions serving household sector	75	71	72	73	74	76	2
Corporate sector	73	47	189	174	153	84	-69
General government sector	-257	-247	-228	-191	-196	-207	-11
	dollars						change in dollars
<b>National net worth per capita</b>	<b>198,400</b>	<b>203,200</b>	<b>208,900</b>	<b>213,200</b>	<b>218,500</b>	<b>221,300</b>	<b>2,800</b>

... not applicable

**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 2012	First quarter 2013	Second quarter 2013	Third quarter 2013	Fourth quarter 2013	First quarter 2014
	%					
<b>Household sector</b>						
Debt to gross domestic product (GDP)	94.09	94.30	95.02	95.26	95.11	94.41
Debt to disposable income	164.76	164.31	165.34	166.22	166.13	165.36
Credit market debt to disposable income	162.62	162.14	163.24	164.10	163.93	163.22
Consumer credit and mortgage liabilities to disposable income	151.71	151.47	152.55	153.51	153.58	152.87
Net worth as a percentage of disposable income	679.43	690.93	691.57	699.61	714.15	726.31
Debt to total assets	19.52	19.21	19.29	19.20	18.87	18.55
Debt to net worth	24.25	23.78	23.91	23.76	23.26	22.77
Credit market debt to net worth	23.94	23.47	23.60	23.46	22.95	22.47
Consumer credit and mortgage liabilities to net worth	22.33	21.92	22.06	21.94	21.51	21.05
Total assets to net worth	124.25	123.78	123.91	123.76	123.26	122.77
Financial assets to net worth	66.73	66.94	66.41	66.41	66.83	66.83
Financial assets to non-financial assets	116.01	117.77	115.51	115.80	118.42	119.48
Owner's equity as a percentage of real estate	69.02	69.32	69.47	69.41	69.50	69.90
Real estate as a percentage of disposable income	337.42	339.94	344.57	346.93	348.85	352.78
<b>Households and non-profit institutions serving household sector</b>						
Debt to GDP	96.40	96.55	97.28	97.52	97.39	96.69
Debt to disposable income	164.68	164.13	165.20	166.06	165.97	165.29
Credit market debt to disposable income	159.54	159.03	160.16	161.00	160.81	160.16

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

	Fourth quarter 2012	First quarter 2013	Second quarter 2013	Third quarter 2013	Fourth quarter 2013	First quarter 2014
	%					
<b>Corporations sector</b>						
Private non-financial corporations total debt to equity (market value)	183.67	183.68	188.99	188.84	187.43	185.56
Private non-financial corporations credit market debt to equity (book value)	52.94	53.90	54.20	54.91	56.15	57.45

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

	Fourth quarter 2012	First quarter 2013	Second quarter 2013	Third quarter 2013	Fourth quarter 2013	First quarter 2014
	%					
<b>General government sector</b>						
General government gross debt (book value) to gross domestic product (GDP)	110.43	111.36	112.69	112.18	111.27	110.06
Federal general government gross debt (book value) to GDP	48.78	49.36	49.39	49.16	47.80	46.76
Other levels of general government gross debt (book value) to GDP	60.58	60.55	61.17	61.32	61.44	61.56
General government net debt (book value) to GDP	50.26	50.43	50.77	50.96	51.02	50.72
Federal general government net debt (book value) to GDP	33.69	33.72	33.54	33.25	32.89	33.04
Other levels of general government net debt (book value) to GDP	27.51	28.17	28.81	29.18	29.77	30.25

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

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

The [System of macroeconomic 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 2014 issue of *Canadian Economic Accounts Quarterly Review*, Vol. 13, no. 1 (13-010-X). This publication is available from the *Browse by key resource* module of our website under *Publications*. Revised national balance sheet and financial flow accounts for the first, second, third and fourth quarters of 2013 is now available, along with those for the first quarter of 2014. 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 12.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; [infostats@statcan.gc.ca](mailto:infostats@statcan.gc.ca)) or Media Relations (613-951-4636; [mediahotline@statcan.gc.ca](mailto:mediahotline@statcan.gc.ca)).