

Note on the flow of funds in South Africa's national financial account for the year 2016

by C Monyela and S Madonsela¹

Introduction

The nominal value of financial flows in the South African economy declined in 2016, in step with weak gross domestic product (GDP) and income growth, tight credit conditions and subdued business and consumer confidence. Inflows from the foreign sector also decreased in 2016. A decline in equity inflows reflected the effect of generally accommodative global monetary policy in advanced economies whereas the concomitant search for yield supported inflows in the bond market. These inflows were sufficient to offset the overall domestic saving-investment gap.

This note presents a brief overview of trends in the 2016 flow of funds, captured through real and financial transactions amongst all institutional sectors. The quarterly flow of funds accounts are appended to this note and the annual summary appears on pages S-46 to S-47 of this issue of the *Quarterly Bulletin*.

Sectoral financing balances

Gross saving in the domestic economy amounted to R701 billion in 2016, up from R661 billion in 2015. This was supplemented by capital inflows of R141 billion from non-residents in 2016. Gross capital formation increased by a marginal 0.4% to R842 billion in 2016, as earnings growth and business confidence remained weak. Non-financial private business enterprises played a key role, both as saver and investor in the real economy. Their gross saving accounted for 52%, while their gross capital formation represented 48% of the total in 2016. The financing balances of the economy's main institutional sectors for 2015 and 2016 are depicted in the table.

Financing balances,^{1,2} 2015 and 2016

R millions Surplus units (+)/deficit units (-)

	2015			2016		
	Gross saving	Gross capital formation	Net lending (+)/net borrowing (-)	Gross saving	Gross capital formation	Net lending (+)/net borrowing (-)
Foreign sector ³	177 654	-	177 654	141 355	-	141 355
Financial intermediaries.....	124 163	11 672	112 491	141 775	14 035	127 740
General government.....	-24 835	144 274	-169 109	-8 124	152 969	-161 093
Non-financial business enterprises						
Public	60 401	165 437	-105 036	58 550	175 214	-116 664
Private	440 467	420 034	20 433	436 471	407 299	29 172
Households ⁴	60 675	97 108	-36 433	72 091	92 601	-20 510
Total.....	838 525	838 525	0	842 118	842 118	0

1. Gross saving plus net capital transfers less gross capital formation. Gross capital formation consists of fixed capital formation and changes in inventories, before providing for consumption (depreciation) of fixed capital.

2. A positive amount reflects a net lending position and, by implication, the net acquisition of financial assets, whereas a negative amount reflects a net borrowing position and, by implication, the net incurrence of financial liabilities.

3. A positive amount reflects a surplus for the rest of the world and is therefore a deficit on South Africa's current account. A negative amount would represent a deficit for the rest of the world and a surplus on South Africa's current account.

4. Including unincorporated business enterprises and non-profit institutions serving households.

Source: SARB

The diagram on the next page summarises the inter-sectoral flows across the main institutional sectors of the economy in 2016. The general government sector recorded a net borrowing position of R161 billion in 2016. General government sourced R98 billion from financial intermediaries and extended R40 billion to non-financial business enterprises. With a net lending position of R141 billion, the foreign sector was able to augment the general government sector's funding

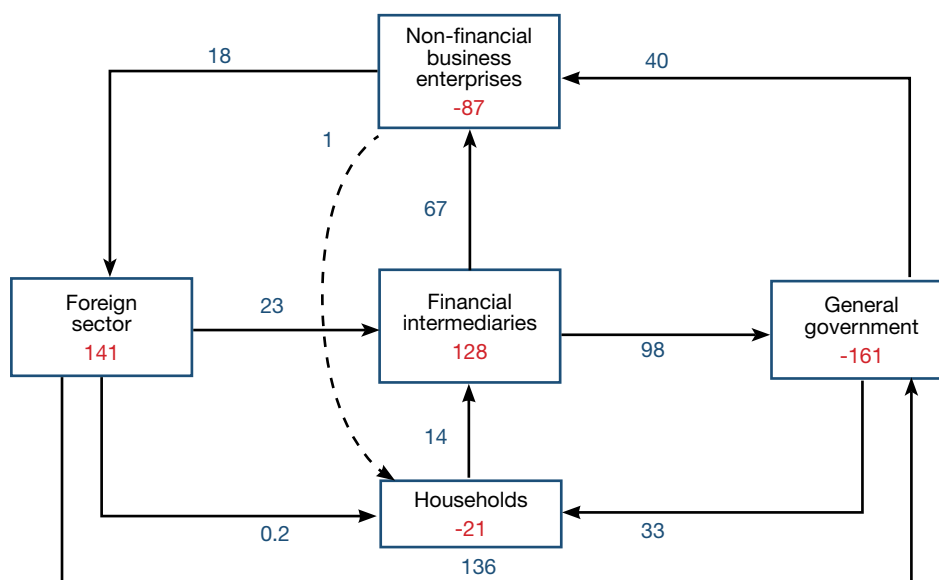
1 The views expressed in this note are those of the authors and do not necessarily reflect the views of the SARB. The SARB would like to express its sincere appreciation to all the reporting organisations – government departments, financial market institutions, as well as other public- and private-sector institutions – for their cooperation in providing the data used for the compilation of South Africa's financial accounts.



by R136 billion and extended R23 billion to local financial intermediaries. In turn, foreign sector received funds amounting to R18 billion from non-financial business enterprises. Furthermore, financial intermediaries' net lending position of R128 billion enabled them to extend R67 billion to non-financial business enterprises, thereby partly financing the latter's shortfall of R87 billion. At the same time financial intermediaries received R14 billion from households.

Net inter-sectoral flows of funds, 2016

R billions

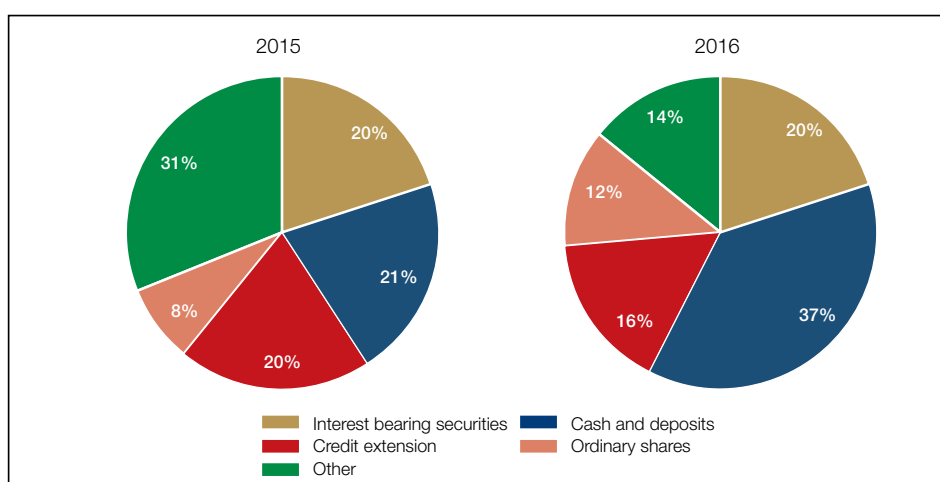


Note: Numbers may not balance perfectly due to rounding off. The numbers inside the boxes represent the net lending (+) or borrowing (-) positions of the sectors, and those outside the boxes illustrate inter-sectoral flow of funds and the direction of flows. To calculate the net lending or borrowing position of each sector, inflows are treated as negatives and outflows as positives.

Source: SARB

The graph below displays the contribution of financial instruments to intermediation in 2015 and 2016. Cash and deposits as an asset class was the most used financial instrument in 2016, representing 37% of total financial intermediation. This was followed by interest bearing securities, credit extension and shares, accounting for 20%, 16% and 12% respectively in 2016. At 37% cash and deposits represented a substantial increase from 21% a year earlier. Over recent years the contribution of credit extension declined.

The contribution of financial instruments to intermediation



Source: SARB



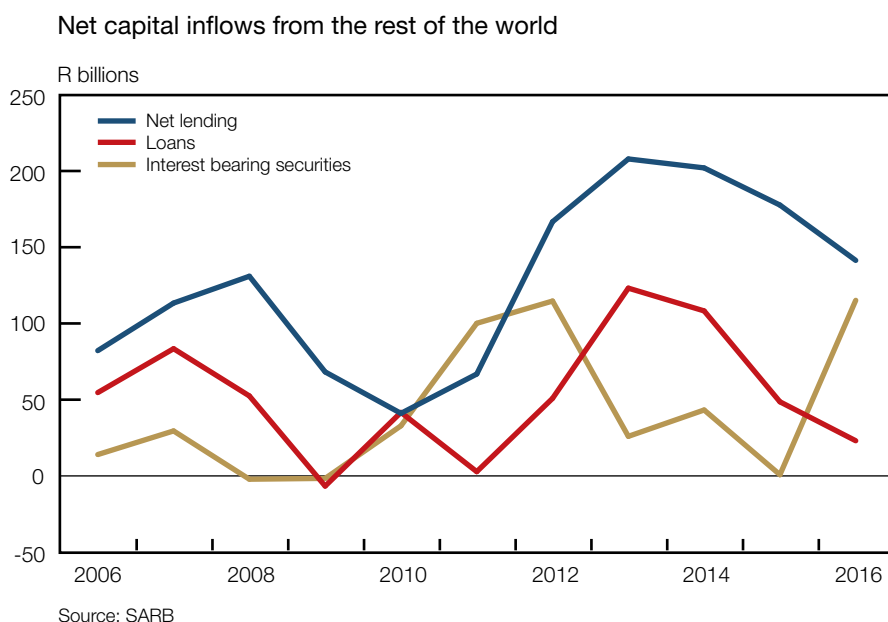
Sectoral analysis

The main institutional sectors' use of various financial instruments to fund their financing shortfalls in 2016 is briefly discussed below. The pattern and magnitude of the use of these instruments depended on, among other factors, demand and supply conditions, macroeconomic fundamentals and considerations for the associated risk-return profiles.

Foreign sector

Non-residents extended net capital inflows² to domestic economic sectors amounting to R141 billion in 2016. Although net inflows were 20% lower than in 2015, it was sufficient to fund the domestic saving-investment gap. Total inflows mainly comprised long-term loans and net purchases of government bonds, with the former playing an important financing role since 2006. These loans tended to emanate from foreign parent companies funding their domestic subsidiaries. However, inflows through net purchases of interest bearing securities increased substantially to R115 billion in 2016. During the same period non-residents incurred liabilities with domestic economic units. This increase in liabilities included loans of R63 billion.

2 The difference between non-residents' financial assets and liabilities.

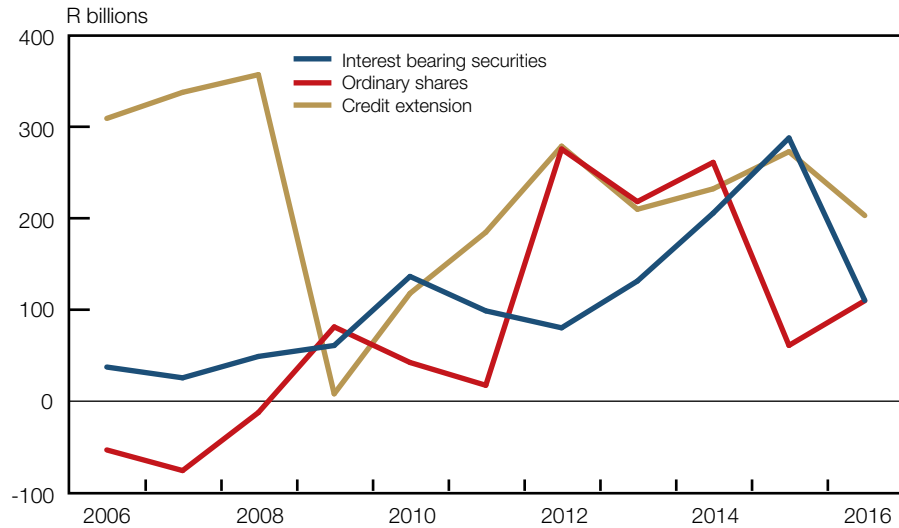


Financial intermediaries

Financial intermediaries comprise the monetary authority, banks and non-bank financial institutions. These intermediaries source funds from economic agents with surplus resources and lend funds to those with borrowing requirements. In line with subdued real economic growth, the nominal value of financial intermediation decreased in 2016, both in terms of sources and uses of funds. Intermediaries sourced R313 billion from various institutional units in 2016, consisting of monetary deposits and interest in retirement and life funds. The bulk of deposits was received from households and general government. In addition, non-bank financial institutions received funds from the sale of units by unit trusts.

Financial intermediaries' funds were mostly utilised to acquire shares, interest bearing securities and for credit extension in 2016. The acquisition of interest bearing securities and shares jointly amounted to R192 billion in 2016, while funds intermediated through credit extension amounted to R203 billion. Credit extension was mainly channelled to non-financial private business enterprises, as households' capacity to borrow was constrained by both demand and supply side factors.

Financial intermediation by main instruments

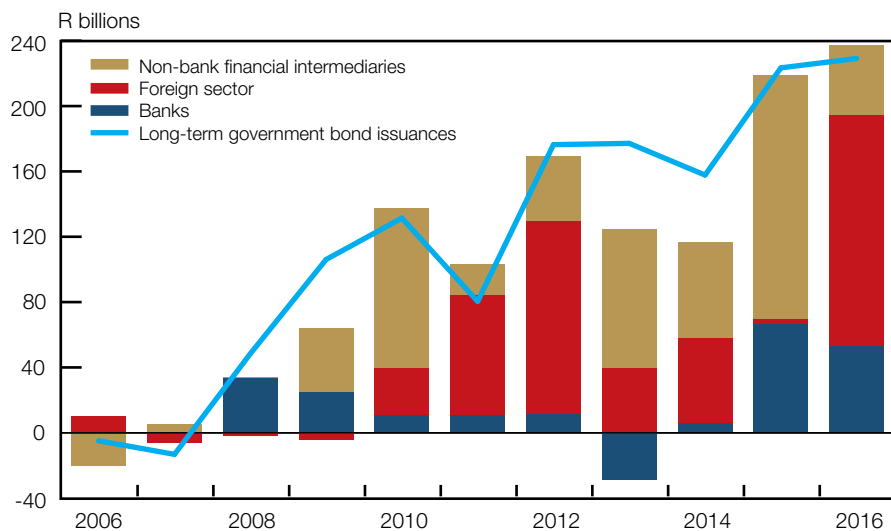


Source: SARB

General government

The moderation in real economic growth continued to constrain the general government sector's revenue collection in 2016. General government's borrowing requirement remained elevated, as its expenditure continued to increase on account of prior commitments. Nevertheless, general government's deficit narrowed from R169 billion in 2015 to R161 billion in 2016. To finance the borrowing requirement, government issued bonds to the value of R192 billion and Treasury bills to the value of R42 billion. The amount sourced through government bonds included R61 billion raised in foreign bonds during 2016. Furthermore, an amount of R10 billion was sourced from the domestic banking sector through bank loans and advances to augment the funding shortfall. Non-residents acquired R141 billion worth of long-term government bonds, while banks increased their holdings by R50 billion and non-bank financial intermediaries by R43 billion in 2016. Over the same period, the authorities redeemed domestic government bonds worth R25 billion.

General government funding through long-term bonds by sector



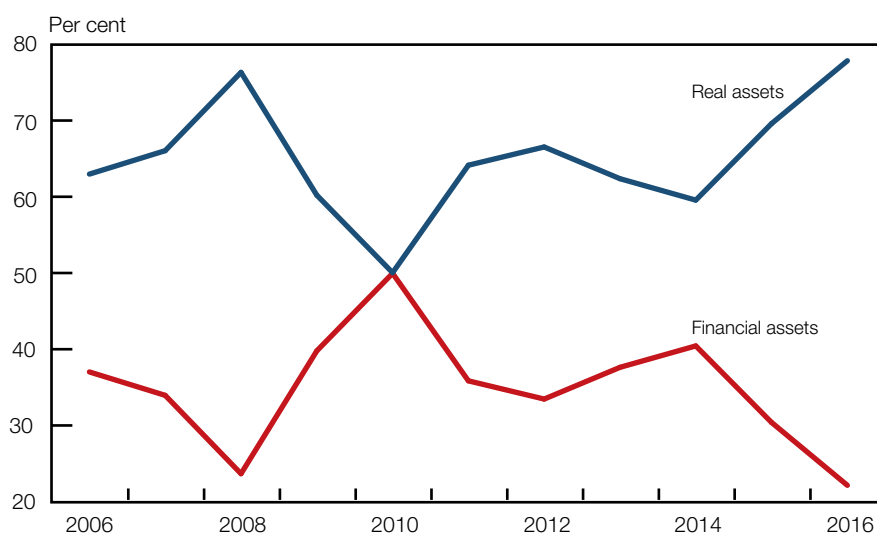
Source: SARB

Non-financial business enterprises

Subdued domestic demand conditions weighed on non-financial business enterprises' flows in 2016. This was also evident in low business and consumer confidence. Accordingly, the sector's total flows contracted in 2016 along with a significant decline in financial asset flows and a marginal decline in gross capital formation flows. However, as a share of total sectoral asset flows the latter grew from 70% in 2015 to 78% in 2016. Financial asset flows amounted to R166 billion in 2016 from R256 billion a year earlier, mainly driven by deposits.

Capital spending by non-financial public business enterprises was largely related to the electricity and transport industries, while private companies' capital outlays included mainly construction work, plants for vehicle assembly, and investment in machinery and equipment. Total non-financial business enterprises continued to represent the largest share of total gross capital formation at 69%. Over the same period, this sector's incurrence of financial liabilities amounted to R253 billion, as it absorbed the bulk of loans extended by banks. Thus, non-financial business enterprises had a financing shortfall of R87 billion in 2016, primarily due to state-owned enterprises.

Asset mix of non-financial business enterprises' financial flows

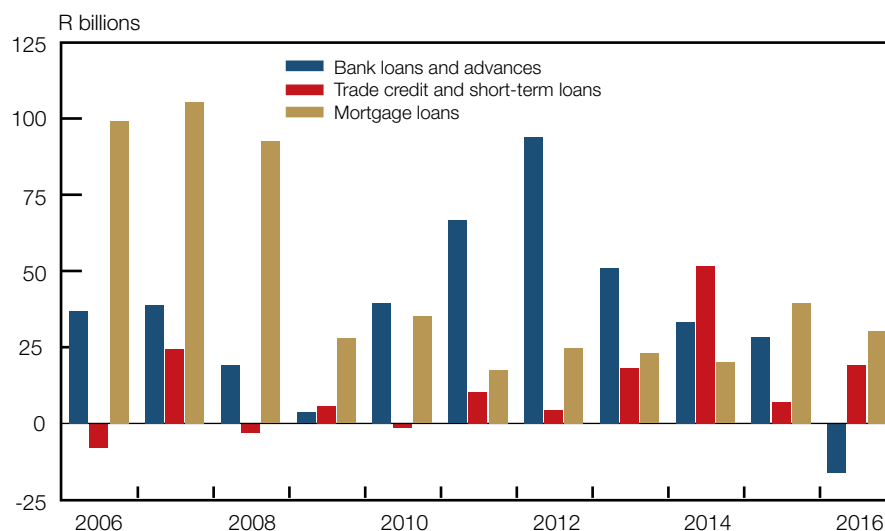


Source: SARB

Households

The household sector registered a deficit position of R21 billion in 2016, as its ability to borrow weakened along with poor real economic and income growth, limited employment creation and stricter lending criteria. Credit acquisition by households weakened further in 2016. Growth in bank loans and advances to households in particular slowed significantly in 2016, largely due to a deceleration in instalment sale financing. Mortgage loans to households fell from R39 billion in 2015 to R30 billion in 2016. This level of borrowing brought the sector's incurrence of liabilities to R221 billion. Parallel to these developments, households' flows for the acquisition of financial assets grew at a comparatively faster pace, driven by deposit holdings and interest in retirement and life funds.

Household borrowing by type of credit



Source: SARB

Summary and conclusion

The nominal value of total financial intermediation in South Africa declined in 2016, underscoring the prevailing weaknesses in real economic activity. The decline was evident across most institutional sectors of the economy, reflecting the need to implement structural changes to reposition the economy on a sustainable growth path. The national financial accounts analysis for 2016 revealed that:

- Foreign sector inflows into the domestic economy continued, albeit at a slower pace.
- Financial intermediation through both credit extension and the acquisition of interest bearing securities slowed.
- The general government sector's deficit narrowed.
- Non-financial business enterprises' capital formation declined slightly.
- Households' capacity to spend weakened.

References

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Flow of funds tables

National financial account

Flow of funds for the first quarter 2016¹

R millions

Transaction items	Sectors		Financial intermediaries										
			Foreign sector		Monetary authority		Other monetary institutions ²		Public Investment Corporation ³		Insurers and retirement funds		Other financial institutions
	S	U	S	U	S	U	S	U	S	U	S	U	
1. Net saving ⁴	63 183		1 203		17 972					13 123		3 279	
2. Consumption of fixed capital ⁴			20		4 087					451		773	
3. Capital transfers.....	43	104										3 755	
4. Gross capital formation ⁴				28	2 731						101		285
5. Net lending (+)/net borrowing (-).....	63 122		1 195		19 328					13 473		7 522	
6. Net financial investment (+) or (-) (U).....		63 122		1 195	19 328						13 473		7 522
7. Net incurrence of financial liabilities (Total S 9 – 32).....	-184 614		-9 437		-49 181		15 963			24 595		12 770	
8. Net acquisition of financial assets (Total U 9 – 32).....		-121 492		- 8 242	-29 853		15 963			38 068		20 292	
9. Gold and other foreign reserves.....	- 4 213			-4 213									
10. Cash and demand monetary deposits ⁵		-3 480	3 853	8	14 579	1 063		-644		13 230		11 058	
11. Short/Medium-term monetary deposits ⁵		-11 890	197	28 508	-14 879			-4 081		-5 932		-36 423	
12. Long-term monetary deposits ⁵		2 045			31 982			-725		-2 006		38 139	
13. Funds placed with other financial institutions	-1 204	359				-996		1 292		-6 879	25 702	-1 204	
14. Funds placed with other institutions.....	-17 770					-11 353	15 963	253	253	8 146		-11 660	
15. Treasury bills.....	-1 074			1 973		-7 999				1 852		1 162	
16. Other bills.....	-20 711		76	-18 200	-445	-2 472		462		-612	-41	10 064	
17. Bank loans and advances.....	-2 858		2 500	-17 912	1 303	69 104			283		12 001		
18. Trade credit and short-term loans.....	-237	-12 551	-1 741	-46	23 243	-5 323			11 799	162	121	-105	
19. Short-term government bonds.....				258		21 906		-1		-19 308		-5 182	
20. Long-term government bonds.....	-472	33 790				-1 399		-243		6 071		2 982	
21. Non-marketable government bonds ⁶		-225		1 973									
22. Securities of local governments.....						52				289		-341	
23. Securities of public enterprises.....	508	-12 387	-179			4 717		5 501		5 654	792	1 885	
24. Other loan stock and preference shares.....	-2 314	-174			1 012	13 532		1 150	-403	10 151	638	891	
25. Ordinary shares.....	-18 232	14 916		-100	502	-2 498		8 204	216	54 937		12 634	
26. Foreign branch/head office balances.....													
27. Long-term loans.....	6 604	8 005	- 13 558		484				-42	- 36 484	1 781	5 457	
28. Mortgage loans.....	-301					25 414			-3	268	892	464	
29. Interest in retirement and life funds ⁷		-740				382			28 087				
30. Financial derivatives.....	-148 843	-147 053			-144 880	-148 344			-3 987	2 215	-18 534	-23 018	
31. Amounts receivable/payable.....	519	-96	471	3		5 039			862	14 196	-500	8 905	
32. Other liabilities/assets.....	25 984	7 989	-1 056	-494	37 688	9 242		4 795	-12 352	-7 662	-9 811	4 438	
33. Balancing item.....					230	80			-118	-220	-271	146	

S = Sources, i.e., net increase in liabilities at transaction value.

U = Uses, i.e., net increase in assets at transaction value.

KB230

1. A negative amount reflects a decrease in that item. In the case of liabilities (sources) it denotes a reduction in the available sources of funds and in the case of assets (uses) it indicates an additional source of funds.
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6. Non-marketable bonds and other Treasury bills.
7. Members' interest in the reserves of retirement and all insurance funds.



National financial account (continued)

Flow of funds for the first quarter 2016¹

R millions

General government				Corporate business enterprises				Households, etc.		Total		Sectors
Central and provincial governments		Local governments		Public sector		Private sector						
S	U	S	U	S	U	S	U	S	U	S	U	Transaction items
16 879		-7 499		-8 007		132		-59 835		40 430		
15 269		5 643		20 414		88 234		16 095		150 986		2. Consumption of fixed capital ⁴
	28 003	10 907		8 000		674	15	4 771	28	28 150	28 150	3. Capital transfers
	21 402		16 321		39 233		88 423		22 892		191 416	4. Gross capital formation ⁴
-17 257		-7 270		-18 826		602		-61 889				5. Net lending (+)/net borrowing (-) (S)
	-17 257		-7 270		-18 826		602		-61 889			6. Net financial investment (+) or (-) (U)
-17 672		21 008		10 126		62 446		78 924		-35 072		7. Net incurrence of financial liabilities (Total S 9 – 32)
	-34 929		13 738		-8 700		63 048		17 035		-35 072	8. Net acquisition of financial assets (Total U 9 – 32)
	-40 823		3 506		1 387		30 031		3 096	-4 213	-4 213	9. Gold and other foreign reserves
	12 603		11 178		12 454		-27 028		5 929	18 432	18 432	10. Cash and demand monetary deposits ⁵
	528		-613		-1 386		-7 612		3 612	-14 682	-14 682	11. Short/Medium-term monetary deposits ⁵
			10	673	245		29 622		2 722	31 982	31 982	12. Long-term monetary deposits ⁵
	3 639					46	9 039		428	25 171	25 171	13. Funds placed with other financial institutions
2 633							4 571			-1 508	-1 508	14. Funds placed with other institutions
	114			176	197	12 505	2 007			1 559	1 559	15. Treasury bills
-19 098		-459		7 814		38 468		11 238		-8 440	-8 440	16. Other bills
-133	-1 313	942	380	-1 273	366	-26 405	16 196	-2 981	5 569	51 192	51 192	17. Bank loans and advances
-2 327										3 335	3 335	18. Trade credit and short-term loans
41 479					-166				-28	-2 327	-2 327	19. Short-term government bonds
-17 564									-19 312	41 007	41 007	20. Long-term government bonds
										-17 564	-17 564	21. Non-marketable government bonds ⁶
	-9			4 239			-1				5 360	22. Securities of local governments
	176	-2	-104	-4	687	34 256	6 874			5 360	5 360	23. Securities of public enterprises
	1 345			236	-335	97 101	-9 274		-6	33 183	33 183	24. Other loan stock and preference shares
-494	-12 476	-4 745	-210	8 903	83	-28 216	6 341	51	52	79 823	79 823	25. Ordinary shares
		546	43	-185		13 577		11 663		-29 232	-29 232	26. Foreign branch/head office balances
					-1 933		-4 012		34 390	26 189	26 189	27. Long-term loans
				2 588	-29 824	-8 559	23 809			28 087	28 087	28. Mortgage loans
-22 168	1 287	15 498	-196	-12 705	11 239	-49 463	-29 406	59 040	-19 417	-322 215	-322 215	29. Interest in retirement and life funds ⁷
		9 171	-192	-252	-1 535	-20 627	12 077	-87		28 658	28 658	30. Financial derivatives
		57	-64	-84	-179	-237	-186			-8 446	-8 446	31. Amounts receivable/payable
										28 658	28 658	32. Other liabilities/assets
										-423	-423	33. Balancing item

S = Sources, i.e., net increase in liabilities at transaction value.

U = Uses, i.e., net increase in assets at transaction value.

KB231

1. A negative amount reflects a decrease in that item. In the case of liabilities (sources) it denotes a reduction in the available sources of funds and in the case of assets (uses) it indicates an additional source of funds.
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6. Non-marketable bonds and other Treasury bills.
7. Members' interest in the reserves of retirement and all insurance funds.

National financial account

Flow of funds for the second quarter 2016¹

R millions

Sectors Transaction items	Foreign sector		Financial intermediaries										
			Monetary authority		Other monetary institutions ²		Public Investment Corporation ³		Insurers and retirement funds		Other financial institutions		
	S	U	S	U	S	U	S	U	S	U	S	U	
1. Net saving ⁴	19 698		1 166		6 275					3 660		8 675	
2. Consumption of fixed capital ⁴			21		4 241					523		786	
3. Capital transfers.....	44	101											
4. Gross capital formation ⁴				32		4 250					80		32
5. Net lending (+)/net borrowing (-) (S).....	19 641		1 155		6 266					4 103		9 429	
6. Net financial investment (+) or (-) (U).....		19 641		1 155		6 266					4 103		9 429
7. Net incurrence of financial liabilities (Total S 9 – 32).....	-92 033		898		-39 031		24 267			47 495		30 556	
8. Net acquisition of financial assets (Total U 9 – 32).....		-72 392		2 053		-32 765		24 267		51 598		39 985	
9. Gold and other foreign reserves.....	-1 191			-1 191									
10. Cash and demand monetary deposits ⁵		3 246	3 303	-8	1 971	-1 797		978		-317		-8 456	
11. Short/Medium-term monetary deposits ⁵		-1 666		83	-14 843			-4 049		-2 184		-25 379	
12. Long-term monetary deposits ⁵		-5 011			44 777			3 183		4 050		28 905	
13. Funds placed with other financial institutions	509	-94				1 036		-12 839		-1 287	41 090	509	
14. Funds placed with other institutions.....	-24 889					-15 866	24 267	321	321	16 798		3 584	
15. Treasury bills.....	5 033			-1 973		20 742				-48		-915	
16. Other bills.....	-15 171		-96	-16 002	1 095	893		685		-52	-260	7 722	
17. Bank loans and advances.....	11 644		1 941	8 449	2 701	-29 148					-6 641		
18. Trade credit and short-term loans.....	16 063	-18 796	-180	313	-6 862	14 768			11 736	369	4 004	3 171	
19. Short-term government bonds.....				141		7 671				-13 397		-392	
20. Long-term government bonds.....	-685	39 434				5 034		-3 323		17 709		5 012	
21. Non-marketable government bonds ⁶		-735		-1 973									
22. Securities of local governments.....						14				1 859		-148	
23. Securities of public enterprises.....	-84	1 634	-1 241			-1 567		8 099		-1 423	584	55	
24. Other loan stock and preference shares.....	-1 067	-6 491			-5 677	2 166		841	7 081	4 784	-103	5 240	
25. Ordinary shares.....	3 256	12 272			-1 204	3 187		27 724	1 535	31 600		18 066	
26. Foreign branch/head office balances.....													
27. Long-term loans.....	10 196	109	-1 831	-11	-516				-153	18 779	-5 599	-6 079	
28. Mortgage loans.....	1 006					19 292				49	446	530	
29. Interest in retirement and life funds ⁷		-1 041				387			19 829				
30. Financial derivatives.....	-94 605	-100 854			-98 723	-95 896			-950	-1 379	585	-114	
31. Amounts receivable/payable.....	-166	2	302	8	9 982	79			-3 818	-16 130	692	8 316	
32. Other liabilities/assets.....	-1 882	5 599	-1 300	14 217	28 201	36 180		2 647	11 685	-7 886	-3 932	268	
33. Balancing item.....					67	60			229	-296	-310	90	

S = Sources, i.e., net increase in liabilities at transaction value.

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KB230

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National financial account (continued)

Flow of funds for the second quarter 2016¹

R millions

General government				Corporate business enterprises				Households, etc.		Total		Sectors Transaction items	
Central and provincial governments		Local governments		Public sector		Private sector							
S	U	S	U	S	U	S	U	S	U	S	U		
-17 365		-15 777		-6 283		30 168		27 313		57 530		1. Net saving ⁴	
15 649		5 824		20 987		90 677		16 428		155 136		2. Consumption of fixed capital ⁴	
	4 738	90				571	16	4 178	28	4 883	4 883	3. Capital transfers	
	20 931	16 495			45 059	103 749		22 038		212 666		4. Gross capital formation ⁴	
-27 385		-26 358		-30 355		17 651		25 853				5. Net lending (+)/net borrowing (-) (S)	
	-27 385	-26 358		-30 355		17 651		25 853				6. Net financial investment (+) or (-) (U)	
65 332		5 605		28 091		89 730		29 782		190 692		7. Net incurrence of financial liabilities (Total S 9 – 32)	
	37 947	-20 753		-2 264		107 381		55 635		190 692		8. Net acquisition of financial assets (Total U 9 – 32)	
	57 333	-8 178		-1 650		-43 805		7 928		-1 191	-1 191	9. Gold and other foreign reserves	
	-20 359	-11 681		830		30 188		19 374		5 274	5 274	10. Cash and demand monetary deposits ⁵	
	4 972	380		2 972		-930		6 256		-14 843	-14 843	11. Short/Medium-term monetary deposits ⁵	
		35		994		45 491		7 688		44 777	44 777	12. Long-term monetary deposits ⁵	
	4 639		-66			28	-9 893	144		41 533	41 533	13. Funds placed with other financial institutions	
7 771										-273	-273	14. Funds placed with other institutions	
	-77						-5 002			12 804	12 804	15. Treasury bills	
				-713	-117	9 149	957		5	-5 991	-5 991	16. Other bills	
4 308		749		2 049		-4 775		-32 675		-20 699	-20 699	17. Bank loans and advances	
	-1 409	1 111	-394	-1 779	-218	-55 639	-15 718	14 167	535	-17 379	-17 379	18. Trade credit and short-term loans	
-5 977										-5 977	-5 977	19. Short-term government bonds	
64 021					-459				-71	63 336	63 336	20. Long-term government bonds	
4 197									6 905	4 197	4 197	21. Non-marketable government bonds ⁶	
		1 183					-542			1 183	1 183	22. Securities of local governments	
				7 539						6 798	6 798	23. Securities of public enterprises	
	-176		26	2	136	16 913	10 627		-4	17 149	17 149	24. Other loan stock and preference shares	
	662			-553	390	118 483	27 615		1	121 517	121 517	25. Ordinary shares	
												26. Foreign branch/head office balances	
-1 372	-6 125	2 014	158	-3 553	957	17 626	9 500	342	-134	17 154	17 154	27. Long-term loans	
		71	-9	-872		14 073		5 138		19 862	19 862	28. Mortgage loans	
					1 289		5 473		13 721	19 829	19 829	29. Interest in retirement and life funds ⁷	
				4 226	-2 048	-1 650	9 174			-191 117	-191 117	30. Financial derivatives	
-7 616	-1 513	-573		2 753	-7 426	-56 442	10 909	42 423	-6 708	-12 463	-12 463	31. Amounts receivable/payable	
		787	-818	19 043	2 064	32 360	33 073	382		85 344	85 344	32. Other liabilities/assets	
		263	-272	15	22	-396	264			-132	-132	33. Balancing item	

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KB231

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- Non-marketable bonds and other Treasury bills.
- Members' interest in the reserves of retirement and all insurance funds.

National financial account

Flow of funds for the third quarter 2016¹

R millions

Sectors Transaction items	Foreign sector		Financial intermediaries										
			Monetary authority		Other monetary institutions ²		Public Investment Corporation ³		Insurers and retirement funds		Other financial institutions		
	S	U	S	U	S	U	S	U	S	U	S	U	
1. Net saving ⁴	54 102		1 449		11 294					6 117		9 181	
2. Consumption of fixed capital ⁴			22		4 464					573		802	
3. Capital transfers.....	41	103											
4. Gross capital formation ⁴				29		3 195					322		70
5. Net lending (+)/net borrowing (-) (S).....	54 040		1 442		12 563					6 368		9 913	
6. Net financial investment (+) or (-) (U).....		54 040		1 442		12 563					6 368		9 913
7. Net incurrence of financial liabilities (Total S 9 – 32).....	-66 083		-34 445		-4 450		33 496			3 931		32 457	
8. Net acquisition of financial assets (Total U 9 – 32).....		-12 043		- 33 003		8 113		33 496			10 299		42 370
9. Gold and other foreign reserves.....	5 813			5 813									
10. Cash and demand monetary deposits ⁵		-6 182	-7 326	9	4 041	4 012		5 441		-1 508		6 172	
11. Short/Medium-term monetary deposits ⁵		-5 281	-14	-28 591	49 992			1 499		-6 434		45 789	
12. Long-term monetary deposits ⁵		-4 203			-21 614			1 373		206		-24 441	
13. Funds placed with other financial institutions	1 452	517				-1 822		5 817		928	45 453	1 452	
14. Funds placed with other institutions.....	3 272					2 097	33 496	19 397	19 397	29 442		8 793	
15. Treasury bills.....	524			-102		10 889				990		574	
16. Other bills.....	-36 837			-37 306	-845	-399		11 915		-189	-1 141	-4 487	
17. Bank loans and advances.....	7 752		-2 373	27 191	2 012	47 388					13 895		
18. Trade credit and short-term loans.....	9 422	39 298	23 465	- 32	33 641	-5 289			-2 957	1 373	-3 725	5 066	
19. Short-term government bonds.....				71		-18 757		-147		-9 764		175	
20. Long-term government bonds.....	-542	52 805				13 124		-3 048		-7 614		-5 543	
21. Non-marketable government bonds ⁶		-225		26 564									
22. Securities of local governments.....						-4				-93		86	
23. Securities of public enterprises.....	236	-815	208			-110		2 506		3 736	406	14	
24. Other loan stock and preference shares.....	4 862	-8 203			-8 022	-3 921		410	-2 360	-7 471	24	892	
25. Ordinary shares.....	16 265	12 093			77	4 613		-10 457	319	-7 916		24 608	
26. Foreign branch/head office balances.....													
27. Long-term loans.....	9 289	14 163	-21 577	- 9 981	484				-23	- 53	-9 836	2 943	
28. Mortgage loans.....	187					18 386			-1	-10	58	907	
29. Interest in retirement and life funds ⁷		1 912				108			31 094				
30. Financial derivatives.....	-115 056	-114 911			-110 965	-114 543			-1 903	1 074	-296	-38	
31. Amounts receivable/payable.....	787		-9 189	-6 463	12 665	15 025			-14 573	- 8 416	-12 323	-19 530	
32. Other liabilities/assets.....	26 491	6 989	-17 639	-10 176	33 813	36 987		- 1 210	-25 046	21 763	- 87	-797	
33. Balancing item.....					271	329			-16	255	29	-265	

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KB230

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6. Non-marketable bonds and other Treasury bills.
7. Members' interest in the reserves of retirement and all insurance funds.



National financial account (continued)

Flow of funds for the third quarter 2016¹

R millions

General government				Corporate business enterprises				Households, etc.		Total		Transaction items	
Central and provincial governments		Local governments		Public sector		Private sector							
S	U	S	U	S	U	S	U	S	U	S	U	Sectors	
-40 019		859		- 8 009		19 651		27 136		81 761			1. Net saving ⁴
15 682		5 937		21 604		88 285		16 516		153 885			2. Consumption of fixed capital ⁴
	20 471	10 968				4 569	14	5 037	27	20 615	20 615		3. Capital transfers
	21 044		17 348		47 554		122 736		23 348		235 646		4. Gross capital formation ⁴
-65 852		416		-33 959		-10 245		25 314					5. Net lending (+)/net borrowing (-) (S)
	-65 852		416		-33 959		-10 245		25 314				6. Net financial investment (+) or (-) (U)
86 048		207		25 049		48 020		53 994		178 224			7. Net incurrence of financial liabilities (Total S 9 – 32)
	20 196		623		-8 910		37 775		79 308		178 224		8. Net acquisition of financial assets (Total U 9 – 32)
	-29 515		-624		621		11 940		6 349	5 813	5 813		9. Gold and other foreign reserves
	15 806		1 212		3 701		9 169		13 108	-3 285	-3 285		10. Cash and demand monetary deposits ⁵
	4 769		1		818		-5 156		5 019	49 978	49 978		11. Short/Medium-term monetary deposits ⁵
			-10	645	849		21 228		18 591	-21 614	-21 614		12. Long-term monetary deposits ⁵
	6 493					44	-10 569		556	47 550	47 550		13. Funds placed with other financial institutions
10 119										56 209	56 209		14. Funds placed with other institutions
	-77						-1 708			10 643	10 643		15. Treasury bills
				-240		7 814	-711	-5		-31 254	-31 254		16. Other bills
26 061		-1 488		4 315		26 812		-2 407		74 579	74 579		17. Bank loans and advances
	9 974	-1 492	585	298	124	14 290	17 853	3 080	7 070	76 022	76 022		18. Trade credit and short-term loans
-28 422										-28 422	-28 422		19. Short-term government bonds
50 205					-33				-28	49 663	49 663		20. Long-term government bonds
26 526									187	26 526	26 526		21. Non-marketable government bonds ⁶
		-167					-156			-167	-167		22. Securities of local governments
				4 470					-11	5 320	5 320		23. Securities of public enterprises
	- 176		32	-3 272	- 1	237	9 908		-1	- 8 531	-8 531		24. Other loan stock and preference shares
	18 062			4	-1 428	31 704	8 794			48 369	48 369		25. Ordinary shares
- 10 404	- 20 419	-176	-13	8 111	-10 642	10 730	9 916	- 627	57	-14 029	-14 029		26. Foreign branch/head office balances
		-291	-8	56		11 418		7 848		19 275	19 275		27. Long-term loans
					-55		3 921		25 208	31 094	31 094		28. Mortgage loans
				1 981	-8 959	-2 788	8 350			-229 027	-229 027		29. Interest in retirement and life funds ⁷
11 963	15 279	203		- 14 225	8 481	- 48 639	-34 940	45 970	3 203	-27 361	- 27 361		30. Financial derivatives
		3 464	-414	22 679	-2 289	-3 686	-10 729	135		40 124	40 124		31. Amounts receivable/payable
		154	-138	227	- 97	84	665			749	749		32. Other liabilities/assets
													33. Balancing item

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6. Non-marketable bonds and other Treasury bills.
7. Members' interest in the reserves of retirement and all insurance funds.

National financial account

Flow of funds for the fourth quarter 2016¹

R millions

Sectors Transaction items	Foreign sector		Financial intermediaries										
			Monetary authority		Other monetary institutions ²		Public Investment Corporation ³		Insurers and retirement funds		Other financial institutions		
	S	U	S	U	S	U	S	U	S	U	S	U	
1. Net saving ⁴	4 613		-1 827		16 120					7 491		10 043	
2. Consumption of fixed capital ⁴			23		4 623					575		815	
3. Capital transfers.....	39	100											
4. Gross capital formation ⁴				41		2 071					727		41
5. Net lending (+)/net borrowing (-) (S).....	4 552		-1 845		18 672					7 339		10 817	
6. Net financial investment (+) or (-) (U).....		4 552		-1 845		18 672					7 339		10 817
7. Net incurrence of financial liabilities (Total S 9 – 32).....	-131 747		9 253		-58 695		46 652			35 283		16 700	
8. Net acquisition of financial assets (Total U 9 – 32).....		-127 195		7 408		-40 023		46 652		42 622		27 517	
9. Gold and other foreign reserves.....	39 501			39 501									
10. Cash and demand monetary deposits ⁵		3 572	38 279	-9	57 654	16 466		25 693		2 322			-5 231
11. Short/Medium-term monetary deposits ⁵		1 142	-19		62 587			13 149		6 236			9 628
12. Long-term monetary deposits ⁵		2 650			-31 892			-13 136		-384			-25 022
13. Funds placed with other financial institutions	-1 025	-80				-740		3 162		-83	36 896		-1 025
14. Funds placed with other institutions.....	9 067					13 038	46 652	4 264	4 264	43 969			-3 539
15. Treasury bills.....	941			101		19 335				-660			1 456
16. Other bills.....	-9 611		-4	-9 404	2 340	-229		2 510		34	44		21 315
17. Bank loans and advances.....	-9 888		-2 068	-2 207	11	-4 273						-10 290	
18. Trade credit and short-term loans.....	-13 445	-24 699	-15 320	-107	-49 676	10 686			17 738	-491	2 446		5 620
19. Short-term government bonds.....				-79		-7 126				2 705			4 137
20. Long-term government bonds.....	212	15 083				32 763		1 756		8 713			15 379
21. Non-marketable government bonds ⁶		-636											
22. Securities of local governments.....						-46				-82			-4
23. Securities of public enterprises.....	1 088	942	-1 105			-7 381		3		2 571	1 620		4 637
24. Other loan stock and preference shares.....	6 560	-461			-805	3 740		-1 047	7 572	-7 311	-532		-8 702
25. Ordinary shares.....	-63 332	-7 757			3 930	1 288		10 298	66	-24 445			-6 133
26. Foreign branch/head office balances.....													
27. Long-term loans.....	17 616	17 531	-16 383	-13	-402				1 140	8 459	3 790		1 725
28. Mortgage loans.....	247					23 078				-41	143		1 151
29. Interest in retirement and life funds ⁷		1 754				-172			11 157				
30. Financial derivatives.....	-127 113	-125 741			-124 636	-127 480			296	-416	-285		-153
31. Amounts receivable/payable.....	-447	-1 150	-6	-2	4	-1 348			17 412	6 848	4		4 232
32. Other liabilities/assets.....	17 882	-9 345	5 879	-20 373	21 892	-11 466			-24 272	-4 992	-17 102		7 785
33. Balancing item.....					298	-156			-90	-330	-34		261

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National financial account (continued)

Flow of funds for the fourth quarter 2016¹

R millions

General government				Corporate business enterprises				Households, etc.		Total		Sectors	
Central and provincial governments		Local governments		Public sector		Private sector							
S	U	S	U	S	U	S	U	S	U	S	U	Transaction items	
16 347		-11 832		-12 514		26 315		-5 964		48 792			1. Net saving ⁴
15 709		6 078		22 358		86 795		16 622		153 598			2. Consumption of fixed capital ⁴
	16 580	12 319				459	14	3 902	25	16 719	16 719		3. Capital transfers
	21 605		17 823		43 368		92 391		24 323		202 390		4. Gross capital formation ⁴
-6 129		-11 258		-33 524		21 164		-9 788					5. Net lending (+)/net borrowing (-) (S)
	-6 129		-11 258		-33 524		21 164		-9 788				6. Net financial investment (+) or (-) (U)
84 306		11 872		37 557		-47 807		58 424		61 798			7. Net incurrence of financial liabilities (Total S 9 – 32)
	78 177		614		4 033		-26 643		48 636		61 798		8. Net acquisition of financial assets (Total U 9 – 32)
	-65 944		2 782		-46		113 325		3 003	39 501	39 501		9. Gold and other foreign reserves
	111 393		238		-12 553		-83 170		16 505	95 933	95 933		10. Cash and demand monetary deposits ⁵
	-3 461		2 240		-1 886		3 982		3 125	62 568	62 568		11. Short/Medium-term monetary deposits ⁵
			42		-854		14 005		21 444	-31 892	-31 892		12. Long-term monetary deposits ⁵
	4 348					806	-1 409		118	35 871	35 871		13. Funds placed with other financial institutions
20 996							1 705			60 789	60 789		14. Funds placed with other institutions
	-77			-262		23 073	1 431			21 937	21 937		15. Treasury bills
-2 068		1 704		-1 455		9 989		7 585		15 580	15 580		16. Other bills
	18 184	10 329	-337	850	10	9 504	-32 125	4 890	-9 425	-6 480	-6 480		17. Bank loans and advances
-365									-2	-365	-365		18. Trade credit and short-term loans
73 421					-61					73 633	73 633		19. Short-term government bonds
-2 732									-2 096	-2 732	-2 732		20. Long-term government bonds
		-91					41			-91	-91		21. Non-marketable government bonds ⁶
				-895					-64	708	708		22. Securities of local governments
	-176		-11	-291	1 064	-14 651	10 757			-2 147	-2 147		23. Securities of public enterprises
	3 662			7 048	70	-37 565	-66 835		-1	-89 853	-89 853		24. Other loan stock and preference shares
-1 085	-16 563	123	-16	10 470	-1 349	8 121	14 101	636	151	24 026	24 026		25. Ordinary shares
		46		32		18 124		5 596		24 188	24 188		26. Foreign branch/head office balances
					-784		-4 847		15 206	11 157	11 157		27. Long-term loans
				3 135	-3 021	109	8 317			-248 494	-248 494		28. Mortgage loans
-3 861	26 811	-179		21 583	27 375	-15 875	12 756	57 559	672	76 194	76 194		29. Interest in retirement and life funds ⁷
		-90	-4 243	-2 494	-3 699	-48 903	-18 717	-17 842		-65 050	-65 050		30. Financial derivatives
		30	-81	-164	-233	-539	40			-499	-499		31. Amounts receivable/payable
													32. Other liabilities/assets
													33. Balancing item

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