

# Note on the flow of funds in South Africa's national financial account for the year 2020

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## Introduction

South Africa's national financial account reflects both real and financial transactions in the economy. The flow of funds illustrates the linkages between institutional sectors in the economy and their underlying economic activity. The purpose of the flow of funds is to describe the financing of various institutional sectors by sourcing funds through borrowing from counterpart sectors with savings, and using those funds for investment in financial and non-financial assets.

This note reflects the impact of the coronavirus disease 2019 (COVID-19) pandemic and lockdown restrictions on the various institutional sectors' real and financial transactions in 2020. The pandemic has severely affected the already weak domestic economic activity as recessionary conditions have been prevailing since the second half of 2019. The quarterly national financial accounts for 2020 are appended to this note, and the annual summary is published on pages S–48 and S–49 in this edition of the *Quarterly Bulletin*.

## Sectoral financing balances

The gross saving of all domestic institutional sectors in the South African economy decreased by 2.1% from R740 billion in 2019 to R725 billion in 2020. The unprecedented impact of the pandemic on public finances resulted in a significant dissaving by general government. However, all of the other domestic institutional sectors increased their gross saving in response to the increased uncertainty, with companies also holding back on dividend payments while spending by these institutions contracted.

**Table 1** Financing balances,<sup>1</sup> 2019 and 2020

R millions

	2019				2020			
	Gross saving	Net capital transfers	Gross capital formation <sup>2</sup>	Net lending (+)/net borrowing (-) <sup>3</sup>	Gross saving	Net capital transfers	Gross capital formation	Net lending (+)/net borrowing (-)
Foreign sector <sup>4</sup> .....	153 177	-244	-	152 933	-108 203	-234	-	-108 437
Financial intermediaries .....	130 269	-	41 936	88 333	144 902	-	17 801	127 101
General government...	2 426	-114 491	137 193	-249 258	-267 473	-112 494	138 683	-518 650
Non-financial business enterprises								
Public .....	53 633	75 728	135 228	-5 867	55 990	78 409	110 461	23 938
Private .....	491 208	20 784	481 500	30 492	694 038	18 410	273 206	439 242
Households <sup>5</sup> .....	62 392	18 223	97 248	-16 633	97 147	15 909	76 250	36 806
<b>Total .....</b>	<b>893 105</b>	<b>0</b>	<b>893 105</b>	<b>0</b>	<b>616 401</b>	<b>0</b>	<b>616 401</b>	<b>0</b>

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

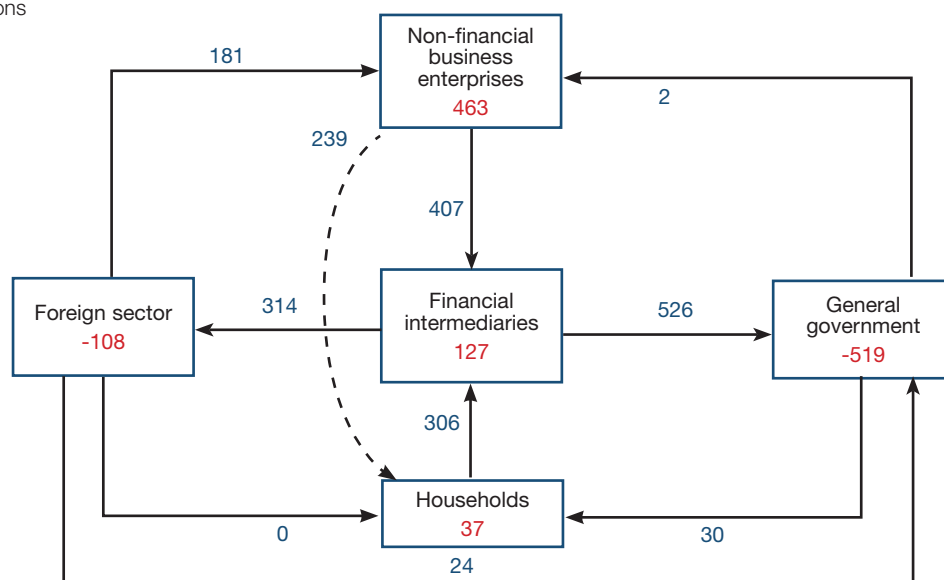
1 The views expressed are those of the authors and do not necessarily reflect the view of the South African Reserve Bank (SARB). The SARB would like to express its sincere appreciation to all the reporting organisations – government departments as well as financial and other public and private sector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

The challenging economic conditions and heightened uncertainty also discouraged gross capital formation in South Africa, with overall spending falling by 31.0% from R893 billion in 2019 to R616 billion in 2020. Many private non-financial corporate business enterprises put investment plans on hold, with capital spending declining by a marked 43.3%, whereas the contraction of 18.3% in public non-financial business enterprises' capital spending could largely be attributed to COVID-19-related restrictions in the construction sector and project delays. The net inflow from the foreign sector to South Africa of R153 billion in 2019 switched to a net outflow of R108 billion along with a net disposal of South African assets in 2020.

The inter-sectoral flow of funds among the main sectors of the economy in 2020 is shown in Figure 1. The foreign sector's net borrowing position of R108 billion mirrored a domestic surplus. Financial intermediaries channelled funds to the foreign sector as South Africa's acquisition of foreign assets increased. The general government sector's net borrowing position more than doubled from R249 billion in 2019 to R519 billion in 2020, which necessitated the sourcing of domestic funds from financial intermediaries, supplemented by funding from offshore sources. The foreign sector channelled R181 billion to non-financial business enterprises and, in turn, this sector invested most of these funds in deposits with banks. Households sourced R239 billion from non-financial business enterprises, while financial intermediaries received R306 billion from households.

**Figure 1** Net inter-sectoral flow of funds, 2020\*

R billions



\* The numbers may not balance perfectly due to rounding off. The red numbers inside the boxes represent the net lending (+) or borrowing (-) positions of the sectors, and the blue numbers 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.

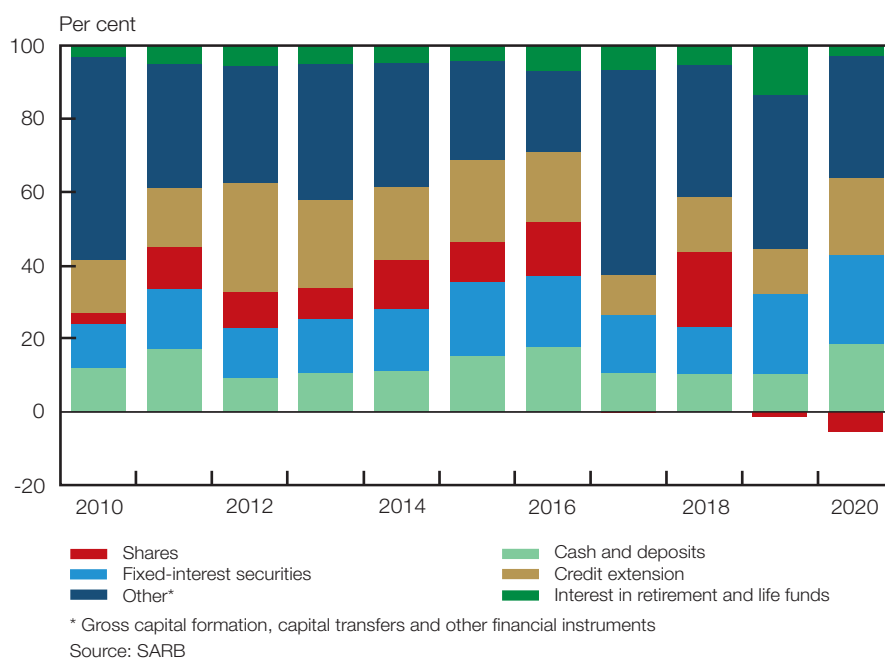
Source: SARB

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

The contribution to total intermediated flows<sup>2</sup> of the different asset classes for all institutional sectors is shown in Figure 2. Lockdown restrictions and other efforts to respond to the COVID-19 pandemic resulted in cash and deposits as well as credit extension to increase from 10.3% and 12.2% of total flows respectively in 2019 to 18.6% and 20.9% respectively in 2020. Due to the attractive yields offered by fixed-interest securities, their contribution to total flows increased from 21.9% in 2019 to 24.4% in 2020. The share sell-off that started in 2019 continued, and increased from 1.2% of total flows in 2019 to 5.4% in 2020. The contribution of interest in retirement and life funds decreased from 13.4% in 2019 to 5.5% in 2020, mainly as a result of retrenchments, payouts from the Unemployment Insurance Fund (UIF), and the temporary suspension of contributions to pension funds. The main contributor to total flows in 2020 was gross capital formation, at 26.9%.



Figure 2 Contribution of asset classes to total flows



## Sectoral analysis

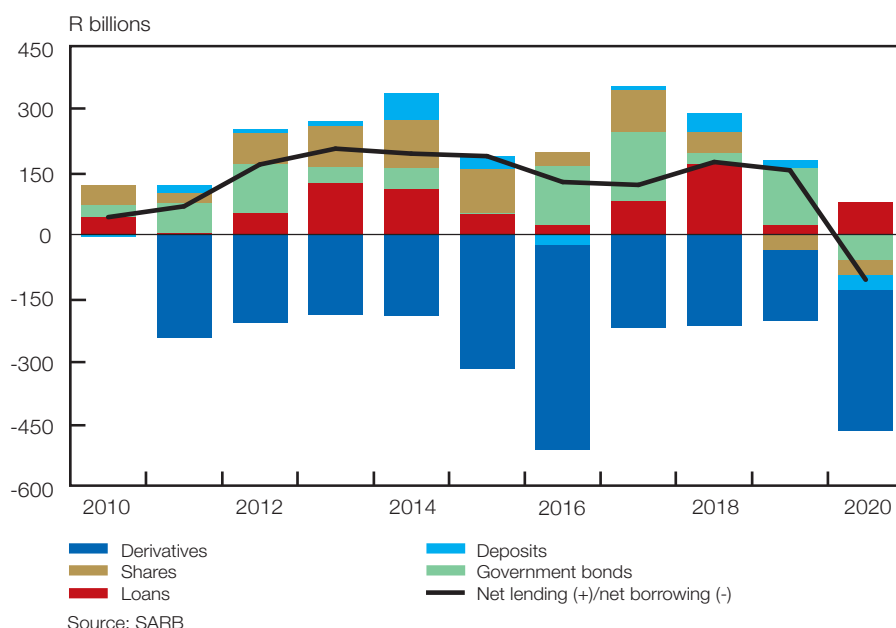
Institutional sectors with surplus funds seek appropriate investments, while those with deficit positions require suitable funding. This section shows the choice of financial instruments used during intermediation in 2020, as guided by, among other factors, market participants' inherent risk-return assessments, funding costs, general economic conditions as well as the available financing and investment choices.

## Foreign sector

Non-resident capital flows switched from a net flow of R153 billion into the South African economy in 2019 to a net outflow of R108 billion in 2020. This reflected a sizeable trade surplus as the global economy started recovering from the pandemic together with non-resident net sales of South African financial instruments. Global investors' preference for safe-haven assets during 2020 resulted in the disposal of South African financial assets, mainly financial derivatives.<sup>3</sup>

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

Figure 3 Non-residents' net acquisition of selected financial assets



Non-residents disposed of domestic government bonds to the net value of R60.8 billion in 2020 compared with net purchases of R137 billion in 2019. Non-residents continued to be net sellers of shares of R35.7 billion in 2020, which was slightly less than net sales of R36.9 billion in 2019. In addition, an outflow of R36.1 billion in deposits from the domestic banking sector and repayments of R4.9 billion in trade credit and short-term loans were recorded in 2020. However, international institutions extended long-term loans of R83.1 billion, mainly to the general government sector.

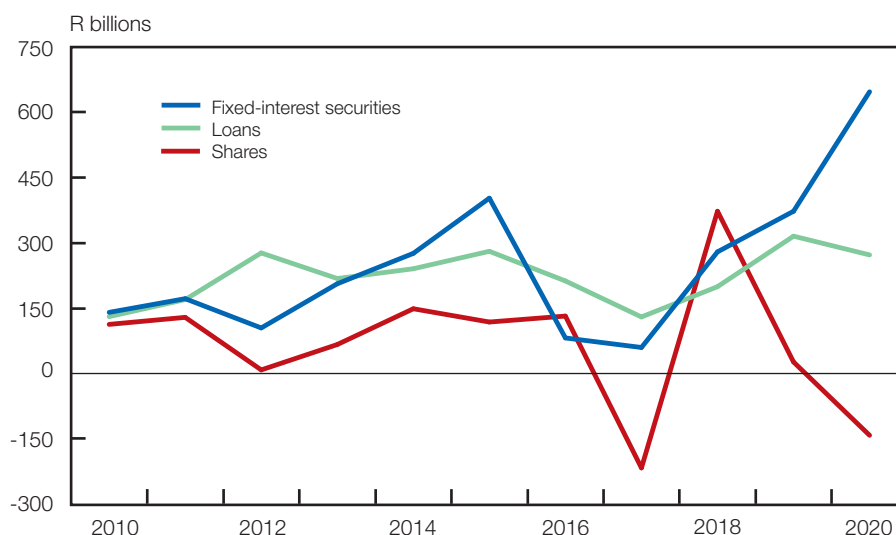
4 Financial intermediaries comprise the monetary authority, banks and non-bank financial institutions (excluding the Public Investment Corporation (PIC)).

## Financial intermediaries<sup>4</sup>

The South African economy contracted sharply in 2020, primarily due to the COVID-19 pandemic and lockdown measures. The total funds intermediated between surplus and deficit units through financial intermediaries declined from R979 billion in 2019 to R862 billion in 2020. The net incurrence of financial liabilities showed a preference for liquidity in the form of cash and deposits, which increased by R427 billion in 2020 amid the heightened uncertainty, which was much more than the increase of R295 billion in 2019. The monetary authority introduced policy and operational measures which supported asset prices and liquidity. Funds placed with other financial institutions increased by a significant R157 billion in 2020 and went mainly to unit trusts<sup>5</sup> (known as 'collective investment schemes'), despite investors' repositioning towards cash. In addition, interest in retirement and life funds amounted to R107 billion in 2020, lower than the R177 billion in 2019. Subdued economic activity and continued retrenchments likely contributed to withdrawals and the suspension of contributions in 2020.

The considerable net acquisition of fixed-interest securities by these intermediaries of R647 billion in 2020 enabled general government to meet its financing requirements. Credit extension was more subdued at R273 billion in 2020 compared with R316 billion in 2019, mainly due to weak consumer and business confidence, despite low interest rates, and rising job losses amid the recessionary conditions. Net purchases of shares by these intermediaries of R26.5 billion in 2019 changed to net sales of R142 billion in 2020.

Figure 4 Intermediation through selected financial assets



Source: SARB

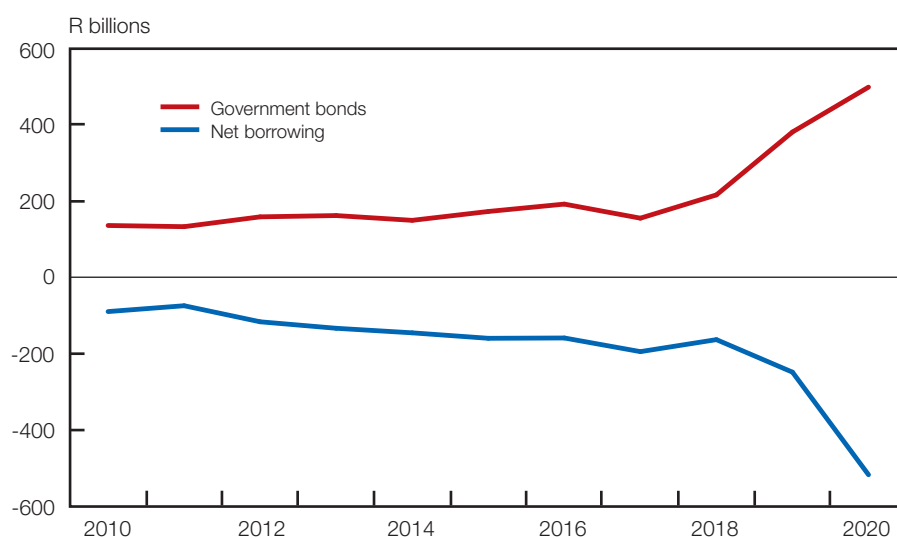
## General government

The pandemic-induced economic weakness had a significant impact on public finances, resulting in an extraordinary increase in dissaving by general government in 2020. The pandemic exacerbated the pre-existing weaknesses in general government finances, despite revenue

collection outperforming the expected shortfall that was estimated in the *Medium Term Budget Policy Statement (MTBPS)* in October 2020 as spending requirements continued to increase. General government's borrowing requirement more than doubled to R519 billion in 2020, or 10.4% of gross domestic product (GDP), compared with 4.9% of GDP in 2019.

The deteriorated fiscal metrics, alongside the absence of structural reforms and the economy's weak growth prospects, contributed to further sovereign credit rating downgrades in 2020. The shortfall was financed through the record-high net issuance of government bonds of R499 billion and Treasury bills of R71.9 billion in 2020. General government's loan activities switched from repayments of R48.8 billion in 2019 to new loans acquired of R85.6 billion in 2020, mainly from the foreign sector. In addition, government's deposit holdings with the monetary sector increased by R128 billion in 2020 compared with only R22.6 billion in 2019.

**Figure 5** General government's main source of funding and net borrowing position



Source: SARB

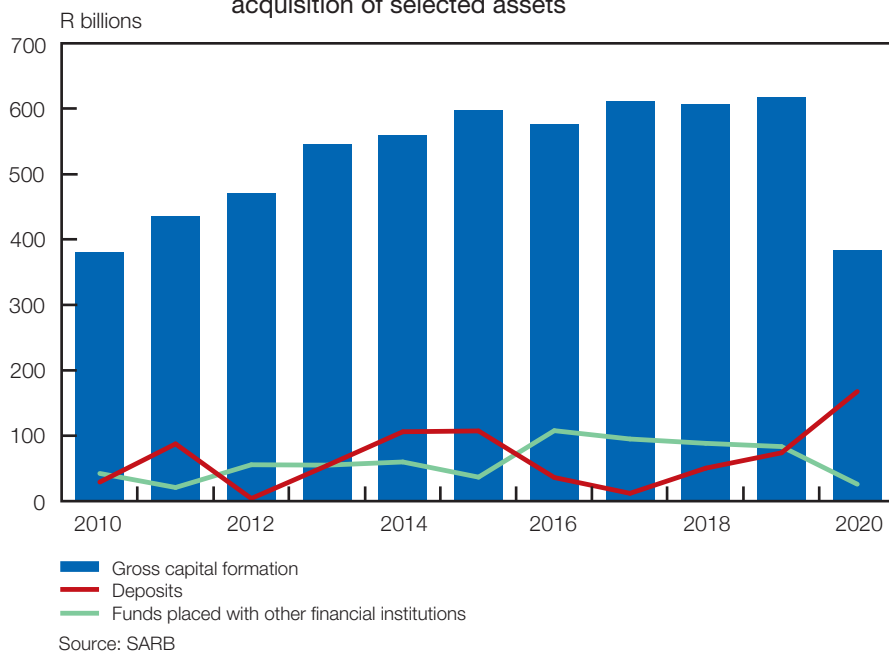
## Non-financial public and private corporate business enterprises

The COVID-19-related lockdown restrictions in numerous industrial sectors, persistent electricity-supply interruptions and low business confidence weakened the non-financial corporate business enterprises' earnings in 2020 and caused this institutional sector to either delay or cancel investments. Gross capital formation by both public and private non-financial enterprises decreased by 37.8% from R617 billion in 2019 to R384 billion in 2020, compared with a small increase of 1.5% in 2019.

Public and private non-financial enterprises' gross saving increased by 4.4% and 41.3% respectively, which resulted in an all-time high net lending position of R463 billion in 2020. These funds were channelled to various financial assets, including deposits of R168 billion, funds placed with other financial institutions of R26.0 billion, and an increase in exposure to financial derivatives of R59.5 billion. Non-financial corporate business enterprises' demand for credit increased at the onset of the pandemic as many companies sought funds during the initial hard lockdown period. However, the prolonged nature of the pandemic has weakened the ability to source credit, resulting in loans received of only R14.1 billion for the whole of 2020 compared with R140 billion in 2019. Net redemptions of debt securities by public enterprises amounted to R1.3 billion in 2020, compared with net issuance of R12.4 billion in 2019.



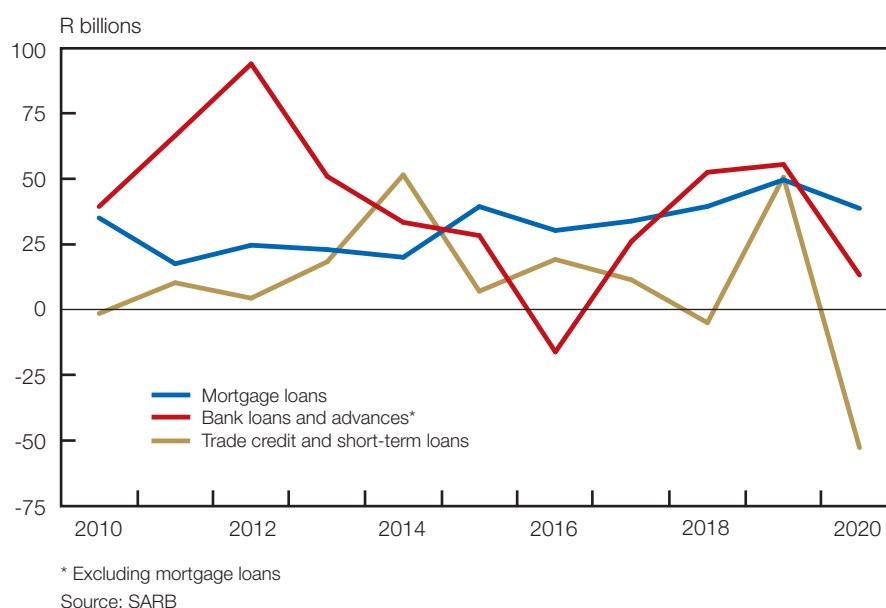
**Figure 6** Non-financial corporate business enterprises' net acquisition of selected assets



## Households

The household sector's gross saving increased in 2020 while its spending decreased amid COVID-19 lockdown uncertainty and the restriction of travel and other activities. Interest rate reductions, government's fiscal support and debt repayment holidays offered by banks supported households during this period. Households' net lending of R36.8 billion in 2020 formed part of this sector's deposits with banks of R144 billion and investments with other financial institutions of R53.3 billion. Households' contribution to interest in retirement and life funds was lower at R87.8 billion in 2020, following pension and policy withdrawals in response to job losses and reduced income.

**Figure 7** The household sector's acquisition of loans



The decline in the household sector's net incurrence of financial liabilities in 2020 reflected loan repayments of R1.0 billion compared with loans received of R163 billion in 2019. This was mainly driven by reduced demand for trade credit and short-term loans, which declined by R52.9 billion, as well as for loans and advances, which decreased from R55.5 billion in 2019 to R13.2 billion in 2020. By contrast, mortgage loans extended to households declined only marginally in 2020 and continued to be the largest component of credit extended to households.

## Summary

Similarly to other emerging markets, South Africa experienced capital outflows in 2020 as foreign investors shifted their investments to safe-haven assets. The flow of funds in 2020, as depicted in the national financial account framework, reflected weak economic activity and the impact of the COVID-19 pandemic on financial intermediation. The main highlights were:

- The South African economy recorded a current account surplus, and the foreign sector borrowed on a net annual basis for the first time since 2002.
- Non-residents' capital inflows to South Africa occurred mainly through long-term loans to the general government sector for pandemic-related expenditure.
- Domestic financial intermediaries increasingly invested in fixed-interest securities, which assisted in funding general government.
- The general government sector's net borrowing requirement increased to a historic high amid the COVID-19 pandemic.
- Gross capital formation by both public and private non-financial corporate business enterprises almost halved from 2019 to 2020.
- The non-financial corporate business enterprises recorded an all-time high net lending position as gross saving increased during the lockdown.
- The household sector's low demand for credit mainly reflected economic uncertainty.
- Mortgage loans accounted for most of the household sector's credit demand.

## References

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# National financial account

## Flow of funds for the first quarter 2020<sup>1</sup>

R millions

Sectors  Transaction items		Foreign sector		Financial intermediaries									
				Monetary authority		Other monetary institutions <sup>2</sup>		Public Investment Corporation <sup>3</sup>		Insurers and retirement funds		Other financial institutions	
		S	U	S	U	S	U	S	U	S	U	S	U
1. Net saving <sup>4</sup> .....	8 741		3 265		6 054		130		7 837		6 235		
2. Consumption of fixed capital <sup>4</sup> .....			152		4 638		9		195		1 198		
3. Capital transfers.....	36	100											
4. Gross capital formation <sup>4</sup> .....				55		4 256		2		161		726	
5. Net lending (+)/net borrowing (-) (S).....	8 677		3 362		6 436		137		7 871		6 707		
6. Net financial investment (+) or (-) (U).....		8 677		3 362		6 436		137		7 871		6 707	
7. Net incurrence of financial liabilities (Total S 9 – 32).....	52 176		188 499		419 453		23 289		106 296		101 492		
8. Net acquisition of financial assets (Total U 9 – 32).....		60 853		191 861		425 889		23 426		114 167		108 199	
9. Gold and other foreign reserves.....	-42 160			-42 160									
10. Cash and demand monetary deposits <sup>5</sup> .....	-607	8 869	27 695	-9 767	55 061	25 793		323		14 645		31 077	
11. Short/Medium-term monetary deposits <sup>5</sup> .....		26 993		-6 500	134 089			-2 984		4 904		49 485	
12. Long-term monetary deposits <sup>5</sup> .....		9 336		7 000	18 499			-1 498		1 365		-5 799	
13. Funds placed with other financial institutions.....	4 020	352				3 380		440		-365	29 428	3 576	
14. Funds placed with other institutions.....	71 070					62 939	23 289			28 294		-1 129	
15. Treasury bills.....	-3 193			-88		-20 894		-189		-41		-163	
16. Other debt securities <sup>6</sup> .....	132 576			126 967	-4 338	1 073		6 545		350	46	-28 671	
17. Bank loans and advances.....	58 037		363	83 747	84 449	115 436			25		-16 368		
18. Trade credit and short-term loans.....	47 491	27 255	8 622	-3 076	82 644	40 025			2 536	870	5 336	11 069	
19. Short-term government bonds.....				3 352		27 765		2 298		45 103		25 214	
20. Long-term government bonds.....	1 837	-63 006		-3 816		-8 497		15 826		-10 647		25 951	
21. Non-marketable debt of central government <sup>7</sup> .....													
22. Securities of local governments.....						29		-5		-3 817		-63	
23. Securities of public enterprises.....	2 087	2 122				1 917		-7 766		-2 481	-2 925	-1 776	
24. Other loan stock and preference shares.....	-6 176	-6 603			-2 566	35 040		-2 202	-1 119	-23 156	3 417	-20 490	
25. Ordinary shares.....	-56 185	4 026			-1 343	-2 563		13 308	654	67 149		89 841	
26. Foreign branch/head office balances.....													
27. Long-term loans.....	10 377	9 908	156 256	1	1 140			-165	32	915	6 843	3 799	
28. Mortgage loans.....	1 321					32 037				-25	663	220	
29. Interest in retirement and life funds <sup>8</sup> .....		11 070				-292			47 453				
30. Financial derivatives.....	-68 976	-73 697			133 516	58 449		-2	13 866	8 539	958	749	
31. Amounts receivable/payable.....	-40 054		-572	-3	-4 512	14 232		-503	18 639	-25 877	37 200	-31 609	
32. Other liabilities/assets.....	-59 289	104 228	-3 865	36 204	-76 889	39 765			24 158	8 332	36 671	-42 812	
33. Balancing item.....					-297	255			52	110	223	-270	

**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.
- Including bonds and money market instruments, such as bills, debentures and commercial paper, not specified in other line items in the table.
- 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 2020<sup>1</sup>

R millions

General government				Corporate business enterprises						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		
- 26 463 17 960	 <b>73 736</b> <b>16 744</b>	-4 914 6 841 20 336	  <b>16 039</b>	-12 744 27 743 30 658	  <b>34 110</b>	40 335 104 404 17 297	  <b>13</b> <b>79 898</b>	-36 493 18 869 5 545	  <b>23</b> <b>22 001</b>	-8 017 182 009 73 872	  <b>73 872</b> <b>173 992</b>	1. Net saving <sup>4</sup> 2. Consumption of fixed capital <sup>4</sup> 3. Capital transfers 4. Gross capital formation <sup>4</sup>	
-98 983	 <b>-98 983</b>	6 224   											

**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. Including bonds and money market instruments, such as bills, debentures and commercial paper, not specified in other line items in the table.
7. Non-marketable bonds and other Treasury bills.
8. Members' interest in the reserves of retirement and all insurance funds.

# National financial account

## Flow of funds for the second quarter 2020<sup>1</sup>

R millions

Transaction items	Sectors		Financial intermediaries									
			Monetary authority		Other monetary institutions <sup>2</sup>		Public Investment Corporation <sup>3</sup>		Insurers and retirement funds		Other financial institutions	
	S	U	S	U	S	U	S	U	S	U	S	U
1. Net saving <sup>4</sup> .....	13 626		840		21 050		43		476		10 244	
2. Consumption of fixed capital <sup>4</sup> .....			156		4 742		9		197		1 218	
3. Capital transfers.....	32	<b>90</b>										
4. Gross capital formation <sup>4</sup> .....				<b>80</b>		<b>3 028</b>		<b>4</b>		<b>98</b>		<b>438</b>
5. Net lending (+)/net borrowing (-) (S).....	13 568		916		22 764		48		575		11 024	
6. Net financial investment (+) or (-) (U).....		<b>13 568</b>		<b>916</b>		<b>22 764</b>		<b>48</b>		<b>575</b>		<b>11 024</b>
7. Net incurrence of financial liabilities (Total S 9 – 32).....	-172 250		-44 467		-60 415		-10 377		647		85 356	
8. Net acquisition of financial assets (Total U 9 – 32).....		<b>-158 682</b>		<b>-43 551</b>		<b>-37 651</b>		<b>-10 329</b>		<b>1 222</b>		<b>96 380</b>
9. Gold and other foreign reserves.....	-22 073			<b>-22 073</b>								
10. Cash and demand monetary deposits <sup>5</sup> .....	-18	<b>-781</b>	-19 616	<b>-18 433</b>	84 295	<b>-34 474</b>		<b>27 644</b>		<b>-2 485</b>		<b>-21 500</b>
11. Short/Medium-term monetary deposits <sup>5</sup> .....		<b>-25 423</b>			30 961			<b>-18 758</b>		<b>-7 740</b>		<b>44 487</b>
12. Long-term monetary deposits <sup>5</sup> .....		<b>-2 701</b>		<b>-7 000</b>	43 221			<b>11 669</b>		<b>-3 519</b>		<b>41 443</b>
13. Funds placed with other financial institutions.....	-2 858	<b>552</b>				<b>2 850</b>		<b>-232</b>		<b>2 501</b>	70 094	<b>-2 395</b>
14. Funds placed with other institutions.....	-54 698					<b>-52 209</b>	-10 377			<b>21 650</b>		<b>186</b>
15. Treasury bills.....	3 845			<b>1 157</b>		<b>37 634</b>		<b>-2 435</b>		<b>813</b>		<b>10 057</b>
16. Other debt securities <sup>6</sup> .....	-15 380			<b>-13 796</b>	-220	<b>-1 247</b>		<b>-3 864</b>		<b>-210</b>	3	<b>10 634</b>
17. Bank loans and advances.....	54 401		370	<b>-82 772</b>	-84 299	<b>12 527</b>			-212		19 981	
18. Trade credit and short-term loans.....	44 107	<b>8 450</b>	-975	<b>38 634</b>	-49 875	<b>28 451</b>			14 247	<b>-232</b>	-3 895	<b>-4 920</b>
19. Short-term government bonds.....				<b>969</b>		<b>31 187</b>		<b>-1 375</b>		<b>-16 123</b>		<b>-224</b>
20. Long-term government bonds.....	1 008	<b>-41 047</b>		<b>27 008</b>		<b>30 632</b>		<b>-19 421</b>		<b>80 829</b>		<b>39 464</b>
21. Non-marketable debt of central government <sup>7</sup> .....		<b>-774</b>										
22. Securities of local governments.....						<b>-8</b>				<b>-1 555</b>		<b>-79</b>
23. Securities of public enterprises.....	-1 157	<b>1 104</b>	3 317			<b>4 719</b>		<b>-365</b>		<b>1 178</b>	-1 548	<b>1 094</b>
24. Other loan stock and preference shares.....	4 873	<b>1 001</b>			639	<b>3 318</b>		<b>-769</b>	628	<b>17 501</b>	-468	<b>3 959</b>
25. Ordinary shares.....	-41 080	<b>-10 642</b>			4 847	<b>3 404</b>		<b>50</b>	17 755	<b>-134 090</b>		<b>-100 768</b>
26. Foreign branch/head office balances.....												
27. Long-term loans.....	1 412	<b>25 736</b>	-7 948		-216			<b>1 933</b>	-170	<b>-1 298</b>	-11 995	<b>-1 848</b>
28. Mortgage loans.....	-58					<b>6 737</b>				<b>74</b>	-2 608	<b>-159</b>
29. Interest in retirement and life funds <sup>8</sup> .....		<b>6 534</b>				<b>384</b>			46 525			<b>4</b>
30. Financial derivatives.....	-107 160	<b>-116 118</b>			-166 673	<b>5 201</b>			-162	<b>8 452</b>	10 275	<b>58 792</b>
31. Amounts receivable/payable.....	-10 834		142	<b>46</b>	44 911	<b>-49 255</b>		<b>-4 406</b>	-40 694	<b>14 246</b>	-211	<b>4 575</b>
32. Other liabilities/assets.....	-26 580	<b>-4 573</b>	-19 757	<b>32 709</b>	31 746	<b>-67 376</b>			-37 202	<b>21 173</b>	5 546	<b>13 433</b>
33. Balancing item.....					248	<b>-126</b>			-68	<b>57</b>	182	<b>145</b>

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

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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. Including bonds and money market instruments, such as bills, debentures and commercial paper, not specified in other line items in the table.
7. Non-marketable bonds and other Treasury bills.
8. Members' interest in the reserves of retirement and all insurance funds.



## National financial account (continued)

### Flow of funds for the second quarter 2020<sup>1</sup>

R millions

General government				Corporate business enterprises								Sectors	
Central and provincial governments		Local governments		Public sector		Private sector							
S	U	S	U	S	U	S	U	S	U	S	U	Transaction items	
-114 353		-10 018		-15 068		39 442		28 519		-25 199		1. Net saving <sup>4</sup>	
18 078		6 906		27 920		107 698		18 997		185 921		2. Consumption of fixed capital <sup>4</sup>	
	8 545	19		6 588		287	11	1 742	21	8 668	8 667	3. Capital transfers	
	17 190		16 687		27 596		80 680		14 922		160 723	4. Gross capital formation <sup>4</sup>	
-122 010		-19 780		-8 156		66 736		34 315				5. Net lending (+)/net borrowing (-) (S)	
	-122 010		-19 780		-8 156		66 736		34 315			6. Net financial investment (+) or (-) (U)	
182 489		591		663		-23 229		9 597		-31 395		7. Net incurrence of financial liabilities (Total S 9 – 32)	
	60 479		-19 189		-7 493		43 507		43 912		-31 395	8. Net acquisition of financial assets (Total U 9 – 32)	
	111 639		-2 895		-7 874		-13 708		27 528	-22 073	-22 073	9. Gold and other foreign reserves	
	-16 128		-18 971		-2 194		35 505		40 183	64 661	64 661	10. Cash and demand monetary deposits <sup>5</sup>	
	7 165		562		-1 784		5 013		-7 627	30 961	30 961	11. Short/Medium-term monetary deposits <sup>5</sup>	
			59		-1 231		24 424		40 708	43 221	43 221	12. Long-term monetary deposits <sup>5</sup>	
	-34 430					272				67 236	67 236	13. Funds placed with other financial institutions	
25 617							-17 764			-64 803	-64 803	14. Funds placed with other institutions	
	-423			-173		6 824	-40			29 462	29 462	15. Treasury bills	
-758		-313		-4 005		-33 566		-21 844		-8 946	-8 946	16. Other debt securities <sup>6</sup>	
37 719	-777	751	-1	-844	647	43 546	-11 789	-30 076	-3 758	-70 245	-70 245	17. Bank loans and advances	
14 434										54 705	54 705	18. Trade credit and short-term loans	
116 457										14 434	14 434	19. Short-term government bonds	
2 512										117 465	117 465	20. Long-term government bonds	
		1 560					3 202		3 286	2 512	2 512	21. Non-marketable debt of central government	
	-107			2 754			-4 064		-193	1 560	1 560	22. Securities of local governments	
	-20 179			-1 711		-2 624	-3 494			3 366	3 366	23. Securities of public enterprises	
	-127			5 898	-1 592	-120 315	110 870			1 337	1 337	24. Other loan stock and preference shares	
										-132 895	-132 895	25. Ordinary shares	
-775	-7 948	-644		8 539	81	33 008	2 283	-2 310	-38	18 901	18 901	26. Foreign branch/head office balances	
				81		17 834		-8 597		6 652	6 652	27. Long-term loans	
							15 481		24 122	46 525	46 525	28. Mortgage loans	
				2 767	-13 445	97 093	-106 742			-163 860	-163 860	29. Interest in retirement and life funds <sup>8</sup>	
-12 717	21 794			-14 963	12 413	-19 514	4 952	28 720	-29 525	-25 160	-25 160	30. Financial derivatives	
		-504	2 043	1 990	7 364	-45 999	-1 055	43 704	-50 774	-47 056	-47 056	31. Amounts receivable/payable	
		-259	14	330	122	212	433			645	645	32. Other liabilities/assets	
												33. Balancing item	

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

KB231

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6. Including bonds and money market instruments, such as bills, debentures and commercial paper, not specified in other line items in the table.
7. Non-marketable bonds and other Treasury bills.
8. Members' interest in the reserves of retirement and all insurance funds.

# National financial account

## Flow of funds for the third quarter 2020<sup>1</sup>

R millions

Sectors  Transaction items		Foreign sector		Financial intermediaries									
				Monetary authority		Other monetary institutions <sup>2</sup>		Public Investment Corporation <sup>3</sup>		Insurers and retirement funds		Other financial institutions	
		S	U	S	U	S	U	S	U	S	U	S	U
1. Net saving <sup>4</sup> .....	-64 515		913		16 449		26		504		12 130		
2. Consumption of fixed capital <sup>4</sup> .....			155		4 780		9		203		1 216		
3. Capital transfers.....	31	88											
4. Gross capital formation <sup>4</sup> .....				101		3 152		10		387		486	
5. Net lending (+)/net borrowing (-) (S).....	-64 572		967		18 077		25		320		12 860		
6. Net financial investment (+) or (-) (U).....		-64 572		967		18 077		25		320		12 860	
7. Net incurrence of financial liabilities (Total S 9 – 32).....	-26 068		10 981		-31 320		19 510		59 288		-31 284		
8. Net acquisition of financial assets (Total U 9 – 32).....		-90 640		11 948		-13 243		19 535		59 608		-18 424	
9. Gold and other foreign reserves .....	15 168			15 168									
10. Cash and demand monetary deposits <sup>5</sup> .....	534	1 217	11 014	9 253	89 577	21 719		17 088		-137		-4 866	
11. Short/Medium-term monetary deposits <sup>5</sup> .....	-742	-1 366		6 800	41 327			1 222		2 933		-40 485	
12. Long-term monetary deposits <sup>5</sup> .....		-7 871			-71 894			-6 800		1 636		-33 678	
13. Funds placed with other financial institutions.	-1 624	10 677				1 822		643		32 256	14 607	-2 317	
14. Funds placed with other institutions .....	-27 426					-25 741	19 510			27 477		200	
15. Treasury bills .....	35 762			-716		53 925		807		5 428		34 558	
16. Other debt securities <sup>6</sup> .....	-2 042			10 507	-61 530	1 576		-10 882	385	-91	2 541	-64 973	
17. Bank loans and advances .....	21 703		53	2 806	-4 521	-5 058					33 358		
18. Trade credit and short-term loans.....	13 340	-37 384	-555	-25 085	7 938	9 054			-1 539	-393	11 397	21 427	
19. Short-term government bonds.....						9 438		-1 081		-8 689			
20. Long-term government bonds .....	945	-1 474		4 333		26 545		22 967		50 763		38 992	
21. Non-marketable debt of central government <sup>7</sup>													
22. Securities of local governments.....						537		-126		-289		1 213	
23. Securities of public enterprises.....	1 134	-427	-1 940	-1		-1 525		-2 912		-3 305	1 174	5 199	
24. Other loan stock and preference shares .....	55 888	-686			-1 623	31 422		-278	-3 237	-5 072	-5 828	-150	
25. Ordinary shares.....	-15 191	-31 160			-4 289	1 191		4 132	-1 108	11 969		11 161	
26. Foreign branch/head office balances.....													
27. Long-term loans.....	11 631	67 129	-5 175	-2	-913			3 594	331	-4 471	-23 235	-2 496	
28. Mortgage loans.....	-110					20 910				27	-14	-1 229	
29. Interest in retirement and life funds <sup>8</sup> .....		4 221				85			18 986				
30. Financial derivatives .....	-78 715	-76 104			-141 668	-63 970			280	-2 129	-14 058	-38 540	
31. Amounts receivable/payable .....	-20 228	-4 325	4 070	-2 639	50 510	-45 663		-8 839	24 332	-26 868	-24 200	29 390	
32. Other liabilities/assets.....	-36 095	-13 087	3 514	-8 476	65 534	-49 382			20 551	-21 121	-27 020	28 128	
33. Balancing item .....					232	-128			307	-316	-6	42	

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

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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 2020<sup>1</sup>

R millions

General government				Corporate business enterprises				Households, etc.		Total		<div>Sectors</div> <div>Transaction items</div>	
Central and provincial governments		Local governments		Public sector		Private sector							
S	U	S	U	S	U	S	U	S	U	S	U		
-175 935		-3		-10 852		120 185		53 691		-47 407		1. Net saving <sup>4</sup>	
18 571		7 079		28 525		110 862		19 485		190 885		2. Consumption of fixed capital <sup>4</sup>	
	39 901	12 383		23 232		512	11	3 861	20	40 019	40 020	3. Capital transfers	
	17 962		17 239		25 028		60 676		18 436		143 477	4. Gross capital formation <sup>4</sup>	
-215 227		2 220		15 877		170 872		58 581				5. Net lending (+)/net borrowing (-) (S)	
	-215 227		2 220		15 877		170 872		58 581			6. Net financial investment (+) or (-) (U)	
229 527		190		-29 741		-83 734		-13 216		104 133		7. Net incurrence of financial liabilities (Total S 9 – 32)	
	14 300		2 410		-13 864		87 138		45 365		104 133	8. Net acquisition of financial assets (Total U 9 – 32)	
	8 942		-2 820		4 271		26 364		20 094	15 168	15 168	9. Gold and other foreign reserves	
	12 061		8 434		1 941		21 334		27 711	101 125	101 125	10. Cash and demand monetary deposits <sup>5</sup>	
	-3 535		-13		-2 328		-12 310		-6 995	40 585	40 585	11. Short/Medium-term monetary deposits <sup>5</sup>	
			284		13 377		-1 026		-42 733	-71 894	-71 894	12. Long-term monetary deposits <sup>5</sup>	
	-9 734					118				12 983	12 983	13. Funds placed with other financial institutions	
47 121							-11 119			-7 798	-7 798	14. Funds placed with other institutions	
	-186			-7 705		4 127	-175			82 883	82 883	15. Treasury bills	
-191		40		-1 007		-62 976		11 289		-64 224	-64 224	16. Other debt securities <sup>6</sup>	
-25 099	-425			-10 266	-151	-23 395	-6 416	-5 705	5 489	-2 252	-2 252	17. Bank loans and advances	
-332										-33 884	-33 884	18. Trade credit and short-term loans	
141 181										-332	-332	19. Short-term government bonds	
301									301	142 126	142 126	20. Long-term government bonds	
		-917					-2 252			301	301	21. Non-marketable debt of central government <sup>7</sup>	
	-36			-3 374					1	-917	-917	22. Securities of local governments	
	-8 620					-21 817	6 767			-3 006	-3 006	23. Securities of public enterprises	
				-12 259	-21	20 149	-9 970			23 383	23 383	24. Other loan stock and preference shares	
										-12 698	-12 698	25. Ordinary shares	
86 910	-5 175	461		-3 362	-450	6 388	13 564	-1 367	-24			26. Foreign branch/head office balances	
				-1		5 976		13 857		71 669	71 669	27. Long-term loans	
							-54		14 734	19 708	19 708	28. Mortgage loans	
				-425	-8 608	12 325	-32 910			18 986	18 986	29. Interest in retirement and life funds <sup>8</sup>	
-20 364	21 008			2 852	-7 289	-1 396	40 446	-9 032	11 323	-222 261	-222 261	30. Financial derivatives	
		454	-3 266	6 105	-14 705	-22 721	54 509	-22 258	15 464	6 544	6 544	31. Amounts receivable/payable	
		152	-209	-299	99	-512	386			-11 936	-11 936	32. Other liabilities/assets	
										-126	-126	33. Balancing item	

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KB231

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

# National financial account

## Flow of funds for the fourth quarter 2020<sup>1</sup>

R millions

Sectors  Transaction items		Foreign sector		Financial intermediaries									
				Monetary authority		Other monetary institutions <sup>2</sup>		Public Investment Corporation <sup>3</sup>		Insurers and retirement funds		Other financial institutions	
		S	U	S	U	S	U	S	U	S	U	S	U
1. Net saving <sup>4</sup> .....	-66 055		-1 006		17 629		60		8 606		8 222		
2. Consumption of fixed capital <sup>4</sup> .....			151		4 744		9		208		1 206		
3. Capital transfers.....	30	85											
4. Gross capital formation <sup>4</sup> .....				81		3 740				518		478	
5. Net lending (+)/net borrowing (-) (S).....	-66 110		-936		18 633		69		8 296		8 950		
6. Net financial investment (+) or (-) (U).....		-66 110		-936		18 633		69		8 296		8 950	
7. Net incurrence of financial liabilities (Total S 9 – 32).....	-68 809		-134 882		48 414		5 740		1 523		-2 069		
8. Net acquisition of financial assets (Total U 9 – 32).....		-134 919		-135 818		67 047		5 809		9 819		6 881	
9. Gold and other foreign reserves .....	-5 055			-5 055									
10. Cash and demand monetary deposits <sup>5</sup> .....	-236	-1 464	-45 746	-4 053	98 776	-6 731		-12 942		2 186		7 276	
11. Short/Medium-term monetary deposits <sup>5</sup> .....	-842	-30 067		6 800	36 980			8 976		-415		11 915	
12. Long-term monetary deposits <sup>5</sup> .....		-12 860			-107 673			-12 743		-6 676		-66 962	
13. Funds placed with other financial institutions	14 218	-5 008				2 049		1 280		26 779	43 274	12 963	
14. Funds placed with other institutions .....	25 880					29 872	5 740			4 749		44	
15. Treasury bills .....	-16 444			689		-39 499		588		-983		45 805	
16. Other debt securities <sup>6</sup> .....	-66 397			-63 300	-56 671	-1 838		-2 773	2 556	-48	-1 099	-48 681	
17. Bank loans and advances .....	-17 218		-698	-22 598	-26 272	6 773					19 246		
18. Trade credit and short-term loans.....	2 432	-3 232	-4 700	-23 713	19 412	-15 890			1 604	427	-18 854	2 469	
19. Short-term government bonds.....				1 765		32 555		15 605		46 228		506	
20. Long-term government bonds .....	1 167	44 721				11 283		872		-4 437		21 771	
21. Non-marketable debt of central government <sup>7</sup>													
22. Securities of local governments.....						-90				887		748	
23. Securities of public enterprises.....	19 141	537	-1 300	1		17 603		291		8 568	6 363	3 733	
24. Other loan stock and preference shares .....	28 196	-9 538			-4 499	10 928		-148	2 122	-23 685	1 739	73	
25. Ordinary shares.....	-13 877	2 100			16 113	111		4 141	3 092	-41 436		-47 954	
26. Foreign branch/head office balances.....													
27. Long-term loans.....	4 188	-19 686	-84 967	-1	-9 466			5 944	52	-3 495	2 812	346	
28. Mortgage loans .....	-173					31 660			-3	-289	6 197	1 112	
29. Interest in retirement and life funds <sup>8</sup> .....		-1 131				248			-6 226				
30. Financial derivatives .....	-69 767	-69 806			46 251	44 987		-23	5 395	8 605	-215	-7 678	
31. Amounts receivable/payable .....	9 519	-14 998	516	200	20 521	-26 358		-3 259	-749	- 868	-34 362	33 649	
32. Other liabilities/assets.....	16 459	-14 487	2 013	-26 553	14 706	-30 462			-5 990	-6 208	-27 127	35 559	
33. Balancing item .....					236	-154			-330	-70	-43	187	

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KB230

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- Including bonds and money market instruments, such as bills, debentures and commercial paper, not specified in other line items in the table.
- 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 fourth quarter 2020<sup>1</sup>

R millions

General government				Corporate business enterprises											
Central and provincial governments		Local governments		Public sector		Private sector									
S	U	S	U	S	U	S	U	S	U	S	U				
-27 476		-9 671		-18 664		59 433		-25 775		-54 697		1. Net saving <sup>4</sup>			
18 734		7 191		29 130		111 679		19 854		192 906		2. Consumption of fixed capital <sup>4</sup>			
	33 641	10 591		17 931		360	11	4 844	19	33 756	33 756	3. Capital transfers			
	18 834		17 988		23 727		51 952		20 891		138 209	4. Gross capital formation <sup>4</sup>			
-61 217		-9 877		4 670		119 509		-21 987				5. Net lending (+)/net borrowing (-) (S)			
	-61 217		-9 877		4 670		119 509		-21 987			6. Net financial investment (+) or (-) (U)			
35 718		9 895		6 175		-45 425		59 589		-84 131		7. Net incurrence of financial liabilities (Total S 9 – 32)			
	-25 499		18		10 845		74 084		37 602		-84 131	8. Net acquisition of financial assets (Total U 9 – 32)			
23 421	-3 690		3 611		-902		59 040		10 463	-5 055	-5 055	9. Gold and other foreign reserves			
	36 836		2 249		-1 219		-5 508		6 571	52 794	52 794	10. Cash and demand monetary deposits <sup>5</sup>			
	1 763		-817		-2 397		-1 814		-5 167	36 138	36 138	11. Short/Medium-term monetary deposits <sup>5</sup>			
			-54		-6 047		-15 504		41 034	-107 673	-107 673	12. Long-term monetary deposits <sup>5</sup>			
	-5 300					36	2 291			57 492	57 492	13. Funds placed with other financial institutions			
							377			31 656	31 656	14. Funds placed with other institutions			
										6 977	6 977	15. Treasury bills			
	-96				-671		5 546			-116 736	-116 736	16. Other debt securities <sup>6</sup>			
	-254		-915		2 650		-2 850		10 486	-15 825	-15 825	17. Bank loans and advances			
	-23 310	-4 574	-421		-2 921	-2 817	-29 894	-23 346	-9 286	4 738	-65 938	-65 938	18. Trade credit and short-term loans		
96 659										96 659	96 659	19. Short-term government bonds			
73 043										74 210	74 210	20. Long-term government bonds			
394									394	394	394	21. Non-marketable debt of central government <sup>7</sup>			
		-140					-1 685			-140	-140	22. Securities of local governments			
	-315			6 212					-2	30 416	30 416	23. Securities of public enterprises			
	-4 214					-35 222	18 920			-7 664	-7 664	24. Other loan stock and preference shares			
				9 846		-112 743	-14 531			-97 569	-97 569	25. Ordinary shares			
												26. Foreign branch/head office balances			
5 000	-79 859	81		1 164	1 153	-11 944	2 168	-471	-121	-93 551	-93 551	27. Long-term loans			
				-42		4 916		21 588		32 483	32 483	28. Mortgage loans			
							-506		-4 837	-6 226	-6 226	29. Interest in retirement and life funds <sup>8</sup>			
				217		64 256	70 052			46 137	46 137	30. Financial derivatives			
-34 235	33 950			-7 070		27 327	-27 784	9 818	-3 247	-8 715	-8 715	31. Amounts receivable/payable			
-105 000		11 217	-4 903	-3 157	22 805	44 983	12 031	27 454	-12 224	-24 442	-24 442	32. Other liabilities/assets			
		73	-68	-53	269	164	-117			47	47	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.

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- 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.
- Including bonds and money market instruments, such as bills, debentures and commercial paper, not specified in other line items in the table.
- Non-marketable bonds and other Treasury bills.
- Members' interest in the reserves of retirement and all insurance funds.