

National balance sheet and financial flow accounts, first quarter 2018

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National net worth increases for the third consecutive quarter

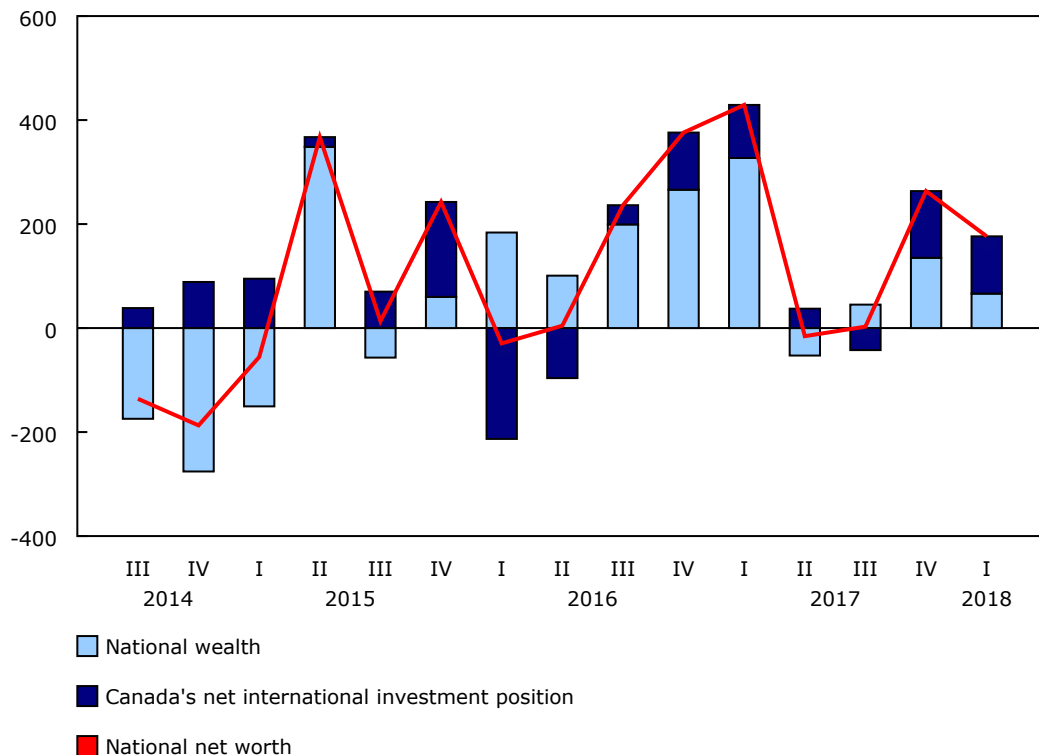
National net worth, the sum of national wealth and Canada's net foreign asset position, increased 1.6% to \$11,375.9 billion at the end of the first quarter, primarily due to the strength of Canada's international investment position. On a per capita basis, national net worth increased from \$302,986 in the fourth quarter to \$307,036.

Canada's net foreign asset position rose by \$110.1 billion to a record \$544.2 billion in the first quarter, a second consecutive quarterly increase. This growth reflected the upward revaluation effect (+\$104.2 billion) of a depreciating Canadian dollar against major foreign currencies. At the end of the first quarter, 97% of Canada's international assets were denominated in foreign currencies, compared with 40% of Canada's international liabilities.

National wealth, the value of non-financial assets in the Canadian economy, rose 0.6% to \$10,831.7 billion at the end of the first quarter, a deceleration from the 1.3% growth in the fourth quarter of 2017.

Chart 1
Changes in national net worth

billions of dollars



Source(s): Table 36-10-0580-01.

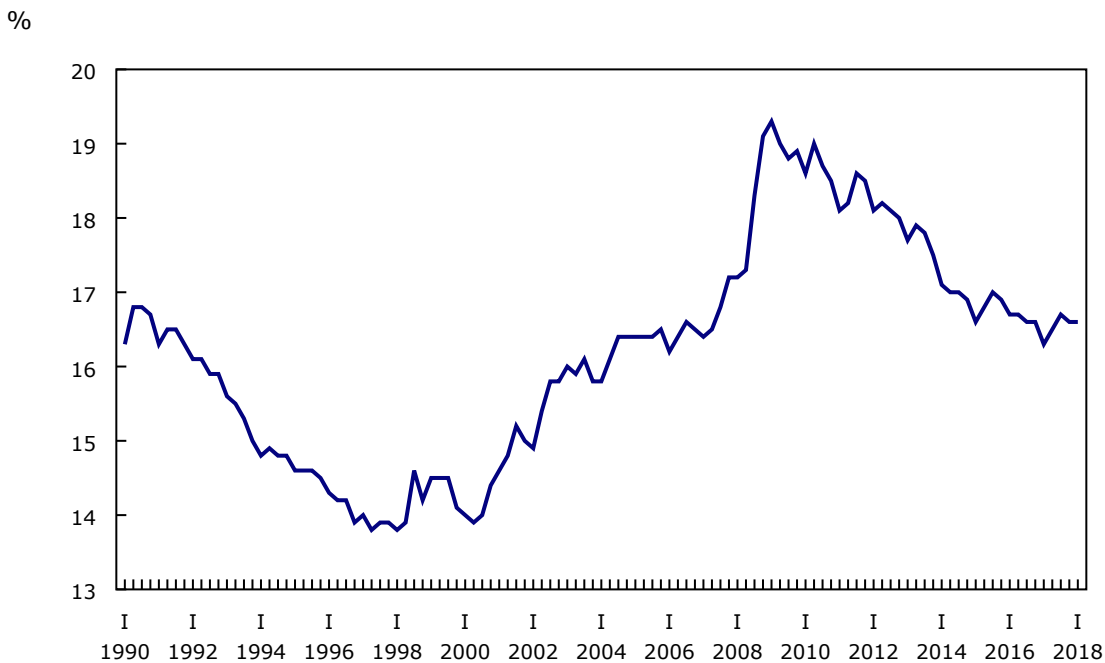
Household sector net worth edges down

Net worth of the household sector edged down 0.2% in the first quarter to \$10,892.0 billion, the first decrease since the third quarter of 2015. Sluggish growth in the value of non-financial assets (+0.2%) and a \$27.2 billion decrease in the value of financial assets contributed to the decline.

Among financial assets, equity and investment funds posted the largest decline (-\$26.5 billion), while household residential real estate continued the weaker growth (+0.3%) that began in 2017.

On the other side of the ledger, financial liabilities edged up 0.3% in the quarter as household borrowing slowed. Consequently, the ratio of debt to total assets edged up to 16.6%.

Chart 2 Household sector leverage: Debt to assets



Source(s): Table 38-10-0235-01.

Household borrowing moderates

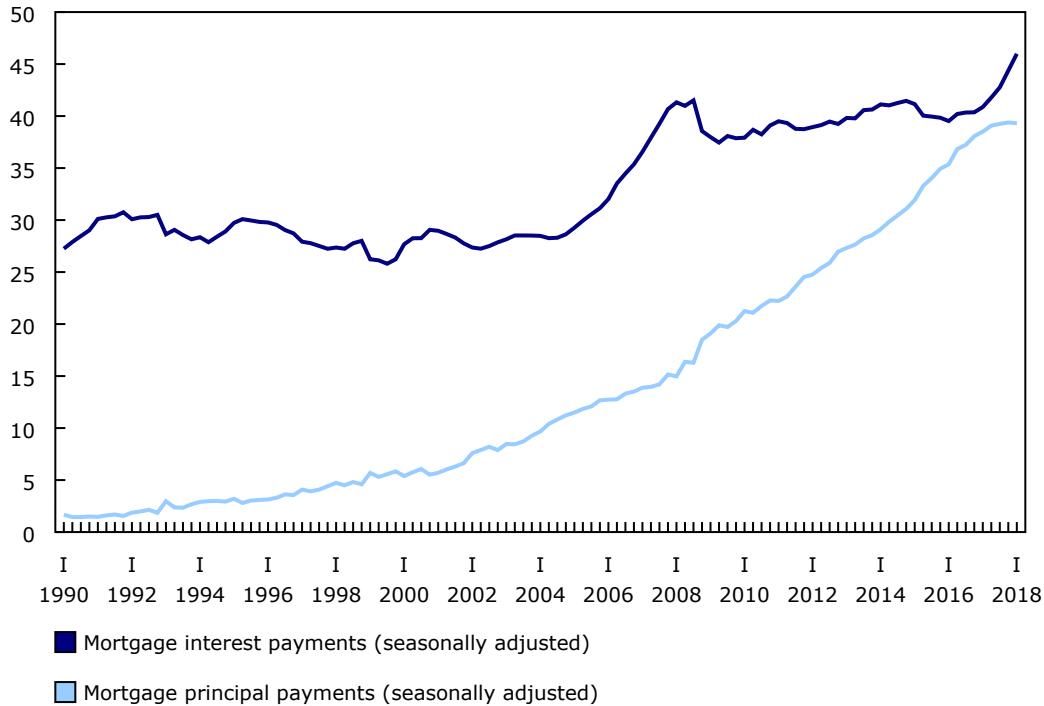
On a seasonally adjusted basis, households borrowed \$22.2 billion in the first quarter, down from \$25.4 billion in the previous quarter. Mortgage borrowing decreased \$2.0 billion to \$13.7 billion, the lowest level since the second quarter of 2014. This mirrored the 17.0% decrease in the value of residential resale activity in the first quarter, coinciding with the introduction of new mortgage regulations and higher interest rates.

Total household credit market debt (consumer credit, and mortgage and non-mortgage loans) totalled \$2,134.3 billion in the first quarter. Credit market debt as a proportion of household disposable income (adjusted to exclude pension entitlements) decreased from 169.7% in the fourth quarter to 168.0%, as disposable income increased at a faster rate (+1.3%) than credit market debt (+0.3%). In other words, there was \$1.68 in credit market debt for every dollar of household disposable income. Mortgage debt reached \$1,402.1 billion, while consumer credit stood at \$627.5 billion.

The seasonally adjusted household debt service ratio, measured as total obligated payments of principal and interest as a proportion of household disposable income for mortgage and non-mortgage debt, remained relatively flat at 13.9% in the first quarter. Meanwhile, mortgage interest payments (+3.7%) continued to outpace mortgage principal payments (-0.2%).

Chart 3
Household mortgage interest and obligated principal payments

billions of dollars



Source(s): Table 36-10-0435-01.

Federal government demand for funds continues to decline

The federal government reduced overall liabilities in the quarter. This decline was spurred by \$9.7 billion of net retirements of short-term paper, which more than offset \$2.7 billion in net bond issuances. The ratio of federal government net debt (book value) to gross domestic product (GDP) edged up to 28.9%.

The demand for funds by other levels of governments was \$8.5 billion, driven by net issuances of bonds and debentures (+\$9.0 billion). The ratio of other government net debt (book value) to gross domestic product GDP totalled 27.8%.

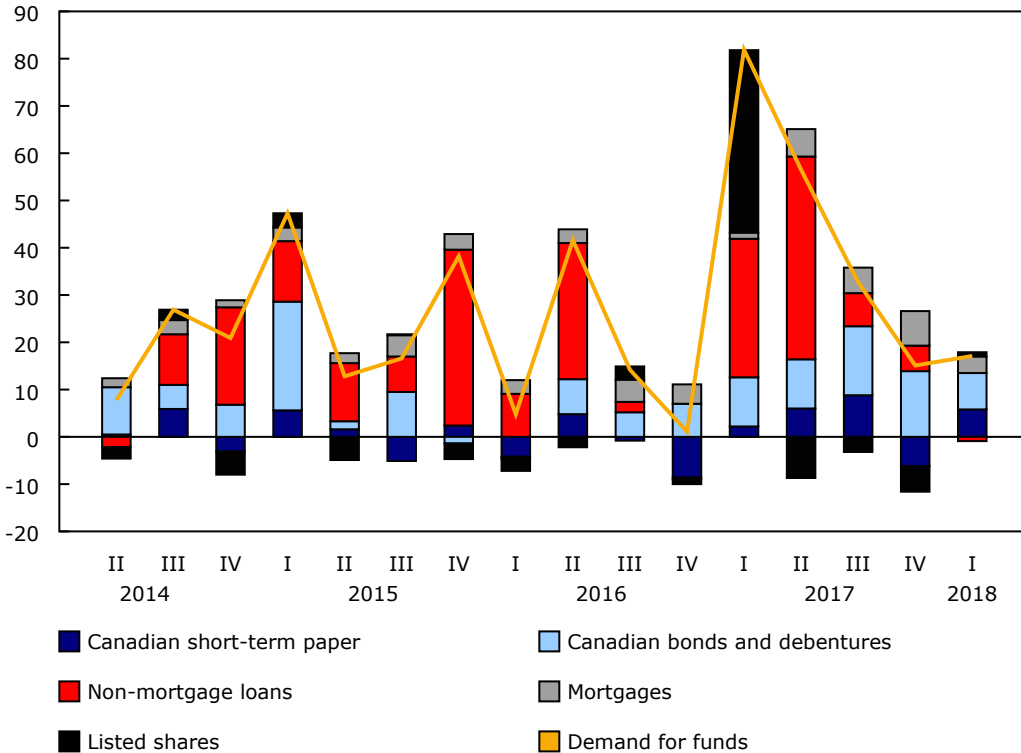
Demand for funds by non-financial private corporations levels off

The demand for funds by non-financial private corporations was \$17.1 billion in the first quarter. This was a return to lower levels after strong mergers and acquisitions activity and other borrowing in the first half of 2017.

The value of financial liabilities and equity of non-financial private corporations declined \$127.6 billion over the quarter. This change was mainly from the other changes in assets account, which measures changes in the value of assets and liabilities due to asset price changes. Similarly, changes in asset prices caused non-financial private corporations' financial assets to decrease by \$42.4 billion, while non-financial assets increased by \$28.2 billion. The result was an overall improvement in the net worth of the non-financial private corporations sector.

**Chart 4
Borrowing by private non-financial corporations**

billions of dollars



Source(s): Table 36-10-0579-01.

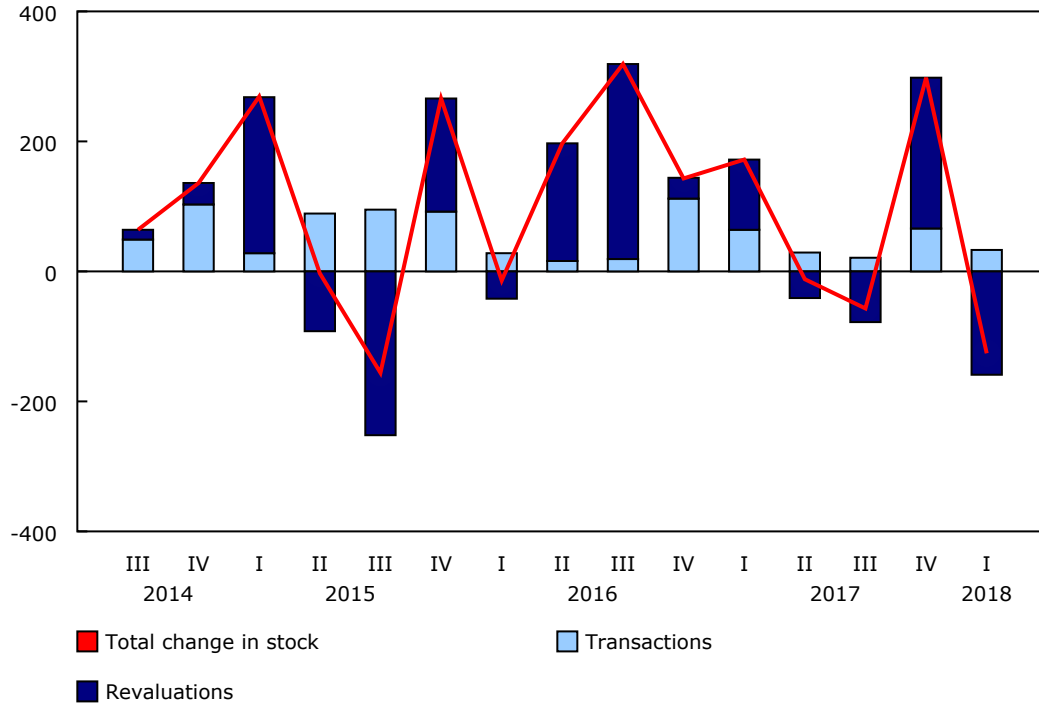
Financial sector bond issuance leads increase in supply of funds

The financial sector provided \$38.2 billion of funds to the economy through financial market instruments in the first quarter, up from \$23.6 billion in the fourth quarter. This was mostly attributable to bonds (+\$41.6 billion).

The value of financial assets of financial corporations decreased by \$72.3 billion to \$13,790.3 billion at the end of the first quarter. Downward revaluations of \$92.4 billion contributed to the lower value of financial assets, led by equity and debt securities.

Chart 5
Economic transactions and other changes to financial corporations' assets

billions of dollars



Source(s): Tables 36-10-0580-01, 36-10-0578-01 and 36-10-0448-01.

Note to readers

Revisions

This first quarter release of the national balance sheet and financial flow accounts includes revised estimates from the first quarter of 2017 through the fourth quarter of 2017. These data incorporate new and revised source data, as well as updated seasonal trends.

Later this year, at the time of the third quarter release, data enhancements to the national balance sheet and financial flow accounts will be incorporated such as the development of detailed counterparty information by sector. At this time, estimates will be revised back to 1990 to ensure a continuous time series.

Debt service ratio

Starting with the second quarter 2018 release, the debt service ratio will be published in the quarterly release of the Financial and Wealth Accounts in table 38-10-0235-01 (formerly CANSIM 378-0123): Financial indicators of households and non-profit institutions serving households. A mapping between the current and new series will be provided at that time.

Next release

Data on the national balance sheet and financial flow accounts for the second quarter will be released on September 14.

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

	Fourth quarter 2016	First quarter 2017	Second quarter 2017	Third quarter 2017	Fourth quarter 2017	First quarter 2018	Fourth quarter 2017 to first quarter 2018
	billions of dollars						change in billions of dollars
National net worth	10,520	10,949	10,933	10,936	11,200	11,376	176
Period-to-period percentage change	3.7	4.1	-0.1	0.0	2.4	1.6	...
National wealth	10,311	10,638	10,585	10,630	10,765	10,832	66
Period-to-period percentage change	2.6	3.2	-0.5	0.4	1.3	0.6	...
Canada's net international investment position	209	311	348	306	434	544	110
National net worth, by sector							
Household sector	10,368	10,625	10,664	10,664	10,910	10,892	-18
Non-profit institutions serving the household sector	104	108	110	113	116	119	3
Corporate sector	52	164	103	71	65	234	169
General government sector	-4	52	56	88	108	131	23
	dollars						change in dollars
National net worth per capita	288,414	299,474	297,848	296,492	302,986	307,036	4,049

... not applicable

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

Source(s): Table 36-10-0580-01.

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

	Fourth quarter 2016	First quarter 2017	Second quarter 2017	Third quarter 2017	Fourth quarter 2017	First quarter 2018
	%					
Household sector						
Debt to gross domestic product (GDP)	101.05	100.39	100.48	100.55	100.51	99.85
Debt to disposable income	172.14	170.97	171.90	172.18	171.91	170.20
Credit market debt to disposable income	169.95	168.78	169.72	169.96	169.67	167.99
Consumer credit and mortgage liabilities to disposable income	161.54	160.42	161.59	161.85	161.63	159.75
Net worth as a percentage of disposable income	867.62	878.17	871.16	860.78	869.84	857.33
Debt to total assets	16.56	16.30	16.48	16.67	16.50	16.56
Debt to net worth	19.84	19.47	19.73	20.00	19.76	19.85
Credit market debt to net worth	19.59	19.22	19.48	19.75	19.51	19.59
Consumer credit and mortgage liabilities to net worth	18.62	18.27	18.55	18.80	18.58	18.63
Total assets to net worth	119.84	119.47	119.73	120.00	119.76	119.85
Financial assets to net worth	62.46	62.14	62.43	62.59	63.16	63.02
Financial assets to non-financial assets	108.85	108.39	108.93	109.02	111.60	110.89
Owner's equity as a percentage of real estate	74.66	75.13	74.77	74.41	74.37	74.35
Real estate as a percentage of disposable income	439.70	445.81	441.46	436.26	434.45	430.21
Households and non-profit institutions serving the household sector						
Debt to GDP	103.47	102.80	102.89	102.96	102.92	102.27
Debt to disposable income	172.20	170.98	171.85	172.06	171.73	170.02
Credit market debt to disposable income	167.53	166.31	167.10	167.25	166.89	165.32

Source(s): Table 38-10-0235-01.

Table 3
Corporations sector indicators – Not seasonally adjusted

	Fourth quarter 2016	First quarter 2017	Second quarter 2017	Third quarter 2017	Fourth quarter 2017	First quarter 2018
	%					
Corporations sector						
Private non-financial corporations total debt to equity (market value)	192.23	191.14	194.78	195.07	191.72	196.10
Private non-financial corporations credit market debt to equity (book value)	65.74	65.34	68.04	69.78	69.75	73.54

Source(s): Table [38-10-0236-01](#).

Table 4
General government sector indicators – Not seasonally adjusted

	Fourth quarter 2016	First quarter 2017	Second quarter 2017	Third quarter 2017	Fourth quarter 2017	First quarter 2018
	%					
General government sector						
General government gross debt (book value) to gross domestic product (GDP)	115.07	113.89	113.54	112.95	112.57	112.07
Federal general government gross debt (book value) to GDP	46.67	46.38	46.05	45.52	45.30	44.85
Other levels of general government gross debt (book value) to GDP	65.04	64.38	64.67	64.34	63.71	63.75
General government net debt (book value) to GDP	44.86	44.12	43.17	42.98	43.01	43.11
Federal general government net debt (book value) to GDP	29.93	29.89	29.28	29.05	28.82	28.91
Other levels of general government net debt (book value) to GDP	27.82	27.78	27.54	27.42	27.51	27.76

Source(s): Table [38-10-0237-01](#).

Available tables: [36-10-0441-01](#), [36-10-0448-01](#), [36-10-0467-01](#), [36-10-0578-01](#) to [36-10-0580-01](#) and [38-10-0234-01](#) to [38-10-0238-01](#) .

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

The *Latest Developments in the Canadian Economic Accounts* ([13-605-X](#)) is available.

For reference, the document "[Understanding Household credit measures, a joint study by the Bank of Canada and Statistics Canada](#)," which is part of *Latest Developments in the Canadian Economic Accounts* ([13-605-X](#)) is also available. Additionally, reconciliation estimates are now available in table [36-10-0441](#).

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

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

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).