

Note on the flow of funds in South Africa's national financial account for the year 2014

by C Monyela and S Madonsela¹

1 The views expressed are those of the authors and do not necessarily reflect the views of the South African Reserve Bank (the Bank).

The Bank wishes to express its sincere appreciation to all the reporting organisations – government departments, financial markets, and other public- and private-sector institutions – for their co-operation in providing the data used for the compilation of South Africa's financial accounts.

Introduction

The movement of funds across the real, financial, fiscal and external accounts of the economy, collectively called the national financial account, is comprehensively captured in the flow-of-funds framework in South Africa. This systematic macroeconomic analysis of financial interlinkages among the major sectors is accomplished by collecting all applicable balance-sheet data, processing their transaction data, and consolidating and matching them on a sector-to-sector basis.

This note presents flows among economic sectors in 2014, as influenced by their financing and investment needs against the backdrop of domestic and global economic conditions. The applicable quarterly accounts for the 2014 flow of funds are appended to this note and the annual summary is published on pages S–46 to S–47 of this issue of the *Quarterly Bulletin*.

Sectoral financing balances

The financing balances in Table 1 show that flows from the foreign sector played a crucial role in 2014. Non-residents injected funds which were sufficient to close a collective domestic deficit of R206 billion in 2014. This deficit widened by 1 per cent from R204 billion presented in 2013, mainly on account of broader public-sector expenditure. The general government sector incurred a financing shortfall of R155 billion, while non-financial public corporate business enterprises also registered a large financing deficit of R103 billion in 2014 from the R99 billion reported in 2013. The public sector's large deficit position stemmed from countercyclical fiscal policies to support economic activity as well as critical infrastructure spending. During the same period, non-financial private corporate business enterprises were net borrowers of R4,9 billion – about half the shortfall recorded in 2013 – having spent R406 billion worth of gross capital formation. A deficit of R47 billion by households was also added to the domestic financing shortfall in 2014.

Table 1 Financing balances,^{1,2} 2013 and 2014

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

	2013			2014		
	Gross saving	Gross capital formation	Net lending (+)/net borrowing (-)	Gross saving	Gross capital formation	Net lending (+)/net borrowing (-)
Foreign sector ³	203 531	–	203 531	206 408	–	206 408
Financial intermediaries.....	84 831	16 512	68 319	120 201	17 252	102 949
General government.....	-5 862	109 964	-115 826	-25 190	129 426	-154 616
Non-financial business enterprises						
Public	44 903	143 699	-98 796	47 281	149 986	-102 705
Private	364 401	374 671	-10 270	401 317	406 216	-4 899
Households ⁴	19 340	66 298	-46 958	22 791	69 928	-47 137
Total	711 144	711 144	0	772 808	772 808	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.

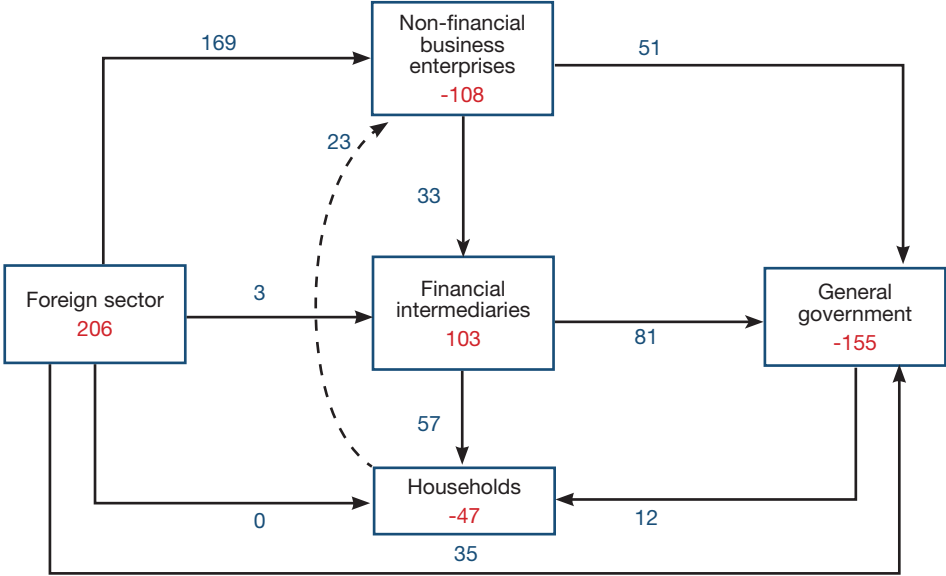
4. Including unincorporated business enterprises and non-profit institutions serving households.



The diagram in Figure 1 summarises financial interrelations of economic agents in the economy, as aggregated into five broad sectors. It is evident that the domestic saving-investment gap remained large in 2014, as mirrored by the foreign sector’s net lending position of R206 billion. The bulk of non-residents’ funds went to non-financial business enterprises, along with their large net borrowing position of R108 billion. The general government sector sourced R35 billion from the foreign sector, R51 billion from non-financial business enterprises and R81 billion from financial intermediaries. In turn, general government transferred R12 billion to households.

Figure 1 Net inter-sectoral flows of funds, 2014

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

Table 2 shows the aggregated usage of selected financial instruments by borrowers and investors in 2014. As a share of total flows, the use of cash and deposits declined from 18 per cent in 2013 to 16 per cent in 2014, while fixed-interest securities’ share was unchanged at 14 per cent. Over the same period, credit extension increased from 17 per cent to 19 per cent as domestic demand edged up hesitantly in 2014. Similarly, the share of ordinary shares increased from 12 per cent in 2013 to 15 per cent in 2014, against the backdrop of a robust performance by some sectors of the equity market.

Table 2 Flow of funds: usage of main financial instruments*

	Percentage of total flows	
	2013	2014
Cash and deposits	18	16
Credit extension.....	17	19
Fixed-interest securities	14	14
Ordinary shares	12	15

* Do not sum up to 100 as the table does not cover all instruments

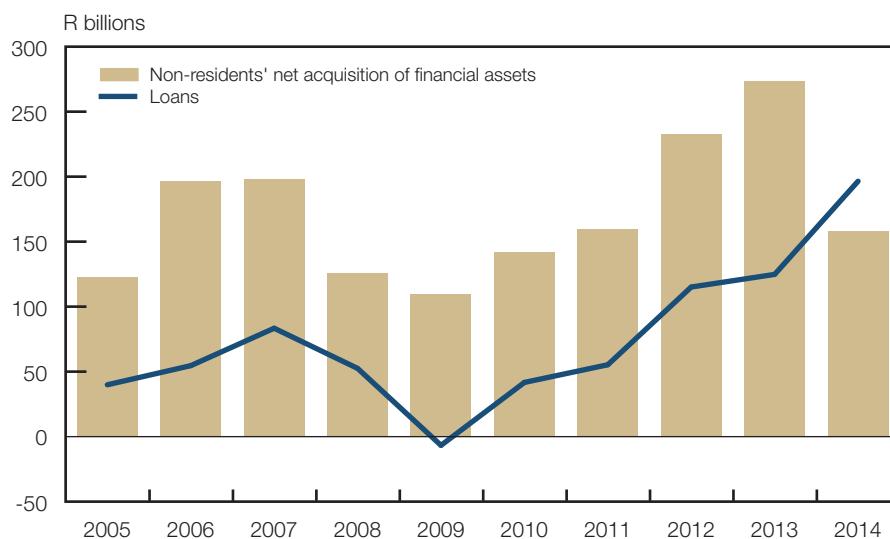
Sectoral analysis

Surplus economic units lend their excess funds by acquiring financial assets and thereby increase their expected income level. Correspondingly, the deficit units incur financial liabilities to finance their shortfall, and such liabilities reduce their future spending capacity. The choice of financial instruments used during intermediation in 2014 was guided by, among other things, the relevant regulatory environment, macroeconomic conditions, available financing and investment choices, and the risk-return profile of financial instruments. Against this background, each sector is analysed below to reveal the choice of financial instruments in 2014.

Foreign sector

After the interruption in 2009, non-residents' net acquisition of financial assets increased successively until 2013, comfortably meeting the saving-investment gap in the domestic economy. However, in 2014 the foreign sector's total flows declined to R158 billion, or 42 per cent less than the R274 billion documented in 2013, as volatility in emerging-market securities resurfaced due to the uncertainty around the timing and speed of the United States Federal Reserve's policy normalisation phase, and policy divergence in the global economy. During 2014 the local economy benefited from R44 billion worth of investment inflows from non-residents through long-term government bonds, R41 billion in equity, and a staggering R197 billion in loans. The foreign sector's lower total flows recorded in 2014 were generally in line with trends in other emerging-market economies.

Non-resident funding to South Africa



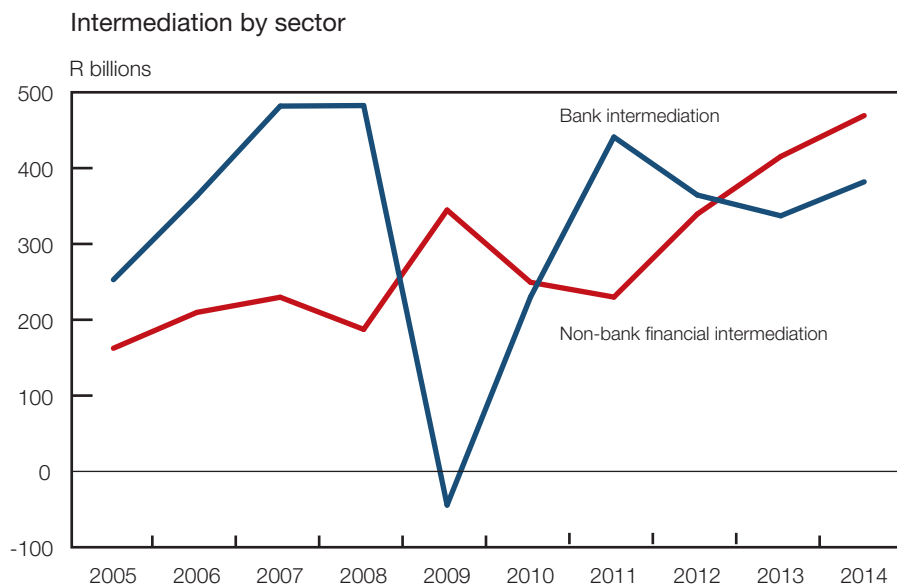
Financial intermediaries

Financial intermediation², which ebbed during the height of the global financial crisis, surpassed the pre-crisis record amount of R711 billion in 2007 as it continued to grow. In 2014 total financial intermediary flows amounted to R851 billion, along with the steady recovery in the key intermediation instruments. Although intermediation occurred through all the major financial instruments, the contribution made by equities and credit extension transactions was more noticeable. Bank loans and advances amounted to R170 billion and mortgage lending recovered to R85 billion in 2014, steered by higher corporate demand. This led to total intermediation by monetary authorities and other monetary institutions of R382 billion in the review period, which was 45 per cent of total financial intermediation.

² Including monetary authorities, other monetary institutions, insurers and retirement funds, and other financial institutions.

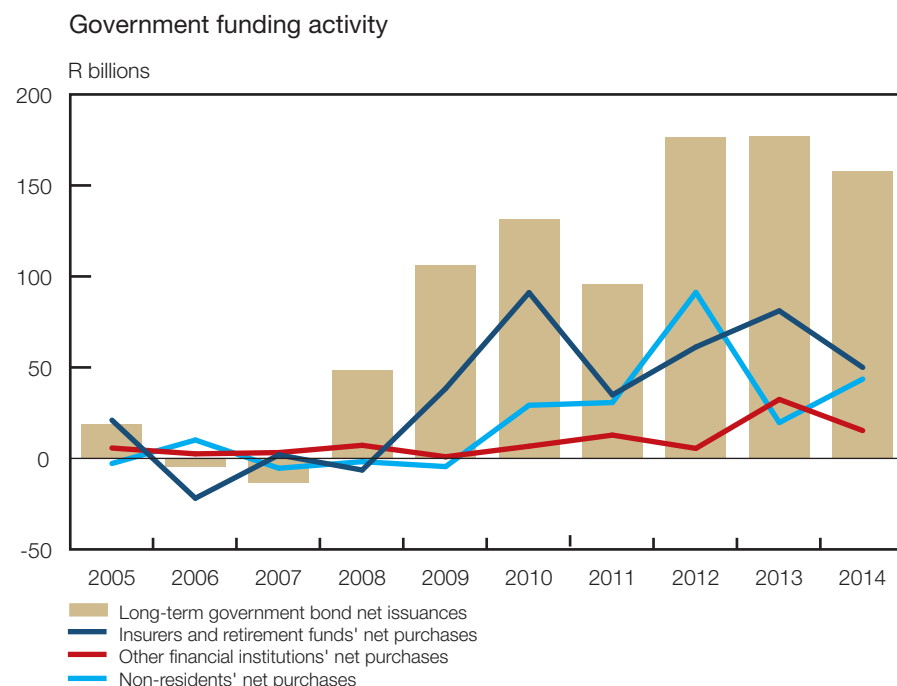
Meanwhile, non-bank financial intermediation³ amounted to R469 billion during 2014 as flows through the purchases of bonds and equities continued at a brisk pace. Non-bank financial intermediaries' funds were distributed through the acquisition of bonds and equities worth R55 billion and R266 billion respectively, along with increased public-sector funding needs and non-financial private corporate business enterprises' appetite for raising equity capital.

3 Comprising insurers and retirement funds, and other financial institutions.



General government

In 2014 the general government sector's financial trends continued to reflect a countercyclical policy stance in support of an economic recovery. A total amount of R85 billion was raised in the domestic market through long-term bond issuances and Treasury bills. An additional R44 billion was generated from non-residents, including R6 billion worth of proceeds from a Sukuk bond (an Islamic bond compliant with Sharia law) issued in the international markets during the second part of 2014 – the first issuance of its kind by National Treasury. These and other sources of funds enabled the general government to finance a wider deficit of R155 billion during 2014 – 33 per cent higher than in 2013. The deficit was necessitated by an acceleration in capital spending.

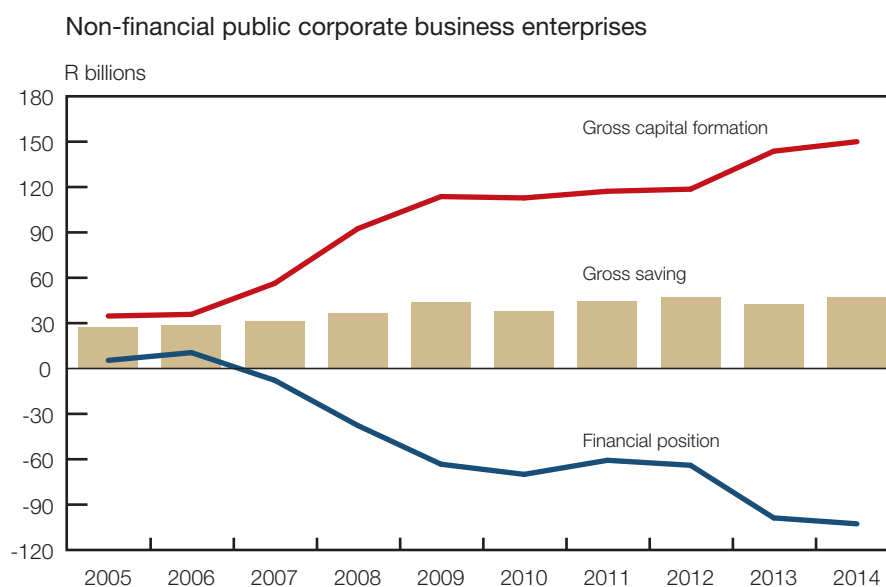


Sectors that contributed the most to the general government's funding activities were insurers and retirement funds, non-residents and other financial institutions. Insurers and retirement funds purchased long-term government bonds amounting to R50 billion in 2014, while non-residents and other financial institutions jointly acquired bonds worth R59 billion in an environment characterised by elevated global market uncertainty.

Corporate business enterprises

Activity in the non-financial corporate business enterprises sector remained firm in 2014, as their total flows were higher than in 2013. The inflows were mainly sourced through the incurrence of loans and the issuances of equity and debt securities. Funding through equity issuances amounted to R322 billion in 2014 from the R208 billion recorded a year earlier. Higher equity funding was a sensible initiative, given the height of equity prices observed during the review period. The equity-sourced funds were augmented by the proceeds of corporate debt issuances, amounting to R88 billion in 2014.

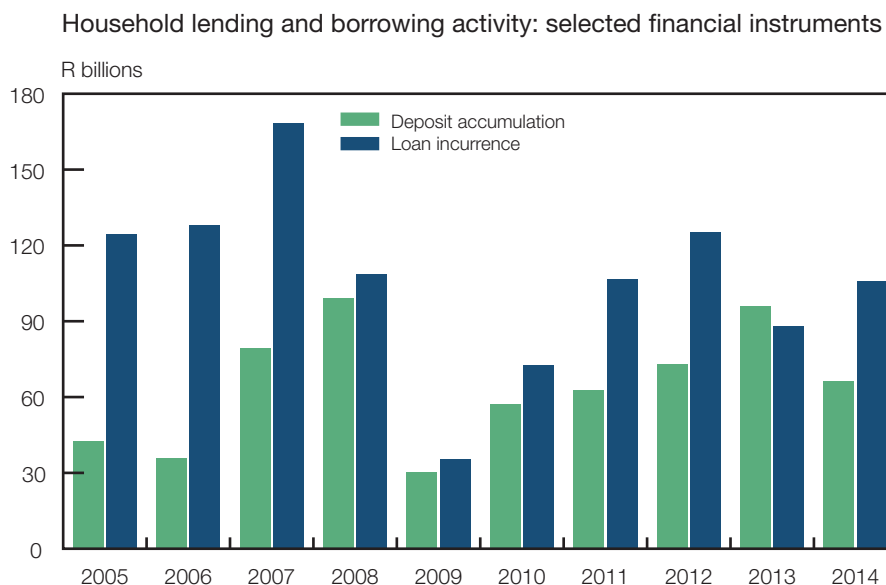
Flows generated from financial markets and other internally sourced funds enabled corporate business enterprises to keep their capital spending sturdy in 2014. With gross capital formation of R406 billion, the non-financial private corporate business enterprises contributed 53 per cent of the economy's total gross capital formation of R773 billion. This and other transactions led to a small shortfall of R4,9 billion by the non-financial private corporate businesses in 2014. Meanwhile, non-financial public corporate business enterprises incurred a noticeable shortfall of R103 billion in 2014, which reflected that state-owned enterprises relied heavily on external funding for capital formation. The total non-financial corporate business enterprises' gross capital formation amounted to R556 billion in 2014, representing 47 per cent of this sector's total flows. The medium-term sustainability of this magnitude of capital spending will probably depend on economic recovery and higher profit realisation, in the midst of increasingly adverse borrowing conditions faced by emerging-market economies.



Households

At R47 billion in 2014, the households' deficit was equivalent to the amount recorded in 2013. Households incurred loans of R106 billion, of which bank loans and advances amounted to R33 billion and mortgage loans totalled R20 billion. This latter category of borrowing continued to fluctuate firmly below bank loans and advances as its lending criteria is yet to be eased. Over

the same period, households accumulated deposits of R66 billion, and interest in retirement and life funds of R57 billion. Consequently, the households' net incurrence of financial liabilities corroborated the sector's balance-sheet fragility.



Summary and conclusion

Despite weaker economic activity, lower confidence levels, and uncertain and divergent global economic prospects, the South African flow of funds continued to grow in 2014. The flow of funds was mostly driven by gross capital formation activity, equity capital raised, and credit extension. An analysis of the 2014 flow of funds highlights the following:

- The foreign sector continued to be a crucial supplier of funds to the domestic economy, mostly through the extension of long-term loans and the acquisition of equity securities.
- Although bank intermediation improved in 2014, mortgage lending was still below bank loans and advances, reflecting stringent lending criteria in this category and subdued demand.
- The general government continued to play a countercyclical role in an effort to boost a generally fragile economy.
- The non-financial corporate business enterprises sector sustained its capital formation activity, in spite of low confidence levels and uncertain economic prospects.
- Households registered a deficit position, amid a slower pace of accumulating deposits and interest in retirement and life funds.

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National financial account Flow of funds for the first quarter 2014¹

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	50 136		-188		7 720				7 561		2 150	
2. Consumption of fixed capital ⁴			13		2 763			457		658		
3. Capital transfers.....	43	106										
4. Gross capital formation ⁴				45	2 770				2 293		172	
5. Net lending (+)/net borrowing (-) (S).....	50 073		-220		7 713			5 725		2 636		
6. Net financial investment (+) or (-) (U).....		50 073		-220	7 713				5 725		2 636	
7. Net incurrence of financial liabilities (Total S 9 – 32).....	-12 839		-756		64 972		25 202	58 897		60 530		
8. Net acquisition of financial assets (Total U 9 – 32).....		37 234		-976	72 685		25 202	64 622		63 166		
9. Gold and other foreign reserves.....	-4 688			-4 688								
10. Cash and demand monetary deposits ⁵		4 333	-13 664	-6 120	24 889	-11 048		739		5 302	10 670	
11. Short/Medium-term monetary deposits ⁵		4 656	200	1 770	18 555			-9 064		983	7 243	
12. Long-term monetary deposits ⁵		35	1 506	2 299	22 147			3 920		4 161	8 082	
13. Deposits with other financial institutions.....	627	-115				3 696		-2 487		2 379	13 334	
14. Deposits with other institutions.....	20 248					21 554	25 202	-2 272	-2 272	24 557	2 488	
15. Treasury bills.....	-2 016			61		-1 917				673	-293	
16. Other bills.....	60 477			65 778	792	-586		115		143	4 946	
17. Bank loans and advances.....	-3 499		171	-11 048	-3 606	70 941		5			21 671	
18. Trade credit and short-term loans.....	-14 954	46 485	400	-8 305	47 725	-6 183		-299	-4 933	753	13 848	
19. Short-term government bonds.....				-180		542		-5		2 701	1 444	
20. Long-term government bonds.....	-25	2 662		632		-11 934		13 581		13 071	47	
21. Non-marketable government bonds ⁶		-574		-7 648								
22. Securities of local governments.....						-2				1 106	687	
23. Securities of public enterprises.....	-450	-82	2 065			2 935		2 018		-761	75	
24. Other loan stock and preference shares.....	-1 237	2 115			2 433	3 829		1 384	-111	2 860	94	
25. Ordinary shares.....	15 480	12 093		1 123	504	6 930		12 310	523	57 927	33 678	
26. Foreign branch/head office balances.....												
27. Long-term loans.....	3 491	17 589	6 927		1 633			147	-2 543	7 412	2 467	
28. Mortgage loans.....	89					18 273		31	13	534	354	
29. Interest in retirement and life funds ⁷		-67				48		25 270				
30. Amounts receivable/payable.....	-57 028	-39 230	44	-7 989	-40 922	-38 635		26 601	-36 439	11 989	-14 570	
31. Other assets/liabilities.....	-29 354	-12 666	1 595	-26 661	-8 883	14 182		4 963	8 751	-6 433	-209	
32. Balancing item.....					-295	60			251	-145	-69	

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

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

KB230

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



National financial account (continued)

Flow of funds for the first quarter 2014¹

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	
4 971		-10 379		-3 343		42 040		-47 925		52 743			1. Net saving ⁴
13 432		4 754		15 090		74 392		14 391		125 950			2. Consumption of fixed capital ⁴
	16 420	11 212		-332		959	15	4 687	28	16 569	16 569		3. Capital transfers
	18 981		12 534		38 904		85 781		17 213		178 693		4. Gross capital formation ⁴
-16 998		-6 947		-27 489		31 595		-46 088		-			5. Net lending (+)/net borrowing (-) (S)
	-16 998		-6 947		-27 489		31 595		-46 088				6. Net financial investment (+) or (-) (U)
238		2 455		69 067		118 035		73 667		459 468			7. Net incurrence of financial liabilities (Total S 9 – 32)
	-16 760		-4 492		41 578		149 630		27 579		459 468		8. Net acquisition of financial assets (Total U 9 – 32)
	-61 187		6 806		741		51 644		9 345	-4 688	-4 688		9. Gold and other foreign reserves
	39 112		4 485		2 580		-44 930		11 920	11 225	11 225		10. Cash and demand monetary deposits ⁵
	935		607		-303		494		3 423	18 755	18 755		11. Short/Medium-term monetary deposits ⁵
			557	2 962	716		17 666		-6 116	23 653	23 653		12. Long-term monetary deposits ⁵
	3 258					2 722	-4 003		318	16 923	16 923		13. Deposits with other financial institutions
4 855							4 315			45 900	45 900		14. Deposits with other institutions
	-469			28	673	9 559	10 497			2 839	2 839		15. Treasury bills
-7 862		-672		3 487		36 795		13 403		75 802	75 802		16. Other bills
118	-64	-656	-15 208	27 967	1 420	-55 963	-6 277	17 299	1 607	59 893	59 893		17. Bank loans and advances
3 796					-706					22 390	22 390		18. Trade credit and short-term loans
16 593					-1 491					3 796	3 796		19. Short-term government bonds
-8 512										16 568	16 568		20. Long-term government bonds
										-8 512	-8 512		21. Non-marketable government bonds ⁶
		-443					-2 234			-443	-443		22. Securities of local governments
	387			6 090						7 780	7 780		23. Securities of public enterprises
	-6	-96	-11	-176	2 881	4 227	-8 468			5 134	5 134		24. Other loan stock and preference shares
	1 330			4 320	-1 916	120 378	17 730			141 205	141 205		25. Ordinary shares
-718	13 989	-113	-185	7 005	-176	5 618	374	178	65	31 580	31 580		26. Foreign branch/head office balances
			-3	-8		11 535		6 456		18 637	18 637		27. Long-term loans
	2 728				4 026		6 355		12 180	25 270	25 270		28. Mortgage loans
4 450	-16 773	541	-15 818	5 418	38 507	-15 051	88 213	16 351	-4 873	-47 607	-47 607		29. Interest in retirement and life funds ⁷
-12 361		3 671	13 959	11 730	-5 280	-1 652	18 021	19 980		-6 732	-6 732		30. Amounts receivable/payable
-121		223	319	244	-94	-133	233			100	100		31. Other assets/liabilities
													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

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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 2014¹

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	51 213		337		13 026				7 099		6 716	
2. Consumption of fixed capital ⁴			14		2 879				410		670	
3. Capital transfers.....	45	101										
4. Gross capital formation ⁴				47		3 138				122		116
5. Net lending (+)/net borrowing (-) (S).....	51 157		304		12 767				7 387		7 270	
6. Net financial investment (+) or (-) (U).....		51 157		304		12 767				7 387		7 270
7. Net incurrence of financial liabilities (Total S 9 – 32).....	-35 599		167		32 964		34 076		79 973		60 157	
8. Net acquisition of financial assets (Total U 9 – 32).....		15 558		471		45 731		34 076		87 360		67 427
9. Gold and other foreign reserves	-9 993			-9 993								
10. Cash and demand monetary deposits ⁵		8 535	2 350	3 301	-2 875	139		4 045		-5 820		-2 643
11. Short/Medium-term monetary deposits ⁵		7 425	-36	4 831	35 407			4 607		2 572		17 372
12. Long-term monetary deposits ⁵		4 583	19	5 256	38 979			3 525		2 793		23 735
13. Deposits with other financial institutions	-2 883	109				-4 285		4 798		-307	22 351	-2 883
14. Deposits with other institutions.....	9 988					9 839	34 076	71	71	28 193		15 573
15. Treasury bills	-1 530			274		8 167		-114		1 072		638
16. Other bills.....	12 890			7 883	1 338	1 328		7 262		60	-2 107	6 347
17. Bank loans and advances	11 099		106	1 738	4 427	36 968			2		-6 223	
18. Trade credit and short-term loans.....	-15 098	-28 848	63	487	6 594	-5 019			4 712	-61	9 561	-8 833
19. Short-term government bonds.....				-13		9 709		-1 678				-10 259
20. Long-term government bonds	1 109	27 382				-16 782		10 904		16 353		5 295
21. Non-marketable government bonds ⁶		-1 723		335								
22. Securities of local governments.....						888		146		1 755		-654
23. Securities of public enterprises.....	313	-834	161			1 606		2 583		-3 096	-2 507	811
24. Other loan stock and preference shares	-6 967	-10 208			4 437	18 899		3 420	39	4 271	182	1 765
25. Ordinary shares.....	19 844	21 937		-1 123	1 850	1 121		2 966	179	63 611		44 920
26. Foreign branch/head office balances.....												
27. Long-term loans.....	2 115	24 474	2 170		4 946				41	7 052	-15 492	-611
28. Mortgage loans.....	2 082					22 808			-15	-238	240	851
29. Interest in retirement and life funds ⁷		311				1 201			28 050			
30. Amounts receivable/payable	-42 068	-20 065	-1 890	-1 033	-45 895	-28 810			21 560	-19 674	36 054	-16 865
31. Other assets/liabilities.....	-16 500	-17 520	-2 776	-11 472	-16 183	-12 034		-8 459	25 250	-10 882	18 073	-6 849
32. Balancing item					-61	-12			84	-294	25	-283

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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 second quarter 2014¹

R millions

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Central and provincial governments		Local governments		Public sector		Private sector							
S	U	S	U	S	U	S	U	S	U	S	U	Transaction items	
-21 729		-12 996		-2 019		13 857		29 759		85 263			1. Net saving ⁴
13 674		4 871		15 672		76 874		14 647		129 711			2. Consumption of fixed capital ⁴
	4 059	17		40		413	16	3 690	29	4 205	4 205		3. Capital transfers
	18 597	12 702		39 012		124 136		17 104		214 974			4. Gross capital formation ⁴
-30 711		-20 810		-25 319		-33 008		30 963		-			5. Net lending (+)/net borrowing (-) (S)
	-30 711	-20 810		-25 319		-33 008		30 963					6. Net financial investment (+) or (-) (U)
82 799		23 226		-14 111		145 736		2 287		411 675			7. Net incurrence of financial liabilities (Total S 9 – 32)
	52 088	2 416		-39 430		112 728		33 250		411 675			8. Net acquisition of financial assets (Total U 9 – 32)
	2 863	-7 460		1 614		-10 570		5 471		-9 993	-9 993		9. Gold and other foreign reserves
	-1 014	-10 048		-8 933		8 921		9 638		-525	-525		10. Cash and demand monetary deposits ⁵
	-3 920	54		2 592		-2 024		2 404		35 371	35 371		11. Short/Medium-term monetary deposits ⁵
	6 786	-33	-2 815	-167		14 156		5 265		38 998	38 998		12. Long-term monetary deposits ⁵
										16 653	16 653		13. Deposits with other financial institutions
						-1 626	-17 997	44		42 509	42 509		14. Deposits with other institutions
10 429							-1 138			8 899	8 899		15. Treasury bills
	219			-81	-652	13 090	2 683			25 130	25 130		16. Other bills
-3 114		-886		-1 436		31 554		3 177		38 706	38 706		17. Bank loans and advances
-118	-1	14 901	8 113	-40 907	-1 642	-14 583	1 618	8 348	7 659	-26 527	-26 527		18. Trade credit and short-term loans
-2 196					45					-2 196	-2 196		19. Short-term government bonds
42 104					63				-2	43 213	43 213		20. Long-term government bonds
-1 515									-127	-1 515	-1 515		21. Non-marketable government bonds ⁶
		1 494					-641			1 494	1 494		22. Securities of local governments
	-5 556	-78	1 355		3 919		-33		-33	-678	-678		23. Securities of public enterprises
	117	859	118	156	-2 137	-493	-18 027		-5	-1 787	-1 787		24. Other loan stock and preference shares
	-1 330		-4 344	1 610	106 013	-10 170				123 542	123 542		25. Ordinary shares
													26. Foreign branch/head office balances
-1 493	1 340	7 869	-26	6 356	194	16 613	-9 001	440	143	23 565	23 565		27. Long-term loans
		-5	-15	-337		14 732		6 709		23 406	23 406		28. Mortgage loans
	-347				10 021		8 643		8 221	28 050	28 050		29. Interest in retirement and life funds ⁷
38 702	52 929	-478	11 741	-276	-47 062	-2 584	71 197	-6 195	-5 428	-3 070	-3 070		30. Amounts receivable/payable
	1	-396	38	27 914	4 768	-16 660	70 939	-10 192		8 530	8 530		31. Other assets/liabilities
	1	-132	12	304	256	-320	220			-100	-100		32. 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 2014¹

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	63 780		96		15 128				6 852		4 623	
2. Consumption of fixed capital ⁴			14		3 015				413		684	
3. Capital transfers.....	42	104										
4. Gross capital formation ⁴				53		3 714				222		72
5. Net lending (+)/net borrowing (-) (S).....	63 718		57		14 429				7 043		5 235	
6. Net financial investment (+) or (-) (U).....		63 718		57		14 429				7 043		5 235
7. Net incurrence of financial liabilities (Total S 9 – 32).....	12 812		55 468		77 987		7 295		27 873		-19 086	
8. Net acquisition of financial assets (Total U 9 – 32).....		76 530		55 525		92 416		7 295		34 916		-13 851
9. Gold and other foreign reserves.....	23 356			23 356								
10. Cash and demand monetary deposits ⁵		3 948	45 273	7 860	14 397	9 731		-7 997		4 913		-135
11. Short/Medium-term monetary deposits ⁵		263	-68	-797	57 134			-1 880		4 684		4 445
12. Long-term monetary deposits ⁵		399	26	-7 756	-31 170			-11 006		-2 867		-17 845
13. Deposits with other financial institutions.....	972	-48				324		3 885		304	-5 221	972
14. Deposits with other institutions.....	-22 985					-21 688	7 295	-23 333	-23 333	20 320		8 291
15. Treasury bills.....	22			54		8 678				225		-2 217
16. Other bills.....	14 660			13 270	-2 843	-407		287		-744	-2 902	-9 433
17. Bank loans and advances.....	-1 648		-2 459	20 031	15 421	33 717			-3		1 792	
18. Trade credit and short-term loans.....	10 252	63 835	751	-126	40 895	-518			2 982	-217	-451	5 536
19. Short-term government bonds.....				-62		2 209		-178		2 823		-3 463
20. Long-term government bonds.....	-696	16 640				6 198		23 154		10 044		-6 095
21. Non-marketable government bonds ⁶		-584		-310								
22. Securities of local governments.....						39				-771		-836
23. Securities of public enterprises.....	443	-308	1 319			8 187		4 939		-1 985	-3 715	-1 026
24. Other loan stock and preference shares.....	7 183	692			825	7 320		2 283	-7	8 590	-39	-2 229
25. Ordinary shares.....	32 295	18 074			-52	1 485		4 238	179	-13 698		-180
26. Foreign branch/head office balances.....												
27. Long-term loans.....	3 057	1 783	12 535		524				-150	2 800	8 802	5 524
28. Mortgage loans.....	1 638					18 708			11	77	1 002	1 478
29. Interest in retirement and life funds ⁷		929				44			30 269			
30. Amounts receivable/payable.....	-49 462	-28 337	-14	12	-51 070	16 703			16 607	-4 308	-17 188	2 344
31. Other assets/liabilities.....	-6 275	-756	-1 895	-7	33 695	1 515		12 903	1 239	4 544	-874	764
32. Balancing item.....					231	171			79	182	-292	254

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KB230

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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 (continued)

Flow of funds for the third quarter 2014¹

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		
-40 369		-5 017		-4 013		22 357		8 197		71 634		1. Net saving ⁴	
13 876		4 889		16 257		78 089		14 775		132 012		2. Consumption of fixed capital ⁴	
	13 576	8 570		44		422	15	4 644	27	13 722	13 722	3. Capital transfers	
	18 545		14 388		36 634		111 896		18 122		203 646	4. Gross capital formation ⁴	
-58 614		-5 946		-24 346		-11 043		9 467		-		5. Net lending (+)/net borrowing (-) (S)	
	-58 614		-5 946		-24 346		-11 043		9 467			6. Net financial investment (+) or (-) (U)	
71 137		-3 295		31 348		202 516		13 913		477 968		7. Net incurrence of financial liabilities (Total S 9 – 32)	
	12 523		-9 241		7 002		191 473		23 380		477 968	8. Net acquisition of financial assets (Total U 9 – 32)	
	-23 031		143		-490		55 387		9 341	23 356	23 356	9. Gold and other foreign reserves	
	19 368		-1 088		7 473		8 237		16 361	59 670	59 670	10. Cash and demand monetary deposits ⁵	
	5 164		196		-236		3 198		-391	57 066	57 066	11. Short/Medium-term monetary deposits ⁵	
	6 739		-1	-71	-749		14 353		-23 360	-31 144	-31 144	12. Long-term monetary deposits ⁵	
						21 793	-7 682		123	-4 320	-4 320	13. Deposits with other financial institutions	
8 270							1 552			-17 230	-17 230	14. Deposits with other institutions	
	170			-426	-104	-7 444	-1 973	21		8 292	8 292	15. Treasury bills	
12 439		1 144		3 862		18 622		4 578		1 066	1 066	16. Other bills	
	346	-3 787	3 607	1 078	-114	29 357	7 482	579	1 825	53 748	53 748	17. Bank loans and advances	
112					-1 217					81 656	81 656	18. Trade credit and short-term loans	
47 321					-3 316					112	112	19. Short-term government bonds	
-1 083									-189	46 625	46 625	20. Long-term government bonds	
		-130					1 438			-1 083	-1 083	21. Non-marketable government bonds ⁶	
	1		5	7 636			-4 133	3		-130	-130	22. Securities of local governments	
	-203	-955	3	1 992	-26	13 229	5 798			5 683	5 683	23. Securities of public enterprises	
	700			701	147	17 349	39 706			22 228	22 228	24. Other loan stock and preference shares	
-655	10 852	497		2 265	180	10 830	16 935	460	91	50 472	50 472	25. Ordinary shares	
				132		13 647		3 833				26. Foreign branch/head office balances	
	-411				130		18 181		11 396	38 165	38 165	27. Long-term loans	
4 733	-7 171		76	6 919	6 546	72 976	-6 106	4 438	8 180	20 263	20 263	28. Mortgage loans	
	-1	-95	-12 137	6 945	-1 167	11 650	38 736	4		30 269	30 269	29. Interest in retirement and life funds ⁷	
		31	-45	315	-55	507	364			-12 061	-12 061	30. Amounts receivable/payable	
										44 394	44 394	31. Other assets/liabilities	
										871	871	32. 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 2014¹

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	41 515		-90		14 106				9 746		9 076	
2. Consumption of fixed capital ⁴			15		3 231				311		696	
3. Capital transfers.....	50	105										
4. Gross capital formation ⁴				48	4 308					112	20	
5. Net lending (+)/net borrowing (-) (S).....	41 460		-123		13 029				9 945		9 752	
6. Net financial investment (+) or (-) (U).....		41 460		-123	13 029					9 945		9 752
7. Net incurrence of financial liabilities (Total S 9 – 32).....	-12 714		9 123		79 884		56 055		92 441		50 366	
8. Net acquisition of financial assets (Total U 9 – 32).....		28 746		9 000	92 913		56 055		102 386		60 118	
9. Gold and other foreign reserves.....	7 927			7 927								
10. Cash and demand monetary deposits ⁵		-1 541	4 427	-7 517	39 585	9 505	-26 687		-2 461		496	
11. Short/Medium-term monetary deposits ⁵		10 296	126	-8 034	10 139		-7 923		-2 916		-1 253	
12. Long-term monetary deposits ⁵		5 429	25		-14 919		-3 092		-1 801		-19 313	
13. Deposits with other financial institutions.....	-2 884	529				-175	-4 437		1 527	11 526	-2 884	
14. Deposits with other institutions.....	22 753					22 755	56 055	44 025	44 025	8 143	6 969	
15. Treasury bills.....	-856			-262		10 760			-2 537		802	
16. Other bills.....	3 200			-1 117	-950	2 062		20	-67	-2 259	-952	
17. Bank loans and advances.....	428		-1 336	11 615	5 564	6 068			-1		834	
18. Trade credit and short-term loans.....	-11 078	33 912	73	-210	25 058	-29 910			-6 762	7 988	8 846	17 954
19. Short-term government bonds.....				148		-1 782				-11 053	2 969	
20. Long-term government bonds.....	177	-3 121				17 803		10 954		10 558	16 088	
21. Non-marketable government bonds ⁶		-1 642		6 094								
22. Securities of local governments.....						9				706	38	
23. Securities of public enterprises.....	486	517	-1 052			5 136		7 663		4 634	157	531
24. Other loan stock and preference shares.....	-2 312	147			-307	11 796		1 530	124	18 294	-415	406
25. Ordinary shares.....	17 819	-11 513			2 022	-2 898		22 969	208	45 631	33 955	
26. Foreign branch/head office balances.....												
27. Long-term loans.....	549	37 304	2 984	-5	1 430				1 542	1 518	6 773	2 098
28. Mortgage loans.....	848					24 035			70	-223	2 491	-971
29. Interest in retirement and life funds ⁷		425				294			29 910			
30. Amounts receivable/payable.....	-45 721	-35 445	173	1	13 100	35 989			13 755	15 375	16 191	1 677
31. Other assets/liabilities.....	-4 050	-6 551	3 703	360	-628	-18 400		11 033	9 427	8 802	6 167	1 381
32. Balancing item.....					-210	-134			143	268	55	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 2014¹

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		
14 222		-8 815		-7 048		12 476		-44 136		41 052			1. Net saving ⁴
13 918		4 996		16 873		79 278		15 125		134 443			2. Consumption of fixed capital ⁴
	14 423	9 191		60		224	18	5 053	32	14 578	14 578		3. Capital transfers
	19 177		14 502		35 436		84 403		17 489		175 495		4. Gross capital formation ⁴
-5 460		-9 130		-25 551		7 557		-41 479		-			5. Net lending (+)/net borrowing (-) (S)
	-5 460		-9 130		-25 551		7 557		-41 479				6. Net financial investment (+) or (-) (U)
49 948		216		21 668		157 572		66 479		571 038			7. Net incurrence of financial liabilities (Total S 9 – 32)
	44 488		-8 914		-3 883		165 129		25 000		571 038		8. Net acquisition of financial assets (Total U 9 – 32)
	63 079		2 173		559		-1 800		8 206	7 927	7 927		9. Gold and other foreign reserves
	-23 983		1 497		908		28 475		13 198	44 012	44 012		10. Cash and demand monetary deposits ⁵
	-609		-520		-430		3 050		2 392	10 265	10 265		11. Short/Medium-term monetary deposits ⁵
	3 042		22		8 807		6 885		-1 632	-14 894	-14 894		12. Long-term monetary deposits ⁵
						-44 901	-7 165		163	8 642	8 642		13. Deposits with other financial institutions
9 243							-376			77 932	77 932		14. Deposits with other institutions
	-367			-597	-21	1 574	1 425	15		8 387	8 387		15. Treasury bills
6 055		-532		5 159		-10 696		12 208		983	983		16. Other bills
	-401	-844	-784	1 728	212	9 713	20 176	25 322	3 119	17 683	17 683		17. Bank loans and advances
-10 125									-2	52 056	52 056		18. Trade credit and short-term loans
51 751										-10 125	-10 125		19. Short-term government bonds
4 356										51 928	51 928		20. Long-term government bonds
		1 459					706			-96	4 356		21. Non-marketable government bonds ⁶
	9		-376	12 306			-6 276		59	1 459	1 459		22. Securities of local governments
	19	-55	-1	690	-31	41 389	6 954			11 897	11 897		23. Securities of public enterprises
				4	-29	77 730	9 735		-67	39 114	39 114		24. Other loan stock and preference shares
-1 398	1 628	-513	-2	6 191	-107	17 213	-8 746	-199	884	97 783	97 783		25. Ordinary shares
			-7	109									26. Foreign branch/head office balances
	-411				-35		4 852		24 785	34 572	34 572		27. Long-term loans
-9 934	2 482	-251		-2 772	-12 797	57 090	86 546	26 188	-26 009	22 834	22 834		28. Mortgage loans
		714	-10 687	-862	-120	-7 855	20 750	-48		29 910	29 910		29. Interest in retirement and life funds ⁷
		238	-229	-288	-40	-8	-62			67 819	67 819		30. Amounts receivable/payable
										6 568	6 568		31. Other assets/liabilities
										-70	-70		32. Balancing item

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