

# Note on the flow of funds in South Africa's national financial account for the year 2011

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## Introduction

This note presents a review of the latest national financial accounts' movement of funds across the main sectors of the economy and the utilisation of such funds at a transaction level. The quarterly accounts for 2011 are appended to this note, whereas the annual summary appears on pages S-44 to S-45 of this issue of the *Quarterly Bulletin*.

Total flow of funds in South Africa increased further in 2011 along with the somewhat improved domestic economic conditions. The analysis shows that while there was an increase in the level of funds circulating in the domestic economy, non-resident economic units also injected funds into the economy through various financial instruments.

## Sectoral financing balances

Spending on capital projects rose further in 2011, with gross capital formation in South Africa increasing by 13 per cent from 2010 levels. Although capital expansion was widespread, the corporate business sector played a leading role as it contributed 73 per cent of the total gross capital formation. The corporate business sector's share of gross capital formation represented 14 per cent of gross domestic product, while its gross saving amounted to 13 per cent of gross domestic product. With the value of the capital expansion activity in excess of the combined value of the domestic sectors' gross saving, an amount equivalent to the balance of payments' current-account deficit had to be borrowed from the foreign sector to finance the shortfall. The saving and investment balances of the economy's main sectors for 2010 and 2011 are depicted in Table 1 below.

Table 1 Financing balances,<sup>1,2</sup> 2010 and 2011

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

	2010			2011		
	Gross saving	Gross capital formation	Net lending (+)/net borrowing (-)	Gross saving	Gross capital formation	Net lending (+)/net borrowing (-)
Foreign sector <sup>3</sup> .....	74 733	-	74 733	98 544	-	98 544
Financial intermediaries.....	76 094	20 477	55 617	84 674	15 339	69 335
General government.....	-79 591	79 225	-158 816	-72 087	82 840	-154 927
Non-financial business enterprises						
Public .....	80 153	128 699	-48 545	60 186	130 281	-70 095
Private .....	308 523	233 912	74 610	335 566	298 664	36 902
Households <sup>4</sup> .....	57 097	54 696	2 401	78 072	57 831	20 241
<b>Total .....</b>	<b>517 009</b>	<b>517 009</b>	<b>-</b>	<b>584 955</b>	<b>584 955</b>	<b>-</b>

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.

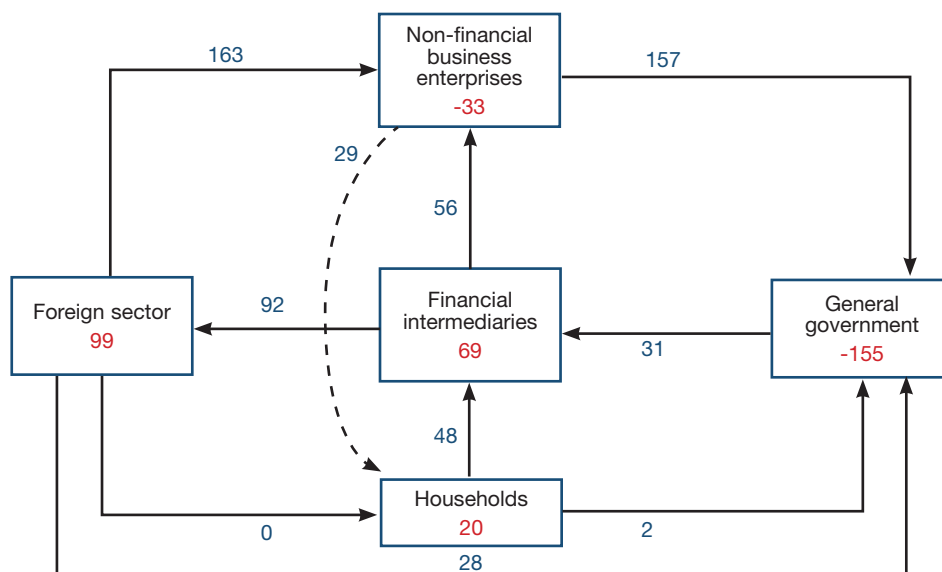
Within the domestic economy, the general government sector continued to report a deficit, albeit slightly less than in 2010, as domestic economic activity required more fiscal support. Financial intermediaries stepped up net lending as they recorded a surplus position of R69 billion – R14 billion more than in 2010.



The *inter-sectoral diagram* below depicts financial interrelations among the main domestic sectors of the economy and the rest of the world. The foreign sector's net lending position of R99 billion reflected a domestic financing shortfall of the same magnitude in 2011. Non-residents' funds amounting to R163 billion were absorbed by the non-financial business sector. However, non-residents received funds amounting to R92 billion from financial intermediaries. The net lending position recorded by financial intermediaries enabled them to finance R56 billion of the non-financial business enterprises' shortfall, bringing it to R33 billion. The general government sector received funds amounting to R157 billion from the non-financial business enterprises.

**Figure 1 Net inter-sectoral flows of funds, 2011**

R billions



Note: Numbers may not balance perfectly due to rounding. 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

In 2011 economic agents exhibited preference for cash and deposits, as well as fixed-interest securities relative to other financial instruments, as depicted in Table 2. Although such preference does not reveal much about its demand- or supply-side origin, it shows the evolution of risk tolerance among agents. Credit extension was third in the rank as a preferred financial instrument, in line with stricter lending criteria and a fragile demand for mortgage funds. The latter's persistence could hamper economic activity.

**Table 2 Flow of funds: Usage of main financial instruments,\* 2011**

	Percentage of total flows	
	2010	2011
Cash and deposits .....	22	25
Credit extension .....	13	14
Fixed-interest securities .....	14	15
Ordinary shares .....	5	1

\* Values do not sum to 100 as only the main instruments are covered

## Sectoral analysis

Depending on their financing positions, economic units embark on intermediation as informed by the perceived risk and return profiles of financial instruments. Below is a brief review of the individual sectors' usage of various financial instruments to meet their borrowing and investment requirements in 2011.

### Foreign sector

Domestic economic units received funds from non-resident units to finance their excess spending in 2011. Through a mix of financial products, gross domestic saving was augmented by no less than R99 billion – 31 per cent higher than the R75 billion recorded in 2010. Funds were mainly extended through the acquisition of domestic bonds, long-term loans and other assets, which resulted in net financial assets acquisition of R175 billion by non-residents. Domestic units increased their foreign assets and acquired R33 billion's worth of gold and foreign reserves, R40 billion in equity and R63 billion in other bills. The prudent domestic economic and financial environment provides non-residents with a favourable investment destination, especially as the sovereign debt problems in the euro area proved difficult to stem.

Non-residents' net financial asset acquisition (4-quarter moving average)



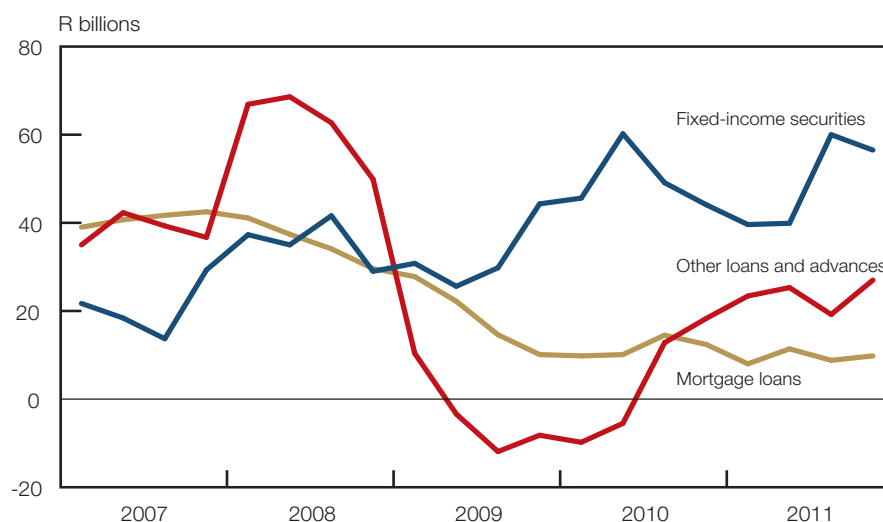
### Financial intermediaries

At the centre of the flow of funds system lies the *financial intermediaries sector*, which comprises banks and non-bank financial institutions. These intermediaries channel funds to sectors where such funds are most needed.

While bank loans and advances recorded a modest recovery in 2011, intermediation through fixed-interest securities remained elevated and continued to surpass the loans and advances category. Investment in fixed-interest securities grew by R226 billion while total loans and advances recorded an increase of R181 billion. As a share of total financial intermediaries' flows, the fixed-interest asset portfolio represented 30 per cent in 2011 and total loans and advances accounted for 24 per cent. Within the total loans and advances category, mortgage lending was particularly subdued in 2011, whereas "other" loans and advances, which includes unsecured lending, rose briskly over the period. The gold and foreign-exchange reserves held by the monetary authority increased by R27 billion in 2010 and by R33 billion in 2011 as the central bank utilised available opportunities to build the country's reserves.



Financial intermediaries' asset portfolio flows (4-quarter moving average)

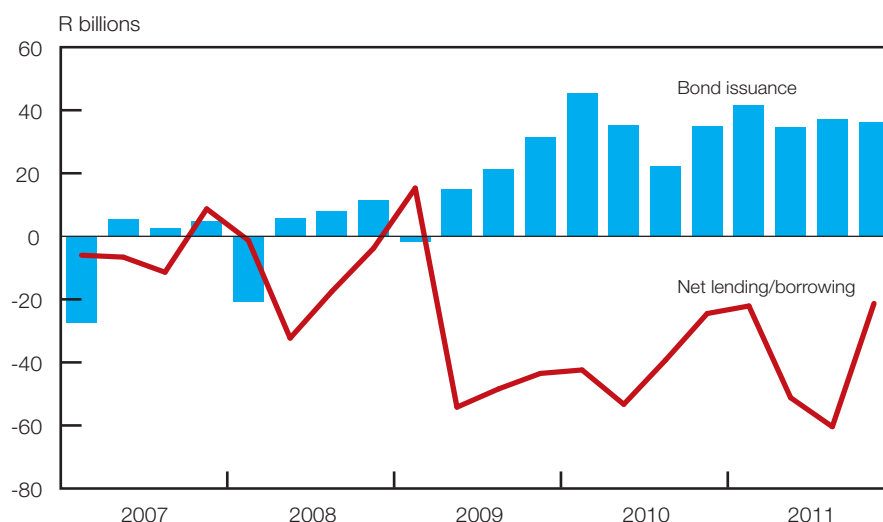


The funding activity of financial intermediaries was concentrated in deposits received amounting to R457 billion and contractual savings of R85 billion, thus bringing the sector's flows to R766 billion or 41 per cent of the total flows in the economy. The bulk of these deposits were received from the Public Investment Corporation, private corporate businesses and households. Over the past year intermediaries displayed a preference for a shorter lending duration while also holding more bonds. These trends were associated with risk-return considerations, as the returns on mortgage lending remained muted, alongside the strong supply of bonds emanating from the public sector.

## General government

The *general government sector's* deficit position amounted to R155 billion in 2011 as spending commitments continued to surpass revenue collections. This was slightly less than the deficit of R159 billion recorded in 2010. The 2011 shortfall resulted from, among other things, higher personnel costs, capital spending and transfers to households. Government closed the financing shortfall by issuing bonds amounting to R149 billion and Treasury bills worth R26 billion in the domestic market, and by taking up loans amounting to R9 billion. The bulk of the issued government paper was absorbed by non-bank financial intermediaries while the Treasury bills were predominantly acquired by banks. Non-residents also acquired a sizeable part of the long-term government bonds to an amount of R31 billion in 2011.

General government funding



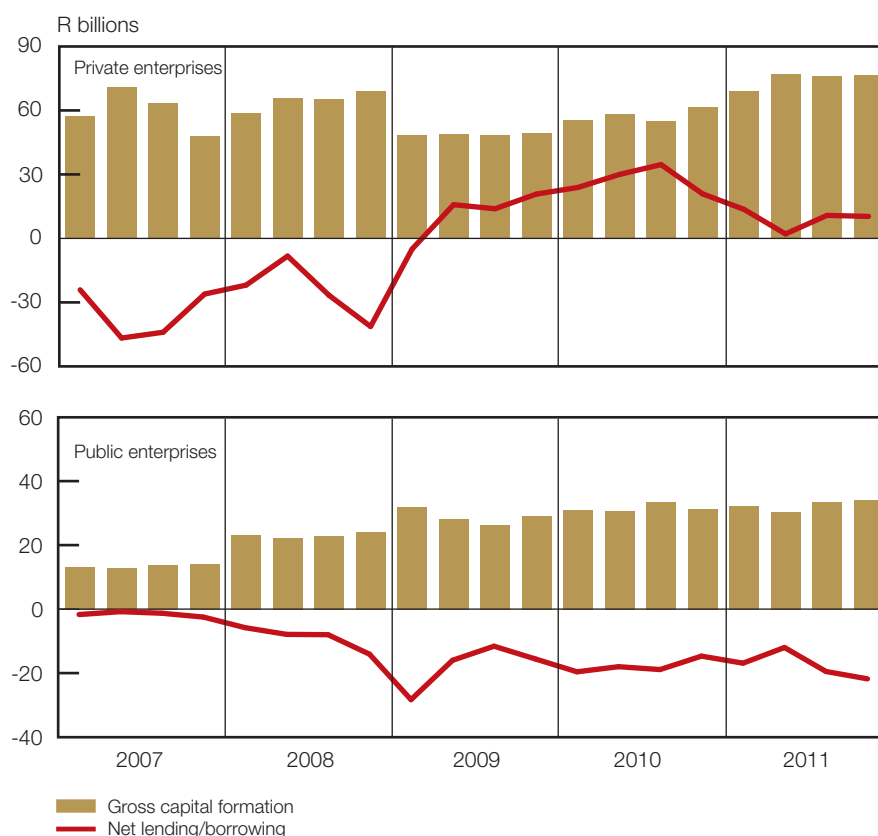
## Corporate business enterprises

During 2011 the capital spending of *non-financial corporate businesses* amounted to R429 billion. Private non-financial corporate businesses played a key role as they accounted for R299 billion of this gross capital formation. As a share of the economy's total gross capital formation, private businesses' capital formation activity accounted for 51 per cent in 2011. The capital expansion was largely financed through retained earnings and the incurrence of loans and use of trade credit. Over the same period, private businesses increased their cash and deposit holdings by R45 billion.

Following brisk capital spending activity in 2010, public non-financial corporate businesses continued with infrastructural expansion in 2011 to an amount of R130 billion. Among the major capital projects funded were the Medupi and Kusile power stations, the multi-products pipeline, improvement of airport runways and taxiways and upgrading of roads. Public enterprises incurred a financing deficit of R70 billion in 2011, which was financed through the issuance of bills and bonds, and by taking up long-term loans.

This capital expansion is necessary as South Africa continues to seek ways to unlock supply-side bottlenecks and to increase the scope for future economic growth and employment creation.

### Gross capital formation

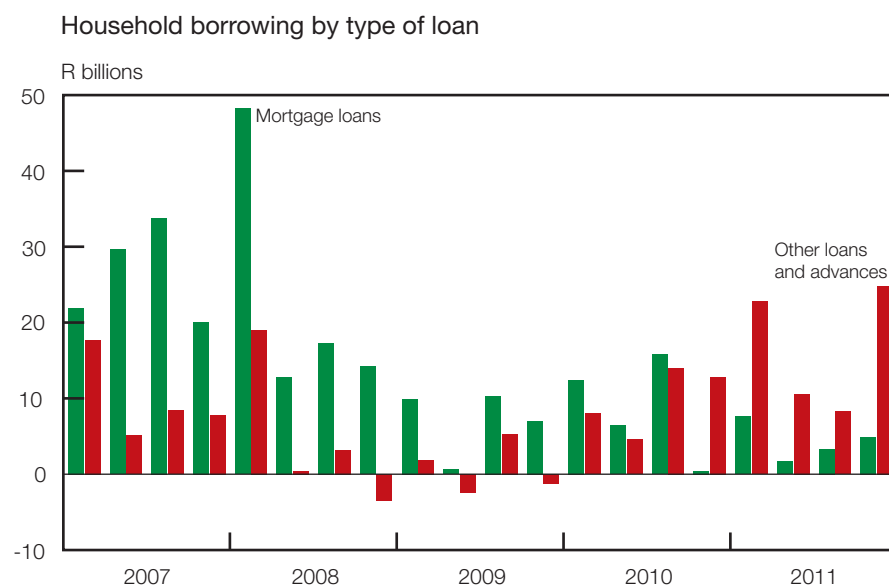


## Households

The *household sector* recorded a modest financial surplus of R20 billion in 2011, and simultaneously increased its deposit holdings and interest in retirement and life funds. At the same time, the sector increased its incurrence of "other" loans and advances by R66 billion as unsecured borrowing and the use of instalment sale finance continued. By contrast, the sector's mortgage borrowing slowed due to, among other things, the subdued state of the



market for fixed property and a greater preference partly to finance property acquisition and home improvements through borrowing in other forms than mortgage finance. Households continued to be cautious in their incurrence of liabilities, as evidenced by a further decline of the household debt-to-disposable income ratio in 2011.



## Summary and conclusion

The aggregate flow of funds in the South African economy increased in 2011 as economic activity continued to expand. Economic units participated with caution amid continued global economic fragilities. Lending institutions demonstrated a greater preference for shorter-term and fixed-interest instruments in their lending patterns.

The analysis of South Africa's national financial accounts for the year 2011 highlights the following:

- In spite of tough global funding conditions, foreign-sector inflows continued to supplement domestic saving in financing capital formation
- Capital formation, especially by non-financial business enterprises, expanded
- Financial intermediation took place mainly through deposits, non-mortgage loans and fixed-interest securities
- The household sector's interest in retirement and life funds increased
- The gold and foreign currency holdings of the monetary authority continued to increase
- General government's deficit narrowed slightly over the period.

## Bibliography

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# National financial account

## Flow of funds for the first quarter 2011<sup>1</sup>

R millions

Transaction items	Foreign sector		Financial intermediaries									
			Monetary authority		Other monetary institutions <sup>2</sup>		Public Investment Corporation <sup>3</sup>		Insurers and retirement funds		Other financial institutions	
	S	U	S	U	S	U	S	U	S	U	S	U
1. Net saving <sup>4</sup> .....	21 351	91	261	20	9 987	2 175			2 883	1 015	2 682	467
2. Consumption of fixed capital <sup>4</sup> .....			7		1 968				61		163	
3. Capital transfers .....	32											
4. Gross capital formation <sup>4</sup> .....												
5. Net lending (+)/net borrowing (-) (S) .....	21 292	21 292	248	248	9 780	9 780			1 929	1 929	2 378	2 378
6. Net financial investment (+) or (-) (U) .....												
7. Net incurrence of financial liabilities (Total S 9 – 32) .....	32 585		46 223		-8 959		23 925		39 859		16 691	
8. Net acquisition of financial assets (Total U 9 – 32).....		53 877		46 471		821		23 925		41 788		19 069
9. Gold and other foreign reserves .....	32 189			32 189			23 925				20 510	
10. Cash and demand monetary <sup>5</sup> deposits .....		-2 057	36 497	-231	-8 663	1 763			-8 220	3 707		34 383
11. Short/medium-term monetary <sup>5</sup> deposits .....		4 677	54	-231	-11 749				-13 474	-2 802		-37 252
12. Long-term monetary <sup>5</sup> deposits .....		776	-1 251	-92	30 784				5 848	2 055		16 816
13. Deposits with other financial institutions.....	-118	11				1 501		1 919	567			-118
14. Deposits with other institutions .....	-39 873					-39 148		7 919	7 919	20 625		5 893
15. Treasury bills .....				-471		-3 515			526			523
16. Other bills .....	16 586		-208	9 234	1 153	7 849		8 650	134		689	3 316
17. Bank loans and advances.....	-2 134		2 639	2 850	2 834	28 678			103		1 706	
18. Trade credit and short-term loans .....	3 945	648	1 032	12	-16 187	-12 661			3 280	6 860	-17 172	483
19. Short-term government bonds .....				-231		12 476		-5		7 430		-15 345
20. Long-term government bonds.....		7 877				-8 492		19 074		-14 591		-1 797
21. Non-marketable government bonds <sup>6</sup> .....		-385		-6 103				-3				
22. Securities of local governments .....						-255		1 119		-111		-589
23. Securities of public enterprises .....	422	22 078	-4 538			-4 587		2 401		-8 931	-8 894	381
24. Other loan stock and preference shares .....	9 127	5 024	-4		4 089	12 082		-545	170	2 390	476	-6 959
25. Ordinary shares .....	26 048	2 128			2 438	-380		-9 470	644	-10 405		10 578
26. Foreign branch/head office balances .....												
27. Long-term loans .....	1 153	5 109	10 911		-511				-45	7 530	2 503	5 177
28. Mortgage loans .....	-378					-199				450	-185	451
29. Interest in retirement and life funds <sup>7</sup> .....		88				15			19 406			
30. Amounts receivable/payable.....	-11 482	-7 320	-277	-3	-16 123	9 456		-328	2 912	16 088	16 252	2 230
31. Other assets/liabilities .....	-2 900	15 223	1 368	9 548	2 732	-3 571		9 040	5 352	10 199	605	674
32. Balancing item.....					244	-191			118	67	201	224

**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 2011<sup>1</sup>

R millions

General government				Corporate business enterprises								Sectors
Central and provincial governments		Local governments		Public sector		Private sector						
								Transaction items				
S	U	S	U	S	U	S	U	S	U	S	U	
7 362		-14 596		5 725		26 189		-15 019		46 825		1. Net saving <sup>4</sup>
7 506		5 341		8 531		56 127		12 020		91 724		2. Consumption of fixed capital <sup>4</sup>
	15 042	7 440		1 279		415	11	5 999	21	15 165	15 165	3. Capital transfers
	8 857		11 217		32 388		69 088		13 322		138 549	4. Gross capital formation <sup>4</sup>
-9 031		-13 032		-16 853		13 632		-10 343		-		5. Net lending (+)/net borrowing (-) (S)
	-9 031		-13 032		-16 853		13 632		-10 343		-	6. Net financial investment (+) or (-) (U)
46 606		6 964		32 421		55 579		43 917		335 811		7. Net incurrence of financial liabilities (Total S 9 – 32)
	37 575		- 6 068		15 568		69 211		33 574		335 811	8. Net acquisition of financial assets (Total U 9 – 32)
	7 886		5 298		1 453		-13 956		-2 192	32 189	32 189	9. Gold and other foreign reserves
	31 987		1 806		-5 567		7 593		1 568	27 834	27 834	10. Cash and demand monetary <sup>5</sup> deposits
	-648		227		2 641		3 138		-1 228	-11 695	-11 695	11. Short/medium-term monetary <sup>5</sup> deposits
			-10		550		3 419		12 553	29 533	29 533	12. Long-term monetary <sup>5</sup> deposits
	3 740					-56	-7 580		466	20 392	20 392	13. Deposits with other financial institutions
							4 436			-8 085	-8 085	14. Deposits with other institutions
1 499										1 499	1 499	15. Treasury bills
	-1 893			876	-9 083	6 349	7 238			25 445	25 445	16. Other bills
72		593		-35		2 920		22 830		31 528	31 528	17. Bank loans and advances
-4	11 687	-1 259	- 6 209	6 686	-2 159	29 031	10 580	-78	33	9 274	9 274	18. Trade credit and short-term loans
24 448			6		20 117					24 448	24 448	19. Short-term government bonds
16 165					14 094					16 165	16 165	20. Long-term government bonds
-5 680									811	-5 680	-5 680	21. Non-marketable government bonds <sup>6</sup>
		963					799			963	963	22. Securities of local governments
	656		-40	50 759			25 792		-1	37 749	37 749	23. Securities of public enterprises
	-192	13	-165	1 898	4 676	4 262	3 720			20 031	20 031	24. Other loan stock and preference shares
	41			122	483	-31 144	5 133			-1 892	-1 892	25. Ordinary shares
												26. Foreign branch/head office balances
-454	-6 737	89	-23	-10 177	-789	6 061	-470	156	-111	9 686	9 686	27. Long-term loans
			-6	-171		-6 203		7 633		696	696	28. Mortgage loans
	-196				-10 683		7 825		22 357	19 406	19 406	29. Interest in retirement and life funds <sup>7</sup>
3 114	-8 756	5 561	-7 050	-16 153	-4 541	28 089	26 168	13 369	-682	25 262	25 262	30. Amounts receivable/payable
7 335		1 003	74	-1 288	4 282	16 052	-15 203	7		30 266	30 266	31. Other assets/liabilities
111		1	24	-96	94	218	579			797	797	32. 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.
2. Including mutual banks and the Postbank.
3. Before April 2005 the Public Investment Commissioners.
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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

## Flow of funds for the second quarter 2011<sup>1</sup>

R millions

Sectors  Transaction items	Foreign sector		Financial intermediaries									
			Monetary authority		Other monetary institutions <sup>2</sup>		Public Investment Corporation <sup>3</sup>		Insurers and retirement funds		Other financial institutions	
	S	U	S	U	S	U	S	U	S	U	S	U
1. Net saving <sup>4</sup> .....	21 062		318		12 281				2 810		4 338	
2. Consumption of fixed capital <sup>4</sup> .....			8		1 988				62		169	
3. Capital transfers .....	36	<b>97</b>										
4. Gross capital formation <sup>4</sup> .....				<b>15</b>		<b>2 506</b>				<b>755</b>		<b>225</b>
5. Net lending (+)/net borrowing (-) (S) .....	21 001		311		11 763				2 117		4 282	
6. Net financial investment (+) or (-) (U) .....		<b>21 001</b>		<b>311</b>		<b>11 763</b>				<b>2 117</b>		<b>4 282</b>
7. Net incurrence of financial liabilities (Total S 9 – 32) .....	31 364		14 073		69 930		21 928		47 608		11 171	
8. Net acquisition of financial assets (Total U 9 – 32) .....		<b>52 365</b>		<b>14 384</b>		<b>81 693</b>		<b>21 928</b>		<b>49 725</b>		<b>15 453</b>
9. Gold and other foreign reserves .....	2 360			<b>2 360</b>								
10. Cash and demand monetary <sup>5</sup> deposits .....		<b>1 403</b>	8 072	<b>410</b>	9 102	<b>2 570</b>		<b>3 473</b>		<b>-27</b>		<b>-3 849</b>
11. Short/medium-term monetary <sup>5</sup> deposits .....		<b>4 501</b>	-146	<b>771</b>	11 159					<b>5 272</b>		<b>-6 394</b>
12. Long-term monetary <sup>5</sup> deposits .....		<b>107</b>		<b>-720</b>	22 935			<b>5 641</b>		<b>-575</b>		<b>12 699</b>
13. Deposits with other financial institutions .....	890	<b>1</b>				<b>1 092</b>		<b>3 741</b>		<b>908</b>	4 863	<b>890</b>
14. Deposits with other institutions .....	15 516					<b>15 864</b>	21 928	<b>21 637</b>	21 637	<b>19 839</b>		<b>-86</b>
15. Treasury bills .....				<b>73</b>		<b>14 980</b>				<b>-6 917</b>		<b>-4 508</b>
16. Other bills .....	20 008			<b>23 702</b>	80	<b>-52</b>		<b>-1 995</b>		<b>753</b>	1 217	<b>-9 921</b>
17. Bank loans and advances .....	-2 170		-1 996	<b>3 244</b>	3 311	<b>3 775</b>			493		-2 631	
18. Trade credit and short-term loans .....	-2 134	<b>8 727</b>	305	<b>-1</b>	7 127	<b>10 226</b>			4 852	<b>-13 130</b>	8 629	<b>13 507</b>
19. Short-term government bonds .....				<b>69</b>		<b>-8 043</b>		<b>-2 401</b>		<b>11 463</b>		<b>16</b>
20. Long-term government bonds .....		<b>9 852</b>				<b>5 923</b>		<b>-2 981</b>		<b>31 293</b>		<b>4 845</b>
21. Non-marketable government bonds <sup>6</sup> .....		<b>-961</b>		<b>-660</b>				<b>-3</b>				
22. Securities of local governments .....						<b>-9</b>				<b>-259</b>		<b>742</b>
23. Securities of public enterprises .....	226	<b>-21 973</b>	1 670			<b>1 341</b>		<b>-1 127</b>		<b>5 493</b>	2 418	<b>-956</b>
24. Other loan stock and preference shares .....	3 619	<b>3 449</b>	3		6 255	<b>-1 486</b>		<b>-2 396</b>	-5 629	<b>129</b>	-199	<b>4 566</b>
25. Ordinary shares .....	12 927	<b>11 620</b>			1 944	<b>2 637</b>		<b>-6 833</b>	36	<b>18 394</b>		<b>1 339</b>
26. Foreign branch/head office balances .....												
27. Long-term loans .....	-923	<b>3 703</b>	3 304	<b>-1</b>	496			<b>-8</b>	47	<b>2 042</b>	-984	<b>335</b>
28. Mortgage loans .....	-28					<b>20 943</b>				<b>-396</b>	234	<b>293</b>
29. Interest in retirement and life funds <sup>7</sup> .....		<b>174</b>				<b>39</b>			23 005			
30. Amounts receivable/payable .....	-5 425	<b>21 186</b>	1 448	<b>47</b>	-11 689	<b>-1 587</b>		<b>5 180</b>	-5 495	<b>-22 943</b>	-5 422	<b>1 721</b>
31. Other assets/liabilities .....	-13 502	<b>10 576</b>	1 413	<b>-14 910</b>	19 157	<b>13 360</b>			8 496	<b>-1 460</b>	2 784	<b>161</b>
32. Balancing item .....					53	<b>120</b>			166	<b>-154</b>	262	<b>53</b>

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

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 second quarter 2011<sup>1</sup>**

R millions

General government				Corporate business enterprises								Sectors
Central and provincial governments		Local governments		Public sector		Private sector						
S	U	S	U	S	U	S	U	S	U	S	U	
-17 483 7 565		-20 838 5 401		8 822 8 789		22 264 56 863		19 177 12 271		52 751 93 116		1. Net saving <sup>4</sup>
	10 264 8 809	4 386		810		229	13	4 936	23	10 397	10 397	2. Consumption of fixed capital <sup>4</sup>
			11 117		30 373		77 241		14 826		145 867	3. Capital transfers
												4. Gross capital formation <sup>4</sup>
-28 991		-22 168		-11 952		2 102		21 535		-		5. Net lending (+)/net borrowing (-) (S)
	-28 991		-22 168		-11 952		2 102		21 535		-	6. Net financial investment (+) or (-) (U)
53 061		15 229		-3 899		-42 633		15 089		232 921		7. Net incurrence of financial liabilities (Total S 9 – 32)
	24 070		-6 939		-15 851		-40 531		36 624		232 921	8. Net acquisition of financial assets (Total U 9 – 32)
	11 139		-7 242		-91		877		8 511	2 360	2 360	9. Gold and other foreign reserves
	11 737		-7 194		1 626		-8 032		8 726	17 174	17 174	10. Cash and demand monetary <sup>5</sup> deposits
	1 968		62		-257		2 648		1 362	11 013	11 013	11. Short/medium-term monetary <sup>5</sup> deposits
			3 330		-1 160		-6 560		3 511	22 935	22 935	12. Long-term monetary <sup>5</sup> deposits
	3 055		-115			-2	-1 354		239	5 753	5 753	13. Deposits with other financial institutions
8 010							4 382			59 079	59 079	14. Deposits with other institutions
	93			-489	6 372	-4 528	-2 664			8 010	8 010	15. Treasury bills
-524		626		292		-973		10 591		16 288	16 288	16. Other bills
4	-29 375	6 853	4 895	-23 787	2 950	-14 183	-9 633	4 336	3 836	7 019	7 019	17. Bank loans and advances
-1 093			23		-2 220					-7 998	-7 998	18. Trade credit and short-term loans
34 987			-25		-13 926				6	-1 093	-1 093	19. Short-term government bonds
-1 428									196	34 987	34 987	20. Long-term government bonds
		818					344			-1 428	-1 428	21. Non-marketable government bonds <sup>6</sup>
	224			-47 102			-25 792		2	818	818	22. Securities of local governments
	-135	-112	-695	17 876	5 882	-19 734	-7 235			-42 788	-42 788	23. Securities of public enterprises
	-127			8 961	-462	10 772	8 081		-9	2 079	2 079	24. Other loan stock and preference shares
-967	27 393	4 811	-24	25 890	1 441	409	-2 819	92	113	34 640	34 640	25. Ordinary shares
		348	-93	-4		18 480		1 717		26. Foreign branch/head office balances		
	-444				10 806		-133		12 563	32 175	32 175	27. Long-term loans
14 072	-1 458	-129	2 459	10 354	286	-14 224	-18 875	94	-2 432	20 747	20 747	28. Mortgage loans
		2 011	-2 240	3 833	-26 824	-18 315	25 473	-1 741		23 005	23 005	29. Interest in retirement and life funds <sup>7</sup>
		3	-80	277	-274	-335	761			-16 416	-16 461	30. Amounts receivable/payable
										4 136	4 136	31. Other assets/liabilities
										426	426	32. 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 third quarter 2011<sup>1</sup>

R millions

Transaction items	Foreign sector		Financial intermediaries									
			Monetary authority		Other monetary institutions <sup>2</sup>		Public Investment Corporation <sup>3</sup>		Insurers and retirement funds		Other financial institutions	
	S	U	S	U	S	U	S	U	S	U	S	U
1. Net saving <sup>4</sup> .....	34 931		566		10 319				4 977		3 348	
2. Consumption of fixed capital <sup>4</sup> .....			8		2 003				64		177	
3. Capital transfers .....	39	<b>99</b>										
4. Gross capital formation <sup>4</sup> .....				<b>18</b>		<b>2 540</b>				<b>198</b>		<b>238</b>
5. Net lending (+)/net borrowing (-) (S) .....	34 871		556		9 782				4 843		3 287	
6. Net financial investment (+) or (-) (U) .....		<b>34 871</b>		<b>556</b>		<b>9 782</b>				<b>4 843</b>		<b>3 287</b>
7. Net incurrence of financial liabilities (Total S 9 – 32) .....	-12 149		71 497		121 131		24 184		17 517		12 593	
8. Net acquisition of financial assets (Total U 9 – 32) .....		<b>22 722</b>		<b>72 053</b>		<b>130 913</b>		<b>24 184</b>		<b>22 360</b>		<b>15 880</b>
9. Gold and other foreign reserves .....	-394			<b>-394</b>								
10. Cash and demand monetary <sup>5</sup> deposits .....		<b>-1 900</b>	15 661	<b>-978</b>	-982	<b>2 326</b>		<b>7 204</b>		<b>-534</b>		<b>-605</b>
11. Short/medium-term monetary <sup>5</sup> deposits .....		<b>5 701</b>	-89	<b>834</b>	52 174			<b>11 817</b>		<b>5 406</b>		<b>1 003</b>
12. Long-term monetary <sup>5</sup> deposits .....		<b>825</b>		<b>819</b>	1 929			<b>-4 552</b>		<b>-448</b>		<b>4 795</b>
13. Deposits with other financial institutions .....	-694	<b>-23</b>				<b>7 485</b>		<b>2 419</b>		<b>2 657</b>	10 022	<b>-694</b>
14. Deposits with other institutions .....	-833					<b>-1 701</b>	24 184	<b>1 996</b>	1 996	<b>20 922</b>		<b>8 104</b>
15. Treasury bills .....				<b>-73</b>		<b>9 354</b>				<b>-3 504</b>		<b>1 419</b>
16. Other bills .....	32 849			<b>28 844</b>	-343	<b>1 672</b>		<b>-2 135</b>		<b>-1 434</b>	-1 688	<b>-2 697</b>
17. Bank loans and advances .....	-1 565		648	<b>1 178</b>	1 144	<b>27 735</b>			-67		17 092	
18. Trade credit and short-term loans .....	-10 023	<b>15 991</b>	3 031	<b>-9</b>	21 093	<b>6 617</b>			-446	<b>-11 532</b>	2 192	<b>1 013</b>
19. Short-term government bonds .....		<b>-10</b>		<b>64</b>		<b>-3 266</b>		<b>-3 234</b>		<b>9 645</b>		<b>7 364</b>
20. Long-term government bonds .....		<b>13 320</b>		<b>-1 176</b>		<b>7 020</b>		<b>3 369</b>		<b>15 573</b>		<b>-1 994</b>
21. Non-marketable government bonds <sup>6</sup> .....		<b>-397</b>		<b>2 763</b>				<b>1</b>				
22. Securities of local governments .....						<b>118</b>				<b>-332</b>		<b>27</b>
23. Securities of public enterprises .....	437	<b>111</b>	4 468			<b>5 496</b>		<b>2 576</b>		<b>757</b>	-2 327	<b>1 121</b>
24. Other loan stock and preference shares .....	5 774	<b>-4 925</b>	-3		5 949	<b>24 431</b>		<b>1 103</b>	-2 536	<b>1 666</b>	467	<b>-482</b>
25. Ordinary shares .....	-3 040	<b>-24 423</b>			3 092	<b>-125</b>		<b>9 677</b>	93	<b>22 173</b>		<b>-682</b>
26. Foreign branch/head office balances .....												
27. Long-term loans .....	-3 634	<b>5 387</b>	47 663	<b>5</b>	-1 902			<b>-330</b>	288	<b>-3 342</b>	4 246	<b>1 426</b>
28. Mortgage loans .....	-1 062					<b>11 597</b>				<b>-357</b>	185	<b>445</b>
29. Interest in retirement and life funds <sup>7</sup> .....		<b>241</b>				<b>-17</b>			20 566			
30. Amounts receivable/payable .....	-29 897	<b>5 239</b>	250	<b>29</b>	25 875	<b>13 361</b>		<b>-5 727</b>	-11 565	<b>-14 778</b>	-19 802	<b>-6 313</b>
31. Other assets/liabilities .....	- 67	<b>7 585</b>	-132	<b>40 147</b>	13 076	<b>18 608</b>			8 891	<b>-20 133</b>	2 155	<b>2 473</b>
32. Balancing item .....					26	<b>202</b>			297	<b>-45</b>	51	<b>157</b>

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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 2011<sup>1</sup>

R millions

General government				Corporate business enterprises								Sectors	
Central and provincial governments		Local governments		Public sector		Private sector							
S	U	S	U	S	U	S	U	S	U	S	U		
-30 399 7 678		-14 688 5 533 2 888		4 563 8 922 456		28 617 57 834 318		11 210 12 493 7 149		53 444 94 712 10 850			1. Net saving <sup>4</sup>
	10 712 9 379						14 75 932		25 15 076		10 850 10 850		2. Consumption of fixed capital <sup>4</sup>
			11 320		33 455								3. Capital transfers
													4. Gross capital formation <sup>4</sup>
-42 812		-17 587		-19 514		10 823		15 751		-			5. Net lending (+)/net borrowing (-) (S)
	-42 812		-17 587		-19 514		10 823		15 751			-	6. Net financial investment (+) or (-) (U)
48 578		9 296		45 552		12 622		18 736		369 557			7. Net incurrence of financial liabilities (Total S 9 – 32)
	5 766		- 8 291		26 038		23 445		34 487		369 557		8. Net acquisition of financial assets (Total U 9 – 32)
	-3 484		3 784		-1 037		-3 431		13 334	-394	-394		9. Gold and other foreign reserves
	-10 787		4 034		11 539		16 333		6 205	14 679	14 679		10. Cash and demand monetary <sup>5</sup> deposits
	-918		-100		17		-2 421		3 912	52 085	52 085		11. Short/medium-term monetary <sup>5</sup> deposits
			4		949		5 780		-9 249	1 929	1 929		12. Long-term monetary <sup>5</sup> deposits
	3 348		-2			-30	-7 588		238	9 328	9 328		13. Deposits with other financial institutions
7 570							374			25 317	25 317		14. Deposits with other institutions
	-130			-1 338	-1 365	294	7 019			7 570	7 570		15. Treasury bills
403		-1 799		-7 493		12 264		8 286		29 774	29 774		16. Other bills
	3 307	339	3 210	6 648	364	-5 896	1 604	4 730	1 103	28 913	28 913		17. Bank loans and advances
943							-9 602		-18	21 668	21 668		18. Trade credit and short-term loans
36 139					29				-2	943	943		19. Short-term government bonds
3 294									927	36 139	36 139		20. Long-term government bonds
							183			3 294	3 294		21. Non-marketable government bonds <sup>6</sup>
		-4								-4	-4		22. Securities of local governments
	1 111			8 525					-69	11 103	11 103		23. Securities of public enterprises
	-23	-39	74	2 838	9 332	5 158	-13 569		1	17 608	17 608		24. Other loan stock and preference shares
				-1 379		-2 396	-10 250			-3 630	-3 630		25. Ordinary shares
-559	46 512	-183	297	3 088	-1 062	-1 239	-1 345	-206	14				26. Foreign branch/head office balances
		-312		50		9 549		3 275		47 562	47 562		27. Long-term loans
	-65				84		436		19 887	11 685	11 685		28. Mortgage loans
788	-33 105	9 612	-10 302	24 027	7 522	-32 534	14 892	2 268	-1 796	20 566	20 566		29. Interest in retirement and life funds <sup>7</sup>
		1 511	-9 217	10 439	-251	27 294	24 338	383		-30 978	-30 978		30. Amounts receivable/payable
		171	-73	147	-83	158	692			63 550	63 550		31. Other assets/liabilities
										850	850		32. Balancing item

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# National financial account

## Flow of funds for the fourth quarter 2011<sup>1</sup>

R millions

Sectors  Transaction items	Foreign sector		Financial intermediaries									
			Monetary authority		Other monetary institutions <sup>2</sup>		Public Investment Corporation <sup>3</sup>		Insurers and retirement funds		Other financial institutions	
	S	U	S	U	S	U	S	U	S	U	S	U
1. Net saving <sup>4</sup> .....	21 441		297		13 231				2 163		5 260	
2. Consumption of fixed capital <sup>4</sup> .....			8		2 017				65		185	
3. Capital transfers .....	40	<b>101</b>										
4. Gross capital formation <sup>4</sup> .....				<b>12</b>		<b>4 703</b>				<b>198</b>		<b>254</b>
5. Net lending (+)/net borrowing (-) (S) .....	21 380		293		10 545				2 030		5 191	
6. Net financial investment (+) or (-) (U) .....		<b>21 380</b>		<b>293</b>		<b>10 545</b>				<b>2 030</b>		<b>5 191</b>
7. Net incurrence of financial liabilities (Total S 9 – 32) .....	24 386		-2 673		86 149		18 586		18 389		31 793	
8. Net acquisition of financial assets (Total U 9 – 32) .....		<b>45 766</b>		<b>-2 380</b>		<b>96 694</b>		<b>18 586</b>		<b>20 419</b>		<b>36 984</b>
9. Gold and other foreign reserves .....	-1 444			<b>-1 444</b>								
10. Cash and demand monetary <sup>5</sup> deposits .....		<b>3 553</b>	12 877	<b>362</b>	66 832	<b>7 309</b>		<b>749</b>		<b>-2 895</b>		<b>1 995</b>
11. Short/medium-term monetary <sup>5</sup> deposits .....		<b>-5 794</b>	45	<b>-2 774</b>	39 271			<b>242</b>		<b>-7 201</b>		<b>19 930</b>
12. Long-term monetary <sup>5</sup> deposits .....		<b>8 079</b>		<b>-1 913</b>	6 230			<b>-452</b>		<b>646</b>		<b>-10 583</b>
13. Deposits with other financial institutions .....	-758	<b>-78</b>				<b>3 467</b>		<b>2 544</b>		<b>1 510</b>	12 025	<b>-758</b>
14. Deposits with other institutions .....	35 776					<b>37 191</b>	18 586	<b>-872</b>	-872	<b>14 408</b>		<b>1 816</b>
15. Treasury bills .....				<b>74</b>		<b>15 892</b>				<b>-552</b>		<b>-3 291</b>
16. Other bills .....	-6 265			<b>1 608</b>	4 808	<b>-5 441</b>		<b>1 597</b>		<b>-126</b>	-484	<b>-10 036</b>
17. Bank loans and advances .....	-6 852		2 067	<b>4 708</b>	4 715	<b>35 859</b>			24		-401	
18. Trade credit and short-term loans .....	-7 316	<b>2 133</b>	-313		-27 356	<b>4 113</b>			3 164	<b>7 797</b>	2 029	<b>-1 521</b>
19. Short-term government bonds .....				<b>31</b>		<b>-56</b>		<b>14 156</b>		<b>13 436</b>		<b>115</b>
20. Long-term government bonds .....		<b>-319</b>		<b>-1 762</b>		<b>5 732</b>		<b>-9 424</b>		<b>2 591</b>		<b>11 704</b>
21. Non-marketable government bonds <sup>6</sup> .....		<b>-728</b>		<b>7 170</b>				<b>-3</b>				
22. Securities of local governments .....						<b>26</b>		<b>54</b>		<b>100</b>		<b>252</b>
23. Securities of public enterprises .....	232	<b>-2</b>	-10 316			<b>-9 773</b>		<b>2 373</b>		<b>400</b>	2 438	<b>-605</b>
24. Other loan stock and preference shares .....	2 993	<b>-139</b>			-5 996	<b>6 286</b>		<b>212</b>	-476	<b>1 184</b>	-453	<b>4 534</b>
25. Ordinary shares .....	3 549	<b>4 371</b>			205	<b>1 274</b>		<b>2 673</b>	11	<b>-58 955</b>		<b>41 196</b>
26. Foreign branch/head office balances .....												
27. Long-term loans .....	-9 170	<b>19 798</b>	-1 840	<b>4</b>	2 412				58	<b>7 081</b>	3 908	<b>2 385</b>
28. Mortgage loans .....	-138					<b>5 108</b>				<b>-12</b>	9	<b>713</b>
29. Interest in retirement and life funds <sup>7</sup> .....		<b>230</b>				<b>39</b>			22 260			
30. Amounts receivable/payable .....	19 217	<b>6 171</b>	-2 425	<b>-3 372</b>	-20 150	<b>6 796</b>		<b>4 737</b>	-2 230	<b>29 985</b>	17 024	<b>-18 748</b>
31. Other assets/liabilities .....	-5 438	<b>8 491</b>	-2 768	<b>-5 072</b>	15 133	<b>-17 096</b>			-3 412	<b>10 766</b>	-4 226	<b>-1 836</b>
32. Balancing item .....					45	<b>-32</b>			-138	<b>256</b>	-76	<b>-278</b>

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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 2011<sup>1</sup>**

R millions

General government				Corporate business enterprises								Sectors
Central and provincial governments		Local governments		Public sector		Private sector						
S	U	S	U	S	U	S	U	S	U	S	U	
14 104 7 822	  <b>17 936</b> <b>10 254</b>	-14 072 5 671 5 246	  <b>11 887</b>	2 634 9 064 591	  <b>34 065</b>	27 234 59 325 203	  <b>14</b> <b>76 403</b>	-16 779 12 713 11 997	  <b>26</b> <b>14 607</b>	55 513 96 870 18 077	  <b>18 077</b> <b>152 383</b>	1. Net saving <sup>4</sup> 2. Consumption of fixed capital <sup>4</sup> 3. Capital transfers 4. Gross capital formation <sup>4</sup>
-6 264	 <b>-6 264</b>	-15 042	 <b>-15 042</b>	-21 776	 <b>-21 776</b>	10 345	 <b>10 345</b>	-6 702	 <b>-6 702</b>	-	-	5. Net lending (+)/net borrowing (-) (S) 6. Net financial investment (+) or (-) (U)
50 729	   <b>44 465</b>	8 727	   <b>-6 315</b>	11 844	   <b>-9 932</b>	-12 030	   <b>-1 685</b>	38 369	   <b>31 667</b>	274 269	   <b>274 269</b>	7. Net incurrence of financial liabilities (Total S 9 – 32)  8. Net acquisition of financial assets (Total U 9 – 32)
     8 808  -160  27 699 8 568 7 304	  <b>25 207</b> <b>14 041</b> <b>333</b>  <b>3 001</b>  <b>3 249</b>  <b>-117</b>    <b>699</b> <b>-165</b> <b>2 070</b>    <b>-2 208</b>  <b>-65</b>  <b>-1 580</b>	      1 096 1 861      -156  -30                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  										

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

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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.