

Biannual Survey of Suppliers of Business Financing, first half 2016

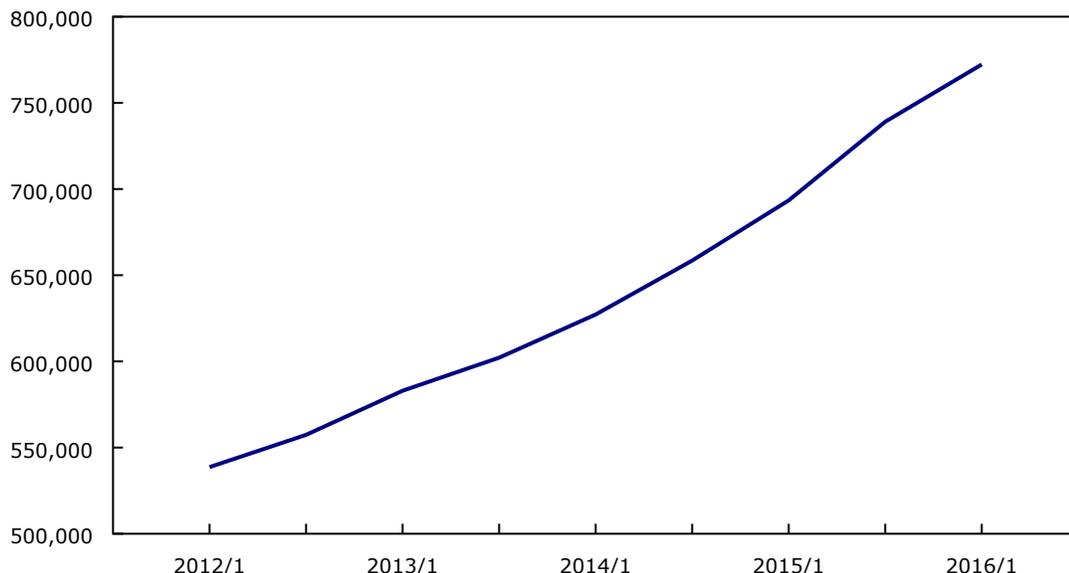
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Canada's economy continued to adjust to a low global commodity price environment during the first half of 2016. Oil prices for Western Canada Select reached their lowest in the period, averaging \$21 US per barrel. The Canadian economy is slowly shifting from the resource to non-resource sector, which in turn can influence lending trends. With interest rates remaining at their lowest levels, growth in commercial credit expanded during the first half of 2016.

Total credit outstanding increased 4.5% to \$772.3 billion during the first half of 2016, up \$33.2 billion from the second half of 2015. This growth was driven by the loan category of \$5 million or more, which increased 5.5% or \$27.8 billion.

Chart 1
Total credit outstanding

millions of dollars



Source(s): CANSIM table [190-0001](#).

Real estate and rental and leasing led the growth in credit outstanding to businesses (up 4.9% or \$6.7 billion), followed by finance and insurance (up 11.6% or \$5.9 billion) and the "all other industries" category (up 3.7% or \$5.3 billion).

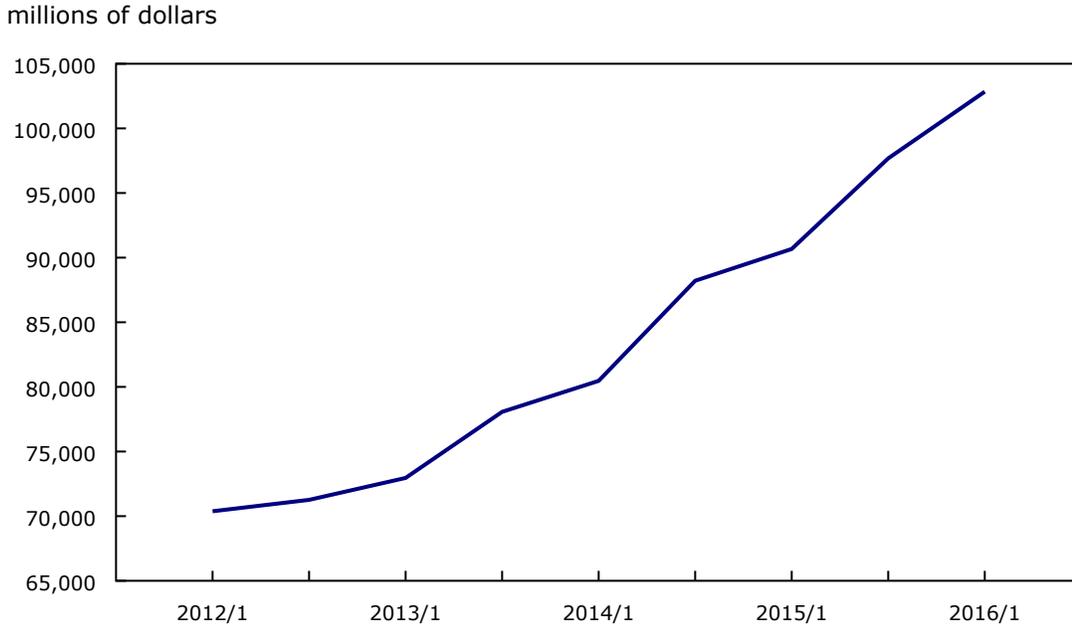
According to a report published by PricewaterhouseCoopers in October 2016, the housing market in Toronto and Vancouver continued to grow in the first half of 2016 as more rental units are being developed. Since housing prices have increased and potential buyers find it more affordable to rent instead of buying, demand for rental units in big cities has grown.

As was the case in the second half of 2015, term credit led the increase in choice of financing instrument, up 3.9% to \$454.8 billion.



Total disbursements for the first half of 2016 grew 5.3% to \$102.8 billion, up \$5.2 billion from the second half of 2015. The \$5 million or more category led the growth, up 7.1% or \$4.9 billion.

Chart 2
Total disbursements



Source(s): CANSIM table [190-0001](#).

Contributing to this growth in disbursements were real estate and rental and leasing (up 6.3% or \$1.0 billion), finance and insurance (up 10.3% or \$0.9 billion) and manufacturing (up 10.9% or \$0.9 billion). Domestic banks were the main lenders that funded the growth. In contrast, total disbursements in other primary industries, which includes oil and gas, declined by \$0.3 billion (-4.6%).

Business lending continued to be tightened, especially to companies involved in the oil and gas sector. According to data from the Quarterly Financial Statistics for Enterprises, loan loss provisions (mainly banks) increased from \$3.3 billion in the second half of 2015 to \$4.2 billion in the first half of 2016, representing a 26.7% increase. Financial institutions anticipated heightened risks on their assets because of the conditions in petroleum markets, which had major adverse effects on the profits of enterprises operating in this sector.

Canadian manufacturers were seeking more loans in the first half of 2016. The low Canadian dollar helped boost domestic manufacturing. A progressively rebounding American economy is good news for Canadian manufacturers, whose exports to the United States are sold in US dollars, which helps boost revenues.

Note to readers

Data from the Biannual Survey of Suppliers of Business Financing have been revised for the second half of 2015.

Available in CANSIM: tables [190-0001](#) to [190-0003](#).

Definitions, data sources and methods: survey numbers [2501](#) and [2514](#).

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) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).