

National balance sheet and financial flow accounts, first quarter 2019

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National wealth levels recover due to rebound in energy prices

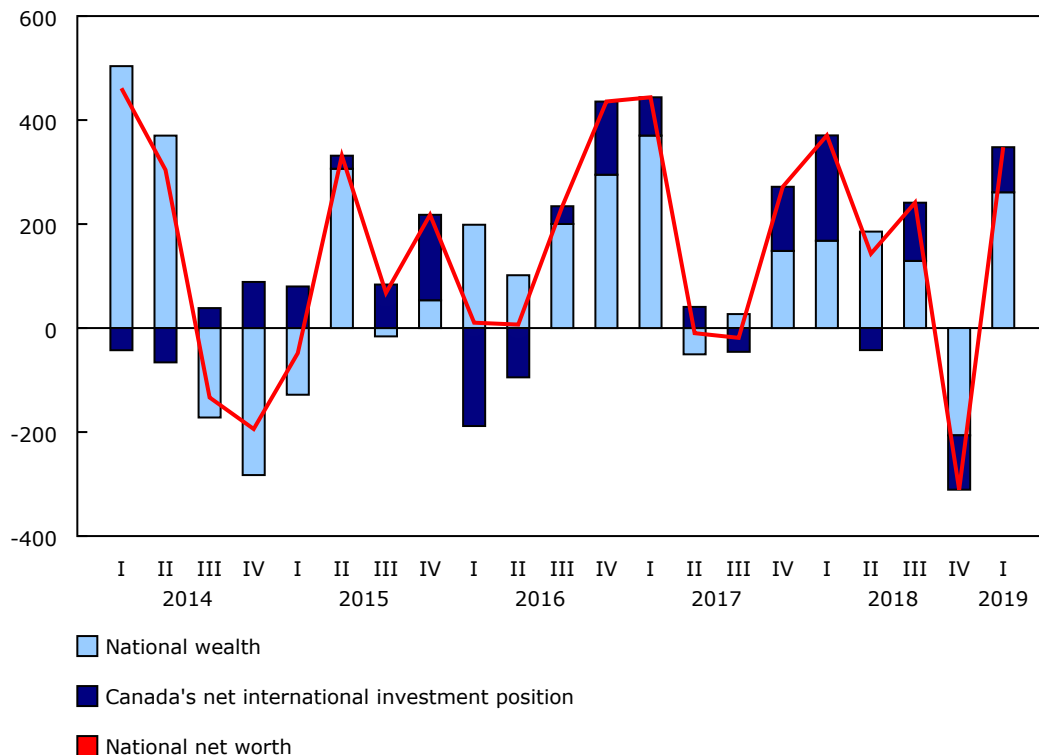
National wealth, the value of non-financial assets in the Canadian economy, increased 2.3% to \$11,399.3 billion at the end of the first quarter. This was largely due to a 27.1% increase in the value of natural resources following a 23.5% decrease in the fourth quarter of 2018, as energy prices recovered. Residential real estate edged up 0.4% in the first quarter.

Canada's net foreign asset position increased by \$86.7 billion in the first quarter to reach a record \$696.1 billion. This increase mainly reflected higher equity prices and was moderated by the appreciation of the Canadian dollar against all major foreign currencies.

National net worth, the sum of national wealth and Canada's net foreign asset position, increased 3.0% to \$12,095.4 billion at the end of the first quarter. On a per capita basis, national net worth rose from \$314,804 to \$323,210.

Chart 1
Change in national net worth by component

billions of dollars



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

Household net worth rises as debt levels stabilize

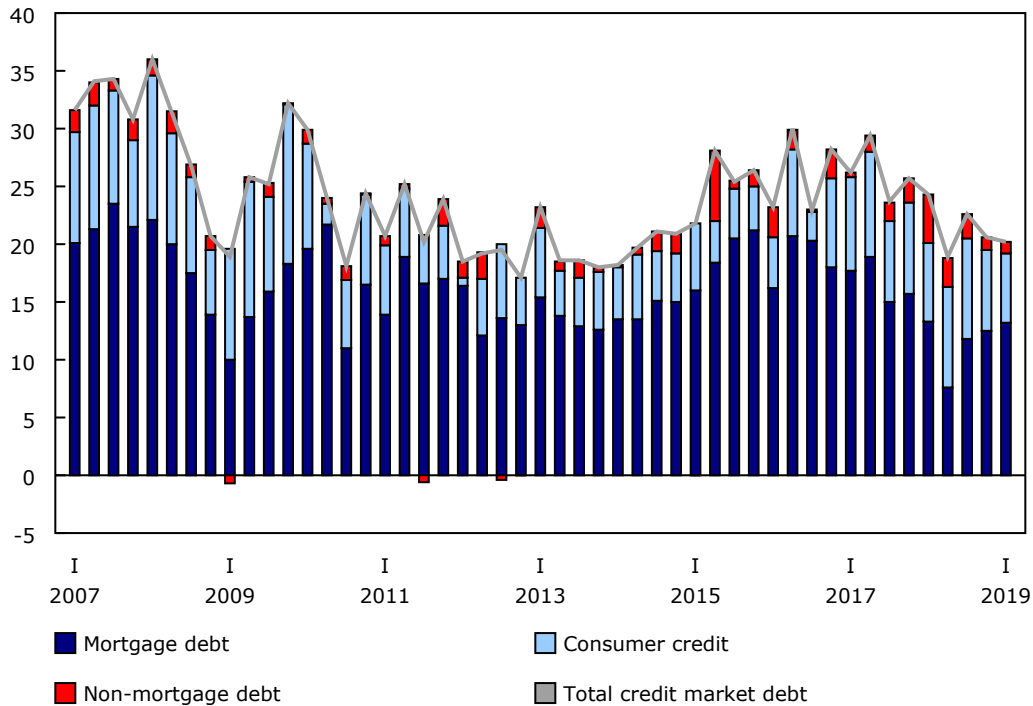
The household sector's net worth rose 2.7% to \$11,114.1 billion in the first quarter. This was primarily the result of a 4.0% increase in the value of financial assets, led by a 7.8% rebound in the value of equity and investment fund shares. Holdings of life insurance and pension funds also contributed to the increase, rising 2.6% in the quarter.

Financial liabilities edged up 0.2%, the smallest quarterly increase since the first quarter of 2011. Slight increases in the value of outstanding mortgage and non-mortgage loans were moderated by a decrease in the value of consumer credit. As a result, the debt-to-asset ratio fell to 16.8%.

The value of non-financial assets rose 0.3% to \$6,249.1 billion in the first quarter, as residential real estate edged up 0.4%. This increase followed two consecutive quarterly declines in the value of residential real estate as price growth continued at a sluggish pace.

Chart 2
Household credit market debt, seasonally adjusted flows

billions of dollars



Source(s): Table 38-10-0238-01.

Seasonally adjusted household borrowing edges down

On a seasonally adjusted basis, total credit market borrowing edged down to \$20.2 billion from \$20.6 billion in the previous quarter. Demand for consumer credit and non-mortgage loans declined to \$7.0 billion, while mortgage borrowing reached \$13.2 billion.

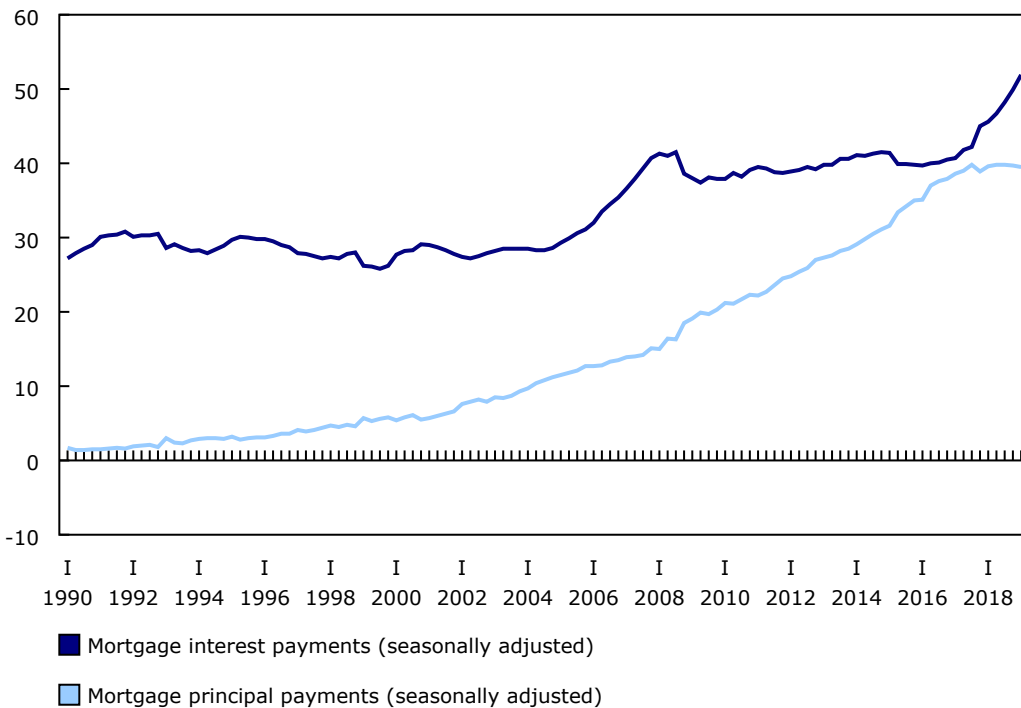
Credit market debt (consumer credit, and mortgage and non-mortgage loans) totalled \$2,230.6 billion in the first quarter. Mortgage debt totalled \$1,454.2 billion, while consumer credit and non-mortgage loans stood at \$776.4 billion.

The household debt service ratio, measured as total obligated payments of principal and interest on credit market debt as a proportion of household disposable income, edged up to 14.9% in the first quarter, as total obligated debt payments grew at a faster pace than disposable income. Mortgage interest payments (+4.0%) have outpaced mortgage principal payments (-0.4%) as a result of higher interest costs, continuing a trend since the second quarter of 2018.

Household credit market debt as a proportion of household disposable income remained at 177.6% in the first quarter, as debt and income grew at similar rates. In other words, there was \$1.78 in credit market debt for every dollar of household disposable income.

Chart 3
Household mortgage interest and obligated principal payments

billions of dollars



Source(s): Table 11-10-0065-01.

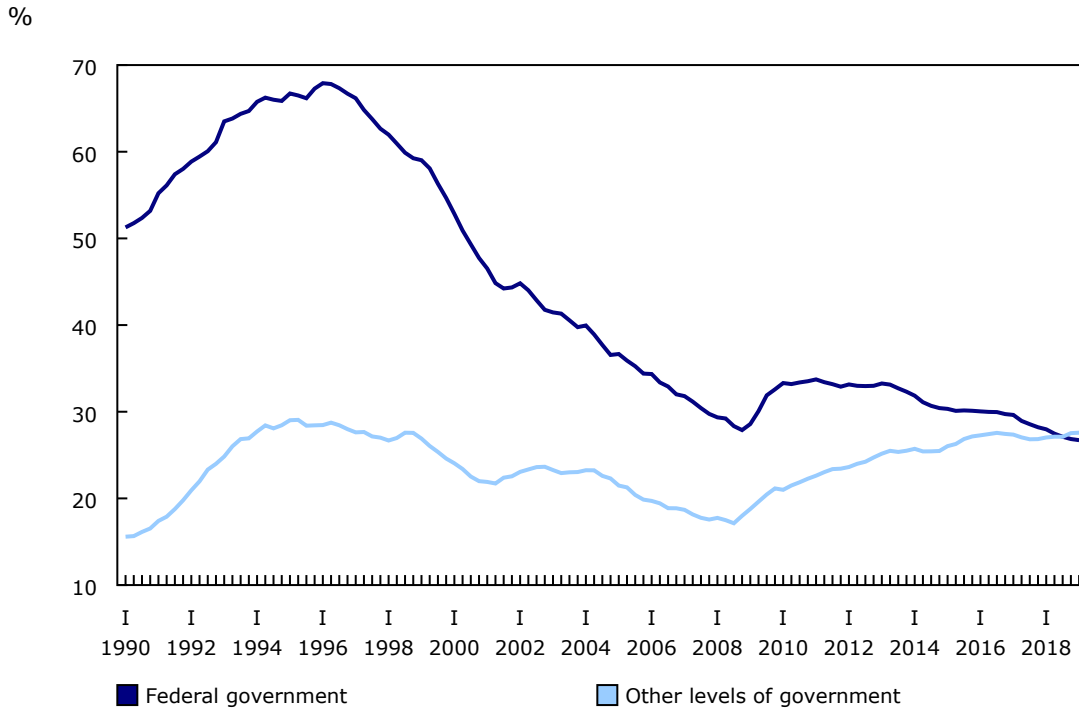
Non-residents increase holdings of federal government bonds

The federal government demand for credit market debt was \$2.7 billion in the first quarter, led by \$4.3 billion in net issuances of short-term paper. Non-residents recorded \$2.9 billion of net acquisitions of federal government bonds, following four straight quarters of net divestment from this asset totalling \$38.4 billion.

The demand for funds by other levels of government totalled \$2.8 billion in the first quarter. This was led by net issuances of bonds and debentures (+\$12.5 billion), which was moderated by net retirements of short-term paper (-\$9.0 billion).

The ratio of federal government net debt (book value) to gross domestic product (GDP) improved to 26.7% in the first quarter, as the growth in GDP outpaced that of federal government borrowing. The ratio of other government net debt excluding social security funds (book value) to GDP surpassed the federal government ratio for the second consecutive quarter, edging up to 27.6%.

Chart 4
Net debt (book value) as a percentage of gross domestic product



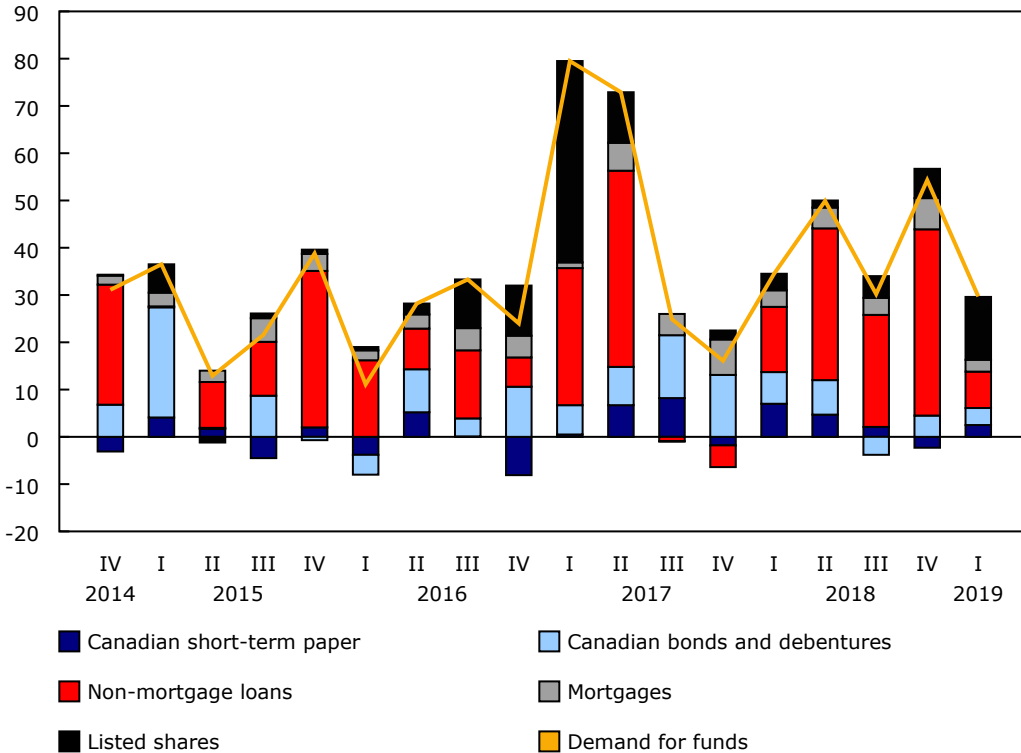
Source(s): Table 38-10-0237-01.

Demand for funds by non-financial private corporations slows

The demand for funds by non-financial private corporations was \$29.7 billion in the first quarter, down from \$54.3 billion in the previous quarter. The bulk of financing in the first quarter was provided in the form of listed shares (+\$13.3 billion) and non-mortgage loans (+\$7.7 billion).

Chart 5
Demand for funds by private non-financial corporations

billions of dollars



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

Non-financial private corporations' debt-to-equity ratio (book value) edged down in the first quarter to 70.2%. On a year-over-year basis, non-financial private corporations' debt-to-equity ratio increased by 2.1 percentage points, as borrowing was markedly lower in the first quarter.

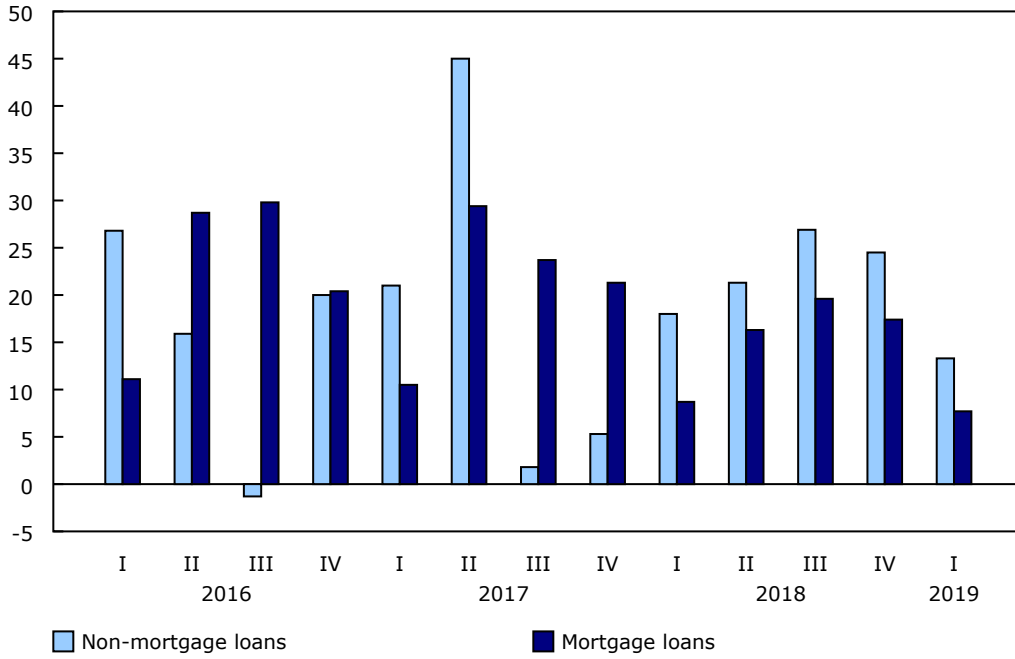
Financial sector mortgage lending slows

The financial sector provided \$17.5 billion of funds into the economy through financial market instruments in the first quarter, down from \$31.4 billion in the previous quarter. First quarter financing was mostly attributable to non-mortgage (+\$13.3 billion) and mortgage (+\$7.7 billion) loans. This marks the fifth consecutive quarter in which non-mortgage lending outpaced mortgage lending.

Among financial corporations, the rebound in stock market prices pushed the market value of financial assets up 3.4% in the first quarter to \$14,551.4 billion. This increase was attributable to upward revaluations and other volume changes of \$416.8 billion, mainly in equity. Institutional investors, such as trustee pension plans and mutual funds, recorded a large share of these upward revaluations, which also benefited the household sector.

Chart 6
Lending by the financial sector

billions of dollars



Source(s): Table 36-10-0578-01.

Note to readers

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

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 financial flows data, selected household borrowing series are available on a seasonally adjusted basis (table 38-10-0238-01). 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) to 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 institution 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](#) and in the [system of macroeconomic accounts glossary](#).

Revisions

This first quarter release of the national balance sheet and financial flow accounts includes revised data from the first quarter to the fourth quarter of 2018. These data incorporate new and revised data, as well as updated data on seasonal trends.

In the near future, data enhancements to the national balance sheet and financial flow accounts will be incorporated, such as the development of detailed counterparty information by sector. To facilitate this initiative and others, it is necessary to extend the annual revision period (normally the previous three years) at the time of the third quarter release. As such, for the next two years, with the third quarter release of the financial and wealth accounts, data will be revised back to 1990 to ensure a continuous time series.

Financial and wealth accounts on a from-whom-to-whom basis: Selected financial instruments

The data visualization product "[Financial accounts on a from-whom-to-whom basis, selected financial instruments](#)" has been updated with data from the first quarter of 2018 to the first quarter of 2019. The tool also includes six new instruments: gold, special drawing rights, reserve position in the International Monetary Fund (IMF), foreign currency deposits and securities of which: deposits, foreign currency deposits and securities of which: securities, and life insurance and pensions.

Next release

Data on the national balance sheet and financial flow accounts for the second quarter will be released on September 13.

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

	Fourth quarter 2017	First quarter 2018	Second quarter 2018	Third quarter 2018	Fourth quarter 2018	First quarter 2019	Fourth quarter 2018 to first quarter 2019
	billions of dollars						change in billions of dollars
National net worth	11,304	11,674	11,817	12,058	11,748	12,095	348
Period-to-period percentage change	2.5	3.3	1.2	2.0	-2.6	3.0	...
National wealth	10,862	11,030	11,215	11,344	11,138	11,399	261
Period-to-period percentage change	1.4	1.5	1.7	1.2	-1.8	2.3	...
Canada's net international investment position	442	644	602	714	609	696	87
National net worth, by sector							
Household sector	10,891	10,973	11,054	11,054	10,826	11,114	288
Non-profit institutions serving the household sector	101	104	107	110	112	116	3
Corporate sector	138	369	417	642	572	636	65
General government sector	174	228	239	252	237	229	-8
	dollars						change in dollars
National net worth per capita	307,277	316,453	318,875	323,778	314,804	323,210	8,406
National wealth per capita	295,267	298,986	302,632	304,609	298,473	304,609	6,136

... 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

	Fourth quarter 2017	First quarter 2018	Second quarter 2018	Third quarter 2018	Fourth quarter 2018	First quarter 2019
	%					
Household sector, not seasonally adjusted						
Debt to gross domestic product (GDP)	100.84	100.20	100.68	100.86	101.10	100.72
Debt to disposable income	175.50	174.03	174.76	175.75	175.94	175.25
Credit market debt to disposable income	173.22	171.77	172.51	173.55	173.71	173.02
Consumer credit and mortgage liabilities to disposable income	164.75	163.05	163.65	164.65	164.87	164.06
Net worth as a percentage of disposable income	885.09	880.86	878.55	872.86	848.99	866.37
Debt to total assets	16.55	16.50	16.59	16.76	17.17	16.83
Debt to net worth	19.83	19.76	19.89	20.13	20.72	20.23
Credit market debt to net worth	19.57	19.50	19.64	19.88	20.46	19.97
Consumer credit and mortgage liabilities to net worth	18.61	18.51	18.63	18.86	19.42	18.94
Total assets to net worth	119.83	119.76	119.89	120.13	120.72	120.23
Financial assets to net worth	63.17	62.83	63.16	63.50	63.15	64.00
Financial assets to non-financial assets	111.48	110.39	111.34	112.12	109.68	113.83
Owner's equity as a percentage of real estate	74.35	74.62	74.44	74.03	73.67	73.68
Real estate as a percentage of disposable income	442.60	443.68	440.32	435.43	429.92	429.10
Households and non-profit institutions serving the household sector, not seasonally adjusted						
Debt to GDP	103.04	102.41	102.90	103.08	103.34	102.97
Debt to disposable income	174.24	172.77	173.50	174.45	174.63	174.00
Credit market debt to disposable income	169.72	168.32	169.06	170.04	170.16	169.53
Household sector, seasonally adjusted						
Credit market debt to disposable income	175.70	176.78	176.72	178.29	177.60	177.60
Consumer credit and mortgage liabilities to disposable income	167.04	167.89	167.68	169.12	168.46	168.49

Source(s): Tables [38-10-0235-01](#) and [38-10-0238-01](#).

Table 3
Corporations sector indicators – Not seasonally adjusted

	Fourth quarter 2017	First quarter 2018	Second quarter 2018	Third quarter 2018	Fourth quarter 2018	First quarter 2019
	%					
Corporations sector						
Private non-financial corporations total debt to equity (market value)	188.27	192.46	188.71	189.27	196.54	187.69
Private non-financial corporations credit market debt to equity (book value)	67.54	68.07	69.61	69.26	70.66	70.21

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

Table 4
General government sector indicators – Not seasonally adjusted

	Fourth quarter 2017	First quarter 2018	Second quarter 2018	Third quarter 2018	Fourth quarter 2018	First quarter 2019
	%					
General government sector						
General government gross debt (book value) to gross domestic product (GDP)	112.32	112.06	112.32	111.51	112.15	112.06
Federal general government gross debt (book value) to GDP	45.00	44.50	43.98	43.46	43.20	43.05
Other levels of general government gross debt (book value) to GDP	63.58	63.93	64.55	64.04	64.55	64.05
General government net debt (book value) to GDP	42.15	41.90	41.28	41.06	41.35	40.91
Federal general government net debt (book value) to GDP	28.21	27.97	27.47	27.11	26.85	26.72
Other levels of general government net debt (book value) to GDP	26.84	27.03	27.12	27.11	27.53	27.58

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

Available tables: [11-10-0065-01](#), [34-10-0163-01](#), [36-10-0441-01](#), [36-10-0448-01](#), [36-10-0467-01](#), [36-10-0578-01](#) to [36-10-0580-01](#), [36-10-0619-01](#) and [38-10-0234-01](#) to [38-10-0238-01](#).

Definitions, data sources and methods: survey numbers 1804 and 1806.

The data visualization product "[Financial accounts on a from-whom-to-whom basis, selected financial instruments](#)," which is part of *Statistics Canada— Data Visualization Products (71-607-X)*, is now available.

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

The *User Guide: Canadian System of Macroeconomic Accounts (13-606-G)* is available.

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).