

Note on the flow of funds in South Africa's national financial account for the year 2018

by S Madonsela and B Khoza¹

Introduction

The national financial account shows the flow of funds among all institutional sectors of the South African economy for both real and financial transactions. In 2018 these flows occurred in a domestic economic environment of lower inflation and a technical recession in the first half of the year, along with electricity-supply disruptions, a weaker exchange value of the rand, a wider current account deficit, an increase in government debt, and some non-financial public business enterprises experiencing governance and financial challenges.

The financial flows and changes in sectoral financial instrument positions described in this note reflect the impact of these developments. The quarterly flow-of-funds accounts for 2018 are appended to this note and the annual summary is published on pages S-48 and S-49 of this *Quarterly Bulletin*.

Sectoral financing balances

Domestic economic growth remained weak and slowed in 2018 as the downward phase of the business cycle, which commenced in December 2013, continued. Gross saving in the South African economy decreased from R757 billion in 2017 to R701 billion in 2018, and gross capital formation decreased by 0.1% to R874 billion in 2018 amid weak business confidence. Non-financial private business enterprises played a key role in the economy in 2018, both as savers and investors, and contributed 52.8% to gross saving and 54.9% to gross capital formation. The table below summarises the economy's institutional financing balances for 2017 and 2018.

Financing balances,¹ 2017 and 2018

R millions

	2017				2018			
	Gross saving	Net capital transfers	Gross capital formation ²	Net lending (+)/net borrowing (-) ³	Gross saving	Net capital transfers	Gross capital formation	Net lending (+)/net borrowing (-)
Foreign sector ⁴	118 234	- 246	-	117 988	172 961	- 236	-	172 725
Financial intermediaries	99 781	-	19 645	80 136	116 818	-	23 288	93 530
General government...	7 218	-37 323	147 107	-177 212	-1 123	-17 053	145 767	-163 943
Non-financial business enterprises								
Public	55 258	17 789	146 477	-73 430	56 926	1	127 410	-70 483
Private	522 054	2 038	464 457	59 635	461 713	2 235	479 911	-15 963
Households ⁵	72 617	17 742	97 476	-7 117	67 101	15 053	98 020	-15 866
Total	875 162	0	875 162	0	874 396	0	874 396	0

Surplus units (+) deficit units (-)

1. 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.
2. Gross capital formation consists of fixed capital formation and changes in inventories, before providing for consumption (depreciation) of fixed capital.
3. Net lending/borrowing equals gross saving *plus* net capital transfers *less* gross capital formation.
4. 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 reflects a deficit for the rest of the world and a surplus on South Africa's current account of the balance of payments.
5. This includes unincorporated business enterprises and non-profit institutions serving households.

Source: SARB

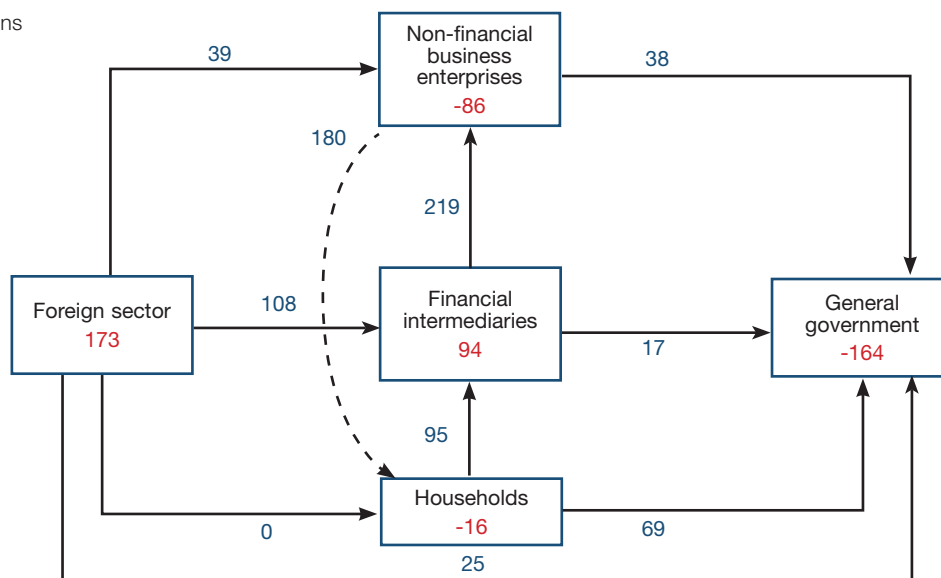
1 The views expressed are those of the authors and do not necessarily reflect the views of the South African Reserve Bank (SARB). The SARB would like to express its sincere appreciation to all the reporting organisations – government departments as well as financial and other public and private sector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



The inter-sectoral flow of funds among the main institutional sectors in the South African economy is presented in the diagram below. Financial intermediaries were the only domestic sector with a surplus position in 2018. General government sourced R17 billion from financial intermediaries, R25 billion from the foreign sector, R38 billion from non-financial business enterprises and R69 billion from households to finance the R164 billion deficit. The shortfall of non-financial business enterprises was financed through funding from both financial intermediaries and the foreign sector. Households sourced R180 billion from non-financial business enterprises and, in turn, financial intermediaries received R95 billion from households.

Net inter-sectoral flows of funds, 2018*

R billions



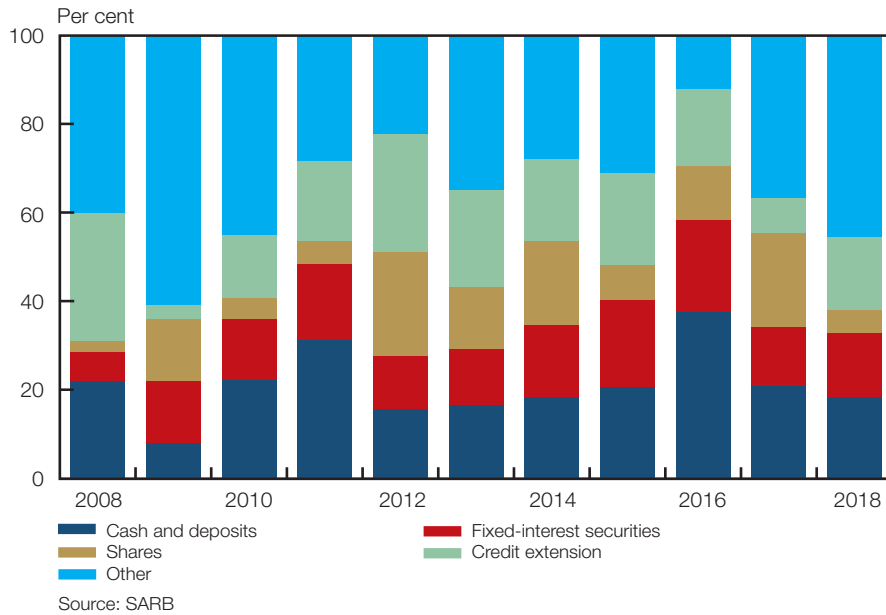
* The numbers may not balance perfectly due to rounding off. The numbers inside the boxes represent the net lending (+) or borrowing (-) positions of the sectors, and those outside the boxes illustrate inter-sectoral flows of funds and the direction of flows. To calculate the net lending or net borrowing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

Source: SARB

2 The net flows reflect the net acquisition of financial assets.

The figure below shows the net flows² of the main financial instrument categories over the past 11 years. The contribution of cash and deposits as well as fixed-interest securities did not change much from 2017 to 2018, contributing 18.3% and 14.3% respectively to total intermediation in 2018. However, the contribution of credit extension increased from only 7.9% in 2017 to 16.4% in 2018, while that of shares decreased from 21.2% to 5.4% over the same period.

Contribution of financial instruments to intermediation



Sectoral analysis

Developments in the main institutional sectors are discussed below, with a focus on net financing positions and the utilisation of financial instruments to allocate surplus funds and to source funding. The outcomes per financial instrument reflect risk-return assessments, funding costs, macroeconomic conditions and the regulatory framework, among other factors.

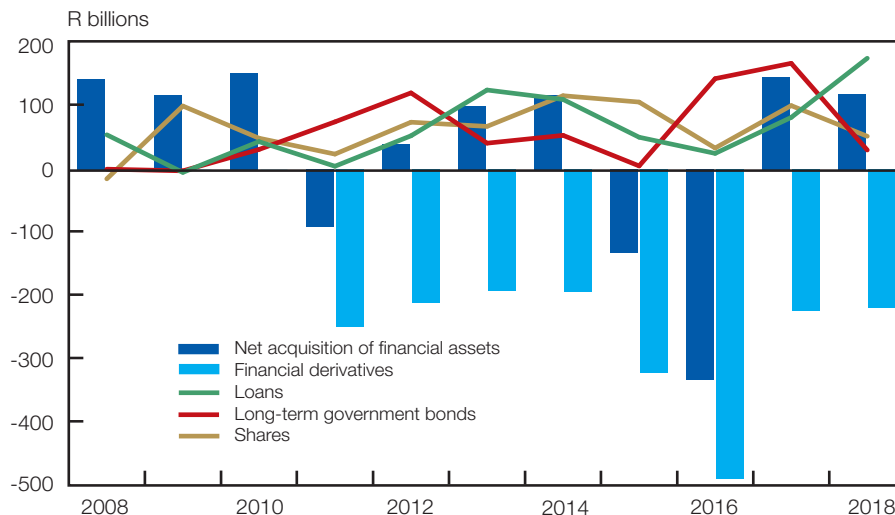
Foreign sector

Non-residents' net acquisition of financial assets reflected a marked disposal of South African assets in 2016, owing to a significant change in financial derivative³ exposure. Non-residents acquired net financial assets of R118 billion in 2018. This included the net placement of funds of R28.4 billion in long-term government bonds, R50.1 billion in shares, and loans of R173 billion. South Africa received net financial investment⁴ of R173 billion from non-residents in 2018 compared to the R118 billion received in 2017. The decrease in the acquisition of domestic securities by the rest of the world reflected an increase in risk aversion, uncertainty about domestic economic growth prospects, higher United States interest rates and escalating global trade tensions.

3 Financial derivatives data have been published explicitly for the flow of funds since 2011.

4 This is the difference between non-residents' net acquisition of financial assets and the net incurrence of financial liabilities.

Non-resident net funding of South Africa



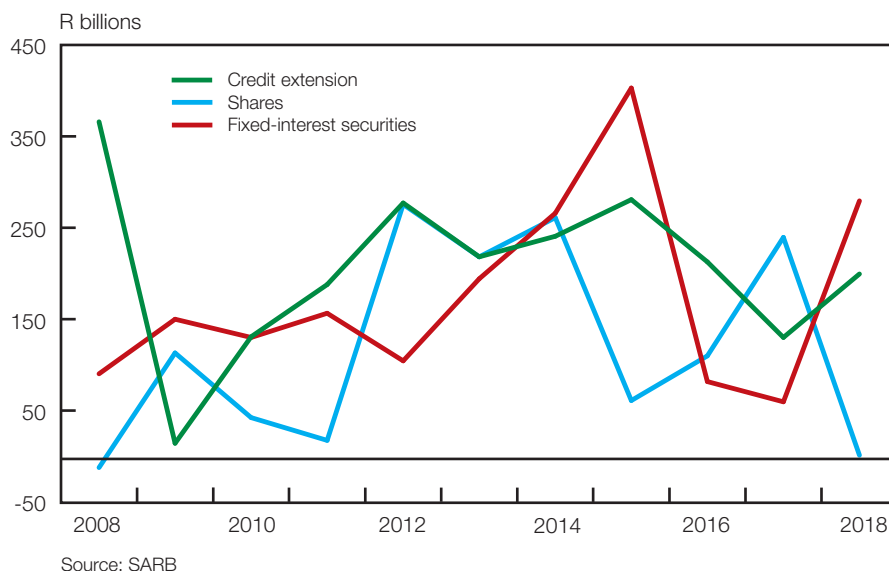
5 Financial intermediaries comprise the monetary authority, banks and non-bank financial institutions (excluding the Public Investment Corporation).

6 This is calculated as the net acquisition of financial assets plus gross capital formation, or the net incurrence of financial liabilities plus net saving plus the consumption of fixed capital.

Financial intermediaries⁵

Total funds⁶ intermediated between surplus and deficit units through financial intermediaries increased from R434 billion in 2017 to R744 billion in 2018. Financial intermediaries' funding in 2018 consisted of, among others, deposits of R290 billion – mainly from households, general government and non-financial private business enterprises – funds placed with other financial institutions of R122 billion, and interest in retirement and life funds of R143 billion.

Net acquisition of financial assets through selected instruments by financial intermediaries



7 Fixed-interest securities include Treasury bills, other bills, short-term government bonds, long-term government bonds, securities of local governments, securities of public enterprises, and other loan stock and preference shares.

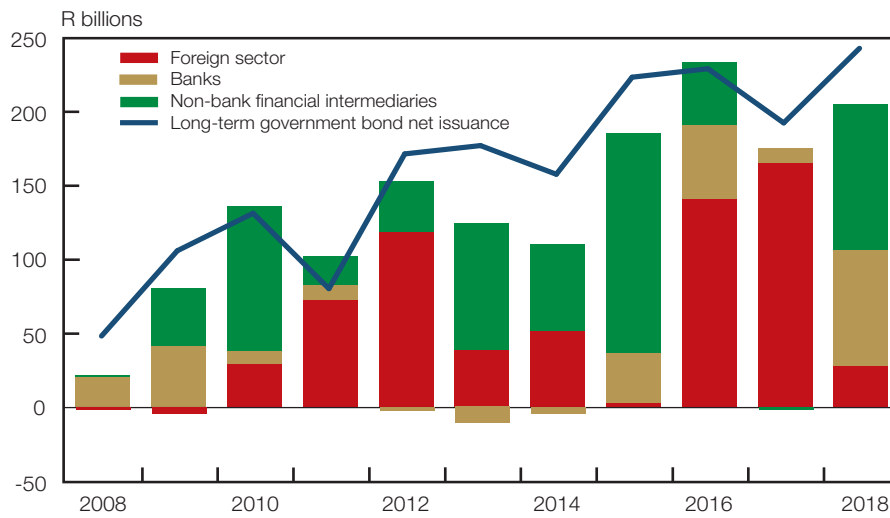
8 This includes bank loans and advances, trade credit and short-term loans, long-term loans and mortgage loans.

Intermediation through financial intermediaries' net acquisition of financial assets in 2018 included the acquisition of fixed-interest securities,⁷ which was higher at R279 billion, and credit extension⁸ of R199 billion, along with subdued net purchases of shares of R1.1 billion amid lower domestic share prices. Bank loans and advances as well as mortgage loans contributed R141 billion and R91.4 billion respectively to credit extension in 2018.

General government

The October 2018 *Medium Term Budget Policy Statement* highlighted the impact of weak economic activity and revenue shortfalls on fiscal outcomes. In spite of this, general government's borrowing requirement narrowed from R177 billion in 2017 to R164 billion in 2018. In 2018 government financed the borrowing requirement through the net incurrence of financial liabilities, such as the net issuance of long-term bonds of R243 billion, of which R25.2 billion was raised in international bond markets, and Treasury bills of R8.6 billion. A further R5.4 billion was sourced through loans. The institutional sectors that invested in long-term government bonds included banks and non-bank financial intermediaries, which increased their holdings by R78.3 billion and R98.2 billion respectively. By contrast, non-residents' appetite for domestic long-term government bonds moderated. The general government sector's net acquisition of financial assets reflected an increase in deposit holdings of R62.3 billion in 2018.

Net purchases of long-term government bonds by selected sectors and net issuance by general government



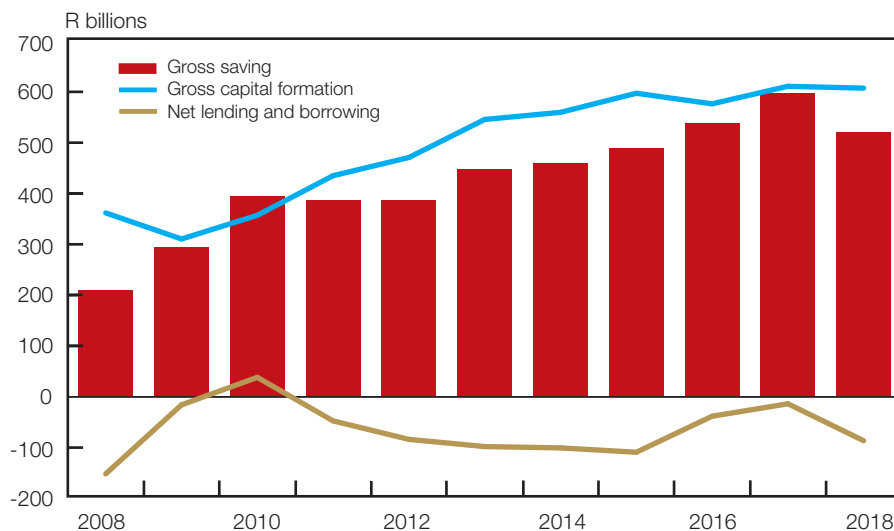
Source: SARB

Non-financial public and private business enterprises

The gross saving of non-financial public and private corporate business enterprises decreased markedly from R577 billion in 2017 to R519 billion in 2018, mainly due to the decline in savings of private business enterprises. The sector's gross capital formation also decreased, but by much less, from R611 billion in 2017 to R607 billion in 2018, with private business enterprises contributing 79.0%. This reflected low business confidence and caution in an uncertain business and political environment. The larger shortfall between savings and investment resulted in a bigger net borrowing requirement of R86.4 billion in 2018, to which public business enterprises contributed 81.5% amid funding and governance challenges.

Funds raised by non-financial business enterprises through the net issuance of fixed-interest securities decreased from R71.3 billion in 2017 to R55.6 billion in 2018, while loans incurred increased from R99.4 billion to R110 billion over the same period. Non-financial business enterprises' holdings of cash and deposits increased by R12.0 billion in 2017 and by a further R50.5 in 2018.

Non-financial corporate business enterprises



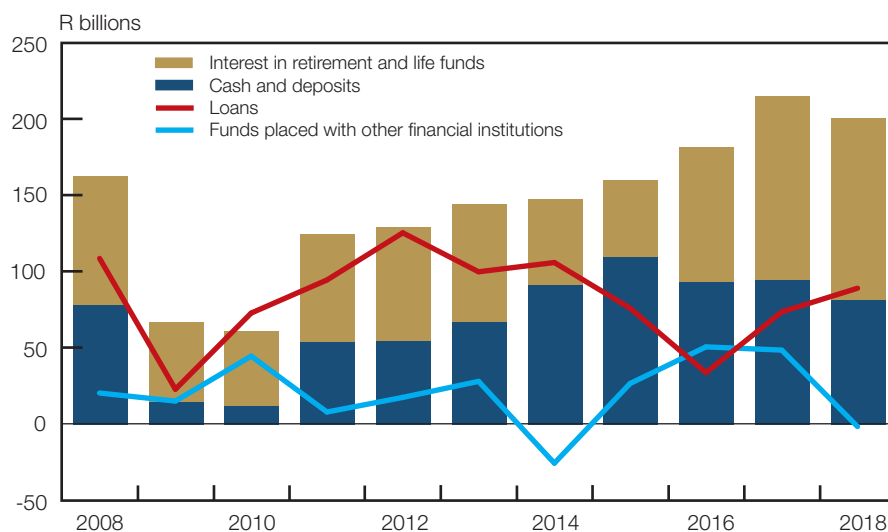
Source: SARB



Households

Gross saving by the household sector declined from R72.6 billion in 2017 to R67.1 billion in 2018, while households received more loans of R88.9 billion in 2018. This reflected the high level of unemployment and slow income growth. Households' net acquisition of financial assets decreased by 61.3% in 2018, with cash and deposits receding from R95.0 billion in 2017 to R81.6 billion in 2018, and interest in retirement and life funds decreasing marginally from R120 billion to R119 billion over the same period. In addition, funds placed with other financial institutions for the purchase of units in collective investment schemes also switched from net purchases of R48.3 billion in 2017 to net sales of R1.8 billion in 2018. The household sector's net borrowing position widened from R7.1 billion in 2017 to R15.9 billion in 2018.

Household lending and borrowing



Source: SARB

Summary and conclusion

In 2018 financial intermediation in South Africa increased despite subdued domestic economic activity and low income growth. The main highlights are:

- An increase in foreign investor risk aversion contributed to a decrease in foreign investors' holdings of domestic shares and long-term government bonds.
- Financial intermediation through fixed-interest securities increased, whereas net purchases of shares decreased.
- General government's net issuance of long-term government bonds increased to fund the net borrowing requirement.
- Non-financial business enterprises' gross capital formation decreased.
- Households' demand for credit increased.

References

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National financial account

Flow of funds for the first quarter 2018¹

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	72 744		-104		897		97		12 098		7 488	
2. Consumption of fixed capital ⁴			138		3 756		7		176		1 063	
3. Capital transfers.....	44	105										
4. Gross capital formation ⁴				356	4 893		7		169		573	
5. Net lending (+)/net borrowing (-) (S).....	72 683		-322		-240		97		12 105		7 978	
6. Net financial investment (+) or (-) (U).....		72 683		-322	-240		97		12 105		7 978	
7. Net incurrence of financial liabilities (Total S 9 – 32).....	-10 448		-17 374		-25 769		9 833		8 324		1 052	
8. Net acquisition of financial assets (Total U 9 – 32).....		62 235		-17 696	-26 009		9 930		20 429		9 030	
9. Gold and other foreign reserves.....	-14 571			-14 571								
10. Cash and demand monetary deposits ⁵		-678	-3 580	17 376	-14 530	-2 210		5 044		4 130		-4 026
11. Short/Medium-term monetary deposits ⁵		8 278		16 514	2 515			1 368		-1 610		-21 824
12. Long-term monetary deposits ⁵		-3 179		502	56 112			3 482		2 263		39 346
13. Funds placed with other financial institutions.....	-842	72				-5 242		4 154		1 009	10 739	-842
14. Funds placed with other institutions.....	-26 275					-26 002	9 833	-5 998	-5 998	8 463		3 425
15. Treasury bills.....	-9 518			532		-20 368				846		-673
16. Other bills.....	-11 399			-6 006	546	-1 295		200		37	-15	-270
17. Bank loans and advances.....	23 652		340	-3 209	-3 224	82 204			-1		18 839	
18. Trade credit and short-term loans.....	36 503	19 813	-282	-22 610	-43 470	-12 487			-1 462	-32	-981	1 850
19. Short-term government bonds.....				1 815		-4 843		208		7 558		3 727
20. Long-term government bonds.....	989	46 708		-2 017		-1 591		3 913		6 641		2 249
21. Non-marketable debt of central government ⁶												
22. Securities of local governments.....						414		26		2 169		145
23. Securities of public enterprises.....	1 255	1 022	200			522		46		7 690	181	-340
24. Other loan stock and preference shares.....	-1 520	-846			-261	-3 400		-1 064	-501	1 561	-2	-5 195
25. Ordinary shares.....	33 842	48 160			208	956		-3 109	392	-43 334		-41 506
26. Foreign branch/head office balances.....												
27. Long-term loans.....	15 801	-294	-13 080	-2	1 725				119	-8 132	8 488	4 499
28. Mortgage loans.....	-197					25 342			-2	-655	126	1 502
29. Interest in retirement and life funds ⁷		1 507				-689			40 996			
30. Financial derivatives.....	-53 339	-59 570			-71 702	-25 572			1 927	1 397	1 102	2 304
31. Amounts receivable/payable.....	720		351	98		5 692			-2	17 388	213	-6 159
32. Other liabilities/assets.....	-5 549	1 242	-1 323	-6 118	45 984	-37 330		1 660	-27 108	12 780	-37 479	30 613
33. Balancing item.....					328	-110			-36	260	-159	205

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 2018¹

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	
3 612		- 9 680		- 12 399		16 089		-44 354		46 488			1. Net saving ⁴
16 560		6 332		25 059		94 632		17 207		164 930			2. Consumption of fixed capital ⁴
	21 247	15 053		1		739	16	5 559	28	21 396	21 396		3. Capital transfers
	20 468		16 273		31 136		112 467		25 076		211 418		4. Gross capital formation ⁴
-21 543		-4 568		-18 475		-1 023		-46 692					5. Net lending (+)/net borrowing (-) (S)
	-21 543		-4 568		-18 475		-1 023		-46 692				6. Net financial investment (+) or (-) (U)
1 081		11 001		28 971		40 291		18 909		65 871			7. Net incurrence of financial liabilities (Total S 9 – 32)
	-20 462		6 433		10 496		39 268		-27 783		65 871		8. Net acquisition of financial assets (Total U 9 – 32)
	-18 929		4 388		-3 074		-16 399		-3 732	-14 571	-14 571		9. Gold and other foreign reserves
	-18 890		12 788		842		-3 245		8 294	-18 110	-18 110		10. Cash and demand monetary deposits ⁵
	3 495		-2 126		-435		5 990		6 774	2 515	2 515		11. Short/Medium-term monetary deposits ⁵
			13	-3 447	702		8 272		-1 688	6 450	6 450		12. Long-term monetary deposits ⁵
	5 209					5 079	-2 697		239	-17 361	-17 361		13. Funds placed with other financial institutions
-11 607							-1 462			-21 125	-21 125		14. Funds placed with other institutions
	184			-489		2 373	-1 834			-8 984	-8 984		15. Treasury bills
1 271		-672		3 479		18 300		17 011		78 995	78 995		16. Other bills
-22 178	-2 217	35	27	12 998	4 457	-36 732	-7 645	9 624	-27 101	-45 945	-45 945		17. Bank loans and advances
8 465										8 465	8 465		18. Trade credit and short-term loans
54 910									-4	55 899	55 899		19. Short-term government bonds
92									92	92	92		20. Long-term government bonds
		-101					-2 855			-101	-101		21. Non-marketable debt of central government ⁶
				7 298					-6	8 934	8 934		22. Securities of local governments
	4 879		-1	2 459	371	-4 987	-1 117			-4 812	-4 812		23. Securities of public enterprises
				-10 644	531	-35 508	26 592			-11 710	-11 710		24. Other loan stock and preference shares
-2	-13 080	47	-11	-6 910	6 618	-475	16 142	3	-24	5 716	5 716		25. Ordinary shares
		16	1			18 411		7 836		26 190	26 190		26. Foreign branch/head office balances
				9 373	-1 727	26 802	-2 669		31 671	40 996	40 996		27. Long-term loans
-18 470	18 887	7 530	-4 186	5 642	1 561	25 956	30 740	-230	-42 311	-85 837	-85 837		28. Mortgage loans
-11 300		3 859	-4 345	9 159	488	20 670	-17 425	-15 335	13	-18 422	-18 422		29. Interest in retirement and life funds ⁷
-100		287	-115	53	162	402	373			775	775		30. Financial derivatives
													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

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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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 2018¹

R millions

Sectors Transaction items	Financial intermediaries											
	Foreign sector		Monetary authority		Other monetary institutions ²		Public Investment Corporation ³		Insurers and retirement funds		Other financial institutions	
	S	U	S	U	S	U	S	U	S	U	S	U
1. Net saving ⁴	24 596		-365		5 641		105		916		8 760	
2. Consumption of fixed capital ⁴			139		3 757		7		180		1 075	
3. Capital transfers.....	45	104										
4. Gross capital formation ⁴				75		3 503		7		210		1 276
5. Net lending (+)/net borrowing (-) (S).....	24 537		-301		5 895		105		886		8 559	
6. Net financial investment (+) or (-) (U).....		24 537		-301		5 895		105		886		8 559
7. Net incurrence of financial liabilities (Total S 9 – 32).....	-4 376		95 902		116 667		49 583		52 795		47 422	
8. Net acquisition of financial assets (Total U 9 – 32).....		20 161		95 601		122 562		49 688		53 681		55 981
9. Gold and other foreign reserves.....	23 537			23 537								
10. Cash and demand monetary deposits ⁵		8 158	38 996	-13 000	-2 870	1 360		-2 490	-2 794			-10 052
11. Short/Medium-term monetary deposits ⁵		18 326		7 011	-29 420			-7 199	-4 093			-63 085
12. Long-term monetary deposits ⁵		12 774		-502	94 056			6 310	5 385			53 344
13. Funds placed with other financial institutions.....	-1 400	257				1 268		9 337	-126	14 317		-1 400
14. Funds placed with other institutions.....	-11 282					14 268	49 583	18 212	18 212	29 792		7 321
15. Treasury bills.....	6 896			-114		10 138			-180			-463
16. Other bills.....	54 682			52 024	-266	918		4 892	202	1 036		7 434
17. Bank loans and advances.....	-8 912		-234	-12	3 036	6 844					-7 328	
18. Trade credit and short-term loans.....	-16 430	-13 175	3 664	8 605	23 943	-15 232			5 727	-51	-1 898	592
19. Short-term government bonds.....				-287		7 845		-159	-15 087			5 473
20. Long-term government bonds.....	-527	-3 421				25 201		19 730	-9 063			21 183
21. Non-marketable debt of central government ⁶		-636										
22. Securities of local governments.....						761		-144	-415			157
23. Securities of public enterprises.....	1 628	2 331				4 332		-364	-7 758	-1 880		506
24. Other loan stock and preference shares.....	8 747	6 960			3 943	3 283		-2 098	-802	5 557	2 426	-3 589
25. Ordinary shares.....	6 752	17 765			1 113	-1 324		791	-19	68 432		61 727
26. Foreign branch/head office balances.....												
27. Long-term loans.....	17 522	13 141	61 059	7	-208				-1 115	1 325	6 398	348
28. Mortgage loans.....	66					18 457			-2	-465		1 425
29. Interest in retirement and life funds ⁷		9 687				655			26 401			
30. Financial derivatives.....	-50 414	-45 459			71 406	-19 698			2 480	-1 262	118	449
31. Amounts receivable/payable.....	95		-271	76		34 020			-14 811	13 584	139	6 793
32. Other liabilities/assets.....	-35 336	-6 547	-7 312	18 256	-48 049	29 349		2 870	16 543	-29 227	33 821	-32 136
33. Balancing item.....					-17	117			181	-75	273	-46

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National financial account (continued)

Flow of funds for the second quarter 2018¹

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			
-4 195		-16 218		-9 501		23 138		24 923		57 800		1. Net saving ⁴
16 673		6 384		25 739		94 668		17 307		165 929		2. Consumption of fixed capital ⁴
	3 376	50				526	16	2 904	29	3 525	3 525	3. Capital transfers
	19 801	16 486		33 073		126 917		22 381		223 729		4. Gross capital formation ⁴
-10 699		-26 270		-16 835		-8 601		22 724				5. Net lending (+)/net borrowing (-) (S)
	-10 699	-26 270		-16 835		-8 601		22 724				6. Net financial investment (+) or (-) (U)
127 852		2 025		22 065		173 349		22 119		705 403		7. Net incurrence of financial liabilities (Total S 9 – 32)
	117 153	-24 245		5 230		164 748		44 843		705 403		8. Net acquisition of financial assets (Total U 9 – 32)
	83 870	-7 223		1 398		-28 450		5 349		23 537	23 537	9. Gold and other foreign reserves
	-13 978	-14 936		-4 559		31 912		21 181		36 126	36 126	10. Cash and demand monetary deposits ⁵
	3 810	498		2 878		6 940		2 619		-29 420	-29 420	11. Short/Medium-term monetary deposits ⁵
	7 385	-151	4	-287		9 623		-5 600		94 056	94 056	12. Long-term monetary deposits ⁵
										12 921	12 921	13. Funds placed with other financial institutions
						- 13				56 500	56 500	14. Funds placed with other institutions
-2 893										4 003	4 003	15. Treasury bills
	44			-680		12 584		1 842		67 356	67 356	16. Other bills
-779		1 209		394		13 756		5 690		6 832	6 832	17. Bank loans and advances
7 795	7 451	794	-6	3 023	- 229	-15 758	4 378	- 3 134	15 393	7 726	7 726	18. Trade credit and short-term loans
-2 215										-2 215	-2 215	19. Short-term government bonds
54 034					-70				-53	53 507	53 507	20. Long-term government bonds
-823									-187	-823	-823	21. Non-marketable debt of central government ⁶
		-1 823								-1 823	-1 823	22. Securities of local governments
				-687					14	-939	-939	23. Securities of public enterprises
	-2	2		80	- 3	-10 540	-6 256			3 854	3 854	24. Other loan stock and preference shares
	-7 919			-5 009	378	84 386	-52 627			87 223	87 223	25. Ordinary shares
												26. Foreign branch/head office balances
-940	69 234	1 020	14	4 590	- 178	12 332	17 625	908	50	101 566	101 566	27. Long-term loans
			-1			8 883		10 469		19 416	19 416	28. Mortgage loans
							-5 466		21 525	26 401	26 401	29. Interest in retirement and life funds ⁷
				-21 627	28 729	69 139	108 343			71 102	71 102	30. Financial derivatives
36 353	-32 742			17 827	-1 663	-7 693	36 597	8 180	-16 846	39 819	39 819	31. Amounts receivable/payable
37 240		513	-2 331	24 113	-20 873	6 679	67 906	6	951	28 218	28 218	32. Other liabilities/assets
80		312	-111	37	- 291	-406	866			460	460	33. Balancing item

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KB231

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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 2018¹

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	58 488		1 227		6 386		44		9 870		7 942	
2. Consumption of fixed capital ⁴			145		3 856		7		185		1 127	
3. Capital transfers.....	47	102										
4. Gross capital formation ⁴				210		3 098		7		171		1 548
5. Net lending (+)/net borrowing (-) (S).....	58 433		1 162		7 144		44		9 884		7 521	
6. Net financial investment (+) or (-) (U).....		58 433		1 162		7 144		44		9 884		7 521
7. Net incurrence of financial liabilities (Total S 9 – 32).....	-60 882		16 058		89 057		36 941		58 548		86 929	
8. Net acquisition of financial assets (Total U 9 – 32).....		- 2 449		17 220		96 201		36 985		68 432		94 450
9. Gold and other foreign reserves.....	-3 812			-3 812								
10. Cash and demand monetary deposits ⁵		-10 344	2 839	-7 107	29 685	-2 794		8 982		4 444		8 195
11. Short/Medium-term monetary deposits ⁵		-18 638		-16 387	92 440			2 802		3 680		53 473
12. Long-term monetary deposits ⁵		-248			-5 602			-1 065		685		2 317
13. Funds placed with other financial institutions.....	-1 463	331				872		-620		-898	52 905	-1 463
14. Funds placed with other institutions.....	1 331					1 904	36 941	1 916	1 916	24 880		1 349
15. Treasury bills.....	1 846			-22		4 740				1 255		-1 449
16. Other bills.....	15 910			14 335	-173	-651		2 795		37		-329
17. Bank loans and advances.....	-2 155		452	287	-5 505	38 075					12 052	
18. Trade credit and short-term loans.....	-7 672	29 862	513	21 799	2 600	6 360			1 691	-96	12 286	2 542
19. Short-term government bonds.....				-40		4 375		-32		-11 884		-89
20. Long-term government bonds.....	-806	3 755				10 906		9 670		17 523		18 730
21. Non-marketable debt of central government ⁶												
22. Securities of local governments.....						453				435		-220
23. Securities of public enterprises.....	1 265	20 260		260		4 057		- 1 783		309		-262
24. Other loan stock and preference shares.....	1 435	1 297			1 410	23 679		1 012	-1 338	6 227	-23	8 495
25. Ordinary shares.....	17 287	- 5 136			-2	6 107		12 090	25	27 039		18 462
26. Foreign branch/head office balances.....												
27. Long-term loans.....	4 887	48 575	10 879	-5	-35				27	-4 371	-10 435	-697
28. Mortgage loans.....	101					13 979			-2	-320		198
29. Interest in retirement and life funds ⁷		4 114				-779			41 532			-1
30. Financial derivatives.....	-69 939	-65 430			-46 027	-1 170			387	-2 661	141	-880
31. Amounts receivable/payable.....	644		119	87		1 008			5 076	7 358	-1 123	1 195
32. Other liabilities/assets.....	- 19 741	-10 847	1 256	7 825	20 200	-14 690		1 218	9 175	-5 157	21 095	-14 837
33. Balancing item.....					66	-230			59	-53	31	-279

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KB230

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



National financial account (continued)

Flow of funds for the third quarter 2018¹

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	
-49 538		-4 991		-8 903		16 544		32 237		69 306			1. Net saving ⁴
17 174		6 520		26 243		97 982		17 667		170 906			2. Consumption of fixed capital ⁴
	15 113	11 498				426	17	3 291	30	15 262	15 262		3. Capital transfers
	19 212		16 639		31 414		143 109		24 804		240 212		4. Gross capital formation ⁴
-66 689		-3 612		-14 074		-28 174		28 361					5. Net lending (+)/net borrowing (-) (S)
	-66 689		-3 612		-14 074		-28 174		28 361				6. Net financial investment (+) or (-) (U)
95 394		11 547		45 159		241 574		29 533		649 858			7. Net incurrence of financial liabilities (Total S 9 – 32)
	28 705		7 935		31 085		213 400		57 894		649 858		8. Net acquisition of financial assets (Total U 9 – 32)
	-61 106		816		5 956		73 060		12 422	-3 812	-3 812		9. Gold and other foreign reserves
	81 042		3 693		11 133		-46 714		18 356	32 524	32 524		10. Cash and demand monetary deposits ⁵
	-3 678		1 960		-696		-6 446		1 569	92 440	92 440		11. Short/Medium-term monetary deposits ⁵
			1 466	-4	-235		37 164		14 821	-5 602	-5 602		12. Long-term monetary deposits ⁵
	10 014					97			222	51 438	51 438		13. Funds placed with other financial institutions
5 964										40 285	40 285		14. Funds placed with other institutions
	44			-277		2 929	2 158			7 810	7 810		15. Treasury bills
277		1 693		-4 091		24 666		10 973		18 389	18 389		16. Other bills
21 790	455	-24	-2	-2 908	364	36 175	8 726	-11 321	-16 880	38 362	38 362		17. Bank loans and advances
-7 670										53 130	53 130		18. Trade credit and short-term loans
61 375									-15	-7 670	-7 670		19. Short-term government bonds
88									88	60 569	60 569		20. Long-term government bonds
		-102								88	88		21. Non-marketable debt of central government ⁶
										-102	-102		22. Securities of local governments
				21 574						-2	22 839		23. Securities of public enterprises
	-2			2 732	-16	26 237	-10 237		-2	22 839	30 453		24. Other loan stock and preference shares
	7 838			9 565	199	58 643	18 919			30 453	85 518		25. Ordinary shares
	9 629	36	2	-13 714	-602	48 601	-11 842	422	-21	85 518	85 518		26. Foreign branch/head office balances
						4 237				40 668	40 668		27. Long-term loans
								9 521		13 857	13 857		28. Mortgage loans
									39 624	41 532	41 532		29. Interest in retirement and life funds ⁷
				-615	-1 054	61 681	16 823			-54 372	-54 372		30. Financial derivatives
13 570	-15 531			5 937	26 278	4 332	40 227	19 723	-12 344	48 278	48 278		31. Amounts receivable/payable
		9 629	-1	26 720	-10 222	-25 443	89 761	215	56	43 106	43 106		32. Other liabilities/assets
		315	1	240	-20	-581	711			130	130		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 2018¹

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
1. Net saving ⁴	17 133		1 546		12 401		131		8 473		12 124	
2. Consumption of fixed capital ⁴			152		4 007		7		192		1 165	
3. Capital transfers.....	46	107										
4. Gross capital formation ⁴				171		5 675		7		248		1 084
5. Net lending (+)/net borrowing (-) (S).....	17 072		1 527		10 733		131		8 417		12 205	
6. Net financial investment (+) or (-) (U).....		17 072		1 527		10 733		131		8 417		12 205
7. Net incurrence of financial liabilities (Total S 9 – 32).....	21 458		28 940		57 513		18 763		-864		12 424	
8. Net acquisition of financial assets (Total U 9 – 32).....		38 530		30 467		68 246		18 894		7 553		24 629
9. Gold and other foreign reserves.....	6 183			6 183								
10. Cash and demand monetary deposits ⁵		8 511	6 659	5 092	34 928	5 342		-8 983		4 494		-2 667
11. Short/Medium-term monetary deposits ⁵		19 121		-2 639	21 831			8 647		4 549		-6 091
12. Long-term monetary deposits ⁵		2 077			-34 504			-8 057		-5 956		-30 460
13. Funds placed with other financial institutions	-1 483	195				1 388		1 006		185	18 538	-1 483
14. Funds placed with other institutions.....	12 487					15 886	18 763	-7 012	-7 012	15 242		-2 579
15. Treasury bills.....	-1 290			-364		9 773				-2 963		2 357
16. Other bills.....	8 824			7 336	-637	100		1 264		-22		-8 998
17. Bank loans and advances.....	-8 718		-443	18	1 547	16 513					15 430	
18. Trade credit and short-term loans.....	-33 352	56 113	896	-3 721	77 296	-10 883			-4 508	162	-2 437	3 545
19. Short-term government bonds.....				86		-29 098		-97				2 382
20. Long-term government bonds.....	839	-18 679				43 827		7 529		3 879		37 043
21. Non-marketable debt of central government ⁶		-636										
22. Securities of local governments.....						-982				-1 171		2 153
23. Securities of public enterprises.....	1 700	- 989		66		1 946		-1 962		1 448		-2 261
24. Other loan stock and preference shares.....	12 639	1 442			255	19 542		-848	412	-4 801	-31	-672
25. Ordinary shares.....	45 107	-10 652			5 209	-5 815		21 944	214	-50 243		-39 352
26. Foreign branch/head office balances.....												
27. Long-term loans.....	11 481	19 269	10 471	-1	1 021				1 248	-4 706	2 480	-1 242
28. Mortgage loans.....	4 398					30 883				254	242	756
29. Interest in retirement and life funds ⁷		-3 580				-292			34 408			-2
30. Financial derivatives.....	-51 844	-47 868			-48 515	-35 992			-1 209	-409	-22	-26
31. Amounts receivable/payable.....	-564		3 772	-2		222			-6 821	14 501	5 580	32 486
32. Other liabilities/assets.....	15 051	14 206	7 585	18 413	-689	5 665		5 463	-17 447	33 083	-27 267	39 555
33. Balancing item.....					-229	221			-149	27	-89	185

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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 2018¹

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		
-481		-13 393		-16 190		18 415		-15 844		24 315			1. Net saving ⁴
17 469		6 649		26 878		100 245		17 958		174 722			2. Consumption of fixed capital ⁴
	17 619	13 701				609	16	3 416	30	17 772	17 772		3. Capital transfers
	19 215		17 673		31 787		97 418		25 759		199 037		4. Gross capital formation ⁴
-19 846		-10 716		-21 099		21 835		-20 259					5. Net lending (+)/net borrowing (-) (S)
	-19 846		-10 716		-21 099		21 835		-20 259				6. Net financial investment (+) or (-) (U)
42 070		23 555		-35 854		54 867		46 668		269 540			7. Net incurrence of financial liabilities (Total S 9 – 32)
	22 224		12 839		-56 953		76 702		26 409		269 540		8. Net acquisition of financial assets (Total U 9 – 32)
	1 465		7 947		-946		16 814		4 518	6 183	6 183		9. Gold and other foreign reserves
	-4 324		4 371		-10 750		15 559		-6 612	41 587	41 587		10. Cash and demand monetary deposits ⁵
	-2 576		-58		-2 243		1 949		10 820	21 831	21 831		11. Short/Medium-term monetary deposits ⁵
			589		270		24 258		-9 353	-34 504	-34 504		12. Long-term monetary deposits ⁵
	2 671					170			200	17 055	17 055		13. Funds placed with other financial institutions
17 106							7 013			24 408	24 408		14. Funds placed with other institutions
	44			-123		-8 617	-277			15 816	15 816		15. Treasury bills
-61		-1 172		-7 791		-1 136		18 875		-553	-553		16. Other bills
-3 243	-27	-470	-3	-1 387	-99	-27 568	-53 370	-260	13 250	16 531	16 531		17. Bank loans and advances
-25 288					1 439					4 967	4 967		18. Trade credit and short-term loans
72 596					-159					-25 288	-25 288		19. Short-term government bonds
-563										73 435	73 435		20. Long-term government bonds
		-90					-90			-563	-563		21. Non-marketable debt of central government ⁶
				-3 453						-90	-90		22. Securities of local governments
	-2		-1	-785	-440	7 941	6 211			-1 753	-1 753		23. Securities of public enterprises
				-11 057	122	-59 415	64 054			20 431	20 431		24. Other loan stock and preference shares
-1 094	8 251	23	-6	-10 621	-272	13 357	7 569	672	176	-19 942	-19 942		25. Ordinary shares
				-98		15 718		11 633					26. Foreign branch/head office balances
					-52		11 712		26 622	29 038	29 038		27. Long-term loans
				896	886	35 265	17 980			31 893	31 893		28. Mortgage loans
-17 383	16 722			15 753	-23 523	43 722	7 594	632	-3 309	34 408	34 408		29. Interest in retirement and life funds ⁷
		25 176		-16 891	-20 890	35 293	-49 598	15 116	-9 970	-65 429	-65 429		30. Financial derivatives
		88		-297	-296	137	-676			44 691	44 691		31. Amounts receivable/payable
										35 927	35 927		32. Other liabilities/assets
										-539	-539		33. Balancing item

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