

National balance sheet and financial flow accounts, third quarter 2019

Released at 8:30 a.m. Eastern time in *The Daily*, Friday, December 13, 2019

National wealth edges down due to weak natural resource prices

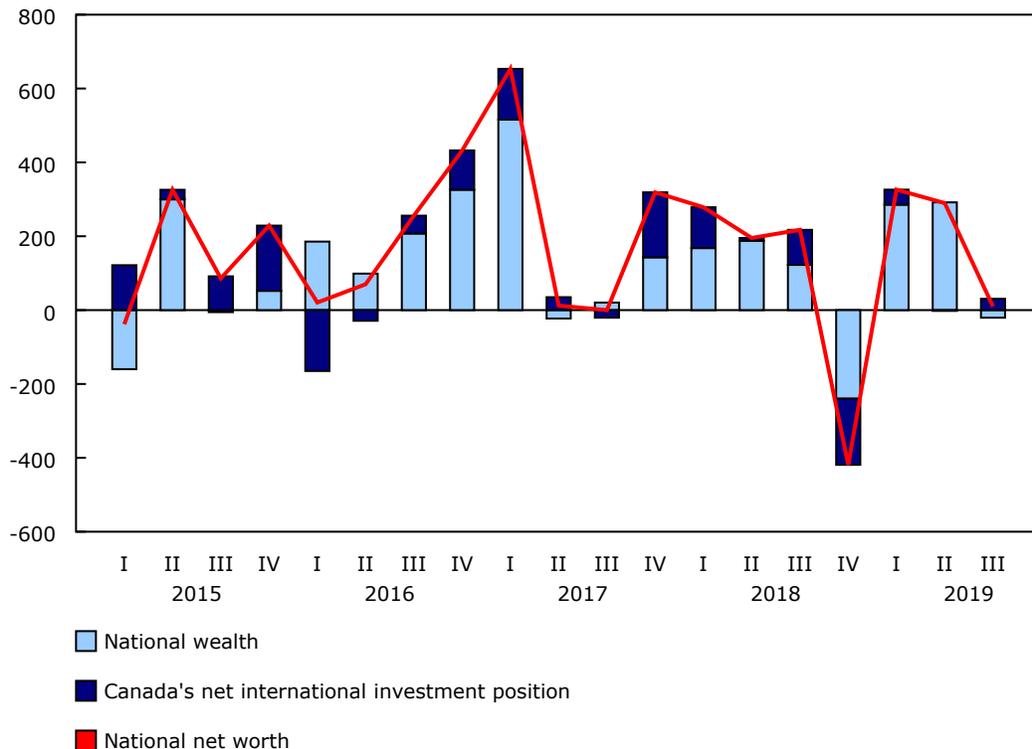
National wealth, the value of non-financial assets in the Canadian economy, decreased 0.2% to \$11,783.3 billion in the third quarter due to an 8.4% decline in the value of natural resources, as energy prices and the value of timber dropped. The weakness in natural resource wealth was partially offset by an increase in the value of residential real estate (+0.6%).

Canada's net foreign asset position increased by \$30.6 billion to reach \$839.1 billion at the end of the third quarter. The value of Canada's international assets, fueled by higher foreign equity prices, increased more than the value of Canada's international liabilities.

National net worth, the sum of national wealth and Canada's net foreign asset position, was \$12,622.4 billion. This was largely unchanged from the previous quarter as the decline in national wealth was offset by a strengthening of Canada's position vis-à-vis non-residents. On a per capita basis, national net worth edged down from \$335,534 to \$334,165, as the population expanded at a faster pace.

Chart 1
Change in national net worth by component

billions of dollars



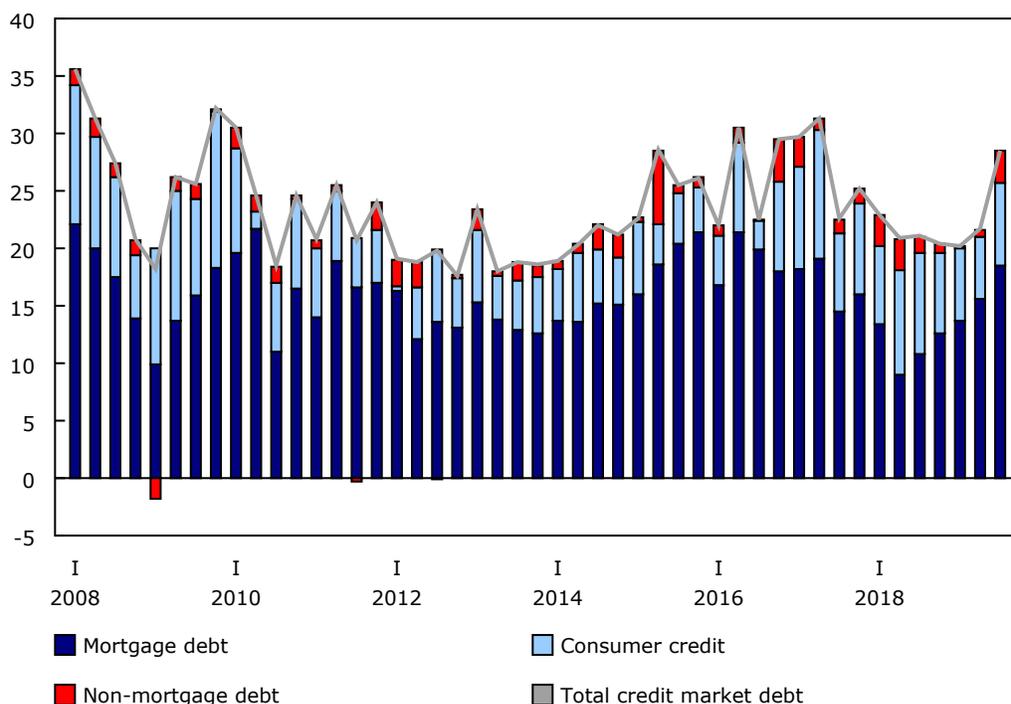
Source(s): Table 36-10-0580-01.

Household net worth increases for the third consecutive quarter

The household sector's net worth rose by \$101.4 billion to \$11,485.4 billion in the third quarter. This was attributable to a \$138.0 billion increase in the value of total assets. Financial assets grew \$88.1 billion, benefitting from upward revaluations in mutual funds and life insurance and pensions. Similarly, the value of non-financial assets, mainly real estate, rose \$50.0 billion. Together, these increases outpaced the \$36.7 billion rise in financial liabilities, the largest quarterly growth in liabilities since the second quarter of 2017.

Chart 2 Household credit market debt, seasonally adjusted flows

billions of dollars



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

Seasonally adjusted household borrowing rises for the second consecutive quarter

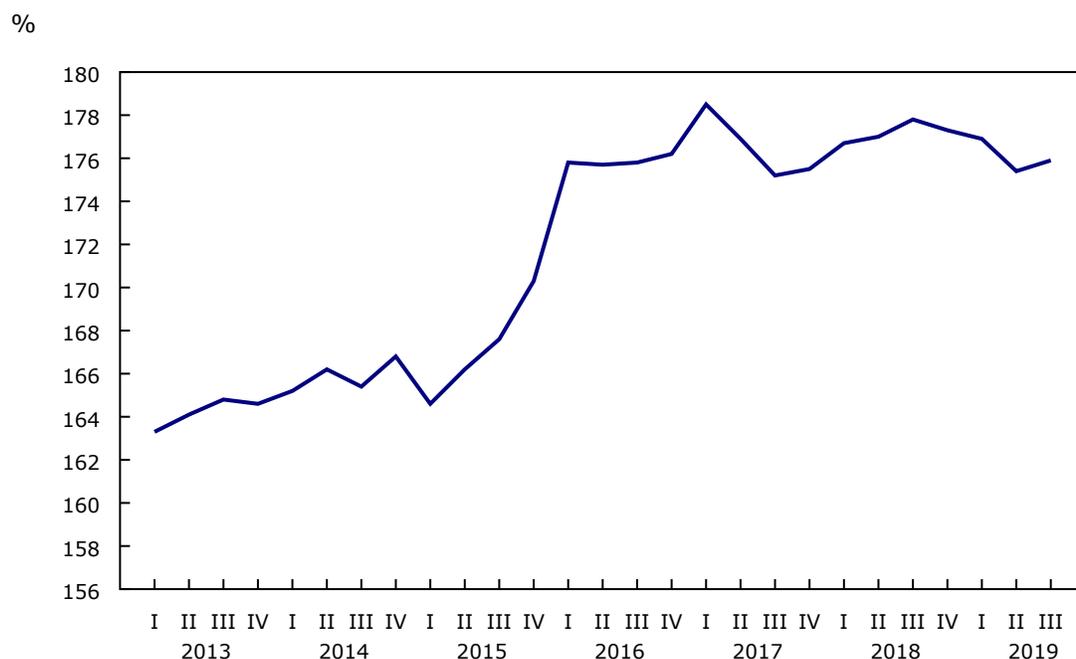
On a seasonally adjusted basis, total credit market borrowing increased to \$28.5 billion from \$21.7 billion in the previous quarter. Demand for mortgage loans rose to \$18.5 billion, while consumer credit and non-mortgage borrowing increased to \$10.0 billion.

The stock of credit market debt (consumer credit, and mortgage and non-mortgage loans) totalled \$2,284.2 billion. Mortgage debt was \$1,490.1 billion, while consumer credit and non-mortgage loans stood at \$794.1 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, rose from 14.82% to 14.96%, as growth in total debt payments (+2.0%) outpaced growth in disposable income (+1.0%).

Household credit market debt as a proportion of household disposable income reached 175.9% from 175.4% in the previous quarter (revised from 177.1%). In other words, there was \$1.76 in credit market debt for every dollar of household disposable income. Despite increasing slightly from the previous quarter, the ratio was below the high of 178.5% recorded in the first quarter of 2017.

Chart 3
Household credit market debt to household disposable income, seasonally adjusted



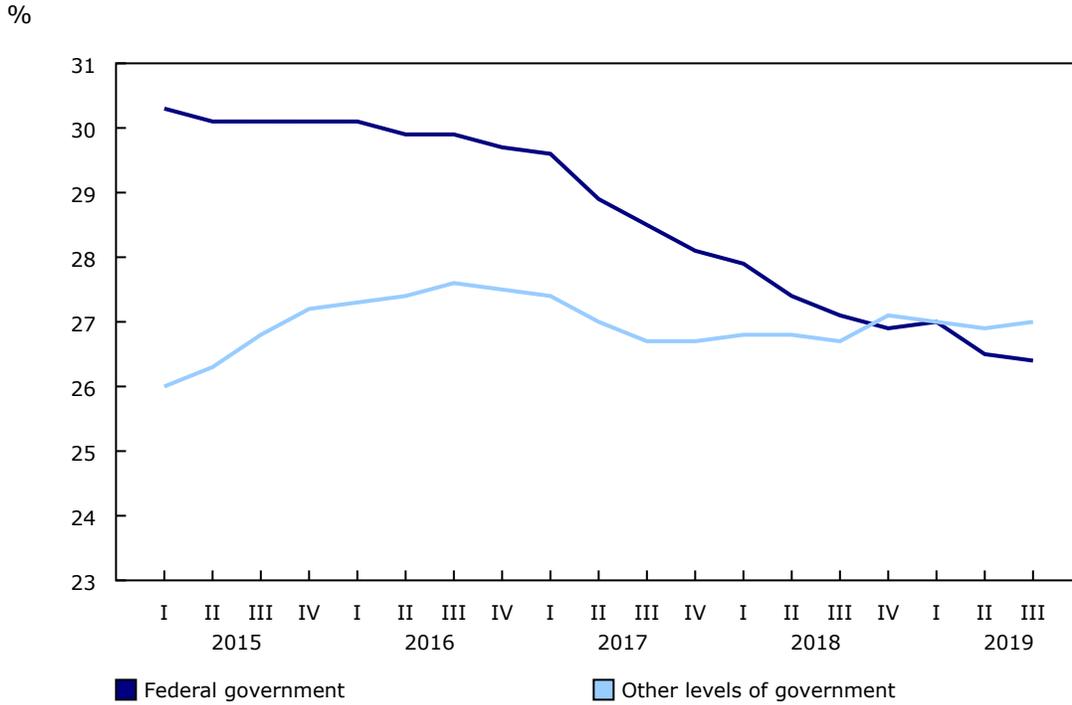
Source(s): Table 38-10-0238-01.

Ratio of federal government net debt to gross domestic product improves

The federal government demand for credit market debt was \$6.4 billion in the third quarter, mainly in the form of net issuances of bonds (\$6.2 billion). This was the sixth consecutive quarter where the federal government's debt issuances outstripped debt retirements. Conversely, provincial and territorial governments reduced their borrowing in the third quarter, as retirements exceeded issuances.

The ratio of federal government net debt (book value of total financial liabilities less total financial assets) to gross domestic product (GDP) improved to 26.4%, as growth in GDP outpaced the growth in federal government net debt. The ratio of other government net debt excluding social security funds (book value) to GDP surpassed the ratio of federal government net debt to GDP for the fourth consecutive quarter, edging up to 27.0%.

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



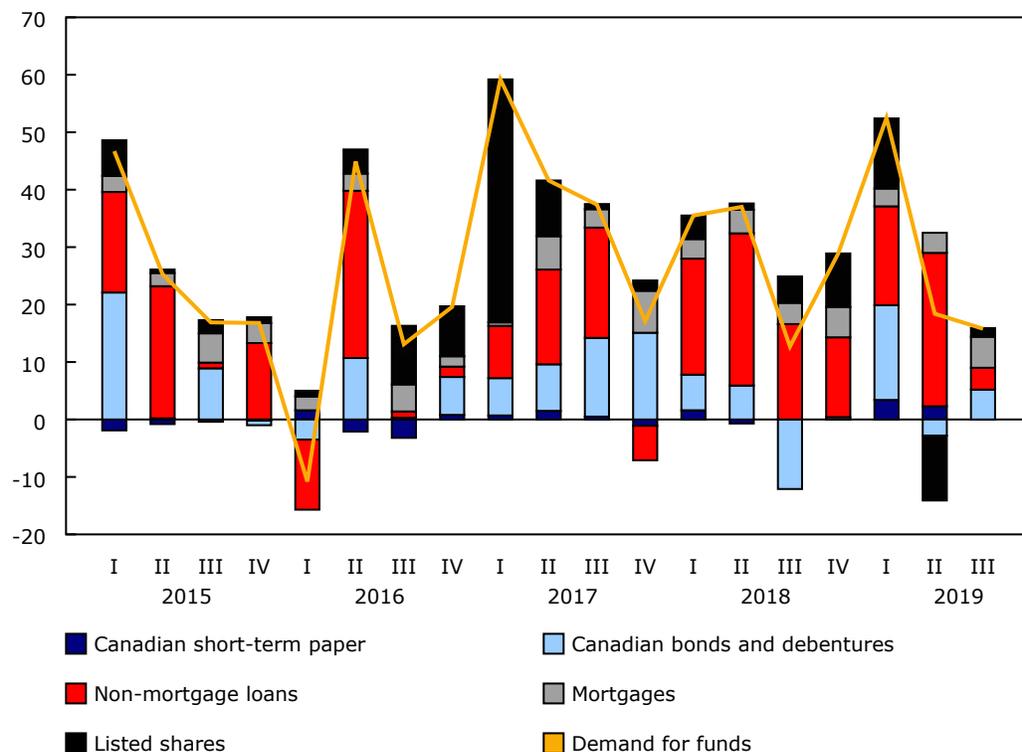
Source(s): Table 38-10-0237-01.

Demand for funds by non-financial private corporations decreases

The demand for funds by non-financial private corporations was \$15.8 billion in the third quarter, down from \$18.4 billion in the previous quarter. The bulk of financing was in the form of mortgage loans (+\$5.4 billion) and bonds (+\$5.2 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) rose 1.3 percentage points in the third quarter to 62.1%.

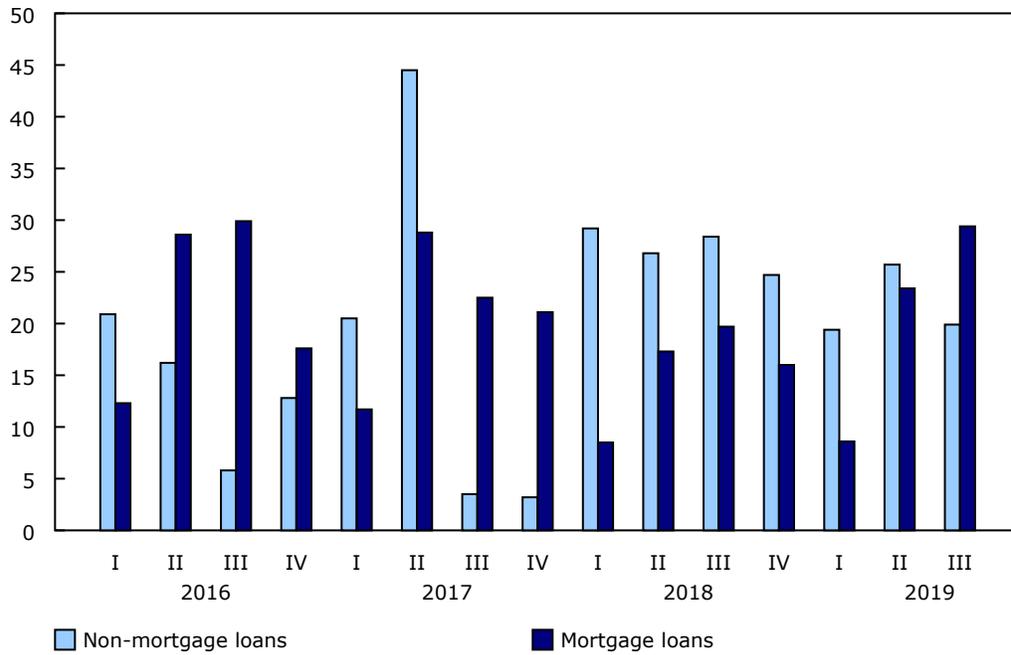
Financial sector mortgage lending outpaces non-mortgage lending

The financial sector provided \$95.0 billion in funds to the economy through financial market instruments in the third quarter, up from \$70.1 billion in the previous quarter. Third quarter financing was mainly in the form of bonds (+\$34.8 billion), mortgages (+\$29.4 billion) and non-mortgage loans (+\$19.9 billion). This marked the first quarter where mortgage lending outpaced non-mortgage lending since the fourth quarter of 2017.

Among financial corporations, the market value of financial assets rose \$196.4 billion to \$15,286.3 billion. This was primarily due to increased financing and other transactions in the amount of \$111.9 billion, led by loans. Upward revaluations and other volume changes in the amount of \$84.5 billion, mainly in equity investment, also contributed to the higher value of financial assets.

Chart 6
Lending by the financial sector

billions of dollars



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

Note to readers

Revisions

This third quarter release of the national balance sheet and financial flow accounts includes revised estimates from the first quarter of 1990 to the second quarter of 2019. These data incorporate new and revised data, as well as updated data on seasonal trends. Additionally, new financial subsector detail is now available with this release. The subsector "Other private financial institutions" was broken down into additional financial subsectors and specific financial sectors have been re-grouped. This will help align more closely with current international classifications. An overview of these changes to the sector classification and information on other conceptual, methodological, and statistics revisions is available in ["An overview of revisions to the Financial and Wealth Accounts, 1990 to 2019" \(13-605-X\)](#).

In the near future, data enhancements to the national balance sheet and financial flow accounts, such as the development of detailed counterparty information by sector, will be incorporated. 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. Consequently, 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 annual revision of the Financial and Wealth Accounts from the first quarter of 1990 to the third quarter of 2019. This update also includes the addition of three new instruments: Canadian currency and deposits, foreign currency and deposits, and consumer credit.

Next release

Data on the national balance sheet and financial flow accounts for the fourth quarter of 2019 will be released on March 13, 2020.

Overview of the Financial and Wealth Accounts

This release of the Financial and Wealth Accounts comprises the National Balance Sheet Accounts (NBSA), the Financial Flow Accounts (FFA), and the other changes in assets account.

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 all 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 [Canadian System of Macroeconomic Accounts glossary](#).

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

	Second quarter 2018	Third quarter 2018	Fourth quarter 2018	First quarter 2019	Second quarter 2019	Third quarter 2019	Second quarter to third quarter 2019
	billions of dollars						change in billions of dollars
National net worth	12,198	12,416	11,997	12,323	12,612	12,622	10
Period-to-period percentage change	1.6	1.8	-3.4	2.7	2.4	0.1	...
National wealth	11,344	11,466	11,227	11,512	11,804	11,783	-21
Period-to-period percentage change	1.7	1.1	-2.1	2.5	2.5	-0.2	...
Canada's net international investment position	854	949	770	811	809	839	31
National net worth, by sector							
Household sector	11,138	11,132	10,905	11,212	11,384	11,485	101
Non-profit institutions serving the household sector	122	124	127	130	134	138	3
Corporate sector	720	912	747	695	872	783	-89
General government sector	218	247	217	286	223	216	-6
	dollars						change in dollars
National net worth per capita	329,168	333,401	321,522	329,413	335,534	334,165	-1,369
National wealth per capita	306,114	307,914	300,885	307,743	314,024	311,950	-2,074

... 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

	Second quarter 2018	Third quarter 2018	Fourth quarter 2018	First quarter 2019	Second quarter 2019	Third quarter 2019
	%					
Household sector, not seasonally adjusted						
Debt to gross domestic product (GDP)	100.91	100.98	101.15	100.70	101.12	102.13
Debt to disposable income	174.83	176.00	176.08	175.24	175.63	176.23
Credit market debt to disposable income	172.59	173.80	173.86	173.00	173.41	174.01
Consumer credit and mortgage liabilities to disposable income	163.46	164.66	164.77	163.88	164.45	164.94
Net worth as a percentage of disposable income	883.16	877.52	853.65	871.65	875.18	871.94
Debt to total assets	16.52	16.71	17.10	16.74	16.71	16.81
Debt to net worth	19.80	20.06	20.63	20.10	20.07	20.21
Credit market debt to net worth	19.54	19.81	20.37	19.85	19.81	19.96
Consumer credit and mortgage liabilities to net worth	18.51	18.76	19.30	18.80	18.79	18.92
Total assets to net worth	119.80	120.06	120.63	120.10	120.07	120.21
Financial assets to net worth	62.53	62.90	62.58	63.29	63.51	63.71
Financial assets to non-financial assets	109.21	110.05	107.83	111.40	112.28	112.77
Owner's equity as a percentage of real estate	74.89	74.46	74.10	74.21	74.11	73.86
Real estate as a percentage of disposable income	447.73	442.67	436.60	437.25	436.69	434.05
Households and non-profit institutions serving the household sector, not seasonally adjusted						
Debt to GDP	103.10	103.16	103.34	102.89	103.31	104.33
Debt to disposable income	174.46	175.65	175.77	175.08	175.50	176.16
Credit market debt to disposable income	170.07	171.30	171.44	170.74	171.22	171.84
Household sector, seasonally adjusted						
Credit market debt to disposable income	176.96	177.82	177.26	176.88	175.38	175.86
Consumer credit and mortgage liabilities to disposable income	167.61	168.43	167.93	167.66	166.31	166.68

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

Table 3
Corporations sector indicators – Not seasonally adjusted

	Second quarter 2018	Third quarter 2018	Fourth quarter 2018	First quarter 2019	Second quarter 2019	Third quarter 2019
	%					
Corporations sector						
Private non-financial corporations total debt to equity (market value)	187.93	186.72	192.58	186.35	187.47	189.78
Private non-financial corporations credit market debt to equity (book value)	63.11	61.90	62.20	61.17	60.82	62.09

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

Table 4
General government sector indicators – Not seasonally adjusted

	Second quarter 2018	Third quarter 2018	Fourth quarter 2018	First quarter 2019	Second quarter 2019	Third quarter 2019
	%					
General government sector						
General government gross debt (book value) to gross domestic product (GDP)	112.45	111.39	112.04	112.02	111.72	112.14
Federal general government gross debt (book value) to GDP	43.98	43.37	43.13	43.13	42.81	42.92
Other levels of general government gross debt (book value) to GDP	64.70	64.02	64.54	63.95	64.18	63.98
General government net debt (book value) to GDP	41.03	40.76	41.08	40.75	40.02	40.06
Federal general government net debt (book value) to GDP	27.45	27.13	26.92	26.95	26.50	26.41
Other levels of general government net debt (book value) to GDP	26.84	26.69	27.06	26.97	26.89	27.03

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

Available tables: [11-10-0065-01](#), [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 document, "[An overview of revisions to the Financial and Wealth Accounts, 1990 to 2019](#)", which is part of *Latest Developments in the Canadian Economic Accounts* ([13-605-X](#)), is now available.

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

The [Economic accounts statistics](#) portal, accessible from the *Subject* module of our website, features an up-to-date portrait of national and provincial economies and their structure.

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).