

National balance sheet and financial flow accounts, first quarter 2015

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National net worth

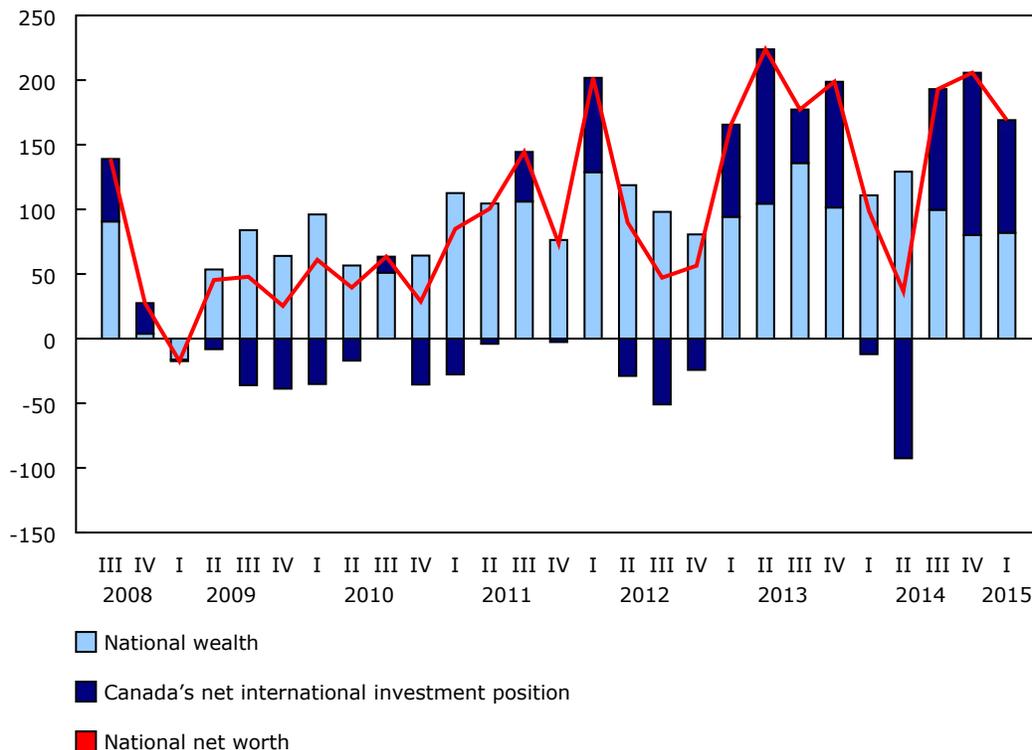
National net worth rose 2.0% or by \$169.0 billion from the fourth quarter to \$8,434 billion at the end of the first quarter. Among the sectors of the economy, the increasing net worth of households was the primary contributor to growth of national net worth. On a per capita basis, national net worth grew 1.8% to \$235,700.

Just over half of the increase in national net worth was attributable to an \$87.2 billion advance in Canada's net international investment position, as Canada's net asset position reached a record \$224.3 billion at the end of the first quarter. This growth was mainly explained by the larger revaluation effect of a weaker Canadian dollar on Canada's international assets than liabilities. This marks the third straight quarter in which Canada has been a net creditor nation.

National wealth, or the total value of non-financial assets in the Canadian economy, increased by \$81.9 billion to \$8,209 billion at the end of the first quarter.

Chart 1
Changes in national net worth

billions of dollars



Source(s): CANSIM table [378-0121](#).

Households

Household sector net worth at market value rose 3.4% in the first quarter. On a per capita basis, household net worth advanced 3.2% to \$241,800. Non-financial assets, primarily real estate, rose 1.2% while net financial assets were up 6.2%. The gain in net financial assets was largely due to growth in the value of mutual funds and pension assets. The larger increase in the value of financial assets pushed the ratio of financial assets to non-financial assets up to 125.7%, the highest level since the second quarter of 2002. Financial assets represented 55.7% of total household assets at the end of the quarter.

The ratio of total household debt to total assets declined to 17.8% in the first quarter, continuing a general downward trend that began in 2009. Since then, asset prices have rebounded significantly, but the ratio of household debt to total assets has not yet returned to pre-recession levels.

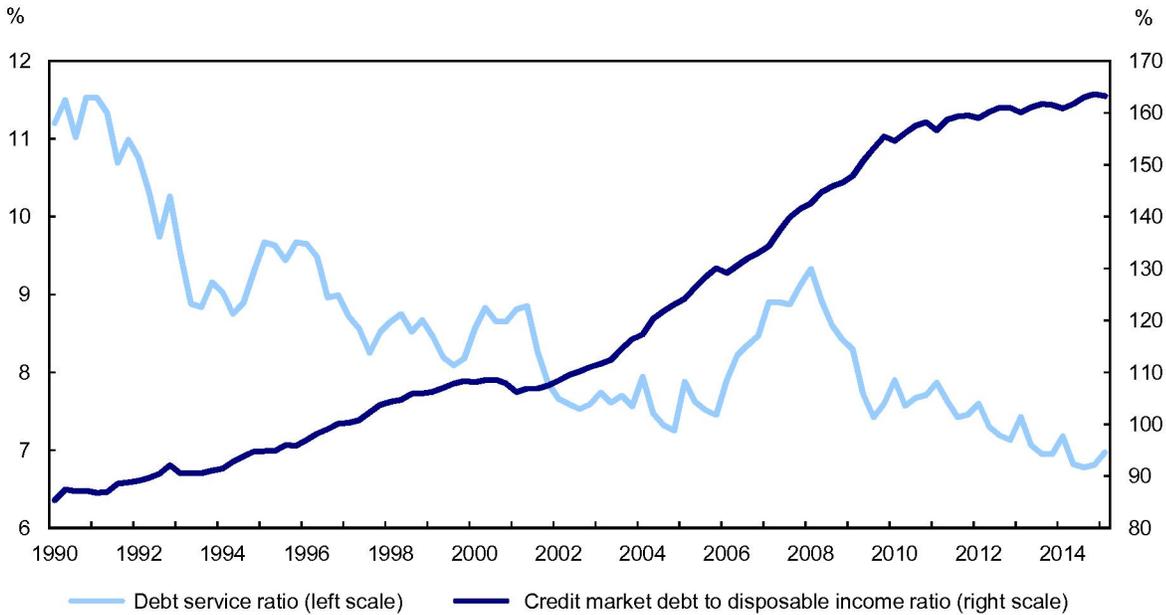
On a seasonally adjusted basis, households borrowed \$23.0 billion in the first quarter, up slightly (+0.4%) from the fourth quarter. Mortgages made up the largest portion of total borrowing in the quarter (\$15.9 billion), down 0.8% from the previous quarter, while consumer credit represented \$4.8 billion of borrowing in the first quarter.

Total household credit market debt (consumer credit, and mortgage and non-mortgage loans) reached \$1,841 billion at the end of the first quarter, up 0.7% from the previous quarter. Consumer credit debt was \$519.5 billion, while mortgage debt stood at \$1,197 billion.

After increasing for three consecutive quarters, leverage, as measured by household credit market debt to disposable income, edged down to 163.3% in the first quarter from 163.6% in the fourth quarter. Disposable income (+0.9%) increased at a faster pace than household credit market debt (+0.7%).

The household debt service ratio, defined as household mortgage and non-mortgage interest paid as a proportion of disposable income, continued to hover at a historic low.

Chart 2
Household sector leverage indicators



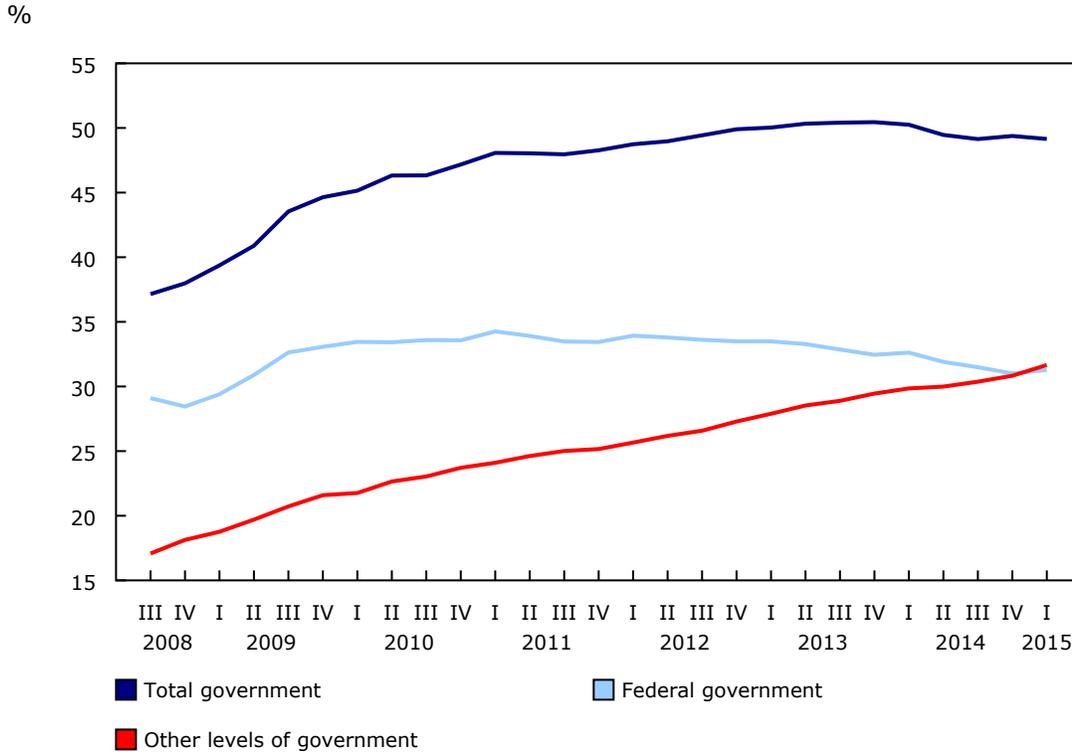
Source(s): CANSIM tables 378-0123 and 380-0073.

Government sector

The federal government was a net borrower of \$7.4 billion in the first quarter, compared with net borrowing of \$10.7 billion in the first quarter of 2014. Other levels of government continued to be net borrowers (\$13.2 billion). The federal government recorded net retirements of Canadian short-term paper (\$10.5 billion) in the first quarter, which were offset by net issuances of bonds and debentures of roughly \$10.4 billion. Other levels of government recorded \$6.1 billion in net retirements of Canadian short-term paper, which was more than offset by \$22.5 billion in net issuances of bonds and debentures, mainly among provincial governments.

The ratio of federal government net debt (expressed at book value) to gross domestic product edged up to 31.3% in the first quarter from 31.0% in the previous quarter. The ratio for other levels of government reached 31.7% in the first quarter, continuing a persistent upward trend that began in late 2008.

Chart 3
Net debt (book value) as a percentage of gross domestic product



Source(s): CANSIM table 378-0125.

Corporate sector

Financial corporations

The financial sector provided \$40.8 billion of funds to the economy, a decrease from the previous quarter. This was mainly in the form of non-mortgage loans (\$17.4 billion), mortgages (\$11.4 billion) as well as bonds and debentures (\$10.7 billion).

Financial assets of financial corporations were up 3.7% to \$11,208 billion by the end of the first quarter. Similar to the previous quarter, foreign securities, mainly foreign equities (+11.2%) and foreign bonds (+7.6%), as well as mutual funds shares (+8.4%) contributed to the growth in total financial assets. The growth in the value of foreign securities was predominantly due to the continued depreciation of the Canadian dollar in the first quarter. Provincial and territorial bonds (+9.8%) also contributed to the increase in the value of assets of financial corporations.

Financial assets of mutual funds rose 8.1% in the first quarter, the strongest growth among the financial sectors. The value of mutual fund equity holdings increased (+9.0%) in the first quarter, as did the value of provincial and territorial bonds.

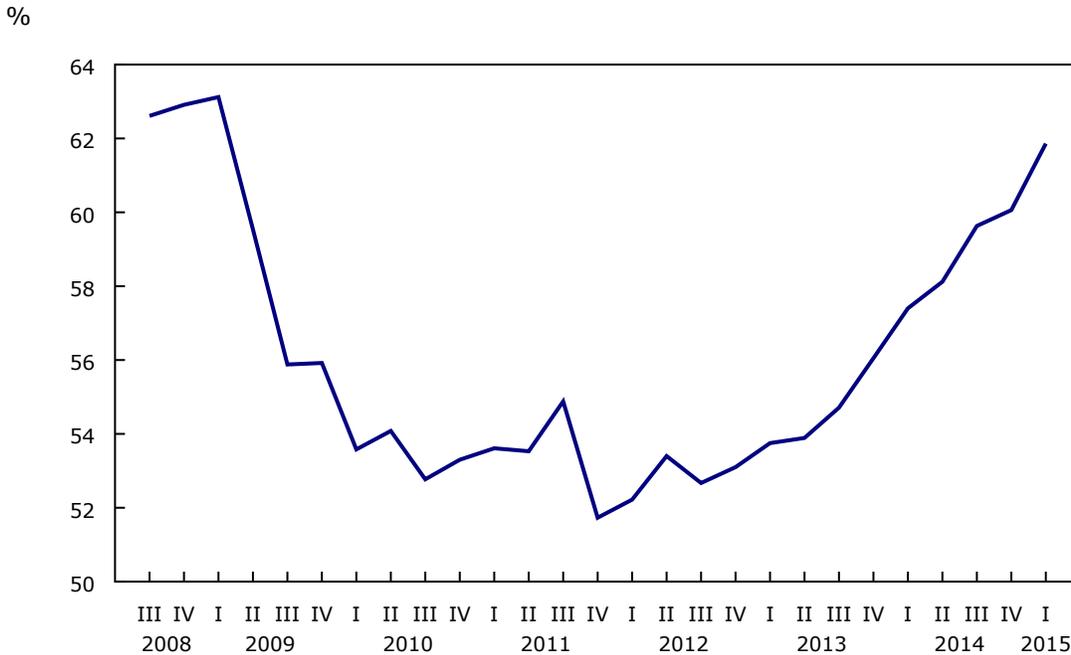
Non-financial corporations

Non-financial private corporations raised \$39.6 billion worth of funds in financial markets during the first quarter. Borrowing was mainly in non-mortgage loans (\$12.1 billion) and Canadian bonds and debentures (\$10.0 billion). These two categories accounted for 55.8% of total borrowing.

The value of non-financial assets of non-financial private corporations increased 1.0% in the first quarter, the same pace as in the fourth quarter. Total assets increased by \$122.3 billion over the same period, while total liabilities and equity increased by \$152.3 billion, resulting in a decline in net worth.

On a book value basis, the credit market debt to equity ratio of non-financial private corporations increased from the previous quarter. There was 62 cents of credit market debt for every dollar of equity at quarter end compared with 60 cents in the previous quarter, the largest increase since the first quarter of 2008.

Chart 4
Private non-financial corporate credit market debt-to-equity ratio (book value)



Source(s): CANSIM table [378-0124](#).

Note to readers

This is a combined release of the National balance sheet accounts and Financial flow accounts (FFA). The National balance sheet accounts are composed of the balance sheets of all sectors and subsectors 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. To improve the interpretability of the estimates of the financial flows, selected household borrowing series are available on a seasonally adjusted basis (CANSIM table 378-0127). All other data are unadjusted for seasonal variation.

The 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 2013	First quarter 2014	Second quarter 2014	Third quarter 2014	Fourth quarter 2014	First quarter 2015	Fourth quarter 2014 to first quarter 2015
billions of dollars							change in billions of dollars
National net worth	7,730	7,829	7,866	8,059	8,265	8,434	169
Period-to-period percentage change	2.6	1.3	0.5	2.5	2.6	2.0	...
National wealth	7,708	7,819	7,948	8,047	8,127	8,209	82
Period-to-period percentage change	1.3	1.4	1.7	1.3	1.0	1.0	...
Canada's net foreign debt	-23	-11	82	-12	-137	-224	-87
National net worth, by sector							
Household sector	7,742	7,975	8,167	8,250	8,364	8,652	288
Non-profit institutions serving the household sector	75	80	81	83	84	86	2
Corporate sector	102	-29	-180	-71	37	-46	-83
General government sector	-189	-197	-203	-202	-220	-258	-38
dollars							change in dollars
National net worth per capita	218,800	221,100	221,300	225,900	231,500	235,700	4,200

... not applicable

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

Source(s): CANSIM table [378-0121](#).

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

	Fourth quarter 2013	First quarter 2014	Second quarter 2014	Third quarter 2014	Fourth quarter 2014	First quarter 2015
%						
Household sector						
Debt to gross domestic product (GDP)	93.43	92.83	93.17	93.73	93.86	94.27
Debt to disposable income	163.70	163.11	164.02	165.31	165.84	165.53
Credit market debt to disposable income	161.51	160.84	161.73	162.99	163.59	163.25
Consumer credit and mortgage liabilities to disposable income	151.02	150.25	151.12	152.27	152.76	152.18
Net worth as a percentage of disposable income	716.26	731.54	741.97	743.76	748.30	767.07
Debt to total assets	18.60	18.23	18.10	18.18	18.14	17.75
Debt to net worth	22.85	22.30	22.11	22.23	22.16	21.58
Credit market debt to net worth	22.55	21.99	21.80	21.91	21.86	21.28
Consumer credit and mortgage liabilities to net worth	21.08	20.54	20.37	20.47	20.41	19.84
Total assets to net worth	122.85	122.30	122.11	122.23	122.16	121.58
Financial assets to net worth	66.73	66.98	67.01	66.97	67.10	67.71
Financial assets to non-financial assets	118.89	121.08	121.63	121.21	121.86	125.70
Owner's equity as a percentage of real estate	70.07	70.41	70.55	70.38	70.31	70.48
Real estate as a percentage of disposable income	348.33	351.60	355.57	357.02	357.84	359.43
Households and non-profit institutions serving the household sector						
Debt to GDP	95.69	95.18	95.53	96.11	96.25	96.69
Debt to disposable income	163.77	163.36	164.26	165.55	166.10	165.89
Credit market debt to disposable income	158.63	158.00	158.87	160.09	160.69	160.43

Source(s): CANSIM table [378-0123](#).

Table 3
Corporations sector indicators – Not seasonally adjusted

	Fourth quarter 2013	First quarter 2014	Second quarter 2014	Third quarter 2014	Fourth quarter 2014	First quarter 2015
	%					
Corporations sector						
Private non-financial corporations total debt to equity (market value)	188.46	184.00	183.14	188.79	190.64	189.33
Private non-financial corporations credit market debt to equity (book value)	56.05	57.40	58.12	59.63	60.06	61.86

Source(s): CANSIM table [378-0124](#).

Table 4
General government sector indicators – Not seasonally adjusted

	Fourth quarter 2013	First quarter 2014	Second quarter 2014	Third quarter 2014	Fourth quarter 2014	First quarter 2015
	%					
General government sector						
General government gross debt (book value) to gross domestic product (GDP)	110.15	109.62	109.57	109.59	109.60	111.97
Federal general government gross debt (book value) to GDP	46.84	46.40	45.62	45.07	44.52	45.09
Other levels of general government gross debt (book value) to GDP	61.30	61.48	61.80	62.52	62.52	64.00
General government net debt (book value) to GDP	50.45	50.25	49.46	49.14	49.38	49.15
Federal general government net debt (book value) to GDP	32.45	32.62	31.90	31.49	31.01	31.28
Other levels of general government net debt (book value) to GDP	29.45	29.85	29.99	30.37	30.83	31.66

Source(s): CANSIM table [378-0125](#).

Available in CANSIM: tables [378-0119](#) to [378-0125](#) and [378-0127](#).

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 2015 issue of *Canadian Economic Accounts Quarterly Review*, Vol. 14, no. 1 ([13-010-X](#)). This publication is available from the *Browse by key resource* module of our website under *Publications*. The revised National balance sheet and financial flow accounts for the first quarter of 2015 have been released, along with those for the first, second, third and fourth quarter of 2014. These data incorporate new and revised source data and updated data.

Data on the National balance sheet and financial flow accounts for the second quarter will be released on September 11.

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) or Media Relations (613-951-4636; mediahotline@statcan.gc.ca).