

# National balance sheet and financial flow accounts, fourth quarter 2015

Released at 8:30 a.m. Eastern time in *The Daily*, Friday, March 11, 2016

## National net worth advances on continued strength in Canada's net foreign asset position

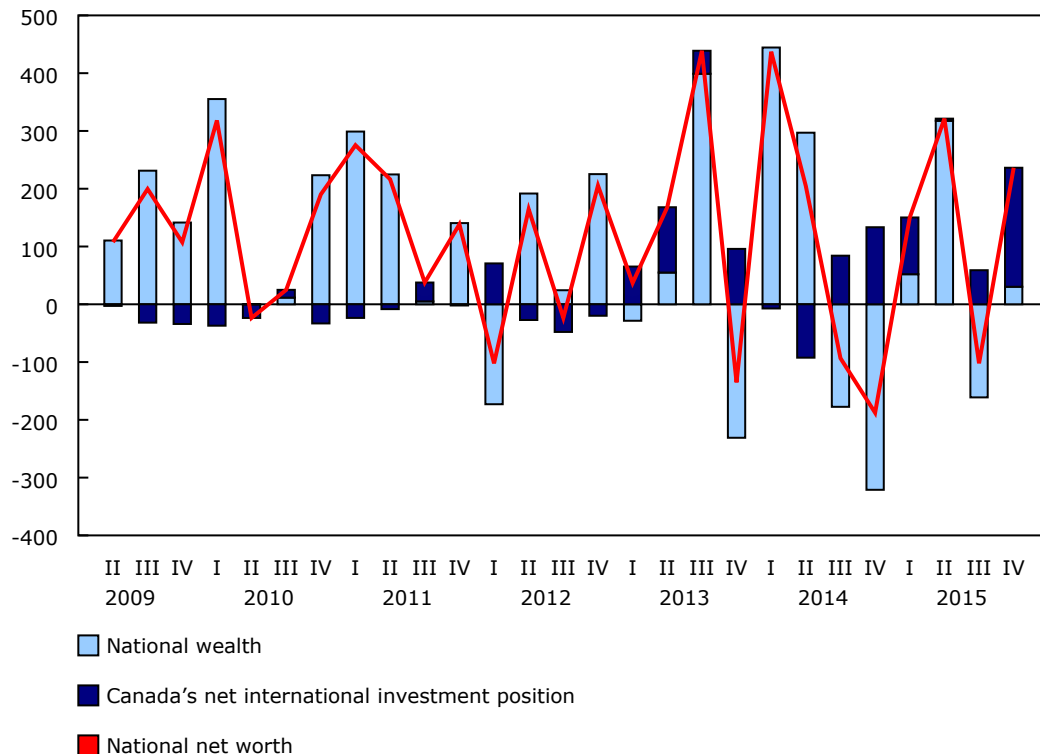
National net worth advanced 2.5% or \$236.3 billion from the third quarter to \$9,747 billion at the end of the fourth quarter. This was principally due to financial assets, with a large gain in Canada's net international investment position. On a per capita basis, national net worth increased to \$270,600.

National wealth, or the total value of non-financial assets in the Canadian economy, was up \$30.3 billion to \$9,275 billion at the end of the fourth quarter. The value of total real estate, both land and structures, rose \$48.6 billion, while other produced non-financial assets increased \$12.7 billion. Natural resource wealth declined \$31.0 billion, reflecting lower energy prices.

Canada's net international asset position increased by \$206.0 billion in the fourth quarter to \$471.9 billion. Other changes in assets, led by higher foreign equity prices and a lower Canadian dollar against most major currencies, contributed to a \$213.4 billion gain, which was moderated by net borrowing from abroad in the financial account of the balance of payments. The fourth quarter closed a year of strong advances in the net international asset position despite the continued need for Canada to borrow funds from abroad to finance current account deficits.

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

billions of dollars



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



Statistics Canada  
Statistique Canada

Canada

## The value of household financial assets rebounds as equities rise

Household sector net worth at market value rose 1.6% in the fourth quarter to \$9,479 billion. On a per capita basis, household net worth was \$263,200, up 1.5% from the previous quarter. Financial assets increased 2.2% following two consecutive quarterly declines, whereas the stock of financial liabilities increased 1.2% in the fourth quarter as a result of rising mortgage liabilities. Non-financial assets grew 0.7%, driven primarily by increases in the value of real estate and consumer durables. The ratio of financial assets to non-financial assets rose to 111.5% in the fourth quarter from 109.8% in the third quarter.

The value of life insurance and pension assets grew 2.8% in the fourth quarter along with equities, notably mutual fund shares (+3.5%) and foreign equity investment (+10.6%), as foreign stock markets strengthened and the value of foreign-denominated assets grew as a result of the depreciating Canadian dollar. On an annual basis, financial assets increased 5.4% in 2015, a slowdown from the roughly 8% annual growth in each of the previous three years, as the domestic market weakened considerably in 2015.

Total household credit market debt (consumer credit, and mortgage and non-mortgage loans) reached \$1,923 billion at the end of the fourth quarter, up 1.2% from the previous quarter. Consumer credit debt was \$573.6 billion, while mortgage debt stood at \$1,262 billion. Over the year, households increased their mortgage liabilities by \$74.4 billion, a rise of 6.3% from the previous year, and the strongest growth since 2011.

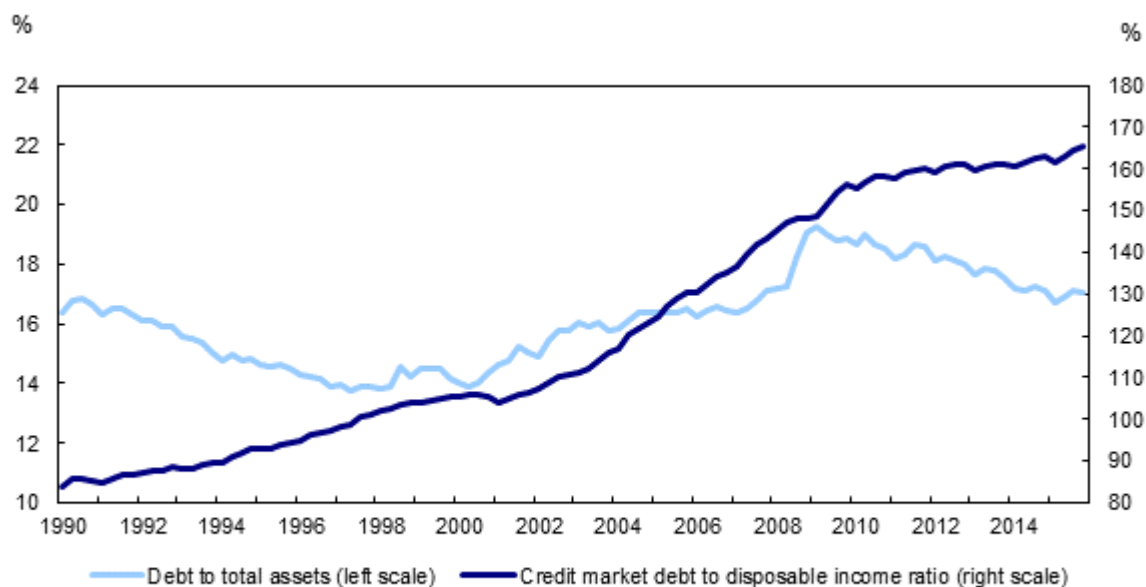
The ratio of total household debt to total assets was largely unchanged in the fourth quarter, edging down to 17.1%. This ratio sits between the peak of 19.3% recorded in the first quarter of 2009 and the low of 13.8% in the second quarter of 1997.

The ratio of household credit market debt to disposable income (excluding pension entitlements) rose to 165.4% in the fourth quarter from 164.5% (revised from 163.7%) in the third quarter. In other words, households held \$1.65 in credit market debt for every dollar of disposable income. Disposable income increased 0.6%, a slower pace than that of household credit market debt (+1.2%).

The household debt service ratio (total obligated payments of principal and interest as a proportion of disposable income adjusted to include actual interest paid) was 13.8% in the fourth quarter, compared with 13.5% in the third quarter. The interest-only debt service ratio (household mortgage and non-mortgage interest paid as a proportion of disposable income) continued to hover around a record low of 6.2%.

On a seasonally adjusted basis, households borrowed \$25.1 billion in the fourth quarter, down slightly from the third quarter. Mortgages represented the largest portion of total borrowing in the quarter (\$21.9 billion), up \$1.2 billion from the previous quarter, while consumer credit accounted for \$2.2 billion of borrowing.

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



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

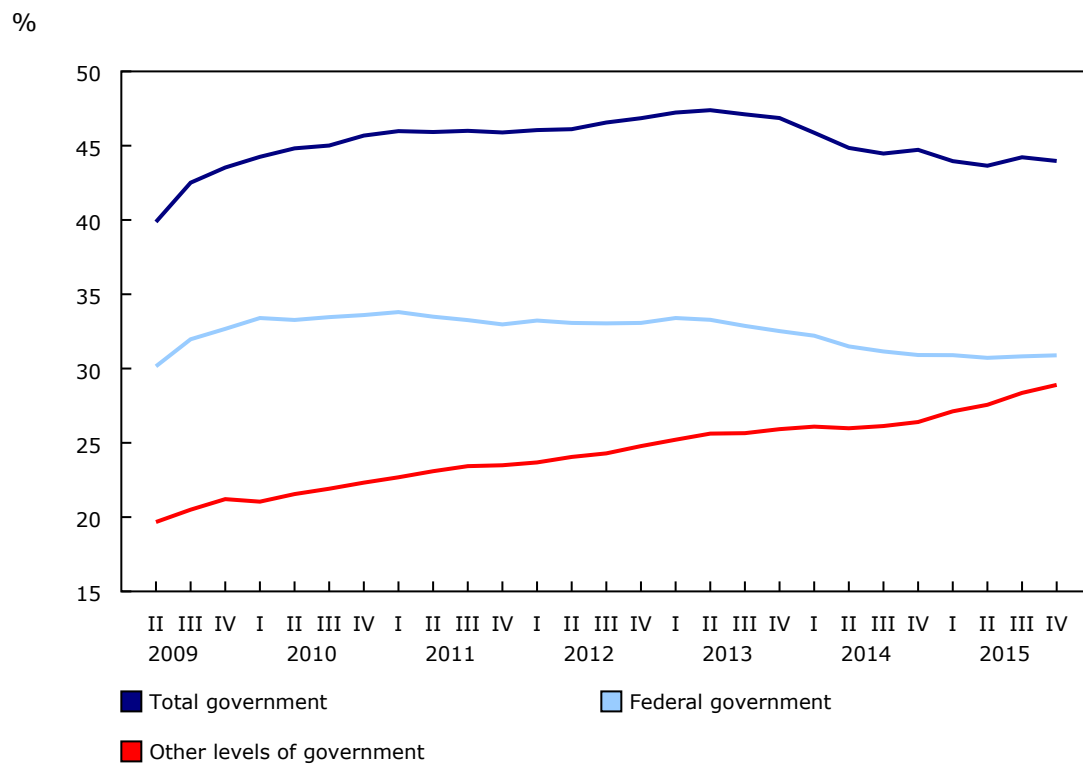
### Governments remain net borrowers

The ratio of federal government net debt (expressed at book value) to gross domestic product edged up to 30.9% in the fourth quarter from 30.8% in the previous quarter. The ratio for other levels of government reached 28.9% in the fourth quarter, continuing a nearly unbroken upward trend that began in late 2008.

The federal government recorded \$2.2 billion in net retirements of Canadian short-term paper in financial markets in the quarter, which was partially offset by \$1.2 billion in net issuances of bonds and debentures. Overall, the net financial investment of the federal government remained in a net borrowing position of \$1.4 billion in the fourth quarter.

Other levels of government continued to be net borrowers (\$9.8 billion). Borrowing by other levels of government on financial markets was almost entirely in the form of net issuances of Canadian bonds and debentures (\$8.6 billion).

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



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

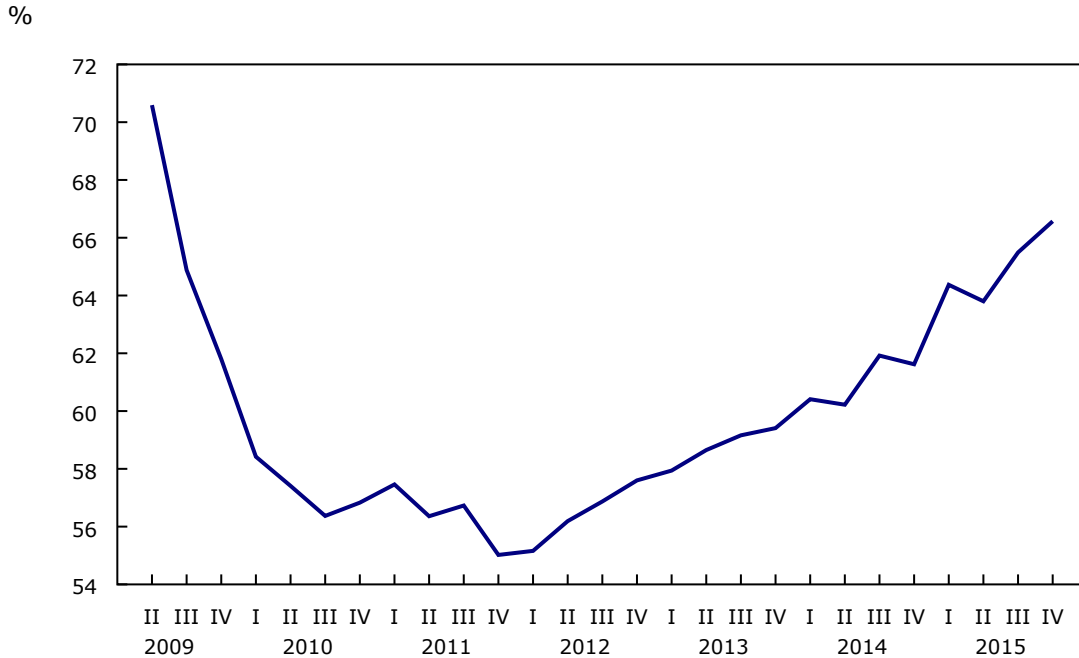
### Total assets of non-financial corporations increase while the value of natural resource wealth declines

The value of total assets of non-financial private corporations increased 1.0% in the fourth quarter. Non-financial assets of non-financial private corporations decreased 0.3% in the fourth quarter, primarily because of a 13.5% decline in natural resource wealth, while financial assets rose 2.3%. As a percentage of non-financial private corporations' total assets, natural resource wealth accounted for 3.0% at the end of the quarter, the lowest share since the third quarter of 1991, as the energy sector continued to face challenges. By comparison, a peak of 26.2% was registered in the second quarter of 2008, when energy prices were at high levels.

Non-financial private corporations raised \$29.6 billion worth of funds in financial markets during the fourth quarter, principally in the form of non-mortgage loans (\$25.4 billion).

On a book value basis, the credit market debt-to-equity ratio of non-financial private corporations was up from the previous quarter. There was 67 cents of credit market debt for every dollar of equity at quarter end compared with 65 cents in the third quarter.

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



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

### Rebound in equities buoys financial corporations' financial assets

The financial sector provided \$71.2 billion of funds to the economy through credit market instruments, down from the high of \$103.1 billion in the previous quarter. This was mainly in the form of Canadian bonds and debentures (\$27.9 billion), mortgages (\$24.0 billion), and non-mortgage loans (\$21.4 billion).

The value of financial assets of financial corporations increased \$328.2 billion at the end of the fourth quarter to \$12,161 billion. Strength in loan assets (+\$104.4 billion), Canadian and foreign bonds, and foreign equities (+\$102.7 billion) fuelled the increase.

Total financial assets of mutual funds grew by 3.1% in the fourth quarter; similarly, trustee pension plans advanced 2.8%. An increase in the value of equities, notably foreign equities, held by mutual funds and trustee pension plans was a key contributor. On an annual basis, mutual fund total financial assets increased 9.8% in 2015, a slowdown from the double-digit growth in each of the previous three years, but well above the 3.6% growth in 2011. By comparison, the total financial assets of trustee pension plans have grown in excess of 8% in each of the past four years.

## Note to readers

*This release of the financial and wealth accounts comprises the national balance sheet accounts, financial flow accounts (FFA), and other changes in assets accounts (OCAA).*

*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. For information on seasonal adjustment, see [Seasonally adjusted data – Frequently asked questions](#).*

*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.*

*While the FFA record changes in financial assets and liabilities between opening and closing balance sheets that are associated with transactions during the accounting period, the value of assets and liabilities held by an institutional unit can also change for other reasons. These other types of changes, referred to as other economic flows, are recorded in the OCAA.*

*There are two main components to the OCAA. One is the other changes in the volume of assets account. This account includes changes in non-financial and financial assets and liabilities relating to the economic appearance and disappearance of assets, the effects of external events such as wars or catastrophes on the value of assets, and changes in the classification and structure of assets. The other main component is the revaluation account, showing holding gains or losses accruing to the owners of non-financial and financial assets and liabilities during the accounting period as a result of changes in market price valuations.*

*At present, only the aggregate "other change in assets" is available within the Canadian system of macroeconomic accounts. No details are available on the different components.*

*Definitions concerning financial indicators can be found in ["Financial indicators from the National Balance Sheet Accounts"](#) and in the [System of macroeconomic accounts glossary](#).*

## Revisions

*Data on financial and wealth accounts for the fourth quarter were released along with revised data for the first, second, and third quarters of 2015. These data incorporate new and revised data, as well as updated data on seasonal trends. While the national balance sheet data prior to 2015 were not revised, improvements were introduced to other selected FFA and OCAA series.*

*Additional information on the treatment of natural resource wealth in the national balance sheet accounts is available in the article ["Natural resource wealth statistics in the National Balance Sheet Accounts."](#)*

## Next release

*Data on the national balance sheet and financial flow accounts for the first quarter will be released on June 14.*

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

	Third quarter 2014	Fourth quarter 2014	First quarter 2015	Second quarter 2015	Third quarter 2015	Fourth quarter 2015	Third quarter to fourth quarter 2015
	billions of dollars						change in billions of dollars
<b>National net worth</b>	<b>9,329</b>	<b>9,141</b>	<b>9,291</b>	<b>9,613</b>	<b>9,511</b>	<b>9,747</b>	<b>236</b>
<b>Period-to-period percentage   change</b>	<b>-1.0</b>	<b>-2.0</b>	<b>1.6</b>	<b>3.5</b>	<b>-1.1</b>	<b>2.5</b>	<b>...</b>
National wealth	9,357	9,036	9,088	9,406	9,245	9,275	30
Period-to-period percentage change	-1.9	-3.4	0.6	3.5	-1.7	0.3	...
Canada's net international investment position	-28	105	203	207	266	472	206
<b>National net worth, by sector</b>							
Household sector	8,821	8,982	9,272	9,308	9,333	9,479	146
Non-profit institutions serving the household sector	81	82	84	86	88	90	2
Corporate sector	344	138	52	212	206	311	105
General government sector	83	-61	-117	6	-117	-133	-17
	dollars						change in dollars
<b>National net worth per capita</b>	<b>261,400</b>	<b>256,000</b>	<b>259,900</b>	<b>268,100</b>	<b>264,300</b>	<b>270,600</b>	<b>6,300</b>

... 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**

	Third quarter 2014	Fourth quarter 2014	First quarter 2015	Second quarter 2015	Third quarter 2015	Fourth quarter 2015
	%					
<b>Household sector</b>						
Debt to gross domestic product (GDP)	93.91	94.14	93.99	95.42	96.95	98.09
Debt to disposable income	165.07	165.23	163.87	165.14	166.61	167.60
Credit market debt to disposable income	162.75	163.00	161.61	162.96	164.46	165.44
Consumer credit and mortgage liabilities to disposable income	155.36	155.59	154.20	155.50	156.99	157.96
Net worth as a percentage of disposable income	792.24	799.09	816.51	812.14	807.76	815.66
Debt to total assets	17.24	17.13	16.71	16.90	17.10	17.05
Debt to net worth	20.84	20.68	20.07	20.33	20.63	20.55
Credit market debt to net worth	20.54	20.40	19.79	20.07	20.36	20.28
Consumer credit and mortgage liabilities to net worth	19.61	19.47	18.89	19.15	19.44	19.37
Total assets to net worth	120.84	120.68	120.07	120.33	120.63	120.55
Financial assets to net worth	63.20	63.63	64.28	63.62	63.14	63.55
Financial assets to non-financial assets	109.65	111.54	115.22	112.17	109.84	111.49
Owner's equity as a percentage of real estate	73.75	73.61	73.77	73.80	73.63	73.38
Real estate as a percentage of disposable income	401.31	400.44	400.56	404.89	407.57	407.99
<b>Households and non-profit institutions serving the household sector</b>						
Debt to GDP	96.29	96.53	96.41	97.87	99.45	100.62
Debt to disposable income	165.29	165.53	164.28	165.59	167.09	168.11
Credit market debt to disposable income	160.16	160.46	159.18	160.56	162.08	163.05

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

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

	Third quarter 2014	Fourth quarter 2014	First quarter 2015	Second quarter 2015	Third quarter 2015	Fourth quarter 2015
	%					
<b>Corporations sector</b>						
Private non-financial corporations total debt to equity (market value)	184.10	187.37	186.19	188.83	195.56	196.01
Private non-financial corporations credit market debt to equity (book value)	61.92	61.62	64.37	63.80	65.49	66.57

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

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

	Third quarter 2014	Fourth quarter 2014	First quarter 2015	Second quarter 2015	Third quarter 2015	Fourth quarter 2015
	%					
<b>General government sector</b>						
General government gross debt (book value) to gross domestic product (GDP)	110.27	110.39	111.32	112.95	115.07	116.52
Federal general government gross debt (book value) to GDP	46.67	45.69	46.55	46.54	47.41	47.76
Other levels of general government gross debt (book value) to GDP	61.60	62.12	61.88	63.01	64.40	64.49
General government net debt (book value) to GDP	44.47	44.72	43.96	43.65	44.22	43.97
Federal general government net debt (book value) to GDP	31.15	30.91	30.90	30.72	30.82	30.89
Other levels of general government net debt (book value) to GDP	26.13	26.40	27.12	27.56	28.36	28.90

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

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

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; [STATCAN.infostats-infostats.STATCAN@canada.ca](mailto:STATCAN.infostats-infostats.STATCAN@canada.ca)) or Media Relations (613-951-4636; [STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca](mailto:STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca)).