

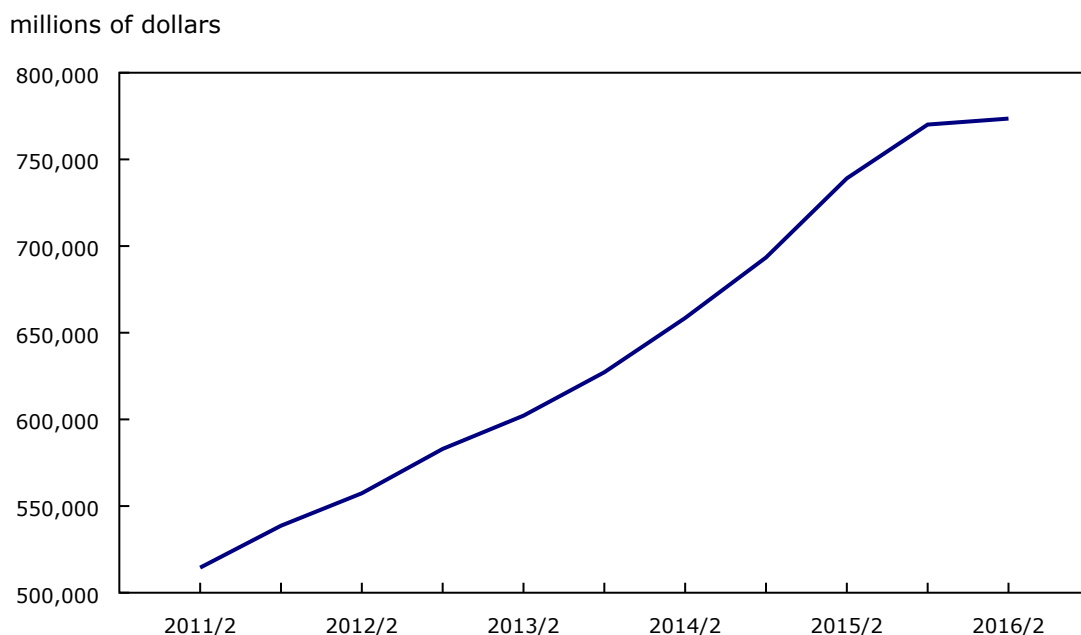
Biannual Survey of Suppliers of Business Financing, second half of 2016

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Credit conditions remained broadly unchanged during the second half of 2016. The Bank of Canada maintained its policy interest rate at 0.50% and subsequently the prime rate remained unchanged at 2.70%. Corporations in Canada recorded a slightly lower debt-to-equity ratio, which fell from 0.957 in the first half of 2016 to 0.945 in the second half, according to the Quarterly Survey of Financial Statements.

Total credit outstanding for corporations in Canada edged up 0.4% to \$773.5 billion during the second half of 2016, up \$3.4 billion from the first half of 2016.

Chart 1
Total credit outstanding



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

The real estate, rental and leasing industry led the growth in credit outstanding, up 4.2% or \$6.2 billion in the second half of the year. This increase was slightly lower than the one reported in the first half of 2016 when credit outstanding grew 6.2% or \$8.6 billion.

This is consistent with reports published by Colliers International in 2016. According to the reports, commercial real estate is doing well in Toronto and Vancouver, both reporting lower vacancies. On the housing side, a report published by the Royal Bank of Canada in March 2017 states that the housing market in Toronto continued to grow in the second half of 2016 as housing prices continued to increase, while in Vancouver, the housing market saw a decline as a result of lower sales volumes.

Other primary industries, which includes the oil and gas sector, had the largest decrease of credit outstanding to businesses, down 8.3% or \$4.2 billion. This marks the second consecutive decrease in credit outstanding for this sector, following a high of \$51.2 billion in the second half of 2015.



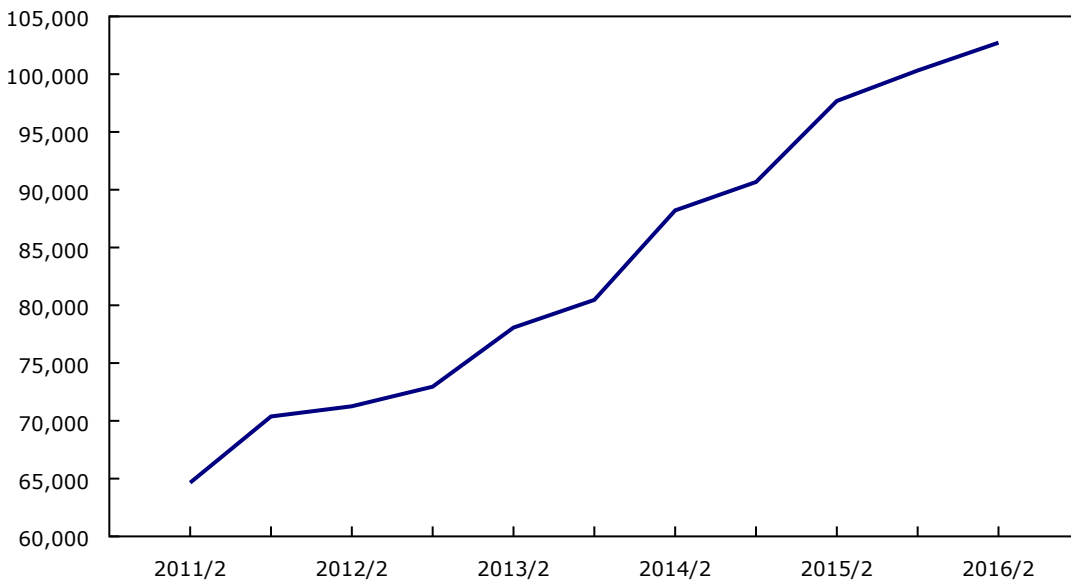
The Bank of Canada, in its Senior Loan Officer Survey, indicated that overall, corporate borrowers reported lower demand for credit in the second half of 2016. In addition, corporate borrowers and in particular borrowers in the oil and gas sector experienced ongoing tight lending conditions.

Data from the Quarterly Survey of Financial Statements showed a contraction in provisions for loan losses of 23.2% for financial industries in the second half of 2016. From the second half of 2015 to the first half of 2016, provisions had increased by 26.3% on higher risks associated with lower oil prices and higher leverage. As oil prices have gradually regained momentum, financial institutions have adjusted their risk outlook accordingly.

Total disbursements for the second half of 2016 grew 2.4% to \$102.7 billion, up \$2.4 billion from the first half of 2016.

Chart 2 Total disbursements

millions of dollars



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

Contributing to this growth in disbursements were loans to the wholesale and retail trade industries, up 15.1% or \$1.4 billion, and the finance and insurance industries, up 11.4% or \$1.2 billion. Banks were the main lenders funding the growth. In contrast, total disbursements to the transportation and warehousing industry declined by \$0.8 billion or 12.1%.

Note to readers

Data from the Biannual Survey of Suppliers of Business Financing have been revised for the first half of 2016.

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).