Note on South Africa's integrated economic accounts[1]

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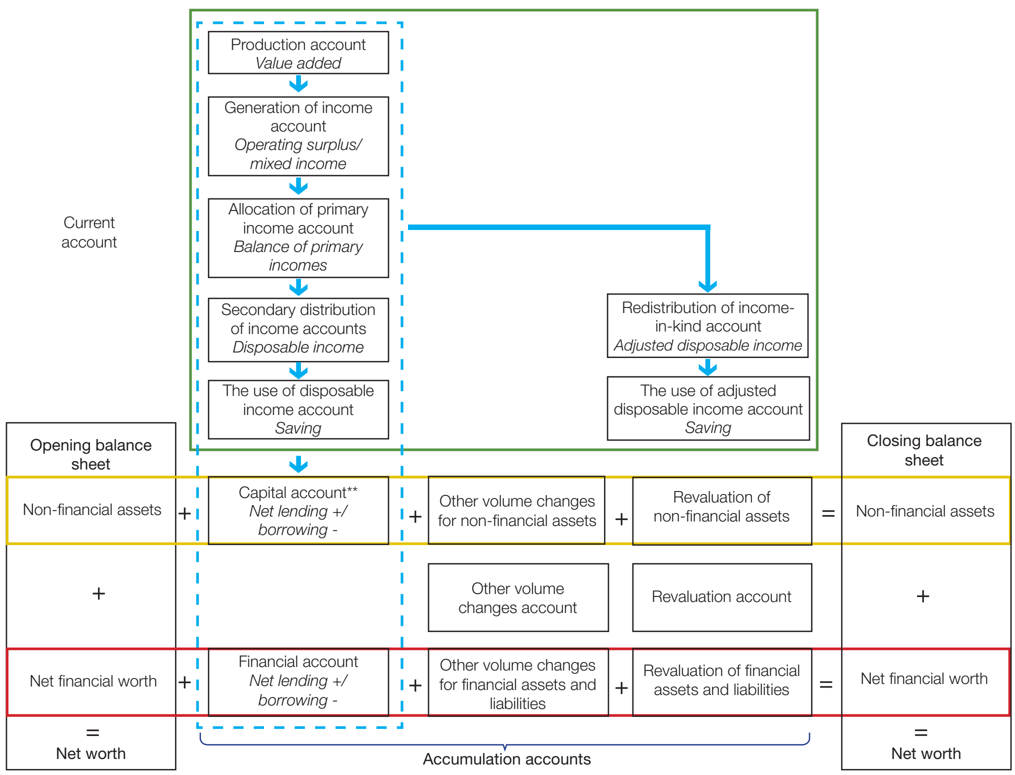
Introduction

The compilation of South Africa's integrated economic accounts (IEA) by the South African Reserve Bank (SARB) commenced in 2015 as part of the Group of Twenty (G20) Data Gaps Initiatives (DGI-II). Significant progress has culminated in the dissemination of the first experimental IEA statistics to the Organisation for Economic Co-operation and Development (OECD) in January 2022 and in this edition of the *Quarterly Bulletin*. The macroeconomic statistics in the IEA framework identify institutional sector interconnectedness and vulnerabilities.

Methodology

The methodology underlying the compilation of the IEA is guided by the *System of National Accounts 2008 (2008 SNA)*[3] and the statistical framework shown in Figure 1. This framework consists of three unique macroeconomic accounts, namely the current and capital account (CURCAP), the non-financial balance sheet and accumulation account (NFBSAA) and the financial balance sheet and accumulation account (FBSAA). The framework is aligned with the *2008 SNA* and comprises four main domestic institutional sectors and the rest of the world (ROW). The institutional sectors are divided into subsectors as shown in Table 1. In this framework, the CURCAP reflects real economic activity, the NFBSAA non-financial assets and the FBSAA financial intermediation.

Figure 1 Integrated economic accounts*



* The green block represents the subcomponents of the current account. The blue dotted area comprises the transactional accounts, from the production account through to the financial account. The yellow block represents the non-financial balance sheet and accumulation account (NFBSAA) (i.e. the non-financial stocks, the capital account** as well as the other accumulation accounts), while the red block represents the financial balance sheet and accumulation account (FBSAA) (i.e. the stock and accumulation accounts components of financial assets and liabilities).

** The section of the capital account that relates to non-financial assets

Source: *2008 SNA*

1 This note is the sixth in a series on the development of South Africa's integrated economic accounts (IEA), published annually in the *Quarterly Bulletin* from 2016. The statistics published and discussed in this note should be treated as experimental and are subject to revisions.

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

3 This is available at https://unstats.un.org/unsd/nationalaccount/docs/SNA2008.pdf.

Table 1 Institutional sectors

<table>
<tr><th>Main institutional sectors</th><th colspan="3">Subsectors</th></tr>
<tr><td rowspan="2">Non-financial corporations</td><td colspan="3">Public</td></tr>
<tr><td colspan="3">Private</td></tr>
<tr><td rowspan="8">Financial corporations</td><td rowspan="2">Monetary financial institutions (MFIs)</td><td>Monetary authority</td><td>Central bank
Corporation for Public Deposits (CPD)</td></tr>
<tr><td>Other MFIs</td><td>Deposit-taking corporations
Money market funds</td></tr>
<tr><td rowspan="4">Financial corporations except MFIs, insurance corporations and pension funds</td><td colspan="2">Non-money market fund investment funds</td></tr>
<tr><td colspan="2">Other financial intermediaries*</td></tr>
<tr><td colspan="2">Financial auxiliaries</td></tr>
<tr><td colspan="2">Captive financial institutions and money lenders</td></tr>
<tr><td rowspan="2">Insurance corporations and pension funds</td><td colspan="2">Insurance corporations and pension funds</td></tr>
<tr><td colspan="2">Pension funds</td></tr>
<tr><td rowspan="2">General government</td><td colspan="3">Central and provincial government</td></tr>
<tr><td colspan="3">Local government</td></tr>
<tr><td>Households**</td><td colspan="3"></td></tr>
<tr><td>Rest of the world</td><td colspan="3"></td></tr>
</table>

* Except insurance corporations and pension funds
** Including non-profit institutions serving households

Source: *2008 SNA*

Current and capital account

Annual institutional sector CURCAPs have been compiled since the late 1990s and are disseminated on pages S–135 to S–140 in this edition of the SARB's *Quarterly Bulletin*. The compilation of quarterly CURCAP statistics commenced in 2015 following the adoption of the G20 data gaps recommendations, with the closing of data gaps facilitated by new sources and enhanced methodologies.

Table 2 Sub-accounts of the current and capital account

<table>
<tr><th>Main accounts</th><th>Sub-accounts</th><th>Purpose</th><th>Balancing items</th></tr>
<tr><td rowspan="5">Current</td><td>Production</td><td>Transactions related to economic production activities</td><td>Gross value added for institutional sectors; gross domestic product (GDP) for the total economy after adjusting for taxes and subsidies on products</td></tr>
<tr><td>Generation of income</td><td>Distribution of value added/GDP between labour and capital as factors of production</td><td>Gross operating surplus by institutional sector, and mixed income for households</td></tr>
<tr><td>Allocation of primary income</td><td>Primary income derived from the production process as well as income from property received for the use of land, financial resources or other assets</td><td>Gross balance of primary income</td></tr>
<tr><td>Secondary distribution of income</td><td>Redistribution of the primary income through current taxes, social contributions and benefits, and other current transfers</td><td>Gross disposable income</td></tr>
<tr><td>Use of disposable income</td><td>Spending of gross disposable income on final consumption expenditure</td><td>Net saving</td></tr>
<tr><td>Capital</td><td></td><td>Spending on non-financial assets</td><td>Net lending (+)/ borrowing (-)</td></tr>
</table>

Source: *2008 SNA*

The CURCAP institutional sector accounts record transactions related to real economic activity, from production through to net lending/borrowing. The ROW account comprises an external goods and services account, a primary and secondary income account as well as a capital account, which, in total, balances to domestic net lending/borrowing.

Non-financial balance sheet and accumulation account

Non-financial assets are recorded in the NFBSAA, which is the second macroeconomic account in the IEA. This account records both opening and closing stock balances per asset class as well as the quarterly movements between these positions in the accumulation account.[4] Non-financial assets consist of both produced and non-produced assets, and are valued at end-of-period market prices[5] which, in some instances, are calculated as the replacement value *minus* the consumption of fixed capital.

The produced assets consist of non-financial assets[6] used in production, inventories as well as valuables, with the last-mentioned not currently measured due to data constraints. Non-produced assets consist of natural resources[7] and resources created through legal agreement[8] from which the owners can extract economic benefits. A lack of source data impedes the comprehensive compilation of non-produced assets, with only land included at present.

Financial balance sheet and accumulation account

Financial assets and liabilities are recorded in the FBSAA,[9] which is the third account in the IEA. This account records both opening and closing asset and liability stock balances per financial instrument as well as the quarterly movements between these positions in the accumulation account. In this account, stock positions are balanced based on a hierarchy of sources, which considers the quality of source data and the compilation methodologies by type of financial instrument for each institutional sector vis-à-vis each counterparty sector. Each sector-by-sector financial asset and liability position is evaluated at a financial instrument level to balance the account. The components of the accumulation account are estimated predominantly using an adaptation of the approach described in the international statistical manuals[10] for deriving transactions and valuation changes using exchange rates and other prices. Instrument exceptions to this approach include monetary gold and special drawing rights, financial derivatives and employee stock options as well as insurance, pension and standardised guarantee schemes.

The IEA integrates these three accounts into a consistent, coherent and balanced set of macroeconomic statistics.[11]

Analysis of preliminary macroeconomic statistics in the context of the integrated economic accounts[12]

Current and capital account

The sub-accounts of the CURCAP render balancing items, as shown in Table 3. The total of the balancing items in the sub-accounts ultimately renders South Africa's net lending/borrowing position. South Africa's net financial position[13] relative to the ROW reflects a turnaround in the third quarter of 2020 from a requirement for capital inflows to finance overall domestic shortfalls (net borrowing) to a capital outflow where finance is made available to other countries (net lending).

4 The accumulation account comprises transactions, revaluations and other volume changes.

5 The market value of fixed assets is calculated as the *sum of* gross fixed capital formation (i.e. expenditure on fixed assets) *minus* the consumption of fixed capital (i.e. depreciation), revalued to market prices. The market value of total inventory holdings in the domestic economy is derived from inventory holdings at constant prices, adjusted for end-of-period prices.

6 Non-financial assets consist of dwellings, buildings other than dwellings, other structures, machinery and equipment, cultivated biological resources and intellectual property. Intellectual property includes, among other things, research and development as well as computer software.

7 Natural resources include land, minerals and energy, non-cultivated biological and other natural resources as well as radio spectra.

8 Leases, licences and permits are created through legal agreements.

9 The FBSAA comprises stocks, transactions, revaluations and other volume changes.

10 See Annex 5.1 of the *2016 Monetary and Financial Statistics Manual and Compilation Guide.*

11 These three accounts are not currently integrated. Net lending/borrowing only reflects the CURCAP calculations.

12 These are experimental results and subject to further revisions.

13 The net financial position is the outcome of the capital account and is the net amount available for financing to the rest of the world (ROW) (if it is positive) or received from the ROW for financing domestic activities (if it is negative). Net lending/borrowing is derived from net saving *plus* net receipts of capital transfers *minus* net purchases of non-financial assets.

Table 3 Current and capital account balancing items for the total economy

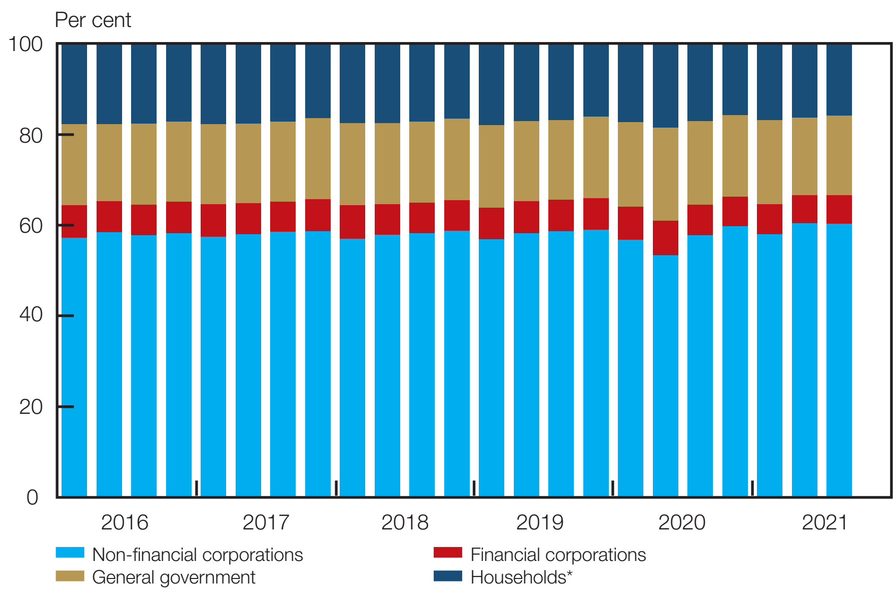
R millions

	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2	2021Q3
Gross domestic product.............	1 208 499	1 404 540	1 499 180	5 521 075	1 464 221	1 574 931	1 561 183
Gross operating surplus	480 280	585 635	605 542	2 234 950	605 810	702 567	653 456
Gross national income................	1 192 237	1 380 609	1 487 032	5 428 519	1 436 666	1 547 368	1 513 081
Gross disposable income...........	1 184 233	1 368 704	1 472 920	5 386 323	1 423 031	1 538 426	1 505 208
Net saving..................................	-3 071	39 481	32 584	59 626	14 945	100 756	69 947
Net lending (+)/borrowing (-)........	-10 911	62 712	67 815	110 020	36 676	100 570	36 172

Sources: Stats SA and SARB

Nominal gross value added, as captured in the production account, consists of transactions that generate income through the production of goods and services, with non-financial corporations consistently making the largest contribution, averaging 58% from 2015 and more recently increasing to 60% in both the second and the third quarter of 2021, as shown in Figure 2. The dominance of the non-financial corporations sector in the production activities was also evident in the gross and net saving levels, which ultimately support net lending.

Figure 2 Institutional sector contribution to nominal gross value added

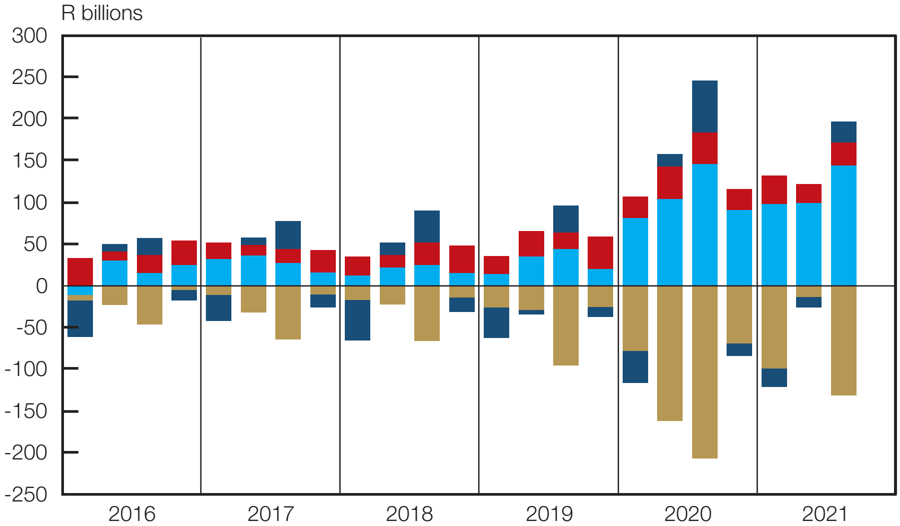


* Including non-profit institutions serving households

Sources: Stats SA and SARB

Net saving is the outcome of gross disposable income *minus* consumer spending (final consumption expenditure). Both the non-financial and the financial corporations are making continual substantial contributions to net saving followed by households, which oscillate between net saving and net dissaving, as shown in Figure 3. Net saving by general government deteriorated markedly from a net dissaving of R10.2 billion in the second quarter of 2021 to R126.4 billion in the third quarter, owing to lower tax income and increases in almost all expenditure categories. However, net saving by non-financial corporations improved from R85.3 billion in the second quarter of 2021 to R95.1 billion in the third quarter.

Figure 3 Institutional sector net saving



* Including non-profit institutions serving households
Net saving (+)/dissaving (-)

Source: SARB

Net lending/borrowing as a percentage of gross domestic product (GDP) for the total domestic economy as well as for the four domestic institutional sectors is shown in Table 4 and in Figure 4. Total net lending as a percentage of GDP decreased to 2.3% in the third quarter of 2021 following a recent high of 6.4% in the second quarter. The lower net lending ratio was mainly impacted by a decline in the gross saving level over this period, which is the sum of net saving and consumption of fixed capital.

Table 4 Net lending/borrowing per institutional sector

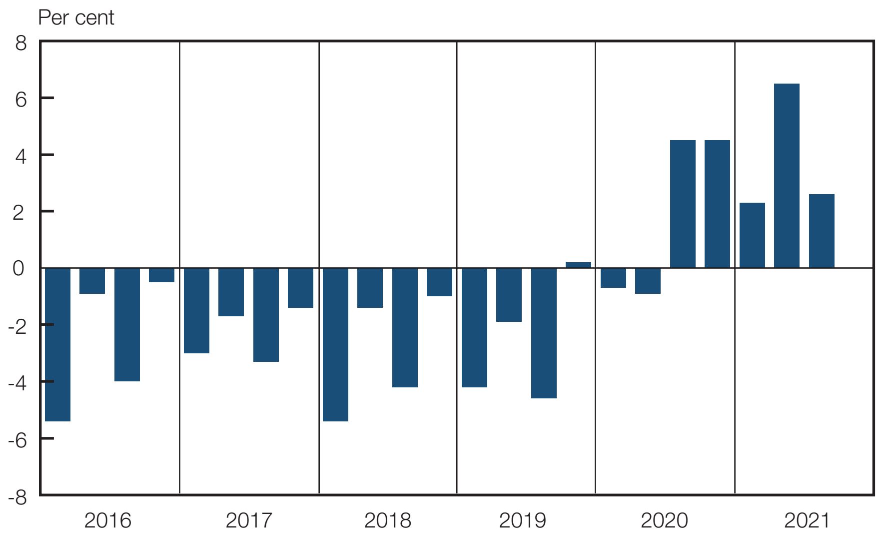
Percentage of GDP

	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2	2021Q3
Non-financial corporations	10.1	7.0	12.6	2.7	10.1	11.0	7.0
Financial corporations	2.2	2.9	2.7	0.5	9.1	2.4	1.7
General government	0.0	-12.4	-15.7	-1.7	-11.4	-10.2	-2.7
Households*	-2.9	1.7	4.6	-0.2	0.9	-0.8	0.5
Total economy	-0.9	4.5	4.5	2.0	2.5	6.4	2.3

* Including non-profit institutions serving households
Source: SARB

Both financial and non-financial corporations were major and constant net lenders – an outcome that is related to these sectors' persistent net and gross saving positions. By contrast, general government has been a consistent net borrower due to a gross dissaving position since 2017.

Figure 4 South Africa's net lending/borrowing as a ratio of GDP

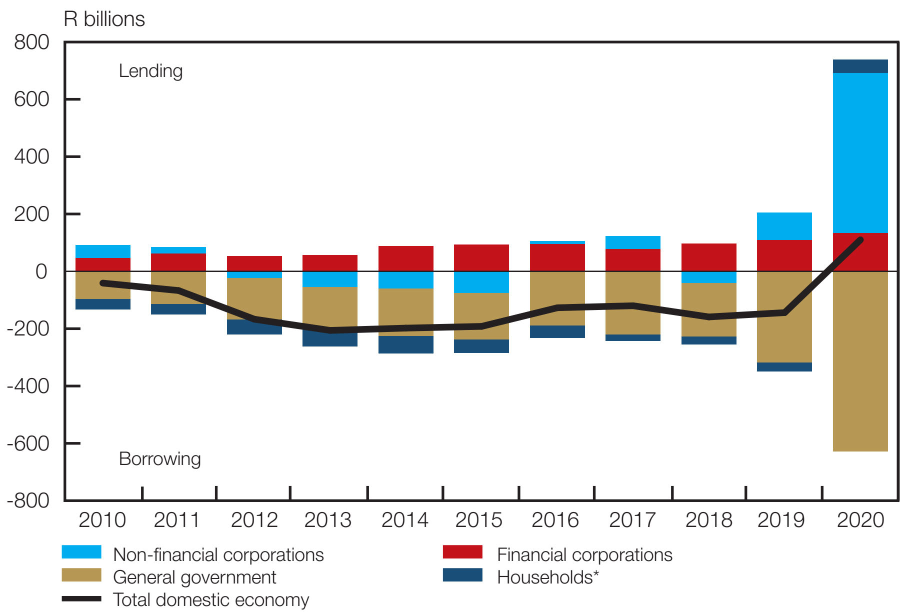


Net lending (+)/borrowing (-)

Source: SARB

The non-financial corporations sector, which became a marginal net lender in 2016 for the first time since 2011, briefly slipped into a net borrowing position in 2018 before returning to a net lending position in 2019, and then surged further in 2020 (as shown in Figure 5). The increase in this sector's net lending position was the result of lower dividend and interest payments.

Figure 5 Net lending/borrowing



* Including non-profit institutions serving households
Net lending (+)/borrowing (-)

Source: SARB

The general government sector's net borrowing position has remained relatively large over the past 10 years and increased significantly in 2020 in the wake of government's coronavirus disease 2019 (COVID-19) expenditure, while the household sector's net borrowing position turned into a net lending position in 2020.

Sectoral balance sheet and accumulation account

An overview of South Africa's macroeconomic balance sheet by main domestic institutional sector as well as the ROW, for both non-financial assets as well as financial assets and liabilities as at 30 September 2021, is provided in Table 5.

Table 5 Summary balance sheet at market value as at 30 September 2021*

R trillions

	Non-financial corporations[1]		Financial corporations		General government		Households[2]		Total domestic economy		Rest of the world[3]	
	A	L	A	L	A	L	A	L	A	L	A	L
Non-financial assets[4]	7.1		0.2		4.2		5.3		16.8			
Financial assets and liabilities	5.6	11.0	23.6	24.4	3.1	4.7	12.0	2.5	44.3	42.7	6.9	8.4
Net worth[5]		1.5		-0.6		2.6		14.8		18.4		-1.5
Total assets and liabilities	12.7	11.0	23.8	24.4	7.3	4.7	17.3	2.5	61.1	42.7	6.9	8.4
Memo item: Net financial worth[6]		-5.6		-0.8		-1.6		9.5		1.6		

* The balance sheet shows the market value of non-financial assets as well as financial assets and liabilities as at a specific point in time.
A = assets
L = liabilities
1 Private non-financial corporations' financial assets and liabilities are not directly sourced, but these should therefore be treated as preliminary and will be revised when administrative data sources are incorporated.
2 Including non-profit institutions serving households
3 In the IEA, the ROW is shown as a separate sector.
4 Total produced assets, including underlying land
5 Total assets *minus* total liabilities
6 Financial assets *minus* liabilities

Components may not add up to the totals due to rounding off.

Source: SARB

At the end of September 2021, the R61.1 trillion of domestic economy total assets comprised financial assets of R44.3 trillion and non-financial assets of R16.8 trillion, resulting in a total net worth of R18.4 trillion and a total net financial worth of R1.6 trillion.

Non-financial assets were mostly concentrated in non-financial corporations, at 42.3%, while financial assets were dominated by financial corporations, at 53.3%. The household sector had the highest net worth relative to the other domestic institutional sectors, while the non-financial and financial corporations as well as general government recorded negative net financial worth, with liabilities exceeding financial assets.

Non-financial assets

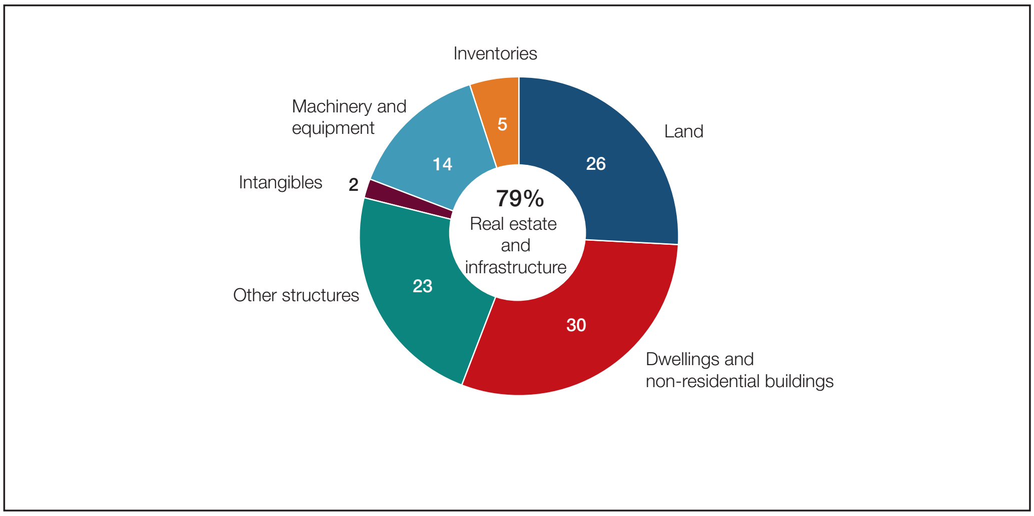
The market value of total non-financial assets of R16.8 trillion at the end of the third quarter of 2021[14] is delineated into institutional sector holdings by asset type.[15] Non-financial corporations (public and private) held 41.8% of total non-financial assets, while households accounted for 31.8%, mainly in the form of dwellings.

14 The NFBSAA data are still experimental and subject to revision.

15 See table KB902 in the experimental IEA table pack on page E–3 in this edition of the *Quarterly Bulletin.*

Figure 6 Contributions to total non-financial assets as at 30 September 2021, by asset type

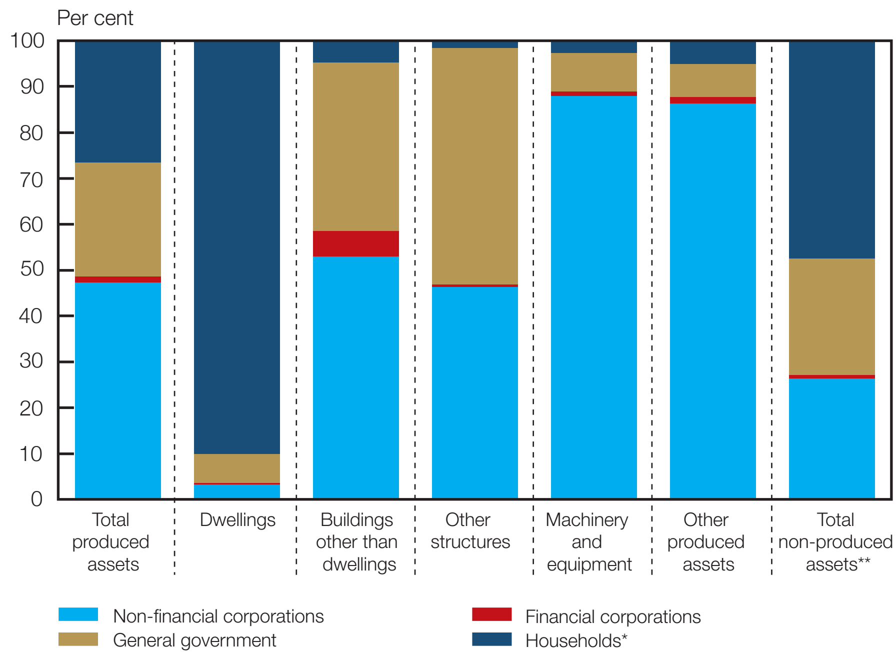
Per cent



Source: SARB

The composition of non-financial asset holdings by type of asset differs significantly between institutional sectors, as shown in Figure 7. The bulk of produced non-financial assets owned by non-financial corporations consists of machinery and equipment, other structures and buildings other than dwellings. Non-financial corporations held 53.1% of buildings other than dwellings at the end of the third quarter of 2021, consisting mostly of office and industrial facilities.

Figure 7 Institutional sector non-financial asset holdings as at 30 September 2021



* Including non-profit institutions serving households
** Only land

Source: SARB

As at 30 September 2021, the household sector owned 90.1% of all dwellings, with dwellings and the land underlying dwellings constituting 90.7% of the total non-financial asset holdings of households. In turn, non-financial corporations and general government held the largest share of other structures, such as the construction of roads, bridges and harbours. Machinery and equipment as well as other produced assets, such as intellectual property, were largely held by non-financial corporations. Financial corporations held only 1.2% of all non-financial assets in South Africa, primarily in the form of buildings other than dwellings. Households owned about 47.1% of all non-produced assets, which currently consist only of land, at the end of the third quarter of 2021, with the remainder fairly evenly distributed among non-financial corporations and general government.

Table 6 Stock of non-financial assets at market value per institutional sector

R millions

	Non-financial corporations	Financial corporations	General government	Households and NPISHs*	Total domestic economy
Stock: first quarter of 2010	2 927 444	97 586	1 914 832	2 652 193	7 592 056
Stock: third quarter of 2021	7 016 267	204 166	4 238 283	5 338 753	16 797 469
Change in stock over period	4 088 823	106 580	2 323 451	2 686 560	9 205 413
Contribution in per cent to change in holdings over the period	53.9	1.4	30.6	35.4	
Institutional sector's holdings as a per cent of total non-financial assets at the end of the third quarter of 2021	41.8	1.2	25.2	31.8	

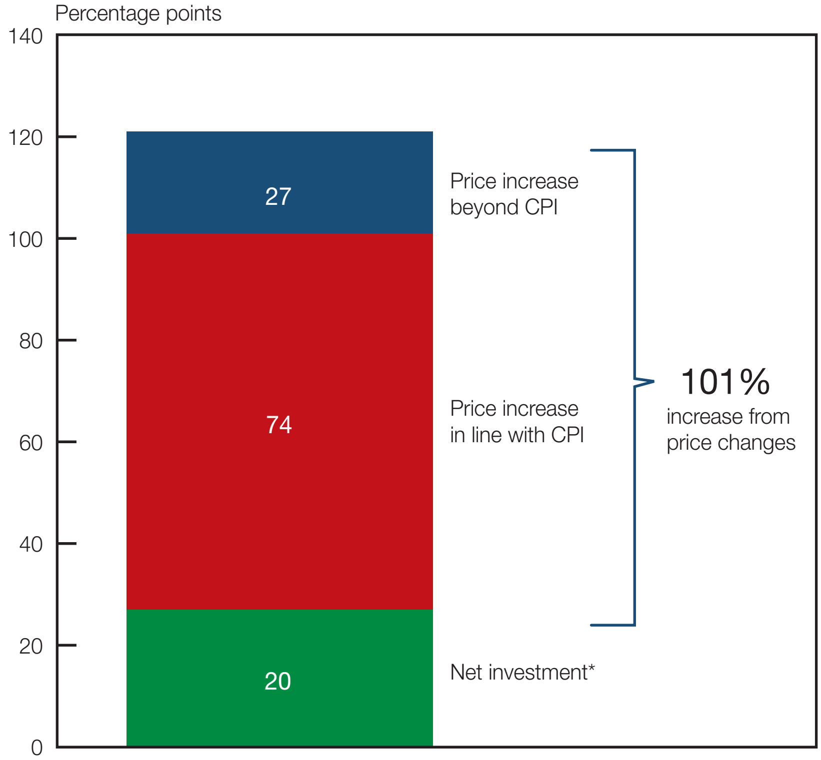
* Including non-profit institutions serving households
Components may not add up to totals due to rounding off.

Source: SARB

Taking a longer-term view of developments in South Africa's non-financial assets, the capital stock has more than doubled at current prices since 2010. However, the growth in capital stock was not uniform across the institutional sectors. The market value of non-financial corporations' stock of non-financial assets increased by R4.1 trillion (or 139.7%) from the first quarter of 2010 to the third quarter of 2021. In turn, non-financial asset holdings by households and non-profit institutions serving households (NPISHs) increased by a lesser R2.7 trillion (or 101.3%) over the same period. As a result, institutional sector ownership changed somewhat over the period, with the contribution of households decreasing from 34.9% to 31.8% and that of non-financial corporations increasing from 38.6% to 41.8% from the first quarter of 2010 to the third quarter of 2021.

The value of South Africa's non-financial assets increased by 121.3% over the past decade, mostly due to assets revaluations. Net investment (gross fixed capital formation *minus* consumption of fixed capital) contributed only 20.2 percentage points to the increase in the total value of non-financial assets over the period, while price increases contributed the remaining 101.1 percentage points. The evolution of production prices and house prices since 2010 has contributed to the doubling of the value of domestic non-financial assets. In comparison, the headline consumer price index (CPI) has increased by 74.4% over the same period, which explains most, but not all, of the asset revaluation seen over the period.

Figure 8 Drivers of non-financial asset growth: 2010Q1 to 2021Q3



* Net investment equals gross fixed capital formation *less* consumption of fixed capital. Growth in the value of capital stock due to revaluation was in turn compared with growth in the headline consumer price index over the same period.

Source: SARB

Financial assets and liabilities

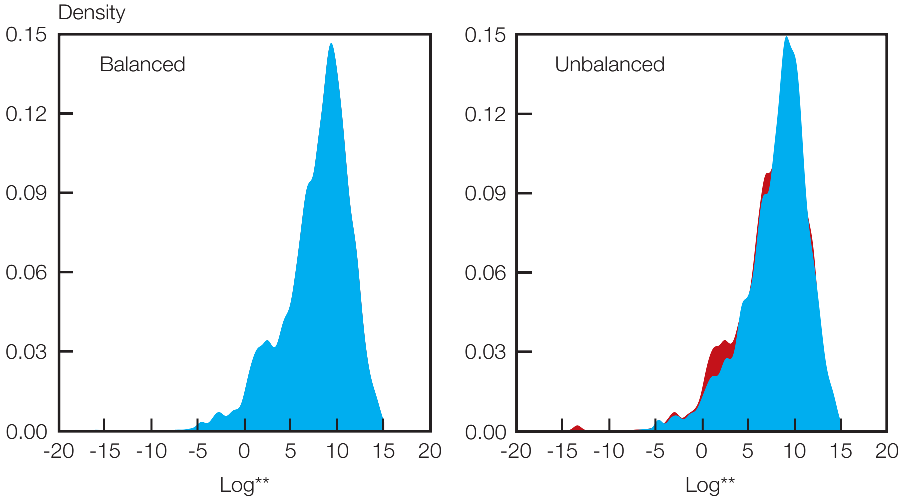
The distributional characteristics of unbalanced and balanced financial assets and liabilities are shown in Figure 9. The logarithmically transformed data cover the period from the first quarter of 2010 to the third quarter of 2021. Despite minor discrepancies, the respective distributional outcomes of the unbalanced and balanced financial assets and liabilities are similar.

The distribution obtained after balancing is left-skewed. A basic implication of this outcome is that more observations are concentrated on the right-hand side of the distribution, meaning that relatively large values are observed more frequently compared to smaller values. It is also generally the case that the mean of the distribution will then be less than the median.

South Africa's financial assets and liabilities are delineated into institutional sector holdings by financial instruments,[16] with a longitudinal view depicted in Figures 10 and 11. The market value of financial assets held by all the domestic institutional sectors increased to R44.3 trillion in the third quarter of 2021 from R16.4 trillion in the first quarter of 2010.

16 See table KB903 in the experimental IEA table pack on page E–4 in this edition of the *Quarterly Bulletin*.

Figure 9 Distribution of balanced and unbalanced financial assets and liabilities*

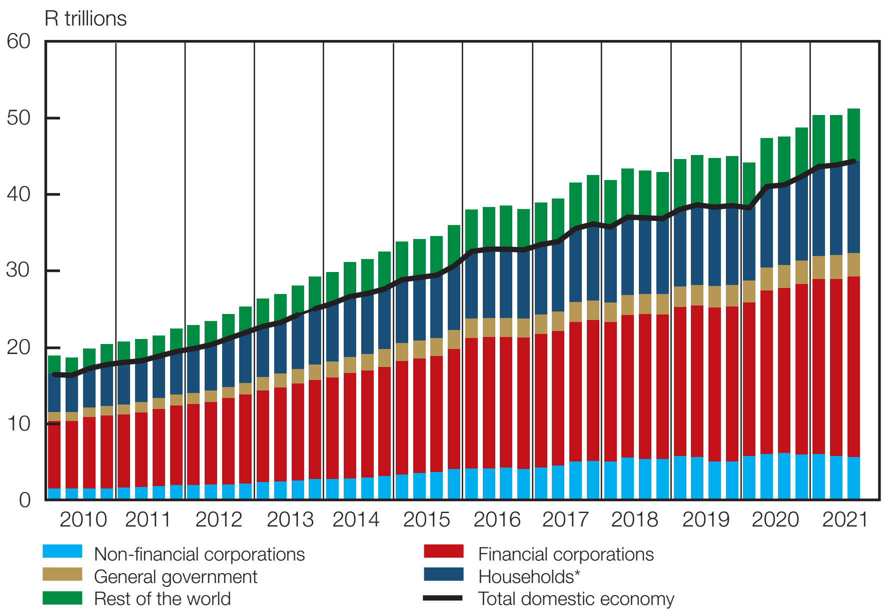


* From the first quarter of 2010 to the third quarter of 2021
** Natural logarithm with base e

Source: SARB

The contribution to the increase in the value of financial assets emanated from the financial corporations at 52.9% and households at 27.0% followed by non-financial corporations and general government at 13.0% and 7.1% respectively. The share of financial assets held by the ROW vis-à-vis the domestic institutional sectors increased from R2.4 trillion in the first quarter of 2010 to R6.9 trillion in the third quarter of 2021.

Figure 10 Market value of total financial assets by institutional sector

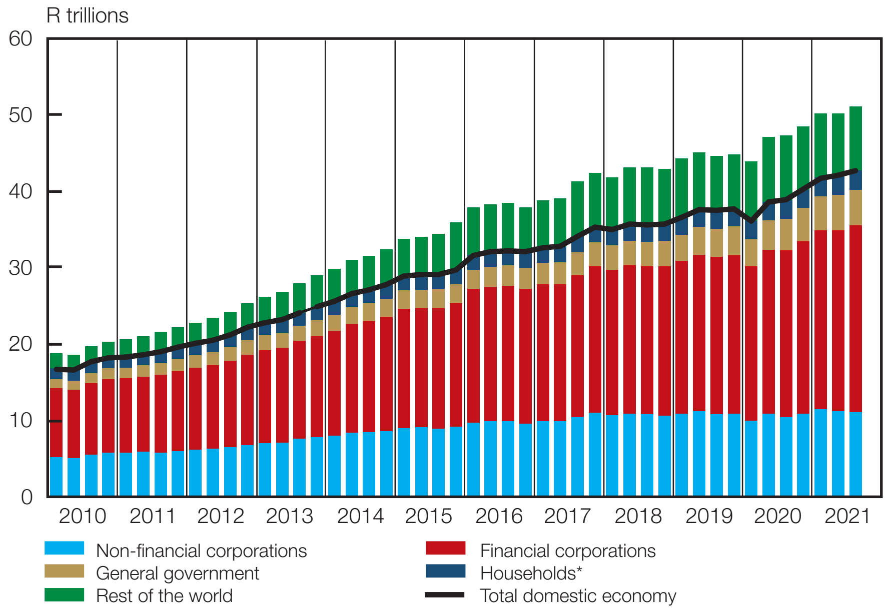


* Including non-profit institutions serving households
Source: SARB

In the balanced FBSAA, financial assets are matched by corresponding liabilities, except for a small discrepancy due to monetary gold, which does not have a corresponding liability. Institutional sector counterparty holdings of financial assets and liabilities differ significantly. The contribution to the increase in liabilities from the first quarter of 2010 to the third quarter of 2021 emanated largely from the financial corporations, at 56.4%, while the liabilities of non-financial corporations contributed 26.7%, with the balance distributed between general government and households, at 11.0% and 5.9% respectively.

The liabilities of the ROW vis-à-vis the domestic institutional sectors increased from R2.0 trillion in the first quarter of 2010 to R8.4 trillion in the third quarter of 2021, consistent with South Africa's net international investment position (IIP).

Figure 11 Market value of total liabilities by institutional sector

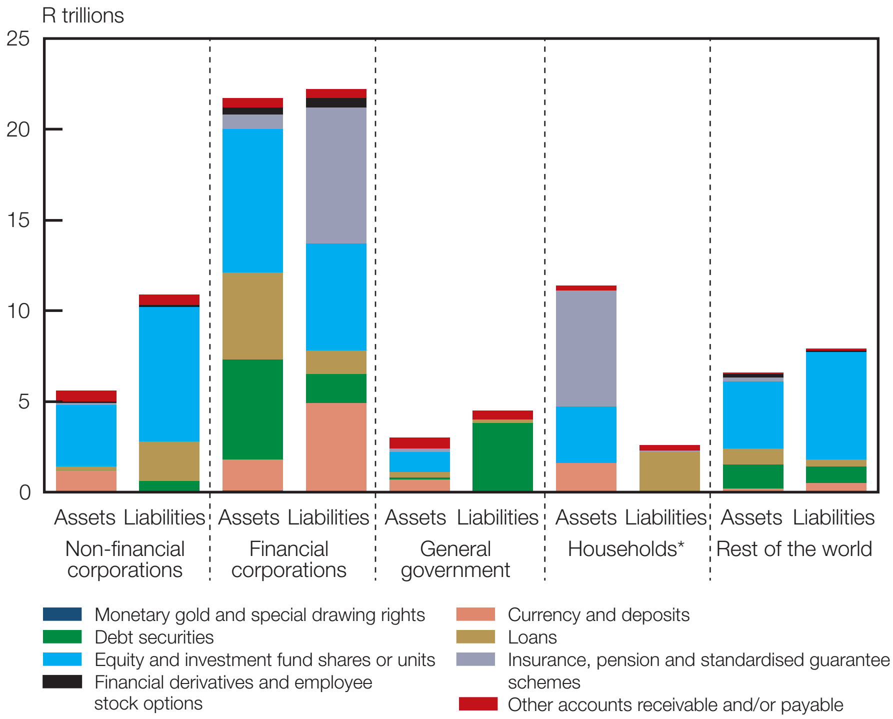


* Including non-profit institutions serving households

Source: SARB

The composition of financial assets and liabilities by institutional sector and by type of financial instrument as at the end of September 2021 is shown in Figure 12. Equity and investment fund shares/units accounted for the largest share of the financial asset and liability portfolios of financial and non-financial corporations. The financial asset holdings of households mainly took the form of insurance, pension and standardised guarantee schemes, while loans accounted for most of their liability exposure. General government's financial assets were dominated by equity and investment fund shares/units, while liabilities consisted almost exclusively of debt securities. The ROW predominantly had asset and liability exposure to equity and investment fund shares/units, followed by debt securities.

Figure 12 Market value of total financial assets and liabilities by institutional sector and financial instrument as at 30 September 2021

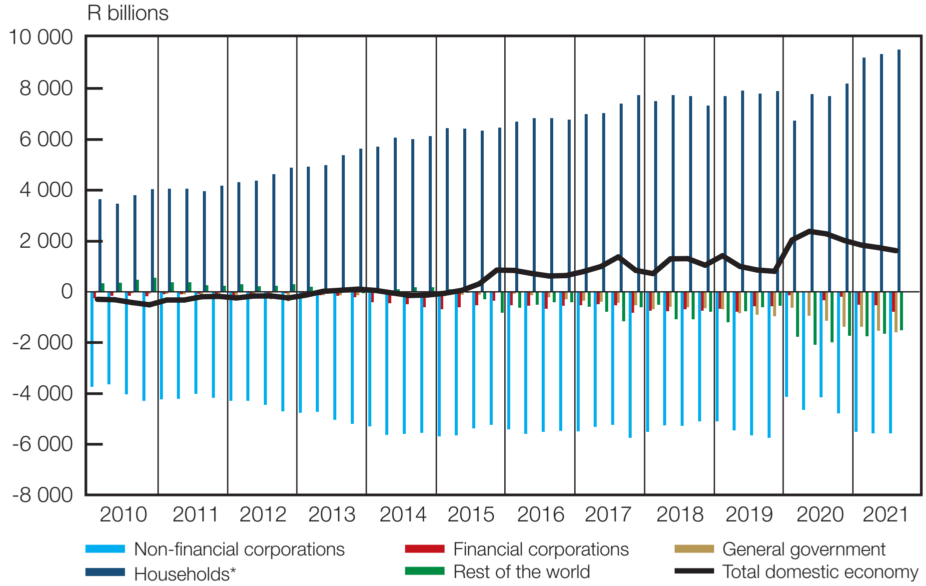


* Including non-profit institutions serving households

Source: SARB

Developments in the net financial worth of the domestic institutional sectors and the ROW from the first quarter of 2010 to the third quarter of 2021 are shown in Figure 13. The net financial worth of households more than doubled from R3.6 trillion in the first quarter of 2010 to R9.5 trillion in the third quarter of 2021 as total financial assets outweighed total liabilities, largely due to the build-up of households' insurance and retirement assets. The consistent upward trend in the net financial worth of households was disrupted by the negative impact of the COVID-19 pandemic in the first quarter of 2020, after which the upward trend continued at a faster pace to the third quarter of 2021. As expected, the negative net financial worth of non-financial corporations increased from R3.7 trillion in the first quarter of 2010 to R5.6 trillion in the third quarter of 2021 as their need for loans as well as equity and investment fund shares/units to fund non-financial assets used in the production of goods and services increased. Despite the slight reduction in their negative net financial worth position during the COVID-19 disruptions, this position remained largely negative in the subsequent period.

Figure 13 Institutional sector net financial worth



* Including non-profit institutions serving households

Source: SARB

The net financial worth of financial corporations remained relatively unchanged between the second quarter of 2020 and the third quarter of 2021. The deterioration in the ROW's net financial worth between the second quarter of 2020 and the third quarter of 2021 reflected a substantial increase in the market value of South Africa's foreign assets, while that of general government reflected increases in both domestic and foreign borrowing in response to the COVID-19 pandemic.

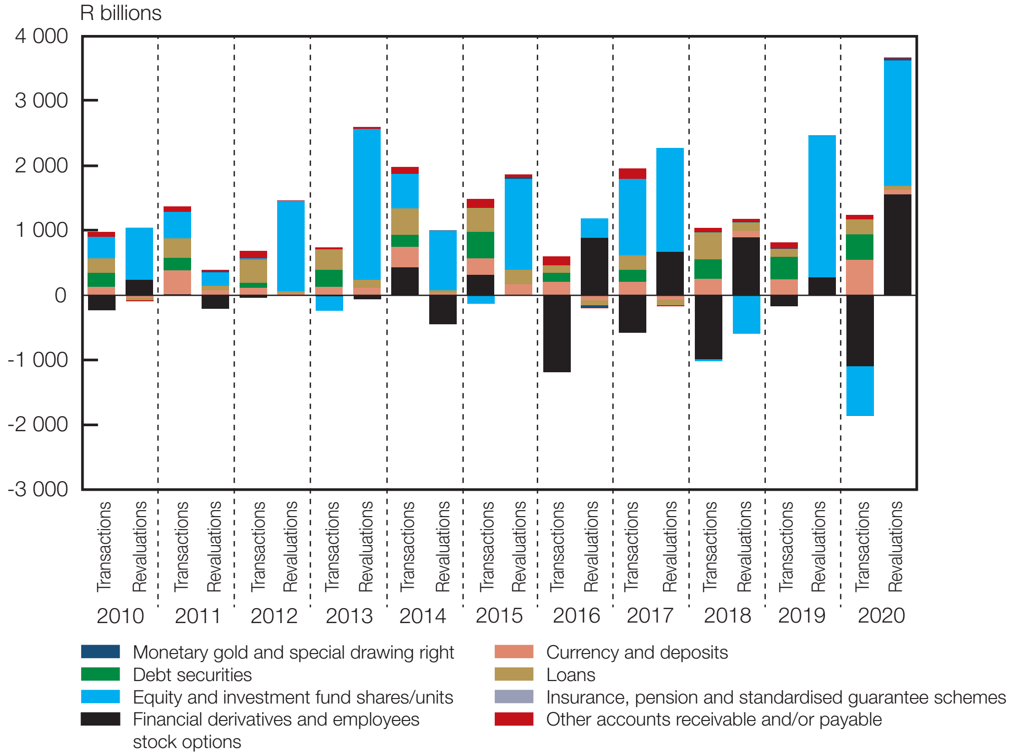
Financial asset and liability transactions and revaluations

The change in the market value of financial assets and liabilities between the opening and closing balances is explained by transactions, revaluations related to the exchange rate and prices (changes in the market value) as well as other volume changes (mostly write-offs and/or reclassifications) during any given period.

The attribution of the change between the opening and closing balances in the market value of financial assets and liabilities by type of instrument is shown in Figure 14. The changes in the market value of financial assets and liabilities during the period from 2010 to 2016 were largely driven by transactions in currency and deposits, debt securities and loans. Revaluation effects were concentrated in equity and investment fund shares/units due to movements in the exchange value of the rand and in equity prices.

From 2017 to 2020, revaluations were an even more pronounced driver of the change in the market value of financial assets and liabilities, in particular equity and investment fund shares/units, and to some extent also financial derivatives and employee stock options. Transactions in currency and deposits, debt securities and loans contributed to an increase in financial assets and liabilities during this period, whereas transactions in equity and investment fund shares/units as well as financial derivatives and employee stock options contributed to a decrease in financial assets and liabilities holdings.

Figure 14 Attribution of change in financial assets and liabilities by instrument



Source: SARB

From-whom-to-whom positions

The from-whom-to-whom balanced financial asset and liability stock positions of the four main domestic institutional sectors and the ROW, as shown in Table 7, provide insight into the sources and destinations of funding. The horizontal view (rows) shows the total financial assets position of each institutional sector vis-à-vis the institutional sector against which claims are held, and the vertical view (columns) shows the counterparty liability positions. The analysis shows that financial corporations had the largest claim of R9.8 trillion against themselves, followed by households with a claim of R9.2 trillion against financial corporations. By contrast, financial corporations and non-financial corporations held the largest liabilities in the domestic economy, at R24.4 trillion and R11.1 trillion respectively.

Table 7 From-whom-to-whom market value positions of financial assets and liabilities between resident institutional sectors and the rest of the world as at 30 September 2021

R millions

Institutional sectors		Liabilities by institutional sector (vertical): Non-financial corporations	Financial corporations	General government	Households*	Rest of the world	Total assets	Total
Financial assets by institutional sector (horizontal)	Non-financial corporations...	226 069	1 834 933	162 199	74 243	3 280 817	5 578 261	
	Financial corporations...	4 125 531	9 768 325	2 612 431	2 153 951	4 859 043	23 624 769	
	General government ...	1 100 282	1 467 325	304 953	231 728	16 069	3 120 356	51 165 583
	Households* ..	2 263 856	9 199 912	321 016	93	206 875	11 991 752	
	Rest of the world	3 426 608	2 127 557	1 296 281	–	–	6 850 446	
	Total liabilities	11 142 345	24 398 052	4 696 879	2 460 014	8 362 803	1 387 297**	
Total				51 060 094				105 489***

* Including non-profit institutions serving households
** This value is equal to the net international investment position excluding monetary gold which has no corresponding liability in the financial balance sheets.
*** This is the value of the monetary gold held by the SARB as at 30 September 2021; it equates to the difference between the balanced assets and liabilities because monetary gold has no corresponding liability in the financial balance sheets.

Source: SARB

Table 8 From-whom-to-whom net stock positions between resident institutional sectors and the rest of the world as at 30 September 2021

R millions

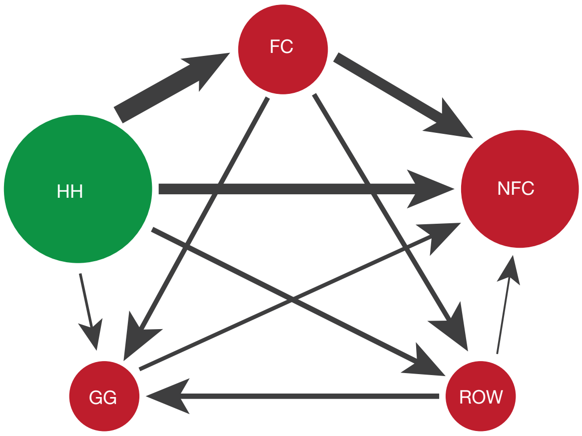
Institutional sectors		Liabilities by institutional sector (vertical): Non-financial corporations	Financial corporations	General government	Households*	Rest of the world	Total assets
Financial assets by institutional sector (horizontal)	Non-financial corporations....	–	-2 290 598	-938 083	-2 189 613	-145 791	-5 564 084
	Financial corporations ...	2 290 598	–	1 145 106	-7 045 961	2 731 485	-878 772
	General government....	938 083	-1 145 106	–	-89 288	-1 280 212	-1 576 523
	Households* ...	2 189 613	7 045 961	89 288	–	206 875	9 531 738
	Rest of the world	145 791	-2 731 485	1 280 212	-206 875	–	-1 512 358
	Total liabilities	5 564 084	878 772	1 576 523	-9 531 738	1 512 358	

* Including non-profit institutions serving households

Source: SARB

The net stock positions between the domestic institutional sectors and the ROW derived from an analysis of the from-whom-to-whom market value positions of financial assets and liabilities depicted in Table 7, are shown in Table 8 and in Figure 15. The areas of the circles in Figure 15 are proportional to the net asset and liability positions of each institutional sector, with green indicating an asset position and red a liability position. The arrows show intersectoral flows, with the width of the arrow being proportional to the magnitude of the flow. Households were the only sector with a net asset position in the third quarter of 2021, while the non-financial corporations had the largest net liability position.

Figure 15 Network analysis of net stock positions between resident institutional sectors and the rest of the world as at 30 September 2021



NFC = Non-financial corporations
FC = Financial corporations
GG = General government
HH = Households*
ROW = Rest of the world
* Including non-profit institutions serving households
Red reflects a liability position and green an asset position.

Source: SARB

Conclusion

This note showcases some of the available statistics and analysis that could be conducted with the experimental IEA statistics that have been compiled from 2010. Going forward, the SARB intends to further improve the data sources and refine the methodology to enable the compilation of a fully integrated net lending/borrowing position.