

The Daily

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Total borrowing by Canada's non-financial sectors (households, private corporations, governments and government business enterprises) fell to \$312 billion in the first quarter of 2009, down from \$412 billion in the previous quarter.	
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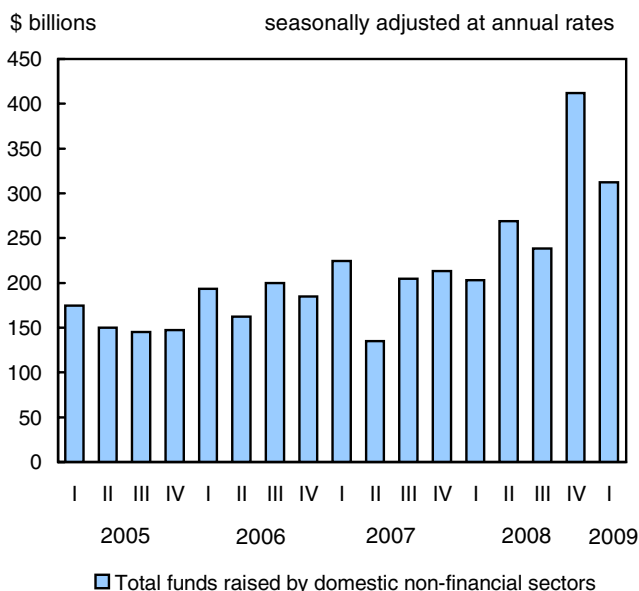
Releases

Financial flow accounts

First quarter 2009

Total borrowing by Canada's non-financial sectors (households, private corporations, governments and government business enterprises) fell to \$312 billion in the first quarter of 2009, down from \$412 billion in the previous quarter.

Overall demand for funds decelerates



In financial markets during the first quarter there was a depreciation of the Canadian dollar and a further decline in the Standard & Poor's / Toronto Stock Exchange composite index, which closed down 3% after a record drop of 24% in the fourth quarter of 2008.

In addition, commodity prices fell for the third consecutive quarter. Short-term interest rates decreased, as the Bank of Canada reduced the bank rate to 0.50%. Mortgage rates also decreased slightly in the quarter.

Households

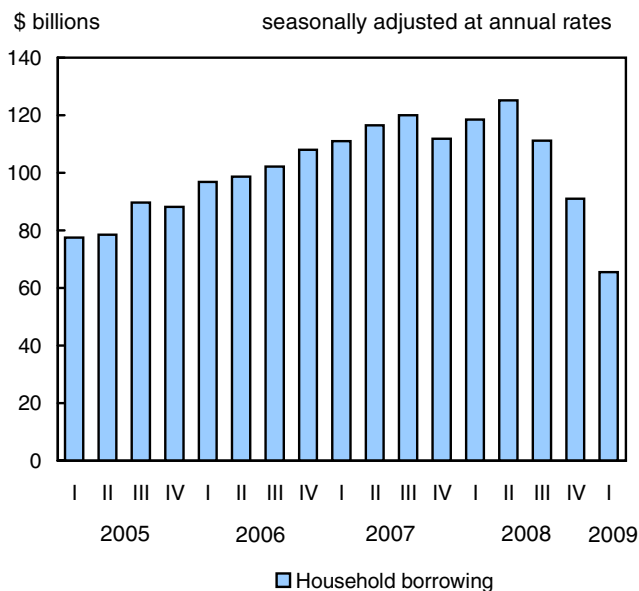
Household demand for funds was \$65 billion, a substantial drop from the previous quarter (\$91 billion). Lower personal expenditures on goods and services, particularly purchases of motor vehicles and household

furnishings, contributed to reduced household borrowing in the form of consumer credit and bank loans.

Despite the decrease in the five-year mortgage rate, net new mortgage borrowing also contracted during the first three months of 2009, as investment in residential construction and activity in the resale housing market continued to decline.

Personal saving remained high in the first quarter of 2009. Canadians invested more in deposit-type investments such as guaranteed investment certificates. Lower interest rates contributed to the decline in households' debt service ratio, which fell from 8.0% of personal disposable income in the fourth quarter to 7.9% in the first quarter.

Household borrowing cut back significantly



Government

Borrowing by the federal government slowed in the first quarter of 2009 but remained at high levels. This borrowing was partly in support of the federal government's economic stimulus plan and the Insured Mortgage Purchase Program. The program is intended to provide long-term stable funding to lenders and help them continue lending to Canadian consumers and businesses. Federal government revenue (-5.6%) also fell in the first quarter of 2009, mostly as a

result of reduced income from taxes on corporations, government business enterprises and persons.

Borrowing by other levels of government slowed for a second quarter but remained high relative to recent years. For the second consecutive quarter, the overall government sector remained a net borrower from the rest of the economy.

Non-financial private corporations

Falling commodity prices and a slowdown in manufacturing and wholesale trade drove down corporate profits for the second consecutive quarter. The non-financial corporate sector recorded a small surplus in the first quarter of 2009, following a deficit in the previous quarter. Borrowing by this sector slowed, from \$58 billion in the previous quarter to \$25 billion in the first quarter.

Financial institutions

Lending institutions and institutional investors continued to invest heavily in domestic fixed income securities. For the second consecutive quarter, the federal government made funds available to lenders through the Insured Mortgage Purchase Program. Overall mortgage securitization slowed in the quarter following record securitization of mortgages in the previous quarter.

Overall, corporate and government business enterprise net lending remained positive with the sector supplying funds to the rest of the economy.

Non-residents

The more pronounced drop in exports relative to imports in the fourth quarter of 2008 and first quarter of 2009 has driven up non-resident saving and reversed the sector from net borrowers to net lenders. This saving was used in part to purchase Canadian short-term paper, bonds and deposits at Canadian financial institutions and was a major source of funds used to meet the demands by Canadian governments, non-financial corporations and households.

Available on CANSIM: tables 378-0001 and 378-0002.

Definitions, data sources and methods: survey number 1804.

The *National economic accounts* module, accessible from the home page of the agency's website, features an up-to-date portrait of national and provincial economies and their structure.

The publication *Financial Flow Accounts: Data Tables*, first quarter 2009, Vol. 2, no. 1 (13-020-X, free), is also now available from the *Publications* module of our website.

For more information, or to enquire about the concepts, methods or data quality of this release contact the information officer (613-951-3640; iead-info-dcrd@statcan.gc.ca), Income and Expenditure Accounts Division.

□

Financial market summary table

	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	2007	2008
Seasonally adjusted at annual rates								
millions of dollars								
Funds raised								
Persons and unincorporated business	111,788	118,528	125,144	111,152	90,940	65,432	114,786	111,441
Consumer credit	33,744	34,752	34,972	30,476	22,260	19,992	34,365	30,615
Bank loans	-164	-328	1,676	3,412	4,172	1,640	935	2,233
Other loans	-756	7,376	2,572	7,236	4,888	-5,328	3,217	5,518
Mortgages	78,964	76,728	85,924	70,028	59,620	49,128	76,269	73,075
Non-financial private corporations	85,808	79,760	67,408	70,672	58,060	25,492	77,717	68,975
Bank loans	23,008	12,540	5,348	27,968	56,780	-8,688	20,226	25,659
Other loans	1,500	-908	-3,936	1,876	-6,136	-7,384	-281	-2,276
Other short-term paper	5,024	17,660	2,924	-6,864	-3,568	548	3,738	2,538
Mortgages	17,020	21,976	19,692	16,992	17,368	9,968	18,105	19,007
Bonds	6,876	8,300	24,148	21,968	-8,964	14,044	12,437	11,363
Shares	32,380	20,192	19,232	8,732	2,580	17,004	23,492	12,684
Non-financial government enterprises	1,752	-5,088	-3,328	-2,996	-3,324	2,244	329	-3,684
Bank loans	-180	-768	464	-156	-316	504	-225	-194
Other loans	720	3,460	-2,688	936	288	-420	-719	499
Other short-term paper	-2,184	552	-944	-1,236	-532	1,436	70	-540
Mortgages	-8	0	12	-4	4	-8	-4	3
Bonds	3,404	-8,332	-172	-2,536	-2,768	732	1,207	-3,452
Shares	0	0	0	0	0	0	0	0
Federal government	-2,232	4,500	56,772	7,192	219,972	178,868	-19,856	72,109
Bank loans	144	168	148	152	144	140	139	153
Other loans	0	0	0	0	0	0	0	0
Canada short-term paper	11,288	1,356	59,424	18,940	183,124	65,964	-8,587	65,711
Canada savings bonds	-3,600	-1,516	-1,056	-832	16	-292	-2,229	-847
Other bonds	-10,064	4,492	-1,744	-11,068	36,688	113,056	-9,179	7,092
Other levels of government	16,048	5,500	22,880	52,644	46,332	40,288	21,347	31,839
Bank loans	-292	108	516	528	1,084	1,132	292	559
Other loans	880	716	504	824	156	740	695	550
Other short-term paper	32	-668	-2,356	32,116	30,256	-1,636	5,544	14,837
Mortgages	0	12	-8	-4	0	20	-16	0
Provincial bonds	11,112	4,580	21,920	18,144	13,876	36,892	12,914	14,630
Municipal bonds	4,556	708	2,316	1,048	1,104	3,088	2,004	1,294
Other bonds	-240	44	-12	-12	-144	52	-86	-31
Total funds raised by domestic non-financial sectors	213,164	203,200	268,876	238,664	411,980	312,324	194,323	280,680
Consumer credit	33,744	34,752	34,972	30,476	22,260	19,992	34,365	30,615
Bank loans	22,516	11,720	8,152	31,904	61,864	-5,272	21,367	28,410
Other loans	2,344	10,644	-3,548	10,872	-804	-12,392	2,912	4,291
Canada short-term paper	11,288	1,356	59,424	18,940	183,124	65,964	-8,587	65,711
Other short-term paper	2,872	17,544	-376	24,016	26,156	348	9,352	16,835
Mortgages	95,976	98,716	105,620	87,012	76,992	59,108	94,354	92,085
Bonds	12,044	8,276	45,400	26,712	39,808	167,572	17,068	30,049
Shares	32,380	20,192	19,232	8,732	2,580	17,004	23,492	12,684

Investment in non-residential building construction

First quarter 2009 (revised)

Following the release of the national economic and financial accounts for the first quarter, revised data of the investment in non-residential building for the first quarter are now available.

Note: Data have also been revised from 2005 to 2008.

Available on CANSIM: table 026-0016.

Definitions, data sources and methods: survey number 5014.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Bechir Oueriemmi, (613-951-1165; bdp_information@statcan.gc.ca), Investment and Capital Stock Division. ■

Residential construction investment

First quarter 2009 (revised)

Data on residential construction investment are now available for the first quarter.

Note: Data have also been revised from 2005 to 2008.

Available on CANSIM: table 026-0013.

Definitions, data sources and methods: survey number 5016.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Nicole Charron (613-951-0087; bdp_information@statcan.gc.ca), Investment and Capital Stock Division. ■

Mineral wool including fibrous glass insulation

April 2009

Data on mineral wool including fibrous glass insulation are now available for April.

Definitions, data sources and methods: survey number 2110.

Data are available upon request only. For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (toll-free 1-866-873-8789; 613-951-9497; manufact@statcan.gc.ca), Manufacturing and Energy Division. ■

Asphalt roofing

April 2009

Data on asphalt roofing are now available for April.

Available on CANSIM: table 303-0052.

Definitions, data sources and methods: survey number 2123.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (toll-free 1-866-873-8789; 613-951-9497; manufact@statcan.gc.ca), Manufacturing and Energy Division. ■

Electric power statistics

March 2009

Data on electric power are now available for March.

Available on CANSIM: tables 127-0002 and 127-0003.

Definitions, data sources and methods: survey number 2151.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (toll-free 1-866-873-8789; 613-951-9497; energ@statcan.gc.ca), Manufacturing and Energy Division. ■

New products

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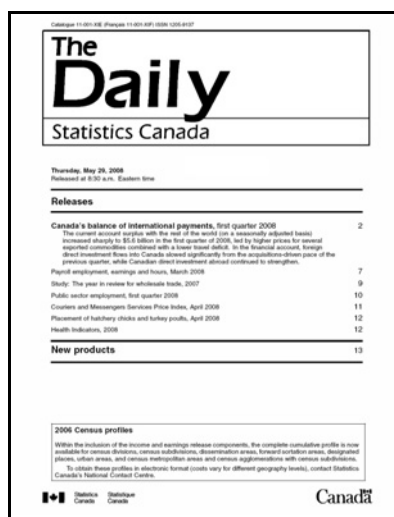
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