

# National balance sheet and financial flow accounts, fourth quarter 2019

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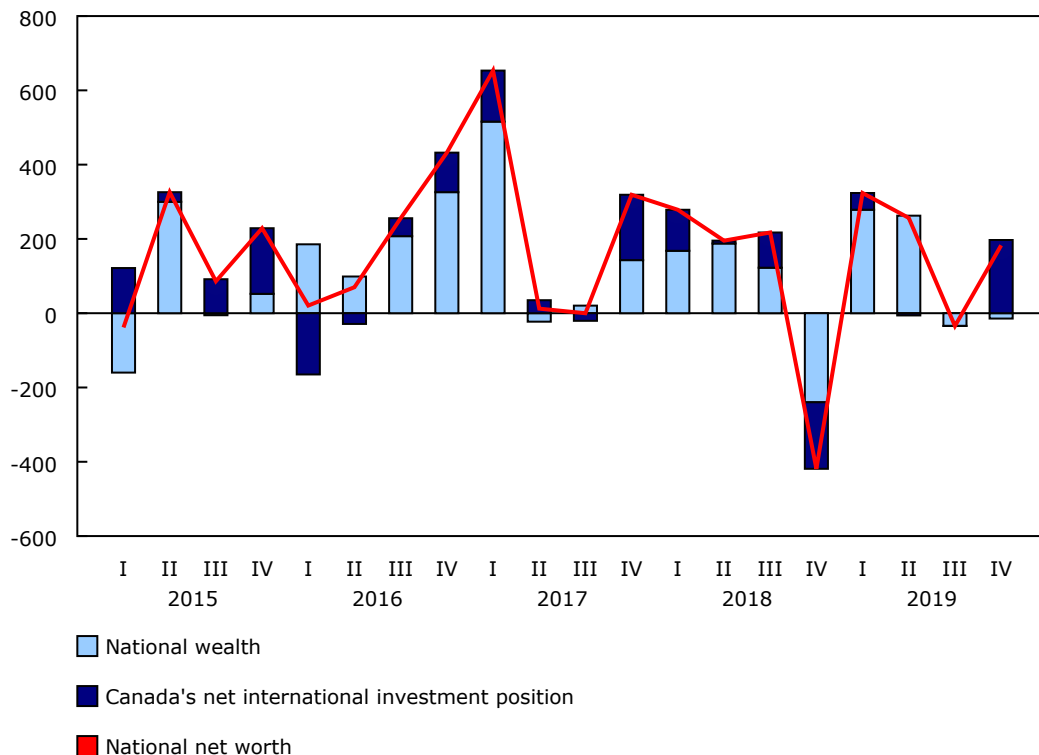
## National net worth grows as net foreign asset position improves

National net worth, the sum of national wealth and Canada's net foreign asset position, rose to \$12,725.2 billion in the fourth quarter, up \$182.7 billion from the previous quarter. Canada's net foreign asset position increased by \$197.1 billion to reach \$1,006.0 billion, fueled by the stronger performance of foreign stock markets relative to the Canadian stock market, which pushed up the value of Canada's international assets in equity instruments. This more than offset the decrease in the value of national wealth. On a per capita basis, national net worth increased to \$336,009.

National wealth, the value of non-financial assets in the Canadian economy, edged down 0.1% to \$11,719.2 billion in the fourth quarter. Contributing to this decrease was a 12.4% decline in the value of natural resources, as energy prices were down for the second consecutive quarter. Natural resources accounted for 7.4% of national wealth. Real estate, which accounts for more than three-quarters of national wealth, moderated the decline, growing 1.1% to \$9,106.2 billion.

**Chart 1**  
Change in national net worth by component

billions of dollars



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

## Household financial assets increase from revaluations

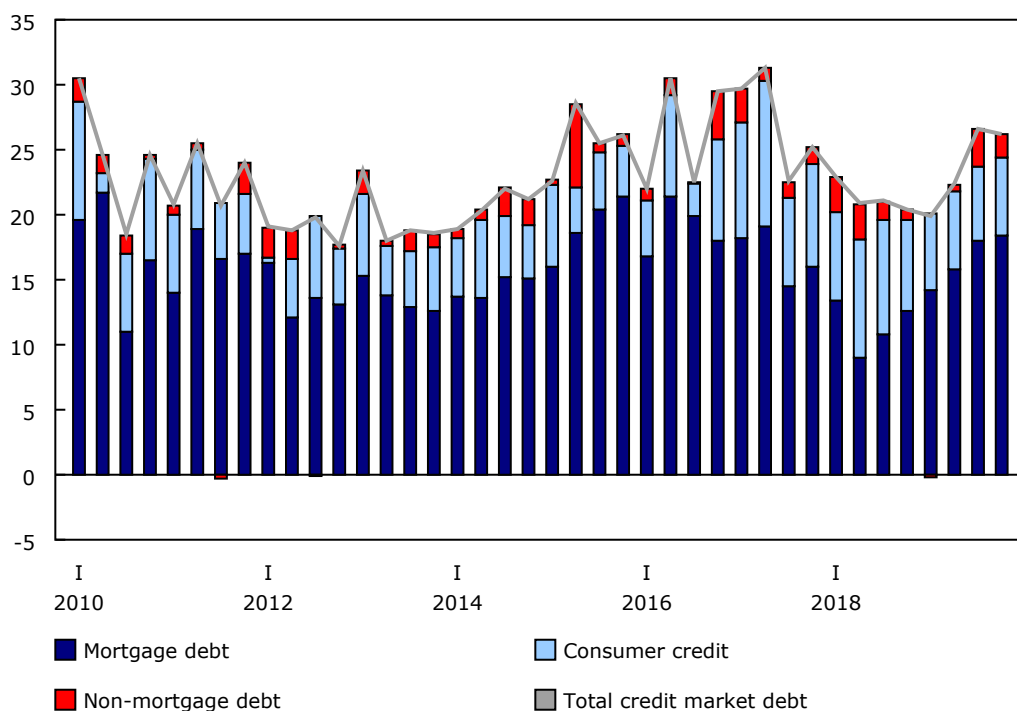
The household sector's net worth rose by \$186.5 billion to \$11,697.3 billion in the fourth quarter, as an increase in the value of assets more than offset an increase in liabilities. Compared with the fourth quarter of 2018, the value of financial assets increased 9.8%, whereas financial liabilities grew 4.1%.

The value of financial assets grew \$153.8 billion, benefitting from \$98.6 billion in upward revaluations in equity and investment fund shares, as both foreign and domestic equity prices increased. Aside from mutual fund shares, households' domestic equity holdings are about three times larger than their holdings of foreign equity. Since the large declines in stock markets at the end of 2018, households have added \$329.2 billion to the value of their equity and investment fund shares; however, due to recent events, markets have posted large declines in the first part of 2020.

The value of non-financial assets, mainly real estate, rose \$54.6 billion in the quarter. Year over year, residential real estate increased 3.3% in 2019 after lower growth in 2018 (+0.2%), due to a moderate rebound in house prices.

### Chart 2 Household credit market debt, seasonally adjusted flows

billions of dollars



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

## Household borrowing edges down

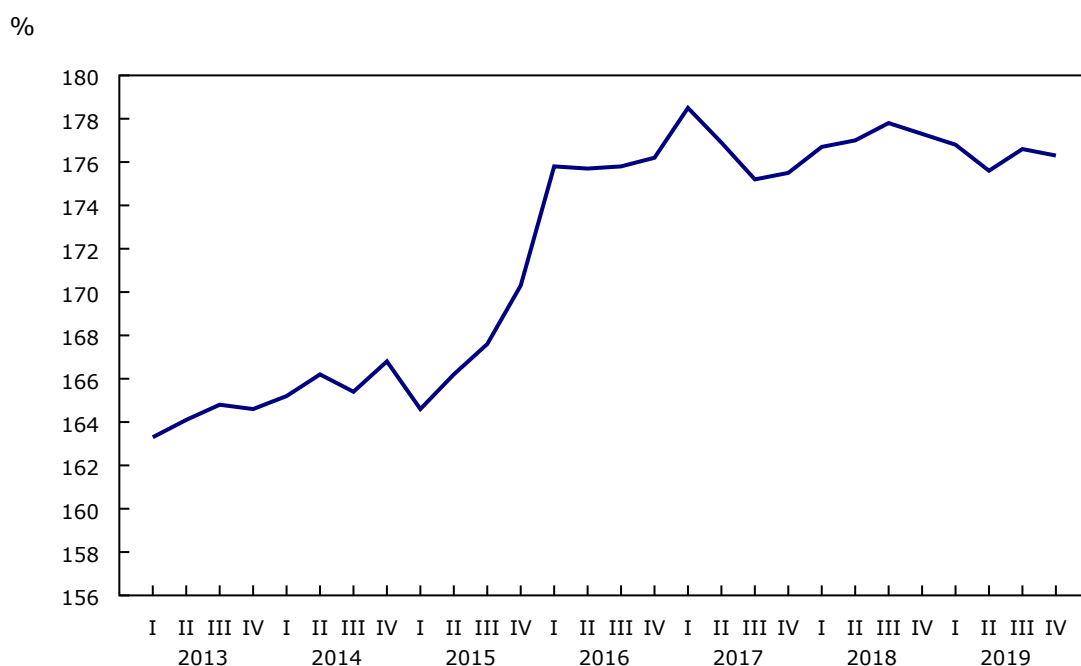
On a seasonally adjusted basis, total credit market borrowing edged down \$0.4 billion to \$26.2 billion in the fourth quarter. Demand for mortgage loans rose to \$18.4 billion, while consumer credit and non-mortgage borrowing decreased to \$7.8 billion. Households borrowed \$95.1 billion over the course of 2019, compared with \$85.3 billion over 2018, still below the preceding three years when borrowing consistently exceeded \$100 billion.

The stock of credit market debt (consumer credit, and mortgage and non-mortgage loans) totalled \$2,309.0 billion. Mortgage debt was \$1,508.5 billion, accounting for nearly two-thirds of total debt, a share that has remained relatively stable since 2016. Consumer credit and non-mortgage loans stood at \$800.5 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 to 14.98%, as total debt payments (+1.5%) outpaced disposable income (+1.3%). Total debt payments were 6.9% higher in 2019 than in 2018, while household disposable income increased 4.9% relative to 2018.

Household credit market debt as a proportion of household disposable income declined from 176.6% to 176.3%. In other words, there was \$1.76 in credit market debt for every dollar of household disposable income.

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



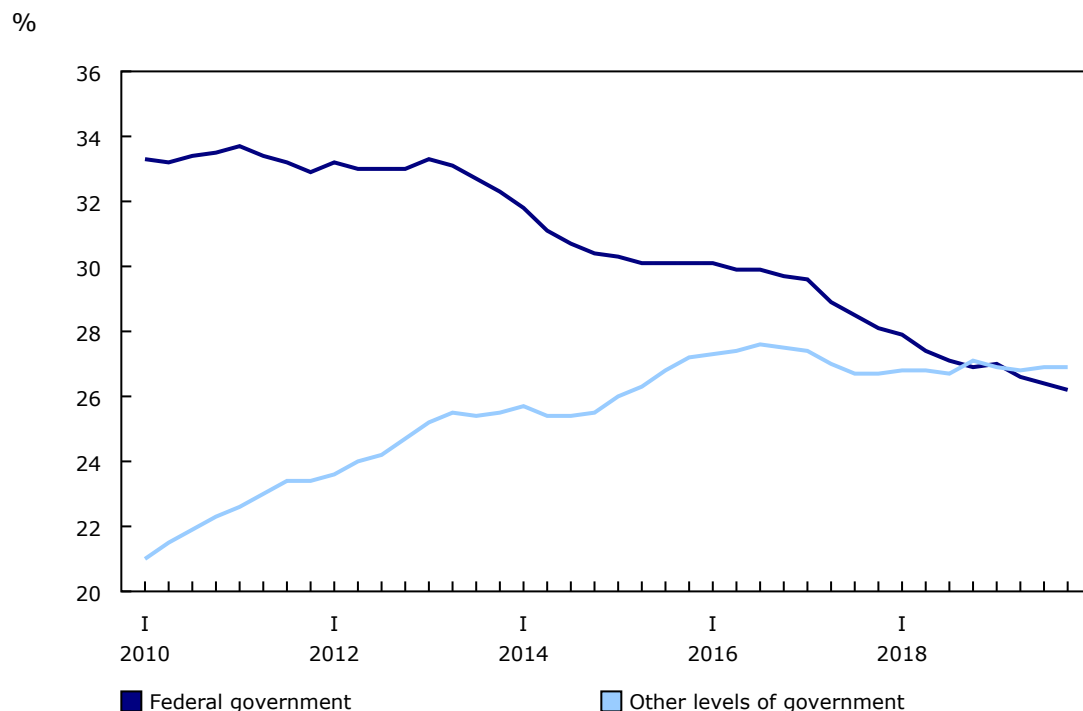
Source(s): Table 38-10-0238-01.

### Federal government demand for credit market debt remains positive

The federal government demand for credit market debt was \$1.6 billion, as net issuances of bonds offset net retirements of short-term paper. This marks the seventh consecutive quarter where debt issuances outstripped debt retirements. On the other hand, other levels of government (excluding social security funds) increased borrowing in the fourth quarter to \$9.2 billion, primarily in net issuances of short-term paper (+\$6.9 billion) and bonds (+\$1.6 billion).

The ratio of federal government net debt (book value of total financial liabilities less total financial assets) to gross domestic product (GDP) edged down to 26.2%, as GDP grew at a faster pace than federal government net debt. The ratio of other government net debt excluding social security funds (book value) to GDP was unchanged at 26.9%.

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



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

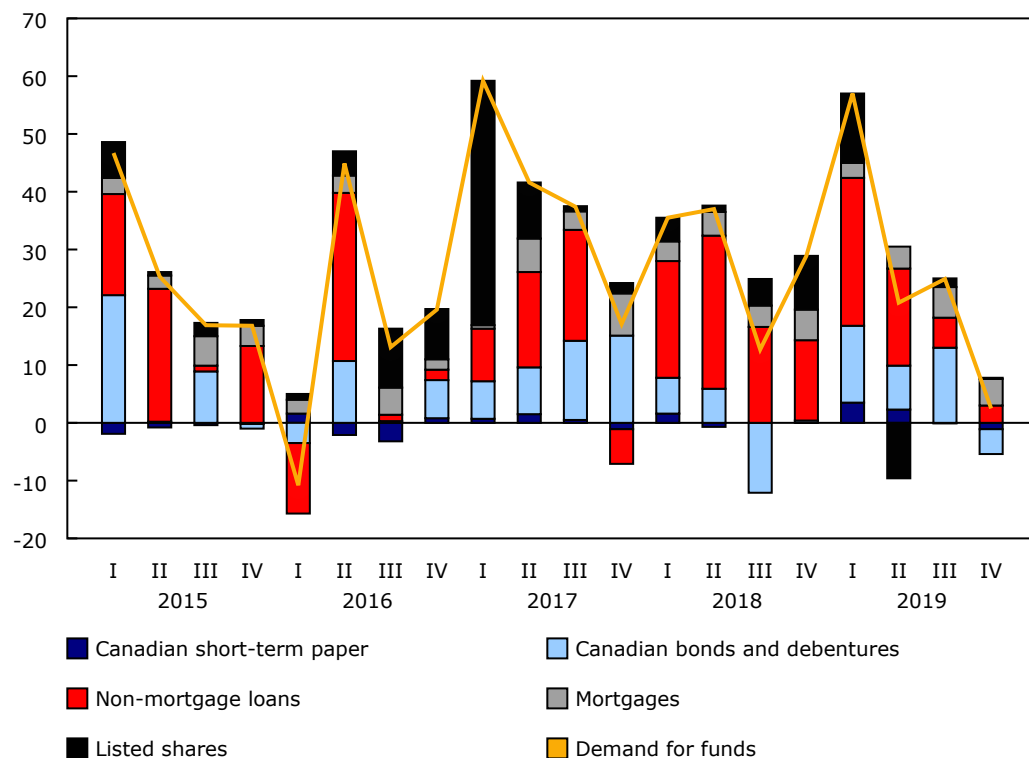
### Demand for funds by non-financial private corporations falls

The demand for funds by non-financial private corporations was \$2.5 billion, the lowest level since the first quarter of 2016. Net retirements of bonds (-\$4.3 billion) and short-term paper (-\$1.1 billion) contributed to the reduced borrowing. Demand for non-mortgage loans totalled \$3.0 billion, provided mainly by chartered banks.

The debt-to-equity ratio (market value) of private non-financial corporations fell from 189.4% to 187.1% in the fourth quarter. The debt-to-equity ratio was 192.6% in the fourth quarter of 2018.

**Chart 5**  
**Demand for funds by private non-financial corporations**

billions of dollars



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

### Financial sector lending dips

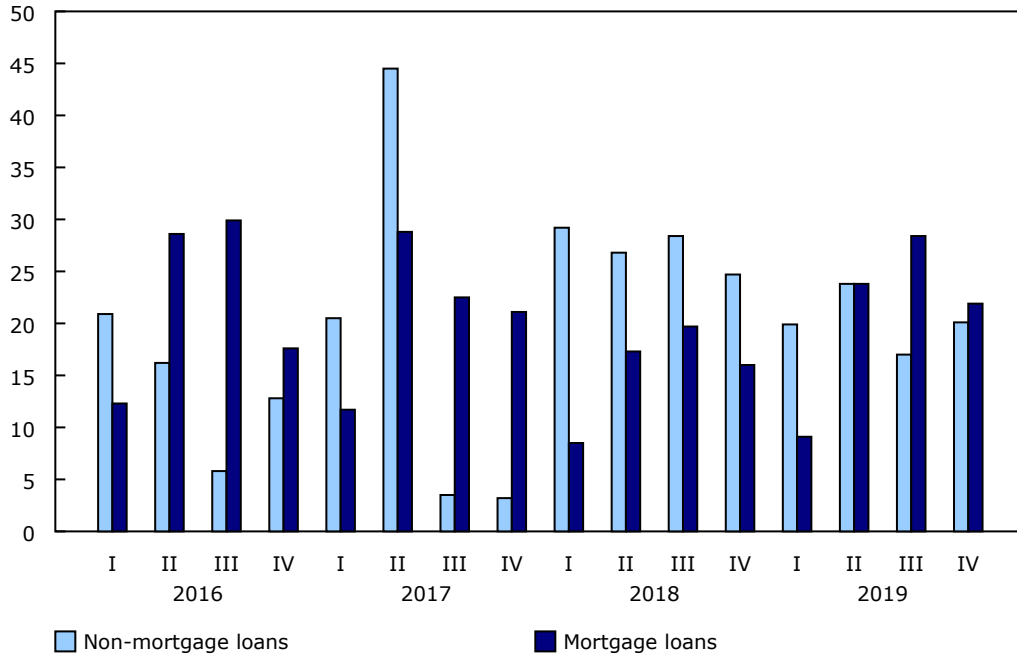
The financial sector provided \$53.0 billion in funds to the economy through financial market instruments in the fourth quarter, down from \$91.2 billion in the previous quarter. Fourth quarter financing was mainly in the form of mortgages (+\$21.9 billion) and non-mortgage loans (+\$20.1 billion). Purchases of domestic bonds were down to \$12.8 billion from \$43.8 billion in the previous quarter. In the fourth quarter, the bulk of non-mortgage loans went to non-residents (+\$12.5 billion).

Among financial corporations, the market value of financial assets rose \$306.4 billion to \$15,613.3 billion. This was primarily due to increased financing and other transactions (+\$168.0 billion), led by purchases of foreign equity and loans. Upward revaluations and other volume changes of \$138.4 billion, mainly in foreign equity, also contributed to the higher market value.

Mutual funds and trustee pension plans, two sectors where wealth is predominantly held by households, showed growth in the value of their financial assets. This helped bolster the net worth of households through their holdings of equity, investment fund shares, and pensions.

**Chart 6**  
**Lending by the financial sector**

billions of dollars



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

## Note to readers

### Revisions

This fourth quarter release of the national balance sheet and financial flow accounts includes revised estimates from the first quarter of 2019 to the third quarter of 2019. These data incorporate new and revised data, as well as updated data on seasonal trends. Additionally, as of the previous release, new financial subsector details are available. 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 first quarter of 2019 to the fourth quarter of 2019. This update also includes the addition of one new instrument: non-mortgage loans.

### Next release

Data on the national balance sheet and financial flow accounts for the first quarter will be released on June 12.

### 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**

	Third quarter 2018	Fourth quarter 2018	First quarter 2019	Second quarter 2019	Third quarter 2019	Fourth quarter 2019	Third quarter to fourth quarter 2019
	billions of dollars						change in billions of dollars
<b>National net worth</b>	<b>12,416</b>	<b>11,997</b>	<b>12,320</b>	<b>12,577</b>	<b>12,542</b>	<b>12,725</b>	<b>183</b>
<b>Period-to-period percentage   change</b>	<b>1.8</b>	<b>-3.4</b>	<b>2.7</b>	<b>2.1</b>	<b>-0.3</b>	<b>1.5</b>	<b>...</b>
National wealth	11,466	11,227	11,505	11,768	11,734	11,719	-14
Period-to-period percentage change	1.1	-2.1	2.5	2.3	-0.3	-0.1	...
Canada's net international investment position	949	770	815	809	809	1,006	197
<b>National net worth, by sector</b>							
Household sector	11,132	10,905	11,208	11,391	11,511	11,697	187
Non-profit institutions serving the household sector	124	127	130	134	138	141	3
Corporate sector	912	747	710	818	673	637	-35
General government sector	247	217	272	233	222	250	28
	dollars						change in dollars
<b>National net worth per capita</b>	<b>333,401</b>	<b>321,522</b>	<b>329,346</b>	<b>334,587</b>	<b>331,834</b>	<b>336,009</b>	<b>4,175</b>
<b>National wealth per capita</b>	<b>307,914</b>	<b>300,885</b>	<b>307,559</b>	<b>313,065</b>	<b>310,434</b>	<b>309,447</b>	<b>-987</b>

... 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**

	Third quarter 2018	Fourth quarter 2018	First quarter 2019	Second quarter 2019	Third quarter 2019	Fourth quarter 2019
	%					
<b>Household sector, not seasonally adjusted</b>						
Debt to gross domestic product (GDP)	100.98	101.15	100.64	101.13	101.91	101.67
Debt to disposable income	176.00	176.08	175.24	175.81	176.29	175.85
Credit market debt to disposable income	173.80	173.86	173.01	173.59	174.09	173.68
Consumer credit and mortgage liabilities to disposable income	164.66	164.77	163.92	164.56	164.94	164.59
Net worth as a percentage of disposable income	877.52	853.65	871.60	875.84	874.57	878.20
Debt to total assets	16.71	17.10	16.74	16.72	16.78	16.68
Debt to net worth	20.06	20.63	20.11	20.07	20.16	20.02
Credit market debt to net worth	19.81	20.37	19.85	19.82	19.91	19.78
Consumer credit and mortgage liabilities to net worth	18.76	19.30	18.81	18.79	18.86	18.74
Total assets to net worth	120.06	120.63	120.11	120.07	120.16	120.02
Financial assets to net worth	62.90	62.58	63.27	63.53	63.77	64.06
Financial assets to non-financial assets	110.05	107.83	111.32	112.36	113.08	114.48
Owner's equity as a percentage of real estate	74.46	74.10	74.20	74.10	73.87	73.80
Real estate as a percentage of disposable income	442.67	436.60	437.39	436.74	434.39	432.96
<b>Households and non-profit institutions serving the household sector, not seasonally adjusted</b>						
Debt to GDP	103.16	103.34	102.83	103.32	104.11	103.87
Debt to disposable income	175.65	175.77	175.02	175.64	176.18	175.76
Credit market debt to disposable income	171.30	171.44	170.68	171.36	171.89	171.47
<b>Household sector, seasonally adjusted</b>						
Credit market debt to disposable income	177.82	177.26	176.84	175.56	176.57	176.26
Consumer credit and mortgage liabilities to disposable income	168.43	167.93	167.66	166.42	167.27	166.97

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



**Table 3**  
**Corporations sector indicators – Not seasonally adjusted**

	Third quarter 2018	Fourth quarter 2018	First quarter 2019	Second quarter 2019	Third quarter 2019	Fourth quarter 2019
	%					
<b>Corporations sector</b>						
Private non-financial corporations total debt to equity (market value)	186.72	192.58	185.87	187.31	189.37	187.13
Private non-financial corporations credit market debt to equity (book value)	61.90	62.20	61.15	61.07	62.14	61.84

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

**Table 4**  
**General government sector indicators – Not seasonally adjusted**

	Third quarter 2018	Fourth quarter 2018	First quarter 2019	Second quarter 2019	Third quarter 2019	Fourth quarter 2019
	%					
<b>General government sector</b>						
General government gross debt (book value) to gross domestic product (GDP)	111.39	112.04	112.18	111.60	111.97	110.68
Federal general government gross debt (book value) to GDP	43.37	43.13	43.11	42.72	42.82	42.40
Other levels of general government gross debt (book value) to GDP	64.02	64.54	64.13	64.16	63.92	63.44
General government net debt (book value) to GDP	40.76	41.08	40.66	39.91	39.94	39.86
Federal general government net debt (book value) to GDP	27.13	26.92	27.03	26.55	26.42	26.17
Other levels of general government net debt (book value) to GDP	26.69	27.06	26.87	26.79	26.92	26.86

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 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 *Subjects* module of our website, features an up-to-date portrait of national and provincial economies and their structure.

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](mailto:STATCAN.infostats-infostats.STATCAN@canada.ca)) or Media Relations (613-951-4636; [STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca](mailto:STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca)).