

Note on the flow of funds in South Africa's national financial account for the year 2017

by C Monyela and S Madonsela¹

Introduction

The national financial account shows an increase in the transaction value of financial flows in the South African economy in 2017, along with an improvement in real economic growth, especially during the latter half of the year. Although less than in 2016, inflows from the foreign sector adequately financed the deficit on the current account of South Africa's balance of payments, supported by an upsurge in non-resident purchases of domestic interest-bearing securities. Overall, the value of funds transacted through shares increased while cash and deposits as well as credit extension decreased.

This note is a brief summary of trends in both real and financial transactions in the flow of funds for the calendar year 2017 among all institutional sectors, and is followed by quarterly flow-of-funds accounts. The corresponding annual summary is published on pages S-46 and S-47 in this issue of the *Quarterly Bulletin*.

Sectoral financing balances

Gross saving in the South African economy increased from R721 billion in 2016 to R751 billion in 2017, as corporate profits grew. Meanwhile, the domestic economy's gross capital formation grew by 2.8% in 2017. Capital outlays were mostly effected through transport equipment as well as in machinery and equipment, against a backdrop of continued weak business confidence and subdued residential and non-residential construction activity. The net borrowing position of all the domestic economic sectors of R114 billion in 2017 was financed by inflows from the foreign sector. This domestic financing shortfall could mainly be attributed to the broader public sector.²

As a share of gross domestic product (GDP), gross capital formation accounted for 18.6% and the collective domestic economy's net borrowing requirement for 2.5% in 2017. The table below summarises the economy's institutional financing balances for 2016 and 2017.

Financing balances,^{1,2} 2016 and 2017

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

	2016				2017			
	Gross saving	Net capital transfers	Gross capital formation	Net lending (+)/net borrowing (-)	Gross saving	Net capital transfers	Gross capital formation	Net lending (+)/net borrowing (-)
Foreign sector ³	121 188	-241	-	120 947	114 317	-246	-	114 071
Financial intermediaries	120 364	3 755	28 160	95 959	113 289	-	19 858	93 431
General government	26 744	-36 688	143 340	-153 284	47	-36 756	148 816	-185 525
Non-financial business enterprises								
Public	50 550	8 000	163 521	-104 971	55 198	17 789	173 830	-100 843
Private	464 572	5 928	415 687	54 813	508 740	2 068	426 589	84 219
Households ⁴	58 501	19 246	91 211	-13 464	73 729	17 145	96 227	-5 353
Total	841 919	0	841 919	0	865 320	0	865 320	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 the 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 of the balance of payments. A negative amount would represent a deficit for the rest of the world and a surplus on South Africa's current account of the balance of payments.

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

Source: SARB

1 The views expressed 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, and other public and private sector institutions – for their cooperation in furnishing the data used for the compilation of South Africa's financial accounts.

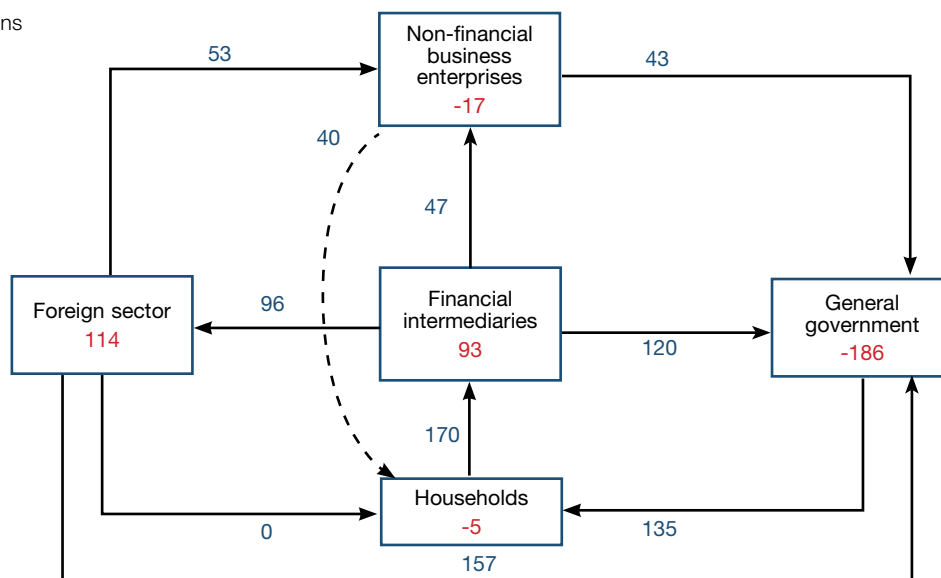
2 This includes general government and non-financial public business enterprises.



The inter-sectoral flows in the South African economy are presented in the diagram below. General government and non-financial business enterprises were the largest net borrowers in 2017, while the foreign sector and financial intermediaries were the main net lenders. General government sourced R120 billion from financial intermediaries and R157 billion from the foreign sector to finance its wider shortfall. Similarly, the shortfall of the non-financial business enterprises was mainly financed through funding from financial intermediaries and the foreign sector. In turn, financial intermediaries received R170 billion from households and channelled R96 billion to non-residents.

Net inter-sectoral flows of funds, 2017*

R billions

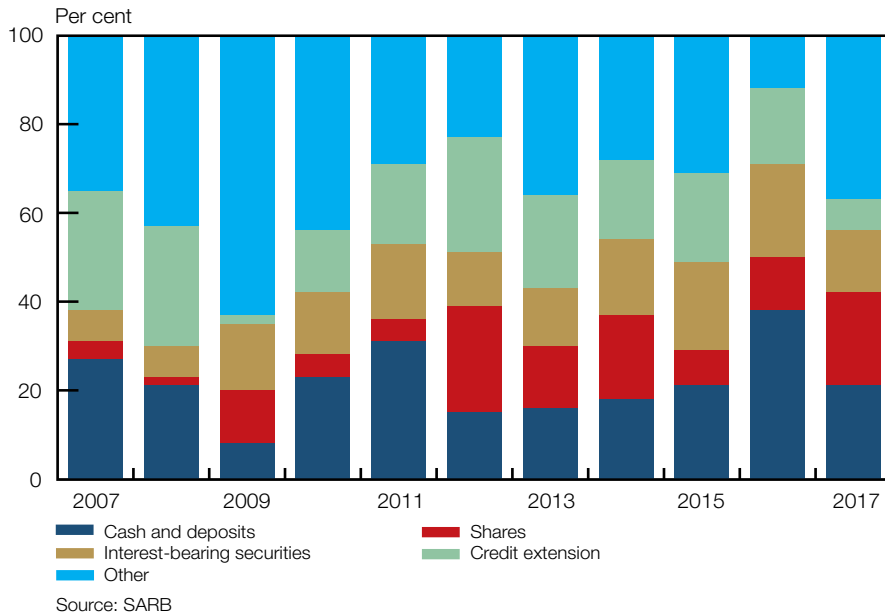


* The numbers may not balance perfectly due to rounding off. The numbers inside the boxes represent the net lending (+) or borrowing (-) positions of the sectors, and those outside the boxes illustrate inter-sectoral flows of funds and the direction of flows. To calculate the net lending or net borrowing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

Source: SARB

The following figure shows trends in the contribution of various financial instruments to intermediation over the past 11 years. Cash and deposits as well as shares contributed a similar 20.6% and 21.0% respectively to total intermediation in 2017, followed by interest-bearing securities at 13.5%. Credit extension's contribution of only 7.3% reflected tight credit conditions amid subdued economic conditions.

The contribution of financial instruments to intermediation



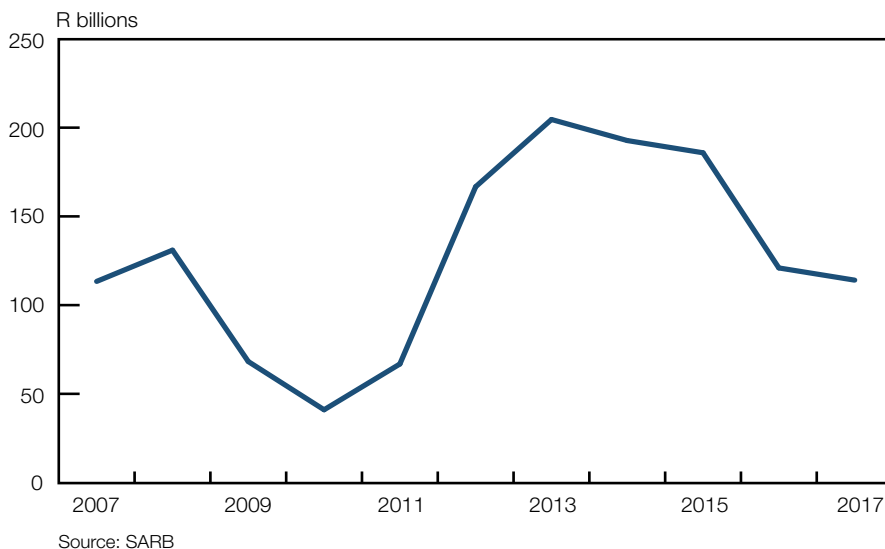
Sectoral analysis

Developments in each of the main institutional sectors are discussed below, with the focus on net financing positions and the utilisation of various financial instruments. The sectors with surplus funds invested in various financial instruments to finance those with a shortage. The choice of financial instruments was influenced by, among other factors, the trade-off between risk and return, the cost of borrowing, macroeconomic conditions, and the regulatory environment.

Foreign sector

Net capital inflows of R114 billion in 2017 from non-residents were less than the R121 billion in 2016. Most of these inflows resulted from net purchases of interest-bearing securities of R172 billion compared with R115 billion in 2016, and reflected increased capital flows to emerging markets in search of high-yielding assets. Furthermore, extension of long-term loans by non-residents has become more prominent in recent years and amounted to R67.2 billion in 2017. Non-residents' net purchases of shares also increased to R98.6 billion in 2017 from R31.5 billion in 2016.

Net capital inflows from non-residents

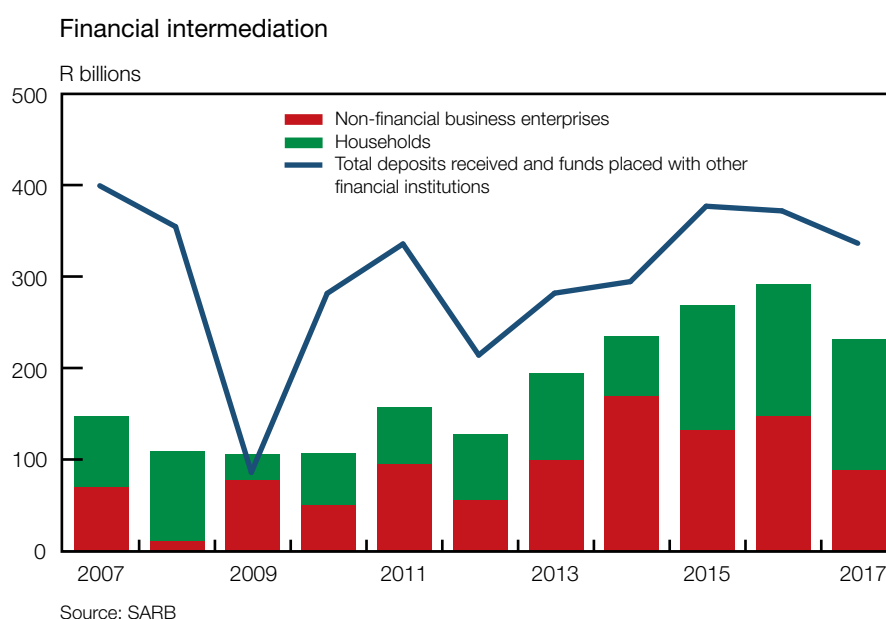


Similarly, non-residents incurred liabilities with domestic economic units over the same period. South African residents acquired financial assets abroad through net purchases of shares to the amount of R77.9 billion in 2017, a switch from net sales of R62.0 billion in the previous year. Furthermore, the monetary authority invested some R25.5 billion in gold and foreign exchange reserves in 2017.

3 Comprising the monetary authority, banks and non-bank financial institutions.

Financial intermediaries³

Deposits received by the monetary authority and banks as well as funds placed with other financial institutions amounted to R336 billion in 2017 compared with R372 billion in 2016, and largely came from non-financial private businesses, other non-bank financial institutions and households. Financial intermediaries channelled these funds and those sourced from interest in retirement and life funds into the economy through various financial instruments.



Intermediation through shares increased in 2017, mainly reflecting higher domestic share prices in the latter part of the year. By contrast, financial intermediation through loans and interest-bearing securities declined from 2016 to 2017, with bank loans and advances amounting to only R96.5 billion and mortgage loans to R71.2 billion. Tight lending conditions and high debt levels constrained demand for loans by non-financial business enterprises.

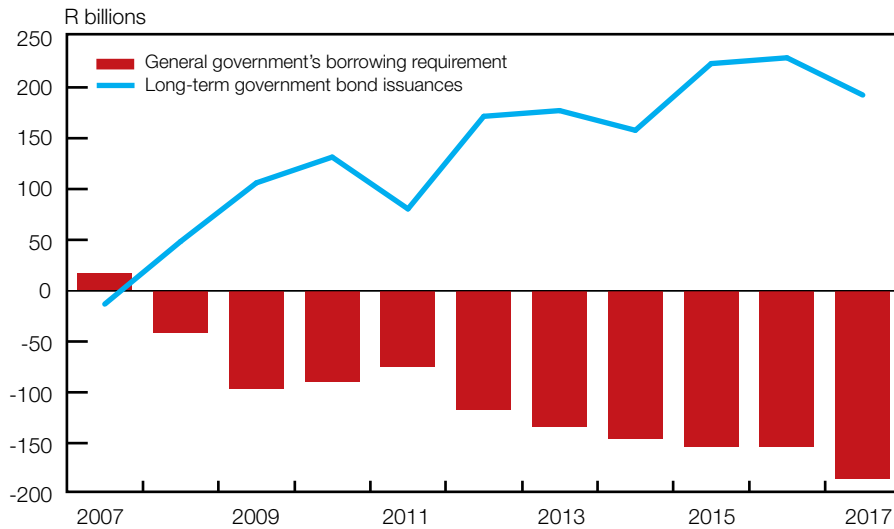
General government

4 This refers to state-owned companies.

The general government sector continued to issue a significant amount of debt instruments in 2017, reflective of an increased borrowing requirement. The high borrowing requirement originated largely from a notable shortfall in revenue collection. In addition, the large issuance of debt was necessitated by the funding needs of non-financial public corporate business enterprises,⁴ some of which required recapitalisation. The general government sector's net issuance of long-term government bonds and Treasury bills was R192 billion and R56.6 billion respectively in 2017. Long-term government bond issuances included foreign bonds of R33.9 billion. Non-residents provided the bulk of general government's financing through net purchases of long-term government bonds of R165 billion in 2017. General government's deposit holdings also reduced in 2017.

In 2017, some of the funds sourced were used to redeem maturing domestic and foreign government debt. This included domestic marketable government bonds of R79.8 billion.

General government's borrowing requirement



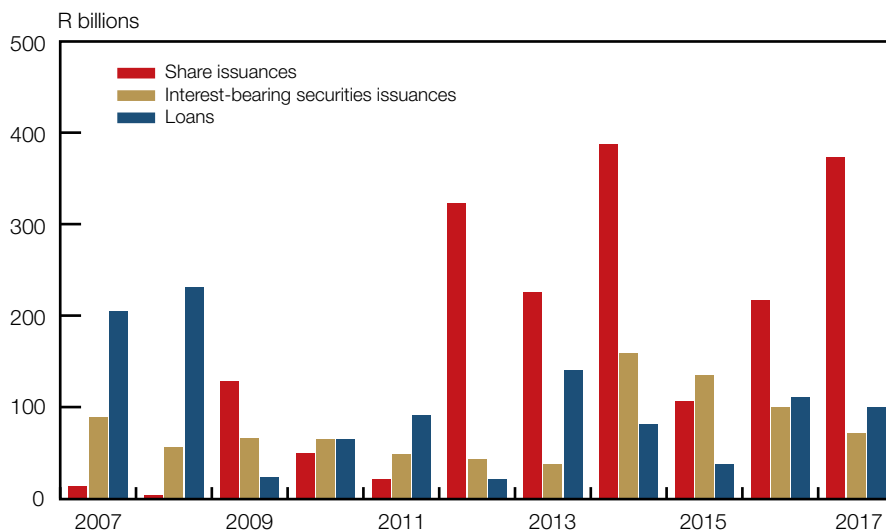
Source: SARB

Non-financial public and private business enterprises

Non-financial business enterprises continued to finance operating activities mostly through internal funds, aided by the marginal improvement in gross saving during 2017. The sector's gross saving grew from R515 billion in 2016 to R564 billion in 2017, mostly due to private non-financial business enterprises. With the exception of shares, other main categories of externally sourced funds by this sector declined in 2017 compared to 2016. Funds raised through the net issuance of interest-bearing securities decreased to R71.3 billion in 2017 from R100 billion in 2016. Similarly, loans acquired by non-financial business enterprises decreased in 2017.

The funds sourced by non-financial business enterprises were used to purchase real and financial assets. In terms of gross capital formation, the sector's real assets increased marginally in 2017 following a contraction in the previous year. Overall, the sector's gross capital formation mainly took the form of investment in machinery and equipment as well as in transport equipment, with construction-related capital spending waning in 2017. Non-financial business enterprises also invested surplus funds in various financial assets in 2017, including deposits of R12.0 billion and investment in other financial institutions of R76.2 billion.

Non-financial business enterprises' external funding instruments



Source: SARB

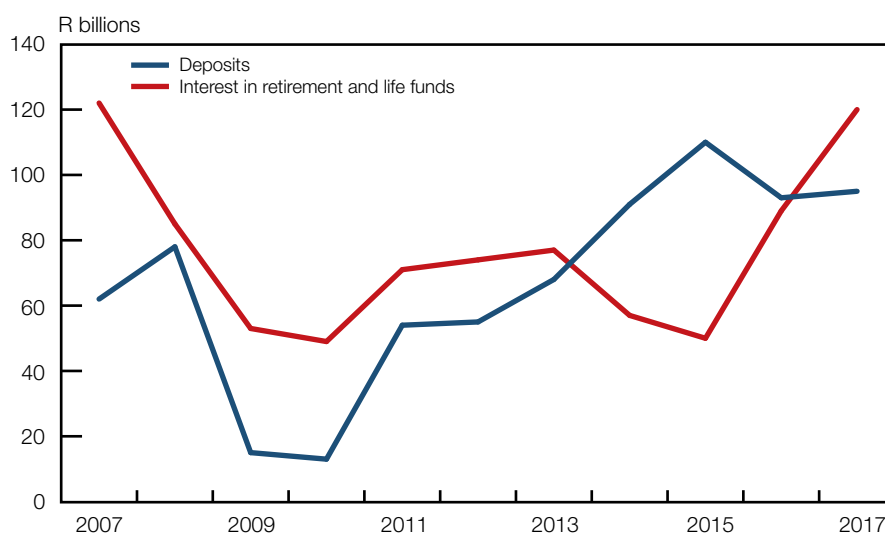


Households

Loans obtained by the household sector increased from R33.5 billion in 2016 to R73.4 billion in 2017 as consumer demand improved, partly supported by the reduction of 25 basis points in the repurchase rate in July. The increase in household loans mainly reflected the improvement in bank loans and advances while mortgage loans continued to grow at a subdued pace.

Households' financial asset flows increased in 2017, with deposits increasing slightly to R95.0 billion and interest in retirement and life funds to R120 billion. In addition, households placed R48.3 billion with other financial institutions, mostly for net purchases of units in collective investment schemes. Households had a net borrowing position of R5.4 billion in 2017 compared to a shortfall of R13.5 billion in the previous year.

Households' investment by main financial assets



Source: SARB

Summary and conclusion

An analysis of the national financial account shows an increase in the value of financial intermediation in South Africa in 2017, in line with improved real economic growth. The main highlights are:

- Despite increased non-residents' net purchases of interest-bearing securities, net capital inflows into the domestic economy decreased.
- Financial intermediaries extended more funds into the economy through shares, amid ongoing unfavourable conditions for loans.
- The general government sector's net issuance of long-term government bonds remained high to fund the larger net borrowing requirement as revenue collection underperformed.
- Non-financial business enterprises' gross capital formation increased.
- Households' deposits and interest in retirement and life funds increased.



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National financial account

Flow of funds for the first quarter 2017¹

R millions

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	35 597		204		7 938		-12		6 113		3 697	
2. Consumption of fixed capital ⁴			120		3 651		6		161		1 030	
3. Capital transfers.....	42	102										
4. Gross capital formation ⁴				229	3 141		7		207		758	
5. Net lending (+)/net borrowing (-) (S).....	35 537		95		8 448		-13		6 067		3 969	
6. Net financial investment (+) or (-) (U).....		35 537		95	8 448		-13		6 067		3 969	
7. Net incurrence of financial liabilities (Total S 9 – 32).....	-39 027		-30 814		-25 988		35 691		71 110		29 345	
8. Net acquisition of financial assets (Total U 9 – 32).....		-3 490		-30 719	-17 540		35 678		77 177		33 314	
9. Gold and other foreign reserves.....	-14 241			-14 241								
10. Cash and demand monetary deposits ⁵		216	-26 323	9 000	-22 421	-11 935		17 716		2 747		3 833
11. Short/Medium-term monetary deposits ⁵		322	-5	13 451	-18 850			10 558		4 844		-32 887
12. Long-term monetary deposits ⁵		916			51 724			2 167		3 018		37 552
13. Funds placed with other financial institutions	760	-142				-1 217		9 281		1 325	23 013	760
14. Funds placed with other institutions.....	13 133					4 797	35 691	1 670	1 670	30 992		19 917
15. Treasury bills.....	-6 392			-101		-4 342				746		-1 038
16. Other bills.....	-8 842			-4 866	-230	-792		4 066		336	2 258	-62 737
17. Bank loans and advances.....	-5 714		1 255	-52	-32	54 730			-201		18 630	
18. Trade credit and short-term loans.....	15 881	34 512	-563	-28 612	11 824	1 076			2 047	-1 202	-1 693	1 095
19. Short-term government bonds.....				96		8 293		-6 719		10 646		5 197
20. Long-term government bonds.....	335	42 159				-18 870		-4 835		-23 573		-2 851
21. Non-marketable government bonds ⁶		-168		-28 524								
22. Securities of local governments.....						91				-515		424
23. Securities of public enterprises.....	1 000	-246	290			-4 452		36		1 993	2 442	1 357
24. Other loan stock and preference shares.....	267	171			-5 611	16 036		-273	654	-903	-591	18 967
25. Ordinary shares.....	15 069	-11 695		-281	1 972	-2 888		6 121	183	28 863		20 528
26. Foreign branch/head office balances.....												
27. Long-term loans.....	21 428	20 555	-8 087	-6	523				-155	-1 962	11 845	761
28. Mortgage loans.....	1 600					14 386			-1	124	396	970
29. Interest in retirement and life funds ⁷		1 627				170			37 738			45
30. Financial derivatives.....	-90 617	-93 366			-97 469	-86 881			-607	256	-4	924
31. Amounts receivable/payable.....	-309	-65	158	8 449		-1 918			10 673	7 288	-19 489	16 383
32. Other liabilities/assets.....	17 615	1 714	2 461	14 968	52 436	16 132		-4 110	18 831	12 115	-7 346	4 085
33. Balancing item.....					146	44			278	39	-116	29

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.
2. Including mutual banks and the Postbank.
3. Before April 2005 the Public Investment Commissioners.
4. As taken from the national income (and production) accounts.
5. Namely deposits with the South African Reserve Bank (including coin liabilities), Corporation for Public Deposits, banks, the Land Bank, mutual banks and the Postbank.
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 2017¹

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			
12 680		-10 085		-10 575		43 858		-55 946		33 469		1. Net saving ⁴
15 450		5 750		23 663		88 887		16 373		155 091		2. Consumption of fixed capital ⁴
	16 395	10 511				599	15	5 387	27	16 539	16 539	3. Capital transfers
	20 045	16 608		37 237		86 363		23 965		188 560		4. Gross capital formation ⁴
-8 310		-10 432		-24 149		46 966		-58 178				5. Net lending (+)/net borrowing (-) (S)
	-8 310	-10 432		-24 149		46 966		-58 178				6. Net financial investment (+) or (-) (U)
27 999		2 096		27 568		-12 397		89 303		174 886		7. Net incurrence of financial liabilities (Total S 9 – 32)
	19 689	-8 336		3 419		34 569		31 125		174 886		8. Net acquisition of financial assets (Total U 9 – 32)
	-42 520	1 402		-723		-32 634		4 154		-14 241	-14 241	9. Gold and other foreign reserves
	-20 451	7 631		10 496		-16 142		3 323		-48 744	-48 744	10. Cash and demand monetary deposits ⁵
	-425	-2 027		-959		2 154		9 328		-18 855	-18 855	11. Short/Medium-term monetary deposits ⁵
		-46	-417	-510		11 680		2 225		23 356	23 356	12. Long-term monetary deposits ⁵
	1 343				-7 993	-16 685		467		42 501	42 501	13. Funds placed with other financial institutions
1 617						-40				-4 775	-4 775	14. Funds placed with other institutions
	-97			-153	2 835	-3 504				-64 759	-64 759	15. Treasury bills
97		-995		7 862		23 273		10 503		54 678	54 678	16. Other bills
-28 453	1 548	268	158	10 847	9 464	12 160	9 808	-144	-5 673	22 174	22 174	17. Bank loans and advances
18 395					882					18 395	18 395	18. Trade credit and short-term loans
-6 687					1 623				-5	-6 352	-6 352	19. Short-term government bonds
-28 512			58						122	-28 512	-28 512	20. Long-term government bonds
												21. Non-marketable government bonds ⁶
	11			-2 885		2 146		2		847	847	22. Securities of local governments
	167	-1	-13	-1 017	-5 745	22 965	-11 741			16 666	16 666	23. Securities of public enterprises
	361			463	-2 827	50 298	29 803			67 985	67 985	24. Other loan stock and preference shares
-196	3 830	-856	-112	-1 837	-1 920	8 493	10 146	23	-111	31 181	31 181	25. Ordinary shares
		126	8	867		1 252		11 248		15 488	15 488	26. Foreign branch/head office balances
					1 054		11 021		23 821	37 738	37 738	27. Long-term loans
				3 665	-3 682	-1 100	-3 383			-186 132	-186 132	28. Mortgage loans
-1 922	75 922	3 178	619	12 041	-215	19 022	-20 171	56 412	-6 528	79 764	79 764	29. Interest in retirement and life funds ⁷
73 495		282	-15 761	-1 651	-6 266	-82 746	61 761	11 261		84 638	84 638	30. Financial derivatives
165		94	-253	-217	-88	-229	350			121	121	31. Amounts receivable/payable
												32. Other liabilities/assets
												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

- 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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- 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 second quarter 2017¹

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	19 557		387		7 243		37		5 573		8 912	
2. Consumption of fixed capital ⁴			121		3 672		6		161		1 033	
3. Capital transfers.....	40	103										
4. Gross capital formation ⁴				42	4 427		12		356		817	
5. Net lending (+)/net borrowing (-) (S).....	19 494		466		6 488		31		5 378		9 128	
6. Net financial investment (+) or (-) (U).....		19 494		466	6 488		31		5 378		9 128	
7. Net incurrence of financial liabilities (Total S 9 – 32).....	-17 157		-8 453		-50 894		32 096		4 166		38 124	
8. Net acquisition of financial assets (Total U 9 – 32).....		2 337		-7 987	-44 406		32 127		9 544		47 252	
9. Gold and other foreign reserves.....	1 120			1 120								
10. Cash and demand monetary deposits ⁵		2 669	-5 103	-9 000	21 471	-8		-3 540		-5 948		18 794
11. Short/Medium-term monetary deposits ⁵		-4 237	-42	-9 022	-5 622			-10 475		-2 993		-8 415
12. Long-term monetary deposits ⁵		721			30 744			5 771		7 487		12 018
13. Funds placed with other financial institutions	-1 003	97				3 798		4 431		947	33 591	-1 003
14. Funds placed with other institutions.....	5 555					3 787	32 096	676	676	17 958		13 280
15. Treasury bills.....	-1 574			100		4 316				2 100		1 675
16. Other bills.....	-236			-4 065	4 342	1 245		3 605		-1 171	-3 082	5 425
17. Bank loans and advances.....	-2 542		-1 255	15 049	1 123	2 602					148	
18. Trade credit and short-term loans.....	-2 048	-16 652	226	518	-88 251	6 754			-14 883	387	2 145	3 468
19. Short-term government bonds.....				35		7 647		269		-12 305		-2 131
20. Long-term government bonds.....	-242	41 865				-369		2 466		13 887		-8 278
21. Non-marketable government bonds ⁶		-908		13 787								
22. Securities of local governments.....						-67				-119		-23
23. Securities of public enterprises.....	24	-47	-246			4 784		-611		-4 989	-507	289
24. Other loan stock and preference shares.....	5 261	1 203			173	7 471		430	1 249	6 612	119	-1 625
25. Ordinary shares.....	15 027	15 408			14 687	-2 244		25 790	-231	368		17 356
26. Foreign branch/head office balances.....												
27. Long-term loans.....	16 346	13 336	2 077	2	3 286				372	4 303	2 418	-758
28. Mortgage loans.....	290					16 883			-1	-198	320	728
29. Interest in retirement and life funds ⁷		2 892				180			24 092			
30. Financial derivatives.....	-59 109	-59 191			-74 313	-65 502			1 198	1 702	-2 023	-4 881
31. Amounts receivable/payable.....	1		94	38		-6 661			-2 136	-16 946	737	1 259
32. Other liabilities/assets.....	5 973	5 181	-4 204	-16 549	41 350	-28 767		3 315	-6 128	-1 403	3 943	56
33. Balancing item.....					116	-255			-42	-135	315	18

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KB230

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National financial account (continued)
Flow of funds for the second quarter 2017¹

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
-14 409		-16 284		-8 669		29 883		39 888		72 118		1. Net saving ⁴
15 535		5 795		24 008		89 181		16 517		156 029		2. Consumption of fixed capital ⁴
	6 495	36		2 208		669	14	3 685	26	6 638	6 638	3. Capital transfers
	20 572	16 244		42 781		121 189		21 707		228 147		4. Gross capital formation ⁴
-25 941		-26 697		-25 234		-1 470		38 357				5. Net lending (+)/net borrowing (-) (S)
	-25 941	-26 697		-25 234		-1 470		38 357				6. Net financial investment (+) or (-) (U)
80 290		1 782		23 174		6 243		38 496		147 867		7. Net incurrence of financial liabilities (Total S 9 – 32)
	54 349	-24 915		-2 060		4 773		76 853		147 867		8. Net acquisition of financial assets (Total U 9 – 32)
	24 461	-4 829		156		-4 951		-1 436		1 120	1 120	9. Gold and other foreign reserves
	16 251	-13 216		-13 703		16 674		23 472		16 368	16 368	10. Cash and demand monetary deposits ⁵
	6 271	-104		670		-1 895		-195		-5 664	-5 664	11. Short/Medium-term monetary deposits ⁵
		-12	-144	-629		16 483		8 332		30 744	30 744	12. Long-term monetary deposits ⁵
	5 501						-1 907	439		32 444	32 444	13. Funds placed with other financial institutions
7 487										36 420	36 420	14. Funds placed with other institutions
	176									5 913	5 913	15. Treasury bills
13 475		945		-3 343		10 621		8 394		13 609	13 609	16. Other bills
	-497	-28	-153	355	-869	16 970	-93 223	2 989	17 742	17 651	17 651	17. Bank loans and advances
-5 138										-82 525	-82 525	18. Trade credit and short-term loans
51 085										-5 138	-5 138	19. Short-term government bonds
13 124										50 843	50 843	20. Long-term government bonds
			-10							13 124	13 124	21. Non-marketable government bonds ⁶
		-90								-90	-90	22. Securities of local governments
	-14			606						-123	-123	23. Securities of public enterprises
	7 500	1	8	1 386	-1	18 427	5 018			26 616	26 616	24. Other loan stock and preference shares
	-127			-250	-36	19 414	-7 868			48 647	48 647	25. Ordinary shares
-1 012	-1 671	643	65	1 415	-25	11 676	22 246	662	385	37 883	37 883	26. Foreign branch/head office balances
		-39	-4	28		10 252		6 559		17 409	17 409	27. Long-term loans
										24 092	24 092	28. Mortgage loans
				-5 071	-546	-4 089	-14 989			24 092	24 092	29. Interest in retirement and life funds ⁷
1 269	-3 502			-17 956	2 980	-4 089	-14 989			-143 407	-143 407	30. Financial derivatives
		263	-6 495	44 138	7 015	-38 547	77 467	35 203	869	-27 879	-27 879	31. Amounts receivable/payable
		87	-165	46	5	-532	522	-6 968		39 820	39 820	32. Other liabilities/assets
										-10	-10	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 third quarter 2017¹

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	41 885		231		5 048		33		2 500		8 852	
2. Consumption of fixed capital ⁴			125		3 682		6		164		1 044	
3. Capital transfers.....	43	101										
4. Gross capital formation ⁴				107	2 843		6		364		825	
5. Net lending (+)/net borrowing (-) (S).....	41 827		249		5 887		33		2 300		9 071	
6. Net financial investment (+) or (-) (U).....		41 827		249	5 887		33		2 300		9 071	
7. Net incurrence of financial liabilities (Total S 9 – 32).....	98 956		45 843		69 904		30 523		95 020		60 949	
8. Net acquisition of financial assets (Total U 9 – 32).....		140 783		46 092	75 791		30 556		97 320		70 020	
9. Gold and other foreign reserves.....	23 744			23 744								
10. Cash and demand monetary deposits ⁵		-211	28 120	120	10 260	7 411		2 602		-3 081		11 399
11. Short/Medium-term monetary deposits ⁵		16 583	-46	-4 429	83 627			3 172		8 625		29 906
12. Long-term monetary deposits ⁵		853			2 797			-1 550		-3 292		-6 328
13. Funds placed with other financial institutions	2 243	882				2 114		2 218		1 194	44 266	2 243
14. Funds placed with other institutions.....	10 880					8 001	30 523	1 358	1 358	24 277		6 372
15. Treasury bills.....	5 003			-102		27 593				2 607		1 725
16. Other bills.....	13 694			13 799	-3 091	525		1 699		-47	-72	16 360
17. Bank loans and advances.....	5 550		-2 182	4 713	-1 092	11 643					8 202	
18. Trade credit and short-term loans.....	22 153	68 278	1 850	-14	33 073	-12 607			5 750	-995	-1 876	4 097
19. Short-term government bonds.....				111		-27 491		23		-13 339		-2 314
20. Long-term government bonds.....	71	54 169		842		23 255		5 862		19 000		348
21. Non-marketable government bonds ⁶		155		5 805								
22. Securities of local governments.....						111				-984		-1
23. Securities of public enterprises.....	1 916	-829	-95	-1 977		5 023		14		3 519	899	-829
24. Other loan stock and preference shares.....	9 250	4 875			113	8 875		-159	-1 668	7 897	2 435	3 205
25. Ordinary shares.....	51 558	33 808			3 290	13 704		10 152	-5	60 274		44 455
26. Foreign branch/head office balances.....												
27. Long-term loans.....	14 686	6 572	16 880	2	-510				638	-3 574	42	775
28. Mortgage loans.....	210					18 185			-1	375	-37	-629
29. Interest in retirement and life funds ⁷		4 617				27			36 170			
30. Financial derivatives.....	-33 168	-42 018			-19 349	-36 596			-145	1 222	3 306	9 786
31. Amounts receivable/payable.....	-4 608		188	45		-480			2 695	-10 996	24 324	-28 270
32. Other liabilities/assets.....	-24 226	-6 951	1 128	3 433	-39 161	26 373		5 165	50 171	4 478	-20 405	-21 960
33. Balancing item.....					-53	125			57	160	-135	-320

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KB230

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7. Members' interest in the reserves of retirement and all insurance funds.



National financial account (continued)
Flow of funds for the third quarter 2017¹

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			
-51 676		-3 650		-8 479		48 063		24 554		67 361		1. Net saving ⁴
15 721		5 859		25 191		89 257		16 697		157 746		2. Consumption of fixed capital ⁴
	18 621	11 632		3 000		406	15	3 684	28	18 765	18 765	3. Capital transfers
	21 344	16 255		42 725		116 463		24 175		225 107		4. Gross capital formation ⁴
-75 920		-2 414		-23 013		21 248		20 732				5. Net lending (+)/net borrowing (-) (S)
	-75 920	-2 414		-23 013		21 248		20 732				6. Net financial investment (+) or (-) (U)
97 868		14 847		11 533		164 132		40 297		729 872		7. Net incurrence of financial liabilities (Total S 9 – 32)
	21 948	12 433		-11 480		185 380		61 029		729 872		8. Net acquisition of financial assets (Total U 9 – 32)
	-20 162	4 376		662		31 217		4 047		23 744	23 744	9. Gold and other foreign reserves
	14 981	6 595		4 354		-10 642		14 436		38 380	38 380	10. Cash and demand monetary deposits ⁵
	-1 553	1 794		297		-997		13 573		83 581	83 581	11. Short/Medium-term monetary deposits ⁵
		110	173	141		32 198		5 582		2 797	2 797	12. Long-term monetary deposits ⁵
	5 076					-2 554	-5 219	342		46 682	46 682	13. Funds placed with other financial institutions
27 647							827			40 207	40 207	14. Funds placed with other institutions
	176			-274		17 037	-5 218			32 650	32 650	15. Treasury bills
5 690		545		-3 750		-545		3 938		27 294	27 294	16. Other bills
	1 135	-261	5	935	-3 021	36 994	52 956	3 395	-7 821	16 356	16 356	17. Bank loans and advances
-44 851					-1 841					102 013	102 013	18. Trade credit and short-term loans
103 321					-84					-44 851	-44 851	19. Short-term government bonds
5 952			-33						25	103 392	103 392	20. Long-term government bonds
		2 300					3 174			5 952	5 952	21. Non-marketable government bonds ⁶
	32			2 225					-8	2 300	2 300	22. Securities of local governments
	7 500	4				25 332	3 266		-1	4 945	4 945	23. Securities of public enterprises
	-201			3 786	300	122 095	18 232			35 462	35 462	24. Other loan stock and preference shares
										180 724	180 724	25. Ordinary shares
-196	14 781	-1 135	30	2 011	-139	- 5 894	9 246	772	-399	27 294	27 294	26. Foreign branch/head office balances
		-52	-2	-59		12 042		5 826		17 929	17 929	27. Long-term loans
					-249		1 312		30 463	36 170	36 170	28. Mortgage loans
				-4 209	1 923	-3 569	8 549			-57 134	-57 134	29. Interest in retirement and life funds ⁷
305	183			263	-4 213	-62 786	33 258	29 936	790	-9 683	-9 683	30. Financial derivatives
		13 338	-335	10 324	-9 457	26 279	13 132	-3 570		13 878	13 878	31. Amounts receivable/payable
		112	-111	108	-153	-299	89			-210	-210	32. Other liabilities/assets
												33. Balancing item

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7. Members' interest in the reserves of retirement and all insurance funds.

National financial account

Flow of funds for the fourth quarter 2017¹

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	17 278		-316		16 412		36		5 731		14 579	
2. Consumption of fixed capital ⁴			127		3 739		6		175		1 062	
3. Capital transfers.....	41	106										
4. Gross capital formation ⁴				137	4 132		5		664		779	
5. Net lending (+)/net borrowing (-) (S).....	17 213		-326		16 019		37		5 242		14 862	
6. Net financial investment (+) or (-) (U).....		17 213		-326	16 019		37		5 242		14 862	
7. Net incurrence of financial liabilities (Total S 9 – 32).....	-14 212		-31 537		-10 428		21 133		53 716		24 562	
8. Net acquisition of financial assets (Total U 9 – 32).....		3 001		-31 863	5 591		21 170		58 958		39 424	
9. Gold and other foreign reserves.....	14 902			14 902								
10. Cash and demand monetary deposits ⁵		777	-1 609	1 969	44 056	10 268		-24 074	3 267		6 387	
11. Short/Medium-term monetary deposits ⁵		-15 735	-59		74 919			-1 029	1 016		66 775	
12. Long-term monetary deposits ⁵		6 993			-83 886			-5 890	-4 692		-51 712	
13. Funds placed with other financial institutions	1 141	-3				-170		3 724	-1 480	51 748	1 141	
14. Funds placed with other institutions.....	-11 338					-11 169	21 133	967	967	12 012	-5 218	
15. Treasury bills.....	4 649			339		22 592				-1 887	-1 183	
16. Other bills.....	-24 812			-24 476	-759	-269		4 315		-212	-68	7 766
17. Bank loans and advances.....	-14 100		8 925	-3 153	3 212	10 963			8		92	
18. Trade credit and short-term loans.....	-1 240	-73 489	-2 407	-97	-56 861	-19 351			5 056	-373	4 002	3 163
19. Short-term government bonds.....				-33		-2 126		-107		-3 587		4
20. Long-term government bonds.....	2 006	27 140				6 348		13 380		12 642		-12 727
21. Non-marketable government bonds ⁶		-1 439		-7 713								
22. Securities of local governments.....						-68				587		-519
23. Securities of public enterprises.....	127	755		-99		7 776		-4 152		-8 499	734	-170
24. Other loan stock and preference shares.....	16 466	464			271	2 564		181	761	740	-72	6 994
25. Ordinary shares.....	-3 725	61 029			1 166	7 463		26 578	764	33 240		18 659
26. Foreign branch/head office balances.....												
27. Long-term loans.....	11 660	26 755	-43 187	5	2 180				-518	-7 348	-143	638
28. Mortgage loans.....	388					19 179			-2	-136	460	1 349
29. Interest in retirement and life funds ⁷		-8				411			23 590			
30. Financial derivatives.....	-40 872	-28 177			-35 259	-38 240			-1 558	-1 045	3 760	9 321
31. Amounts receivable/payable.....	-166		-54	-3	17	10			-1 680	3 391	-12 303	15 266
32. Other liabilities/assets.....	30 702	-2 061	6 854	-13 504	40 387	-10 443		7 277	25 996	20 992	-23 486	-26 383
33. Balancing item.....					129	-147			332	330	-162	-127

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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 fourth quarter 2017¹

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			
9 473		-12 147		-15 758		28 329		-1 374		62 243		1. Net saving ⁴
15 971		6 064		25 817		91 282		17 020		161 263		2. Consumption of fixed capital ⁴
	24 660	7 236		12 581		453	15	4 496	26	24 807	24 807	3. Capital transfers
	21 581	16 167		51 087		102 574		26 380		223 506		4. Gross capital formation ⁴
-20 797		-15 014		-28 447		17 475		-6 264				5. Net lending (+)/net borrowing (-) (S)
	-20 797	-15 014		-28 447		17 475		-6 264				6. Net financial investment (+) or (-) (U)
14 745		-193		8 401		95 736		102 258		264 181		7. Net incurrence of financial liabilities (Total S 9 – 32)
	-6 052	-15 207		-20 046		113 211		95 994		264 181		8. Net acquisition of financial assets (Total U 9 – 32)
	-18 659	-2 099		3 199		49 615		11 797		14 902	14 902	9. Gold and other foreign reserves
	15 431	1 353		1 584		-2 793		8 258		42 447	42 447	10. Cash and demand monetary deposits ⁵
	-10 149	938		-1 929		-21 716		4 271		74 860	74 860	11. Short/Medium-term monetary deposits ⁵
	147	194		208		16 621		32 189		-83 886	-83 886	12. Long-term monetary deposits ⁵
	3 340		-318	208		4 409		321		52 571	52 571	13. Funds placed with other financial institutions
						-6 100	4 409			4 662	4 662	14. Funds placed with other institutions
19 824							4 612			24 473	24 473	15. Treasury bills
	176			-327		9 244	-4 022			-16 722	-16 722	16. Other bills
-6 188		-319		7 609		-2 986		11 557		7 810	7 810	17. Bank loans and advances
	8 267	178	-29	-6 873	-6 459	-62 831	-27 444	5 114	-50	-115 862	-115 862	18. Trade credit and short-term loans
-5 851									-2	-5 851	-5 851	19. Short-term government bonds
44 777										46 783	46 783	20. Long-term government bonds
-9 062			15						75	-9 062	-9 062	21. Non-marketable government bonds ⁶
		-91								-91	-91	22. Securities of local governments
	-23			-5 277			-2		-2	-4 416	-4 416	23. Securities of public enterprises
	7 500	-3		-4 366		33 570	28 190			46 630	46 630	24. Other loan stock and preference shares
	1 644			1 767	-264	175 729	27 352			175 701	175 701	25. Ordinary shares
-1 070	-43 431	-50	-27	5 267	-2	-1 064	-2 264	710	-541	-26 215	-26 215	26. Foreign branch/head office balances
		27	1	191		9 127		10 202		20 393	20 393	27. Long-term loans
					-1 311		-14 382		38 880	23 590	23 590	28. Mortgage loans
				10 608	-9 522	-11 704	-7 362			-75 025	-75 025	29. Interest in retirement and life funds ⁷
-27 685	29 705			-2 180	196	47 304	13 487	59 597	798	62 850	62 850	30. Financial derivatives
		47	-15 413	2 225	-5 559	-94 285	48 612	15 078		3 518	3 518	31. Amounts receivable/payable
		15	-137	75	-187	-268	389			121	121	32. Other liabilities/assets
												33. Balancing item

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