

National balance sheet and financial flow accounts, fourth quarter 2016

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National wealth expands on the value of real estate and natural resources

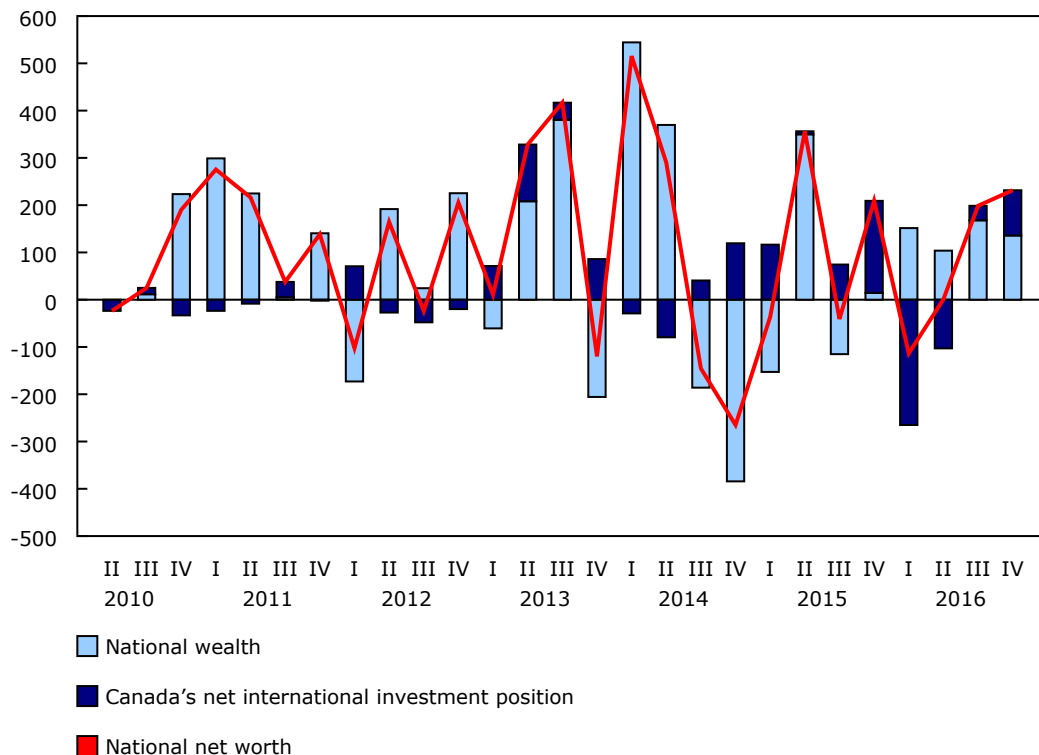
National wealth, the value of non-financial assets in the Canadian economy, rose 1.4% to \$9,920.0 billion at the end of the fourth quarter. The main contributors to growth were real estate and natural resources. The value of real estate grew by \$93.0 billion while the value of natural resource wealth increased \$29.4 billion.

National net worth, the sum of national wealth and Canada's net foreign asset position, increased 2.3% to \$10,108.0 billion by the end of the fourth quarter. This increase was due to both higher national wealth and a sizeable gain in Canada's net international investment position. On a per capita basis, national net worth was \$276,900 at the end of 2016, compared with \$271,700 at the end of 2015.

Canada's net foreign asset position increased by \$95.7 billion in the fourth quarter of 2016 to \$188.4 billion. Despite the gains recorded in the second half of the year, Canada's overall net foreign asset position was reduced by \$241.6 billion in 2016 due to strong declines in the first two quarters.

Chart 1
Changes in national net worth

billions of dollars



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

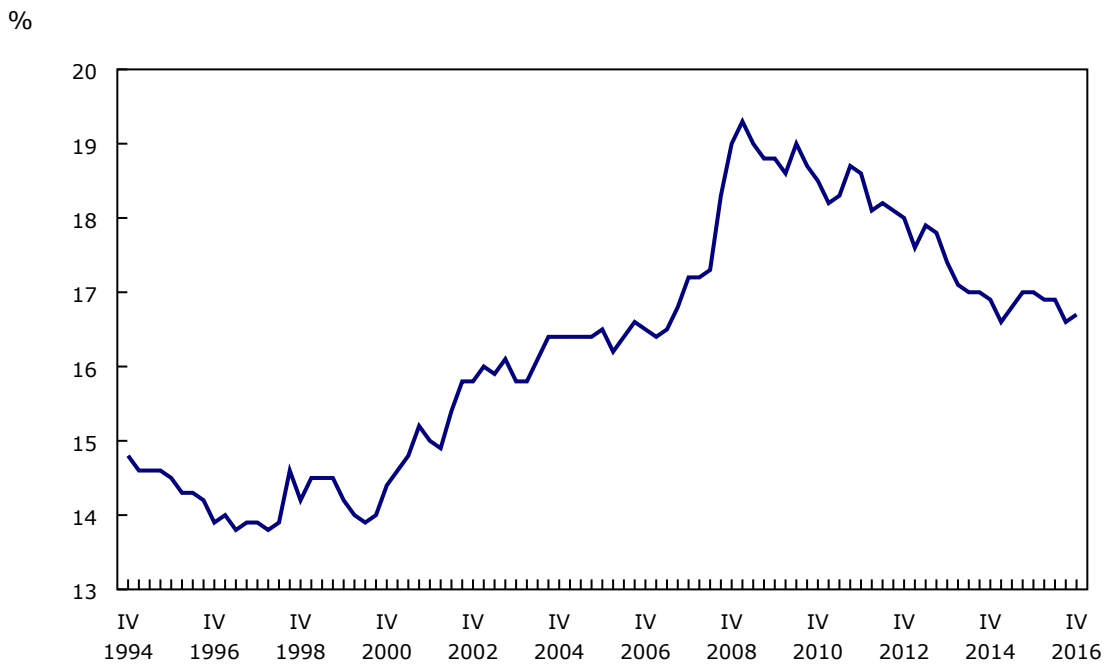
Financial assets drive increases in household net worth

Household sector net worth at market value rose 1.0% in the fourth quarter to \$10,268.2 billion. On a per capita basis, household net worth was \$281,300. The leading contributor was a 1.2% increase in financial assets, as the value of equity and investment fund shares, particularly mutual funds, benefited from stronger domestic and foreign securities markets. Non-financial assets grew 0.9%, mainly due to real estate assets, following 1.5% growth in the third quarter.

Total household credit market debt (consumer credit, and mortgage and non-mortgage loans) reached \$2,028.7 billion in the fourth quarter. Consumer credit was \$596.5 billion, while mortgage debt stood at \$1,329.6 billion. The share of mortgage liabilities to total credit market debt was unchanged at 65.5%.

Household credit market debt as a proportion of adjusted household disposable income (excluding pension entitlements) edged up to 167.3% from 166.8% in the third quarter. In other words, there was \$1.67 in credit market debt for every dollar of adjusted household disposable income. This income (+1.1%) increased at a slightly slower pace than household credit market debt (+1.2%). Leverage, as measured by the ratio of household debt to assets, was unchanged at 16.7% at the end of the fourth quarter.

Chart 2 Household sector leverage indicator: Debt to total assets



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

Household demand for funds increases

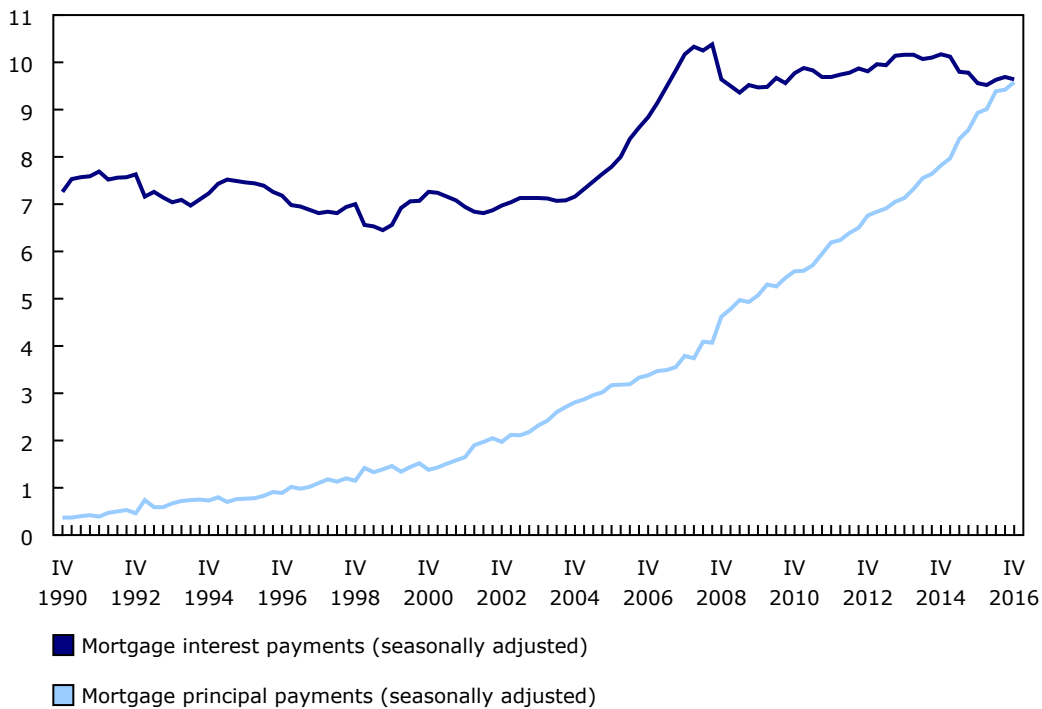
On a seasonally adjusted basis, households borrowed \$28.4 billion in the fourth quarter, up substantially from the \$18.7 billion borrowed in the previous quarter. Mortgage borrowing represented \$18.9 billion, an increase of \$1.2 billion over the third quarter, while borrowing in the form of consumer credit and non-mortgage loans represented \$9.5 billion, an \$8.5 billion increase from the previous quarter.

The household debt service ratio, measured as total obligated payments of principal and interest as a proportion of household disposable income (adjusted to include actual interest paid), edged down from 14.1% in the third quarter to 14.0% in the fourth quarter. The interest-only debt service ratio, defined as household mortgage and non-mortgage interest paid as a proportion of adjusted household disposable income, stood at 6.1%, unchanged from the previous quarter. The household savings rate increased from 5.5% in the third quarter to 5.8% in the fourth quarter.

The historically low interest rate environment prevailing since 2008 has allowed the household sector the opportunity to increase mortgage principal payments. At the end of the fourth quarter, household mortgage payments were split almost evenly between the interest and principal portions.

**Chart 3
Household mortgage interest and principal payments**

billions of dollars



Source(s): CANSIM table 380-0073.

Provincial and federal governments increase borrowing

The federal government recorded \$16 billion in net issuances of Canadian bonds in financial markets in the quarter, offset by \$15 billion in retirements of short-term paper. Conversely, net borrowings of the provincial governments amounted to \$8.9 billion in the quarter. The bulk of the borrowing was composed of \$7.4 billion in net issuances of Canadian bonds and debentures, and \$1.3 billion in net issuances of Canadian short-term paper.

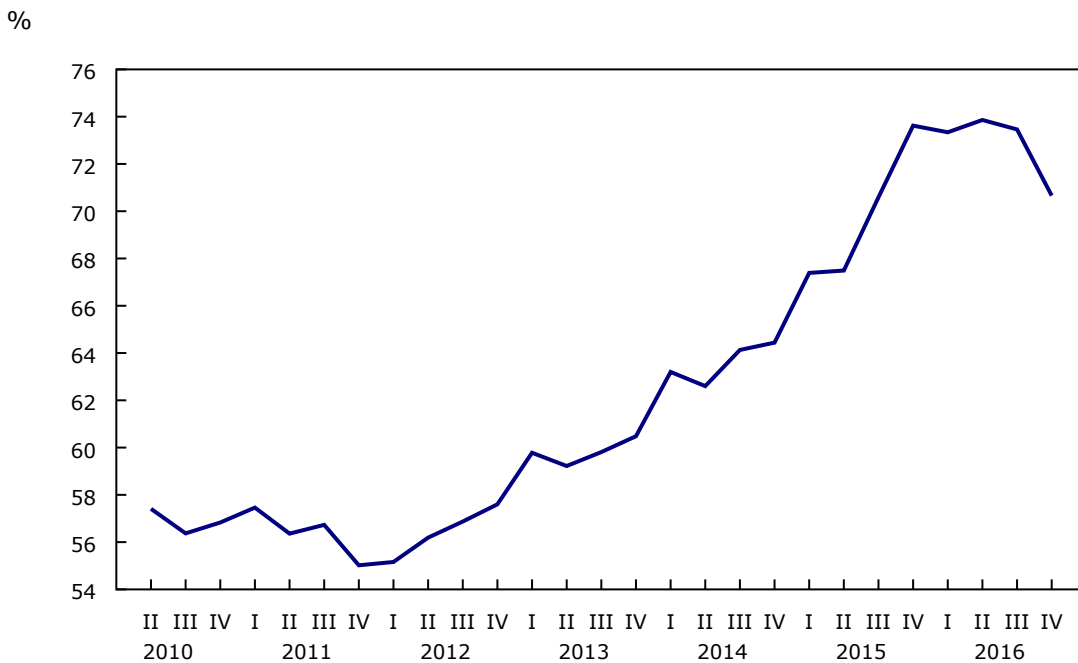
The ratio of federal government net debt (book value) to gross domestic product (GDP) edged down from 30.9% at the end of the third quarter to 30.8% at the end of the fourth quarter. On the other hand, the ratio of provincial government net debt (book value) to GDP edged up from 24.0% to 24.1% over the same time period.

Sharply lower demand for funds by non-financial private corporations

Non-financial private corporations' demand for marketable funds fell to \$3.5 billion from \$30.9 billion in the third quarter. The pace of borrowing fell for all components, reflecting lower capital investment financing requirements. New issues of equity fell from \$10.8 billion to \$5.6 billion, non-mortgage loans fell from \$11.2 billion to \$3.5 billion, mortgage loans fell from \$4.7 billion to \$2.4 billion, bonds and debentures fell from \$4.9 billion to \$1.6 billion, and \$9.6 billion of short term paper was retired in the fourth quarter.

On a book value basis, the credit market debt-to-equity ratio of non-financial private corporations decreased from 73.5% in the previous quarter to 70.7% at quarter end. This represents 71 cents of credit market debt for every dollar of equity, compared with 73 cents at the end of the previous quarter.

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



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

Financial corporations' assets increase

Overall, the financial sector provided \$48.5 billion of funds to the economy through financial market instruments on a net basis, an increase from the previous quarter's value of \$28.8 billion. This was mainly in the form of mortgages (\$19.3 billion), non-mortgage loans (\$9.8 billion) and Canadian bonds and debentures (\$34.2 billion).

The value of financial assets of financial corporations increased 2.0% by the end of the fourth quarter to \$13,308.8 billion. The principal contributors to this growth were increases in domestic and foreign equity and in investment fund shares, reflecting continued strength in international and domestic securities markets.

A historical perspective on Canada's national wealth

Statistics starting in 1929 are comparable with estimates of national wealth released today.

In 1929, national wealth was reported at \$31.3 billion compared to \$9,920.0 billion in 2016. That amounts to \$3,119 per capita in 1929, or \$43,660 when adjusted for inflation, versus \$272,202 in 2016.

The proportions of some of the components of national wealth over this 87-year period were relatively unchanged. For instance, residential structures accounted for 26% of the total in 1929, slightly higher than the 2016 weight of 24%, and represented one of the largest components of national wealth in both periods. The importance of consumer durables was also relatively unchanged between the two points in time, with a 7% share in 1929 compared to a 6% share in 2016.

Note to readers

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

Provisional Annual Household Distribution Tables (AHDT) are now available for 2010, 2011 and 2016. Estimates for certain categories of assets, liabilities and net worth are available for the following distributions: by household disposable income quintile, by age group, by province and by household type. Note that provisional data for 2012 to 2015 were previously released on December 14, 2016. If you would like to receive this data, please contact statcan.nead-info-dcen-nead-info-dcen.statcan@canada.ca or 613-951-3640.

The NBSA 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. The NBSA 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 issuances 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 financial flow accounts 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 other changes in assets account.

There are two main components to this account. 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 in the System of macroeconomic accounts glossary](#).

Revisions

The fourth quarter release of the national balance sheet and financial flow accounts includes revised data for the first quarter 2016 to the third quarter of 2016. These data incorporate new and revised data, as well as updated data on seasonal trends.

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 of 2017 will be released on June 14, 2017.

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

	Third quarter 2015	Fourth quarter 2015	First quarter 2016	Second quarter 2016	Third quarter 2016	Fourth quarter 2016	Third quarter to fourth quarter 2016
	billions of dollars						change in billions of dollars
National net worth	9,582	9,791	9,678	9,678	9,877	10,108	232
Period-to-period percentage change	-0.4	2.2	-1.2	0.0	2.1	2.3	...
National wealth	9,347	9,361	9,513	9,616	9,784	9,920	136
Period-to-period percentage change	-1.2	0.2	1.6	1.1	1.7	1.4	...
Canada's net international investment position	235	430	165	62	93	188	96
National net worth, by sector							
Household sector	9,404	9,519	9,657	9,885	10,163	10,268	105
Non-profit institutions serving the household sector	93	94	97	99	102	104	2
Corporate sector	188	300	58	-151	-251	-167	84
General government sector	-103	-122	-134	-156	-136	-97	40
	dollars						change in dollars
National net worth per capita	266,300	271,700	267,700	266,700	271,000	276,900	5,900

... 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 2015	Fourth quarter 2015	First quarter 2016	Second quarter 2016	Third quarter 2016	Fourth quarter 2016
	%					
Household sector						
Debt to gross domestic product (GDP)	97.13	98.37	98.84	100.50	101.17	101.38
Debt to disposable income	166.67	166.66	166.25	168.38	168.92	169.41
Credit market debt to disposable income	164.53	164.52	164.07	166.23	166.75	167.25
Consumer credit and mortgage liabilities to disposable income	156.15	156.15	155.51	157.65	158.33	158.80
Net worth as a percentage of disposable income	811.71	811.97	816.15	830.15	845.64	846.56
Debt to total assets	17.03	17.03	16.92	16.86	16.65	16.67
Debt to net worth	20.53	20.53	20.37	20.28	19.98	20.01
Credit market debt to net worth	20.27	20.26	20.10	20.02	19.72	19.76
Consumer credit and mortgage liabilities to net worth	19.24	19.23	19.05	18.99	18.72	18.76
Total assets to net worth	120.53	120.53	120.37	120.28	119.98	120.01
Financial assets to net worth	62.93	63.26	62.93	63.01	63.45	63.55
Financial assets to non-financial assets	109.25	110.48	109.57	110.03	112.26	112.56
Owner's equity as a percentage of real estate	74.05	73.81	74.13	74.15	74.05	73.97
Real estate as a percentage of disposable income	411.07	408.81	413.06	418.93	421.01	421.19
Households and non-profit institutions serving the household sector						
Debt to GDP	99.36	100.63	101.11	102.79	103.47	103.68
Debt to disposable income	166.55	166.54	166.11	168.15	168.69	169.15
Credit market debt to disposable income	162.13	162.11	161.67	163.72	164.22	164.73

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

Table 3
Corporations sector indicators – Not seasonally adjusted

	Third quarter 2015	Fourth quarter 2015	First quarter 2016	Second quarter 2016	Third quarter 2016	Fourth quarter 2016
	%					
Corporations sector						
Private non-financial corporations total debt to equity (market value)	204.83	205.73	200.86	196.56	193.31	191.95
Private non-financial corporations credit market debt to equity (book value)	70.59	73.62	73.34	73.86	73.46	70.66

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

Table 4
General government sector indicators – Not seasonally adjusted

	Third quarter 2015	Fourth quarter 2015	First quarter 2016	Second quarter 2016	Third quarter 2016	Fourth quarter 2016
	%					
General government sector						
General government gross debt (book value) to gross domestic product (GDP)	115.19	116.53	116.37	116.88	117.84	116.53
Federal general government gross debt (book value) to GDP	47.26	47.64	47.63	47.39	47.38	47.27
Other levels of general government gross debt (book value) to GDP	64.68	64.62	65.25	65.71	66.52	65.88
General government net debt (book value) to GDP	43.01	42.69	43.29	43.00	43.32	44.14
Federal general government net debt (book value) to GDP	30.45	30.56	30.79	30.78	30.85	30.81
Other levels of general government net debt (book value) to GDP	27.48	27.95	28.22	28.44	28.78	28.89

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

Available in CANSIM: tables [378-0119 to 378-0127](#) and [378-1000](#).

Definitions, data sources and methods: survey numbers [1804](#) and [1806](#).

The *System of Macroeconomic Accounts* module features an up-to-date portrait of national and provincial economies and their structure.

The *Methodological Guide: Canadian System of Macroeconomic Accounts* ([13-607-X](#)) is available.

The *User Guide: Canadian System of Macroeconomic Accounts* ([13-606-G](#)) is also available. This publication will be updated to maintain its relevance.

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).