

Note on the flow of funds in South Africa's national financial account for the year 2019

by S Madonsela and B Khoza¹

Introduction

The national financial account shows the flow of funds among institutional sectors of both real and financial transactions. The flow of funds represents the linkages between institutional sectors' sources of funds, such as savings and borrowings, and the uses, such as investment in financial and non-financial assets.

South Africa's national financial account for 2019 reflected the continuation of the longest downturn in economic activity on record as well as low consumer and business confidence, culminating in a technical recession from the second half of the year. Economic conditions were also affected by drought and severe power outages.

This note reflects the impact of economic conditions on the various institutional sectors' transactions. The quarterly national financial accounts for 2019 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

Gross saving for the economy as a whole, which comprises net saving and the consumption of fixed capital, equates gross capital formation. Gross saving in the South African economy of all domestic institutional sectors increased from R701 billion in 2018 to R740 billion in 2019, while gross capital formation was 2.1% higher in 2019. Private non-financial business enterprises accounted for the largest share of both gross saving and gross capital formation in 2019, at 56.2% and 53.9% respectively. The capital formation by public non-financial business enterprises increased by 6.1% from 2018 to 2019. The net borrowing position of South Africa from the foreign sector decreased from R173 billion in 2018 to R153 billion in 2019.

Table 1 Financing balances,¹ 2018 and 2019

R millions

	2018				2019			
	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	172 961	-236	-	172 725	153 177	-244	-	152 933
Financial intermediaries	116 818	-	23 288	93 530	130 269	-	41 936	88 333
General government...	-1 123	-17 053	145 767	-163 943	-11 960	-98 807	137 193	-247 960
Non-financial business enterprises								
Public	56 926	1	127 410	-70 483	53 633	75 728	135 228	-5 867
Private	461 713	2 235	479 911	-15 963	502 291	1 979	481 500	22 770
Households ⁵	67 101	15 053	98 020	-15 866	65 695	21 344	97 248	-10 209
Total	874 396	0	874 396	0	893 105	0	893 105	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

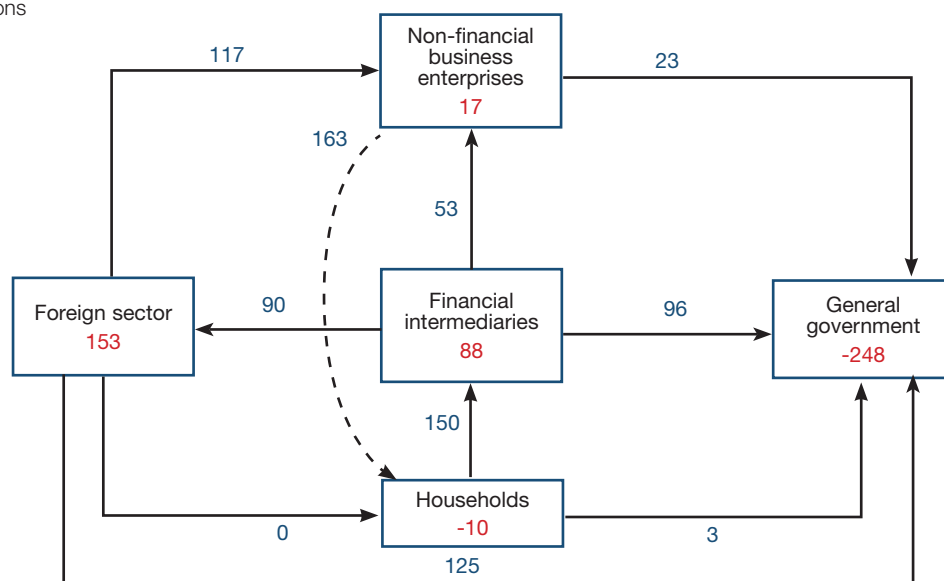
1 The views expressed are those of the authors and do not necessarily reflect the view of the South African Reserve Bank (SARB). The SARB would like to express its sincere appreciation to all the reporting organisations – government departments as well as financial and other public and private sector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



Figure 1 shows the inter-sectoral flow of funds among the main sectors of the economy in 2019. The foreign sector's net lending position of R153 billion mirrored a domestic shortfall of the same amount. The general government sector recorded an all-time high net borrowing position of R248 billion, which contributed to an increase in government debt. General government sourced funding from financial intermediaries and the foreign sector to finance this shortfall. The foreign sector and financial intermediaries also channelled R170 billion to non-financial business enterprises, mainly through loans, financial derivatives and shares. Households sourced R163 billion from non-financial business enterprises and, in turn, financial intermediaries received R150 billion from households.

Figure 1 Net inter-sectoral flow of funds, 2019*

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 flow 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.

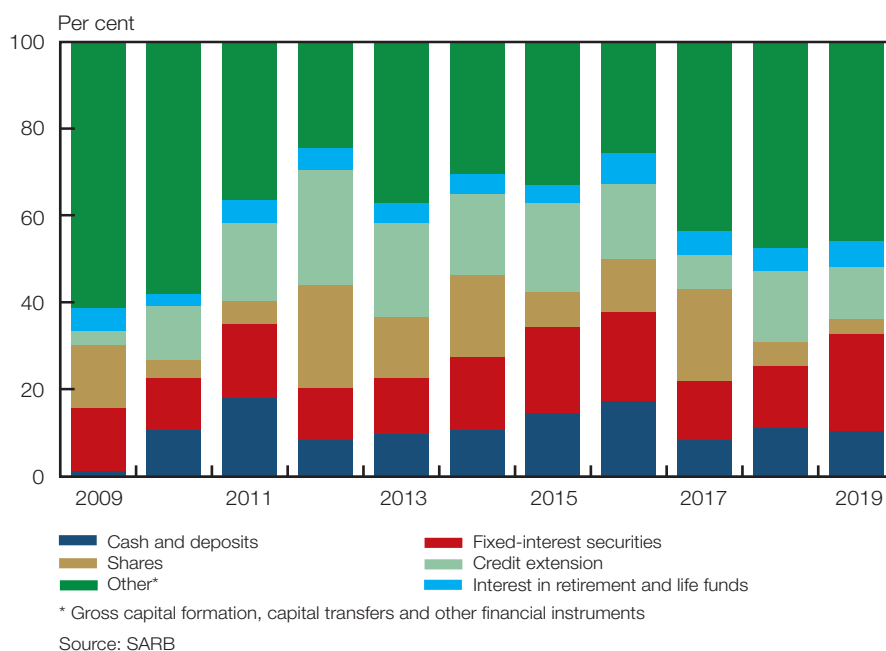
Source: SARB

2 Total flows reflect the net acquisition of financial assets *plus* gross capital formation *plus* capital transfers.

Figure 2 shows the total flows² by different asset classes for all institutional sectors. The contribution of fixed-interest securities increased from 14.3% in 2018 to 22.4% in 2019 due to general government's all-time high net borrowing requirement. The contribution of cash and deposits, credit extension and shares of 10.3%, 11.8% and 3.5% respectively in 2019, all decreased from 2018. However, interest in retirement and life funds increased from 5.5% in 2018 to 6.2% in 2019. Gross capital formation contributed 31.2% to total flows in 2019 and accounted for most of the 'other' category in Figure 2.



Figure 2 Contribution of asset classes to total flows



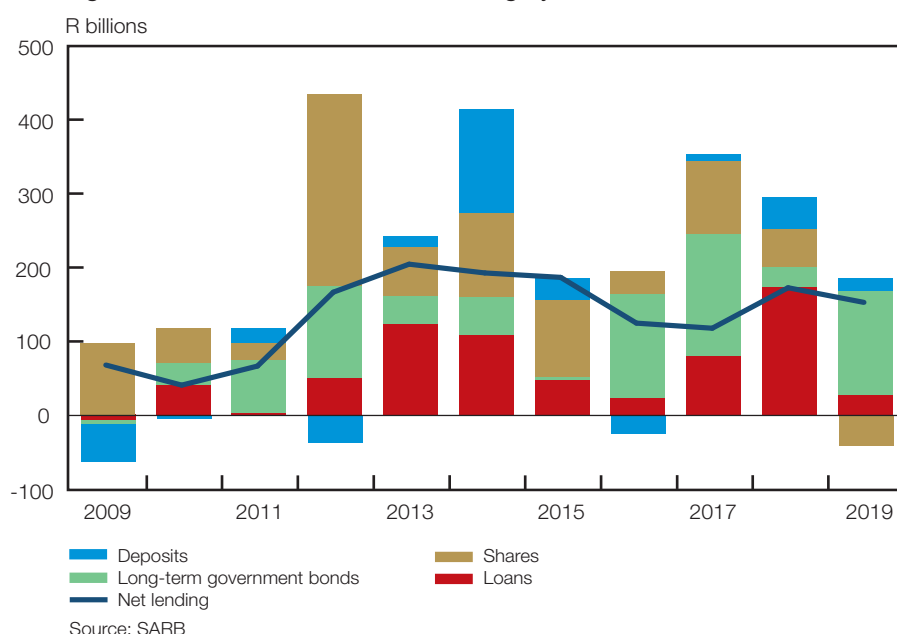
Sectoral analysis

The institutional sectors with surplus funds seek appropriate investments, while those with deficit positions require suitable funding. This section shows these outcomes per financial instrument which, among others, inherently reflect market participants' risk-return assessments, funding costs and general economic conditions.

Foreign sector

Funding from the foreign sector balances the domestic saving-investment gap. Non-residents' net lending position declined from R173 billion in 2018 to R153 billion in 2019. Non-residents channelled these funds into the South African economy through a mix of financial instruments, including bonds, loans and deposits. Net purchases of domestic long-term government bonds, which increased notably to R142 billion in 2019, from R28.4 billion in 2018, were encouraged by favourable interest rate differentials. Net sales of shares of R41.4 billion in 2019 reflected

Figure 3 Non-residents' net funding by selected instruments





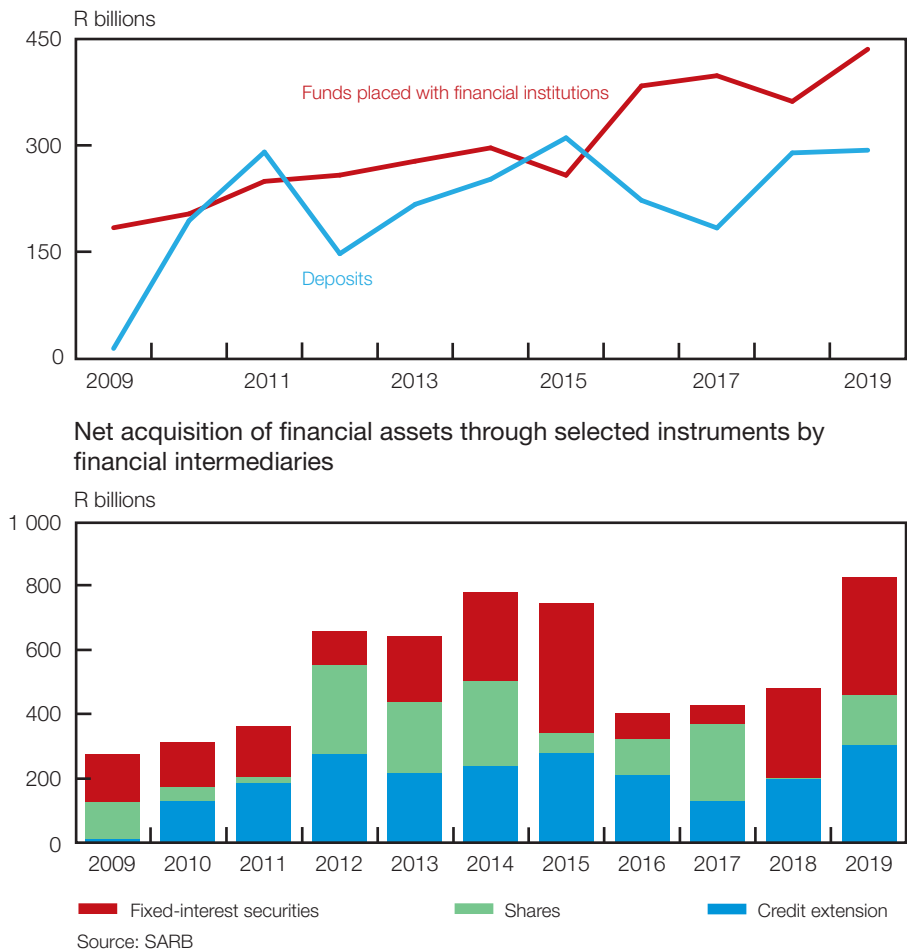
3 Financial intermediaries comprise the monetary authority, banks and non-bank financial institutions (excluding the Public Investment Corporation (PIC)).

foreign investors' concerns about domestic economic growth prospects and lack of progress with structural reforms. The amount of loans extended decreased from R173 billion in 2018 to only R27.4 billion in 2019. Funds injected into the domestic banking sector in the form of deposits amounted to R16.7 billion in 2019 compared with R44.2 billion in 2018.

Financial intermediaries³

Total funds intermediated between surplus and deficit units through financial intermediaries increased from R744 billion in 2018 to R955 billion in 2019. Financial intermediaries sourced funding largely through funds placed by investors of R436 billion in 2019, which included premiums and contributions, compared with R362 billion in 2018. In addition, the banking sector received deposits of R293 billion in 2019, up from R290 billion in 2018. Financial intermediaries, in turn, channelled these funds to other institutional sectors in need of funding through various financial assets, such as loans, shares and fixed-interest securities.

Figure 4 Net incurrence of financial liabilities through selected instruments by financial intermediaries



Intermediaries acquired fixed-interest securities of R367 billion, enabling especially general government to fund the deficit. Credit extension was higher at R305 billion in 2019 compared with R199 billion in 2018. Intermediation through domestic shares amounted to R154 billion in 2019.

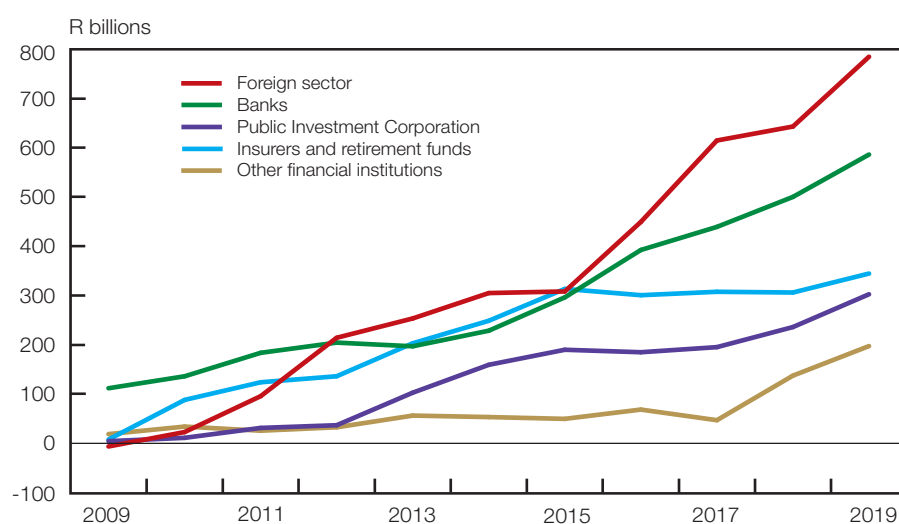


General government

The general government sector issued a significant amount of debt instruments in 2019 to fund the borrowing requirement. The *2019 Medium Term Budget Policy Statement* highlighted the deterioration of public finances with subdued economic activity leading to large revenue shortfalls, while interest payments increased.

Capital spending by general government decreased from R146 billion in 2018 to R137 billion in 2019 as budget constraints intensified along with increased support for state-owned companies. General government's net borrowing position increased to an all-time high of R248 billion in 2019 or 4.9% of GDP, compared with 3.4% in 2018. The borrowing requirement was financed through the net issuance of long-term government bonds of R347 billion, of which R76.1 billion was raised in the international bond market, short-term government bonds of R34.4 billion and Treasury bills of R44.2 billion. The accumulated value of these financial assets held by the foreign sector, banks as well as insurers and retirement funds amounted to R785 billion, R586 billion and R345 billion respectively in 2019. The general government sector repaid loans of R48.8 billion, while deposit holdings increased by R18.1 billion in 2019.

Figure 5 Cumulative net investment* in national government instruments by main institutional sector



* Cumulative from 2009

Source: SARB

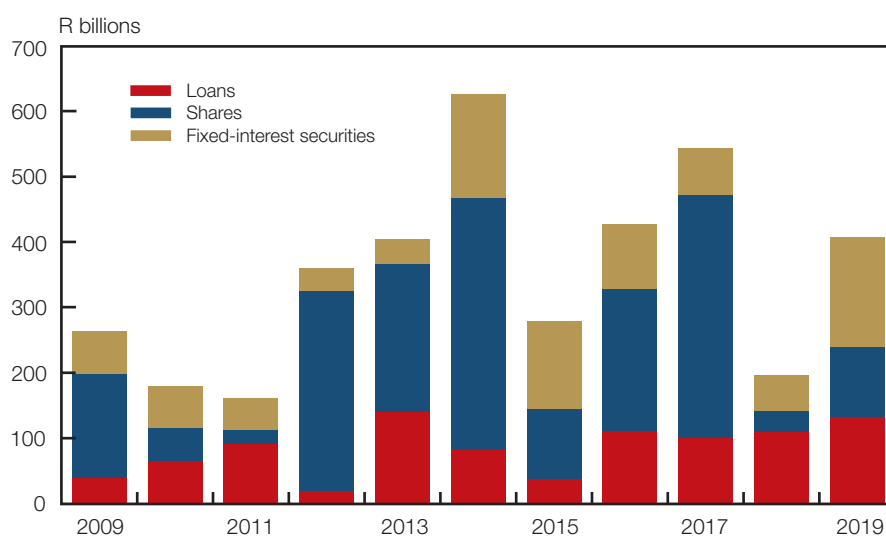
Non-financial public and private corporate business enterprises

The challenging economic environment in 2019 and low business confidence constrained the expansion in gross capital formation by both public and private non-financial enterprises, which increased only marginally to R617 billion in 2019, from R607 billion in 2018. The increase was mostly due to spending on computers and related equipment by private non-financial business enterprises.

Public non-financial business enterprises continued to be a net borrower in 2019, with the net incurrence of financial liabilities exceeding the net acquisition of financial assets. While the net issuances of securities by public enterprises of R10.8 billion in 2019 were less than the R24.7 billion in 2018, the net issues of all fixed-interest securities by both public and private business enterprises increased from R55.6 billion in 2018 to R169 in 2019. Non-financial business enterprises, both public and private, borrowed R132 billion through loans, while the value of shares issued amounted to R107 billion in 2019. Non-financial business enterprises invested in various financial assets, including deposits of R79.5 billion, funds placed with other financial institutions of R74.2 billion and a somewhat increased exposure to financial derivatives of R169 billion in the review period.



Figure 6 Non-financial corporate business enterprises' net incurrence of financial liabilities

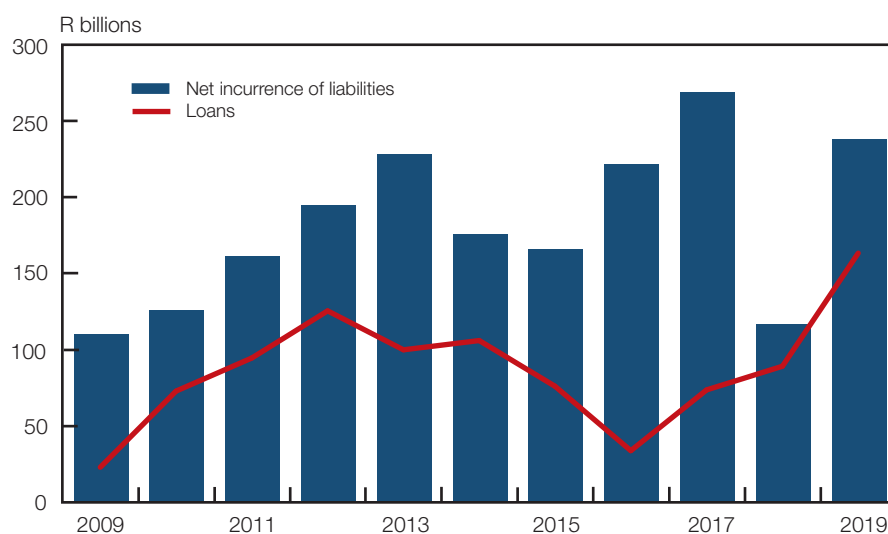


Source: SARB

Households

The increase in the household sector's accumulation of liabilities in 2019 mostly reflected credit extended to the sector of R163 billion compared with R88.9 billion in 2018. This credit supplemented income at a time when household finances were vulnerable due to rising unemployment, slower growth in real disposable income and low confidence. Demand for mortgage loans, which increased slightly from only R39.5 billion in 2018 to R49.6 billion in 2019, was dampened by weak activity in the real estate market along with stagnant house prices. Amid this uncertainty, household deposits increased by R104 billion in 2019. Despite less employment across key labour-intensive sectors, interest in retirement and life funds of R151 billion in 2019 was still more than the R119 billion in 2018.

Figure 7 Households' financial liabilities



Source: SARB



Summary

The flow of funds in 2019, as portrayed in the national financial account, reflected the impact of adverse developments in global trade, severe power outages, drought, low consumer and business confidence, and weak economic activity which turned into a technical recession in the second half of the year. The main highlights were:

- Net lending from the foreign sector of R153 billion in 2019 reflected the domestic shortfall and balanced the domestic saving-investment gap.
- Non-residents' net purchases of domestic long-term government bonds of R142 billion in 2019 were supported by favourable interest rate differentials.
- Non-residents' net sales of shares of R41.4 billion in 2019 reflected investors' concerns about domestic economic growth prospects and lack of progress with structural reforms.
- Capital spending by general government decreased as budget constraints intensified along with increased support for state-owned companies.
- The general government sector's net borrowing requirement increased to an all-time high and contributed to an increase in government debt.
- Gross capital formation by both public and private non-financial business enterprises increased only marginally.
- Public non-financial business enterprises continued to be net borrowers.
- The increase in the household sector's liabilities mostly reflected credit extended to the sector.
- Household deposits increased strongly amid uncertainty.

References

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National financial account

Flow of funds for the first quarter 2019¹

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	57 944		1 448		4 763		-48		4 478		12 771		
2. Consumption of fixed capital ⁴			158		4 124		8		194		1 175		
3. Capital transfers.....	43	106											
4. Gross capital formation ⁴				317		13 817		9		219		1 057	
5. Net lending (+)/net borrowing (-) (S).....	57 881		1 289		-4 930		-49		4 453		12 889		
6. Net financial investment (+) or (-) (U).....		57 881		1 289		-4 930		-49		4 453		12 889	
7. Net incurrence of financial liabilities (Total S 9 – 32).....	9 187		-19 668		124 886		26 886		95 513		81 973		
8. Net acquisition of financial assets (Total U 9 – 32).....		67 068		-18 379		119 956		26 837		99 966		94 862	
9. Gold and other foreign reserves	-34 244			-34 244									
10. Cash and demand monetary deposits ⁵		-1 826	-14 703	9 500	-7 047	-1 114		1 782		-1 772		10 999	
11. Short/Medium-term monetary deposits ⁵		-4 759		28 708	5 825			999		-2 469		9 356	
12. Long-term monetary deposits ⁵		-3 525		1 015	53 704			4 619		4 063		39 798	
13. Funds placed with other financial institutions.	334	-29				4 265		1 976		1 230	48 206	334	
14. Funds placed with other institutions	2 526					1 675	26 886	992	992	21 196		1 351	
15. Treasury bills	-339			2 013		-11 839				-62		521	
16. Other bills.....	13 739			9 323	881	3 749		908		-12		1 527	
17. Bank loans and advances	34 298		813	-297	399	112 041					24 713		
18. Trade credit and short-term loans.....	27 122	61 882	-343	-25 000	4 719	21 493			5 917	383	-1 681	-630	
19. Short-term government bonds.....				58		11 371		18 447		6 373		9 934	
20. Long-term government bonds		35 690				-5 245		-12 853		5 759		-16 895	
21. Non-marketable debt of central government ⁶													
22. Securities of local governments.....						-129				-483		29	
23. Securities of public enterprises.....	1 508	618				2 672		-353		-988	18	-1 077	
24. Other loan stock and preference shares.....	9 702	-1 011			-1 344	16 631		-1 440	-239	13 842	2 045	13 528	
25. Ordinary shares.....	19 956	-2 815			3 162	11 534		5 148	71	73 517		42 579	
26. Foreign branch/head office balances.....													
27. Long-term loans.....	7 982	12 131	6 206	-3	3 682				-36	-3 545	880	261	
28. Mortgage loans	168					17 831				230	-136	577	
29. Interest in retirement and life funds ⁷		7 456				-321			43 097				
30. Financial derivatives	-40 900	-42 954			-9 251	-3 172			-197	1 735	-72	-47	
31. Amounts receivable/payable	124		212	178		-4 162			23 012	-13 345	1 026	-3 309	
32. Other liabilities/assets.....	-32 789	6 210	-11 853	-9 630	70 117	-56 993		6 612	22 672	-5 514	6 730	-13 730	
33. Balancing item					39	-331			224	-172	244	-244	

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

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

KB230

- 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.
- Including mutual banks and the Postbank.
- Before April 2005 the Public Investment Commissioners.
- As taken from the national income (and production) accounts.
- Namely deposits with the South African Reserve Bank (including coin liabilities), Corporation for Public Deposits, banks, the Land Bank, mutual banks and the Postbank.
- 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 first quarter 2019¹

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		
-14 988		-2 064		-13 914		17 739		-39 744		28 385		1. Net saving ⁴	
17 962		6 206		26 953		100 320		18 044		175 144		2. Consumption of fixed capital ⁴	
	44 282	17 837		18 041		458	15	8 052	28	44 431	44 431	3. Capital transfers	
	18 782		17 385		31 863		95 928		24 152		203 529	4. Gross capital formation ⁴	
-60 090		4 594		-783		22 574		-37 828				5. Net lending (+)/net borrowing (-) (S)	
	-60 090		4 594		-783		22 574		-37 828			6. Net financial investment (+) or (-) (U)	
24 145		13 055		11 308		148 741		83 133		599 159		7. Net incurrence of financial liabilities (Total S 9 – 32)	
	-35 945		17 649		10 525		171 315		45 305		599 159	8. Net acquisition of financial assets (Total U 9 – 32)	
	-32 832		9 874		-5 462		-7 155		-3 744	-34 244	-34 244	9. Gold and other foreign reserves	
	-34 977		9 384		3 331		-11 979		8 231	-21 750	-21 750	10. Cash and demand monetary deposits ⁵	
	-7 737		-882		-137		7 906		8 584	5 825	5 825	11. Short/Medium-term monetary deposits ⁵	
			-731		578		32 258		8 659	53 704	53 704	12. Long-term monetary deposits ⁵	
	5 154					95		131		48 540	48 540	13. Funds placed with other financial institutions	
-6 140							2 888			30 499	30 499	14. Funds placed with other institutions	
							-702			-6 479	-6 479	15. Treasury bills	
				-160		333				14 793	14 793	16. Other bills	
931		1 304		6 861		21 636		20 789		111 744	111 744	17. Bank loans and advances	
-24 659	5 867	-317	4	297	3 012	42 179	25 782	29 075	-10 484	82 309	82 309	18. Trade credit and short-term loans	
46 183										46 183	46 183	19. Short-term government bonds	
6 592					136					6 592	6 592	20. Long-term government bonds	
218									218	218	218	21. Non-marketable debt of central government ⁶	
		-102					481			-102	-102	22. Securities of local governments	
	3 613			1 330			-1 627		-2	2 856	2 856	23. Securities of public enterprises	
	1 104			4 107	260	33 913	5 270			48 184	48 184	24. Other loan stock and preference shares	
	5 291			10 254	-264	85 054	-16 493			118 497	118 497	25. Ordinary shares	
												26. Foreign branch/head office balances	
-3	26 193	53		18 998	2 806	6 077	6 621	531	-94	44 370	44 370	27. Long-term loans	
				338		4 361		13 907		18 638	18 638	28. Mortgage loans	
							2 091		33 871	43 097	43 097	29. Interest in retirement and life funds ⁷	
				-1 297	749	37 829	29 801			-13 888	-13 888	30. Financial derivatives	
1 023	-7 621			-20 416	5 370	-17 687	14 207	3 910	-114	-8 796	-8 796	31. Amounts receivable/payable	
		12 094		-9 003	109	-64 339	81 437	14 921	49	8 550	8 550	32. Other liabilities/assets	
		23		-1	37	-710	529			-181	-181	33. Balancing item	

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

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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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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 2019¹

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
1. Net saving ⁴	31 909		1 553		10 345		101		8 630		7 685	
2. Consumption of fixed capital ⁴			160		4 358		8		190		1 187	
3. Capital transfers.....	41	101										
4. Gross capital formation ⁴				96		11 190		8		172		932
5. Net lending (+)/net borrowing (-) (S).....	31 849		1 617		3 513		101		8 648		7 940	
6. Net financial investment (+) or (-) (U).....		31 849		1 617		3 513		101		8 648		7 940
7. Net incurrence of financial liabilities (Total S 9 – 32).....	-14 438		-30 441		160 559		20 360		68 133		44 729	
8. Net acquisition of financial assets (Total U 9 – 32).....		17 411		-28 824		164 072		20 461		76 781		52 669
9. Gold and other foreign reserves.....	-7 674			-7 674								
10. Cash and demand monetary deposits ⁵		-719	-20 951	-13 927	35 603	49		10 604		934		-8 971
11. Short/Medium-term monetary deposits ⁵		-7 499		-33 208	1 038			-6 126		2 385		-49 185
12. Long-term monetary deposits ⁵		5 944		-1 015	82 893			10 506		8 003		54 243
13. Funds placed with other financial institutions.....	132	-17				3 703		370		3 225	40 878	132
14. Funds placed with other institutions.....	-23 191					-20 499	20 360	639	639	9 187		-541
15. Treasury bills.....	-469			-1 066		29 499				-315		691
16. Other bills.....	-11 343			-8 454	210	-2 287		3 027		458		12 759
17. Bank loans and advances.....	28 541		-443	675	680	40 715					-8 054	
18. Trade credit and short-term loans.....	60 450	28 776	-771	32 060	3 708	23 985			1 495	13 728	10 879	32 158
19. Short-term government bonds.....				148		-6 979		-111		-5 098		-52
20. Long-term government bonds.....		-6 995				24 573		18 562		28 711		22 977
21. Non-marketable debt of central government ⁶		-394										
22. Securities of local governments.....						-270		6		1 698		65
23. Securities of public enterprises.....		5 954				980		-1		417		-492
24. Other loan stock and preference shares.....	-4 841	2 014			-1 716	425		-1 454	5 903	-3 480	1 959	719
25. Ordinary shares.....	1 125	16 307			7 549	4 384		-1 531	66	39 861		-25 021
26. Foreign branch/head office balances.....												
27. Long-term loans.....	-8 920	5 424	-7 916	-1	-389				-290	1 398	494	862
28. Mortgage loans.....	-923					27 932				-310	1 474	439
29. Interest in retirement and life funds ⁷		-2 539				-6			42 369			
30. Financial derivatives.....	-31 046	-31 548			17 671	36 359			-553	1 090	3 602	4 281
31. Amounts receivable/payable.....	1 031	44	-972	110		1 443			-3 112	-9 829	2 325	4 423
32. Other liabilities/assets.....	-17 310	2 659	612	3 528	13 234	50		-14 030	21 462	-15 211	-8 621	2 887
33. Balancing item.....					78	16			154	-71	-207	295

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KB230

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National financial account (continued)

Flow of funds for the second quarter 2019¹

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		
-4 754		-16 846		-12 865		19 402		22 163		67 323		1. Net saving ⁴	
17 796		6 712		27 353		101 780		18 312		177 856		2. Consumption of fixed capital ⁴	
	23 248	161		18 396		511	15	4 281	26	23 390	23 390	3. Capital transfers	
	17 952		17 208		36 006		138 502		23 113		245 179	4. Gross capital formation ⁴	
-28 158		-27 181		-3 122		-16 824		21 617				5. Net lending (+)/net borrowing (-) (S)	
	-28 158		-27 181		-3 122		-16 824		21 617			6. Net financial investment (+) or (-) (U)	
130 792		4 004		14 300		139 331		55 916		593 245		7. Net incurrence of financial liabilities (Total S 9 – 32)	
	102 634		-23 177		11 178		122 507		77 533		593 245	8. Net acquisition of financial assets (Total U 9 – 32)	
										-7 674	-7 674	9. Gold and other foreign reserves	
	20 821		-11 134		1 232		7 019		8 744	14 652	14 652	10. Cash and demand monetary deposits ⁵	
	62 108		-11 676		-3 130		13 467		33 902	1 038	1 038	11. Short/Medium-term monetary deposits ⁵	
	4 274		194		1 029		3 575		-3 860	82 893	82 893	12. Long-term monetary deposits ⁵	
			-562		-23		18 930		15 252	41 010	41 010	13. Funds placed with other financial institutions	
	7 856					-530			636	-2 722	-2 722	14. Funds placed with other institutions	
32 601							3 323			32 132	32 132	15. Treasury bills	
	31			-188		17 070	215			5 749	5 749	16. Other bills	
-405		2 759		-49		11 548		6 813		41 390	41 390	17. Bank loans and advances	
31 274	486	761	-2	-820	-3 096	6 994	-9 093	2 547	-2 485	116 517	116 517	18. Trade credit and short-term loans	
-12 092										-12 092	-12 092	19. Short-term government bonds	
87 828										87 828	87 828	20. Long-term government bonds	
-454									-60	-454	-454	21. Non-marketable debt of central government ⁶	
		-90					-1 589			-90	-90	22. Securities of local governments	
				6 856					-2	6 856	6 856	23. Securities of public enterprises	
	2 503					9 959	10 537			11 264	11 264	24. Other loan stock and preference shares	
				275		37 008	12 023			46 023	46 023	25. Ordinary shares	
-636	-5 020	47	3	4 721	-672	7 120	-6 208	1 213	-342	-4 556	-4 556	26. Foreign branch/head office balances	
				5		16 951		10 554		28 061	28 061	27. Long-term loans	
							8 523		36 391	42 369	42 369	28. Mortgage loans	
				286	-1 621	63 226	44 625			53 186	53 186	29. Interest in retirement and life funds ⁷	
-7 324	9 575			6 626	17 469	-10 672	6 168	30 803	-10 698	18 705	18 705	30. Financial derivatives	
		352		-3 309	-14	-19 587	10 895	3 986	55	-9 181	-9 181	31. Amounts receivable/payable	
		175		-103	4	244	97			341	341	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.
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

Flow of funds for the third quarter 2019¹

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	63 381		1 344		-3 625		106		7 114		10 958	
2. Consumption of fixed capital ⁴			161		4 480		8		193		1 202	
3. Capital transfers.....	44	103										
4. Gross capital formation ⁴				105		4 988		9		86		1 109
5. Net lending (+)/net borrowing (-) (S).....	63 322		1 400		-4 133		105		7 221		11 051	
6. Net financial investment (+) or (-) (U).....		63 322		1 400		-4 133		105		7 221		11 051
7. Net incurrence of financial liabilities (Total S 9 – 32).....	-13 818		134 856		83 079		39 238		32 910		37 507	
8. Net acquisition of financial assets (Total U 9 – 32).....		49 504		136 256		78 946		39 343		40 131		48 558
9. Gold and other foreign reserves.....	77 164			77 164								
10. Cash and demand monetary deposits ⁵		1 873	87 269	1 928	-5 055	5 036		3 045		-3 892		3 569
11. Short/Medium-term monetary deposits ⁵		21 636		20 000	61 930			-1 482		-2 999		28 539
12. Long-term monetary deposits ⁵		15 839			11 619			161		5 193		-21 029
13. Funds placed with other financial institutions.....	1 497	201				2 047		5 415		894	45 373	1 497
14. Funds placed with other institutions.....	-47 852					-47 852	39 238	655	655	35 701		325
15. Treasury bills.....	-2 701			-1 303		-2 276				-672		-400
16. Other bills.....	21 909			28 836	-124	503		2 424		63		10 323
17. Bank loans and advances.....	-12 135		1 104	9 725	9 714	1 960					-1 779	
18. Trade credit and short-term loans.....	-40 931	-46 840	1 528	-20 333	-59 685	-26 876			7 660	180	-3 577	1 625
19. Short-term government bonds.....				-63		2 745		-275		-2 522		-27
20. Long-term government bonds.....		72 760				35 415		20 285		13 950		10 832
21. Non-marketable debt of central government ⁶												
22. Securities of local governments.....						-509				1 133		-192
23. Securities of public enterprises.....		-2 790		-20		7 577		-5 824		-2 113	664	-3
24. Other loan stock and preference shares.....	8 856	-1 027			242	13 178		-5 029	-1 084	10 474	1 275	10 749
25. Ordinary shares.....	-28 364	-29 298			1 090	-2 562		17 986	126	-42 830		-5 005
26. Foreign branch/head office balances.....												
27. Long-term loans.....	12 170	20 965	40 158	3	4 141				125	-4 112	1 893	2 266
28. Mortgage loans.....	-365					25 973				241	-447	-1 311
29. Interest in retirement and life funds ⁷		8 851				114			44 397			
30. Financial derivatives.....	-34 845	-37 892			86 793	33 810			305	347	265	-156
31. Amounts receivable/payable.....	506	52	146	-3		-523			5 162	14 897	-1 718	1 070
32. Other liabilities/assets.....	31 273	25 174	4 651	20 322	-27 440	31 139		1 982	-24 327	15 898	-4 332	5 664
33. Balancing item.....					-146	47			-109	300	-110	222

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

KB230

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



National financial account (continued)

Flow of funds for the third quarter 2019¹

R millions

General government				Corporate business enterprises								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		
-53 338 17 901	 29 137 17 214	-9 837 6 772 10 985	 16 533	-11 482 27 844 13 852	 37 013	44 027 102 512 427	 16 140 595	13 759 18 451 3 976	 28 24 279	62 407 179 524 29 284	 29 284 241 931	1. Net saving ⁴ 2. Consumption of fixed capital ⁴ 3. Capital transfers 4. Gross capital formation ⁴	
-81 788	 -81 788	-8 613	 -8 613	-6 799	 -6 799	6 355	 6 355	11 879	 11 879			5. Net lending (+)/net borrowing (-) (S) 6. Net financial investment (+) or (-) (U)	
151 774	 69 986	7 521	 -1 092	-11 866	 -18 665	28 713	 35 068	53 078	 64 957	542 992	 542 992	7. Net incurrence of financial liabilities (Total S 9 – 32) 8. Net acquisition of financial assets (Total U 9 – 32)	
18 856	 35 146 -24 978 6 711 3 466	17 -2 											

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.
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

Flow of funds for the fourth quarter 2019¹

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	-57		1 041		18 072		113		5 113		14 555	
2. Consumption of fixed capital ⁴			161		4 583		8		191		1 203	
3. Capital transfers.....	40	102										
4. Gross capital formation ⁴				135		6 346		9		100		1 232
5. Net lending (+)/net borrowing (-) (S).....	-119		1 067		16 309		112		5 204		14 526	
6. Net financial investment (+) or (-) (U).....		-119		1 067		16 309		112		5 204		14 526
7. Net incurrence of financial liabilities (Total S 9 – 32).....	-103 511		-48 458		-11 552		31 281		-76 687		-5 635	
8. Net acquisition of financial assets (Total U 9 – 32).....		-103 630		-47 391		4 757		31 393		81 891		8 891
9. Gold and other foreign reserves.....	-9 876			-9 876								
10. Cash and demand monetary deposits ⁵		-4 373	-12 464	25 999	44 275	8 378		-15 473		3 042		-13 363
11. Short/Medium-term monetary deposits ⁵		829		-13 500	27 454			10 954		2 597		-5 016
12. Long-term monetary deposits ⁵		-6 671			-58 081			-13 227		-4 120		-29 524
13. Funds placed with other financial institutions	-604	182				1 223		5 133		60	3 554	-604
14. Funds placed with other institutions.....	-566					4 190	31 281	645	645	22 202		1 007
15. Treasury bills.....	2 678			18		-7 914		4 546		-24		-77
16. Other bills.....	-22 381			-25 017	-2 347	56		8 623		-699		11 845
17. Bank loans and advances.....	-30 302		-1 483	-4 361	-5 080	-32 784			-77		3 478	
18. Trade credit and short-term loans.....	-22 549	-32 068	-2 033	-1 209	21 243	-8 570			8 981	33 859	-9 156	-14 423
19. Short-term government bonds.....				13		6 502		1 369		-7 359		-74
20. Long-term government bonds.....		40 189				10 150		16 621		-241		32 557
21. Non-marketable debt of central government ⁶		-394										
22. Securities of local governments.....						-22		18		3 255		21
23. Securities of public enterprises.....		2 178		-45		2 004		-1 471		2 660	164	1 166
24. Other loan stock and preference shares.....	23 428	-1 315			-1 153	28 228		-3 083	-881	12 963	2 788	5 427
25. Ordinary shares.....	-8 486	-25 607			-4 913	4 503		26 384	143	42 111		10 606
26. Foreign branch/head office balances.....												
27. Long-term loans.....	15 236	-22 896	-39 406	-2	-3 175				397	6 345	2 558	1 475
28. Mortgage loans.....	-227					37 671				67	-163	248
29. Interest in retirement and life funds ⁷		-704				625			47 052			
30. Financial derivatives.....	-52 263	-50 837			-64 411	-8 932			-825	-667	-316	-9
31. Amounts receivable/payable.....	-1 105	-86	838	96		-17 411			11 278	-3 830	-3 788	4 525
32. Other liabilities/assets.....	3 506	-2 057	6 090	-19 507	34 477	-22 855		-9 646	9 731	-29 998	-4 566	2 828
33. Balancing item.....					159	-285			243	-332	-188	276

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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 fourth quarter 2019¹

R millions

General government				Corporate business enterprises								Sectors Transaction items																																																																																																																																																																																																																																																																																																																																																																																																																																							
Central and provincial governments		Local governments		Public sector		Private sector																																																																																																																																																																																																																																																																																																																																																																																																																																													
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7 438 17 910	 42 328 16 354	-15 633 6 803 11 205	 15 765	-18 551 28 295 25 439	 30 346	13 681 102 830 643	 106 475	-3 860 18 570 5 143	 26 25 704	21 912 180 554 42 470	 42 470 202 466	1. Net saving ⁴ 2. Consumption of fixed capital ⁴ 3. Capital transfers 4. Gross capital formation ⁴																																																																																																																																																																																																																																																																																																																																																																																																																																							
-33 334	 -33 334	-13 390	 -13 390	4 837	 4 837	10 665	 10 665	-5 877	 -5 877			5. Net lending (+)/net borrowing (-) (S) 6. Net financial investment (+) or (-) (U)																																																																																																																																																																																																																																																																																																																																																																																																																																							
39 609	 6 275	13 986	 596	-2 367	 2 470	53 747	 64 412	46 332	 40 455	90 119	 90 119	7. Net incurrence of financial liabilities (Total S 9 – 32) 8. Net acquisition of financial assets (Total U 9 – 32)																																																																																																																																																																																																																																																																																																																																																																																																																																							
-1 157	1 111 -586 -6 297 4 257 31	-678 -457 -90	764 1 002 -1 014 -155	-304	2 258 8 787 -81 -182	1 017	9 395 16 177 643 -1 302 4 972 -775	15 214	14 073 6 210 2 210 -1 405 76 4 972 -775	-9 876	-9 876	9. Gold and other foreign reserves																																																																																																																																																																																																																																																																																																																																																																																																																																							
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	27 454									27 454	11. Short/Medium-term monetary deposits ⁵																																																																																																																																																																																																																																																																																																																																																																																																																																								
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	32 377									32 377	14. Funds placed with other institutions																																																																																																																																																																																																																																																																																																																																																																																																																																								
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99 276	99 276	20. Long-term government bonds																																																																																																																																																																																																																																																																																																																																																																																																																																																	
-455	-455	21. Non-marketable debt of central government ⁶																																																																																																																																																																																																																																																																																																																																																																																																																																																	
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62 709	62 709	26. Foreign branch/head office balances																																																																																																																																																																																																																																																																																																																																																																																																																																																	
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S = Sources, i.e. net increase in liabilities at transaction value.

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.