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**FEDERAL RESERVE statistical release**

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*Z.1*

# *Flow of Funds Accounts of the United States*

*Flows and Outstandings  
First Quarter 1997*

## Flow of Funds Summary Statistics First Quarter 1997

Debt of domestic nonfinancial sectors rose at a seasonally adjusted annual rate of 5-1/4 percent in the first quarter of 1997, slightly stronger than in the fourth quarter of 1996. Growth of federal debt slowed to a 2-1/2 percent rate, reflecting in part a reduction of the federal deficit. Debt of the nonfederal sectors picked up to a 6-1/4 percent rate from a more subdued pace in the second half of 1996.

In the household sector, growth of consumer credit edged up in the first quarter, while growth of mortgage debt was about unchanged. Business debt growth rose in the first quarter, with an increase in borrowing from banks accounting for most of the

pickup. State and local government debt rose for the second consecutive quarter, the first back-to-back increase in three years.

The level of domestic nonfinancial debt outstanding was \$14.8 trillion at the end of the first quarter of 1997. Debt of the nonfederal sectors was \$11.0 trillion, and federal debt was \$3.8 trillion.

Figures on the growth and level of debt are found on tables D.1 through D.3. Financial flows and amounts outstanding by sector and instrument are found on pages 9 through 101 of this release.

### Growth of Domestic Nonfinancial Debt<sup>1</sup>

Percent changes; quarterly data are seasonally adjusted annual rates

	Total	Federal	Nonfederal			
			Total	Households	Business	State and local govts.
1990	6.6	11.0	5.3	7.9	3.1	4.9
1991	4.4	11.1	2.4	5.1	-1.8	8.2
1992	4.8	10.9	2.8	5.3	0.5	2.0
1993	5.3	8.3	4.2	6.4	1.5	5.7
1994	5.0	4.7	5.1	8.7	3.5	-3.4
1995	5.5	4.1	5.9	8.2	6.0	-3.5
1996	5.4	4.0	5.9	8.0	4.6	1.2
1995:Q1	6.4	7.1	6.2	8.3	6.6	-4.0
:Q2	6.5	5.2	7.0	8.2	7.4	0.1
:Q3	4.2	2.4	4.9	8.5	4.3	-9.1
:Q4	4.3	1.6	5.2	6.8	5.1	-1.0
1996:Q1	6.4	6.6	6.3	9.4	4.3	-0.3
:Q2	5.1	1.7	6.3	8.1	4.5	4.1
:Q3	5.0	4.3	5.2	7.1	5.7	-5.7
:Q4	4.8	3.1	5.4	6.5	3.7	6.7
1997:Q1	5.2	2.5	6.2	7.2	5.5	3.7

1. Changes shown are on an end-of-period basis and may differ from month-average data in the H.6 release.

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## Table of Contents

---

<i>Title</i>	<i>Table</i>	<i>Page</i>
Flow of Funds Accounts, First Quarter 1997		1
Availability of Data for Latest Quarter		3
Debt Growth by Sector	D.1	6
Borrowing by Sector	D.2	7
Debt Outstanding by Sector	D.3	8

<i>Title</i>	<i>Flows</i>		<i>Levels</i>	
	<i>Table</i>	<i>Page</i>	<i>Table</i>	<i>Page</i>
<b>Summaries</b>				
Total Net Borrowing and Lending in Credit Markets	F.1	9	L.1	57
Credit Market Borrowing by Nonfinancial Sectors	F.2	10	L.2	58
Credit Market Borrowing by Financial Sectors	F.3	10	L.3	58
Credit Market Borrowing, All Sectors, by Instrument	F.4	11	L.4	59
Total Liabilities and Their Relation to Total Financial Assets	F.5	11	L.5	59
Distribution of Gross Domestic Product	F.6	12		
Distribution of National Income	F.7	13		
Gross Saving and Investment	F.8	14		
Derivation of Measures of Personal Saving	F.9	15	L.9	60

<i>Title</i>	<i>Flows</i>		<i>Levels</i>	
	<i>Table</i>	<i>Page</i>	<i>Table</i>	<i>Page</i>
<b>Sectors</b>				
Households and Nonprofit Organizations	F.100	16	L.100	61
Nonfinancial Business	F.101	17	L.101	62
Nonfarm Nonfinancial Corporate Business	F.102	18	L.102	63
Nonfarm Noncorporate Business	F.103	19	L.103	64
Farm Business	F.104	19	L.104	64
State and Local Governments	F.105	20	L.105	65
Federal Government	F.106	21	L.106	65
Rest of the World	F.107	22	L.107	66
Monetary Authority	F.108	23	L.108	67
Commercial Banking	F.109	24	L.109	68
U.S.-Chartered Commercial Banks	F.110	25	L.110	69
Foreign Banking Offices in U.S.	F.111	26	L.111	70
Bank Holding Companies	F.112	27	L.112	71
Banks in U.S.-Affiliated Areas	F.113	27	L.113	71
Savings Institutions	F.114	28	L.114	72
Credit Unions	F.115	29	L.115	73
Bank Personal Trusts and Estates	F.116	29	L.116	73
Life Insurance Companies	F.117	30	L.117	74
Other Insurance Companies	F.118	30	L.118	74
Private Pension Funds	F.119	31	L.119	75
State and Local Government Employee Retirement Funds	F.120	31	L.120	75
Money Market Mutual Funds	F.121	32	L.121	76
Mutual Funds	F.122	32	L.122	76
Closed-End Funds	F.123	32	L.123	76

<i>Title</i>	<i>Flows</i>		<i>Levels</i>	
	<i>Table</i>	<i>Page</i>	<i>Table</i>	<i>Page</i>
Government-Sponsored Enterprises	F.124	33	L.124	77
Federally Related Mortgage Pools	F.125	33	L.125	77
Issuers of Asset-Backed Securities	F.126	33	L.126	77
Finance Companies	F.127	34	L.127	78
Mortgage Companies	F.128	34	L.128	78
Real Estate Investment Trusts	F.129	34	L.129	78
Security Brokers and Dealers	F.130	35	L.130	79
Funding Corporations	F.131	35	L.131	79

## **Instruments**

Gold and Official Foreign Exchange Holdings	F.200	36	L.200	80
SDR Certificates and Treasury Currency	F.201	36	L.201	80
U.S. Deposits in Foreign Countries	F.202	36	L.202	80
Net Interbank Transactions	F.203	37	L.203	81
Checkable Deposits and Currency	F.204	38	L.204	82
Time and Savings Deposits	F.205	39	L.205	83
Money Market Mutual Fund Shares	F.206	39	L.206	83
Federal Funds and Security Repurchase Agreements	F.207	40	L.207	84
Open Market Paper	F.208	40	L.208	84
Treasury Securities	F.209	41	L.209	85
Agency Securities	F.210	42	L.210	86
Municipal Securities and Loans	F.211	43	L.211	87
Corporate and Foreign Bonds	F.212	43	L.212	87
Corporate Equities	F.213	44	L.213	88

<i>Title</i>	<i>Flows</i>		<i>Levels</i>	
	<i>Table</i>	<i>Page</i>	<i>Table</i>	<i>Page</i>
Mutual Fund Shares	F.214	44	L.214	88
Bank Loans Not Elsewhere Classified	F.215	45	L.215	89
Other Loans and Advances	F.216	46	L.216	90
Total Mortgages	F.217	47	L.217	91
Home Mortgages	F.218	48	L.218	92
Multifamily Residential Mortgages	F.219	48	L.219	92
Commercial Mortgages	F.220	49	L.220	93
Farm Mortgages	F.221	49	L.221	93
Consumer Credit	F.222	50	L.222	94
Trade Credit	F.223	50	L.223	94
Security Credit	F.224	50	L.224	94
Life Insurance and Pension Fund Reserves	F.225	51	L.225	95
Taxes Payable by Businesses	F.226	51	L.226	95
Investment in Bank Personal Trusts	F.227	51	L.227	95
Proprietors' Equity in Noncorporate Business	F.228	51		
Total Miscellaneous Financial Claims	F.229	52	L.229	96
Identified Miscellaneous Financial Claims - Part I	F.230	53	L.230	97
Identified Miscellaneous Financial Claims - Part II	F.231	54	L.231	98
Unidentified Miscellaneous Financial Claims	F.232	55	L.232	99
Sector Discrepancies	F.10	56		
Instrument Discrepancies	F.11	56		
<b>Supplementary Tables</b>				
Nonprofit Organizations	F.100.a	100	L.100.a	101

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## Flow of Funds Accounts, First Quarter 1997

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This publication presents the flow of funds accounts for 1997:Q1.

**Data revisions and other changes.** The statistics shown in these tables reflect use of new or revised source data. Most significant revisions appear in recent quarters; however, new source information resulted in changes to data for earlier periods. The revisions included the following:

1. In the private pension funds sector (tables F.119 and L.119), final data for 1992 and preliminary data for 1993 from the Internal Revenue Service/Department of Labor Form 5500 have been incorporated into the accounts. In addition, improvements in estimation techniques resulted in revisions to the private pension sector data from 1985:Q4 forward.

2. In the Real Estate Investment Trusts (REITs) sector (tables F.129 and L.129), source data for all assets and liabilities became available through the third quarter of 1996. Previously, only selected data were available for the quarters of late 1995 and 1996. Data on equity issuance were available through 1997:Q1.

**Explanatory notes for tables D.1, D.2, and D.3.** Domestic debt includes credit market funds borrowed by U.S. entities from both domestic and foreign sources, while foreign debt represents amounts borrowed by foreign financial and nonfinancial entities in U.S. markets only. Financial sectors consist of government-sponsored enterprises, federally related mortgage pools, and private financial institutions. Credit market debt consists of debt securities, mortgages, bank loans, commercial paper, consumer credit, U.S. government loans, and other loans and advances; it excludes trade debt, loans for the purpose of carrying securities, and funds raised from equity sources.

Growth rates in table D.1 are calculated by dividing seasonally adjusted flows from table D.2 by seasonally adjusted levels at the end of the previous period from table D.3. Seasonally adjusted levels in

flow of funds statistics are derived by carrying forward year-end levels by seasonally adjusted flows. Growth rates calculated from changes in unadjusted levels printed in table L.2 can differ from those in table D.1.

**Relation of Flows to Outstandings.** Estimates of financial assets and liabilities outstanding are linked to data on flows. However, figures on outstandings contain discontinuities or breaks in series that could affect analysis of particular relationships over time. Specifically, outstandings in the flow of funds accounts are related to the flows in the following way:

$$\text{Outstanding}_t = \text{Outstanding}_{t-1} + \text{Flow}_t + \text{Discontinuity}_t$$

where  $t$  is the time period.

Discontinuities result from changes in valuation, breaks in source data, and changes in definitions. For most series, the value of the discontinuity is zero for nearly all time periods. However, in a few instances, the discontinuity is nonzero for almost all time periods, or is quite large in a particular quarter, such as a period when there is a sharp increase or decrease in equity prices or a major break in source data.

The discontinuities in the series can distort estimated rates of growth in assets and liabilities between periods. In order to minimize these distortions, percentage changes in assets and liabilities in flow of funds releases should be calculated in the following manner:

$$\text{Percentage change}_t = (\text{Flow}_t / \text{Outstanding}_{t-1}) * 100$$

**Preliminary Estimates.** Figures shown for the most recent quarter in these tables are based on preliminary and incomplete information. A summary list of the principal sources of information available when the latest quarter's data were compiled is provided in a table following this introduction. The distinction between "available" data and "missing" data is not between final and preliminary versions of data, but rather between those source estimates that are fully ready when the latest quarterly publication is compiled and those that are not yet completed.

However, the items that are shown as available are, in general, also preliminary in the sense that they are subject to revision by source agencies.

**Margins of Uncertainty.** Flow of funds statistics are subject to uncertainties resulting from measurement errors in source data, incompatibilities among data from different sources, potential revisions in both financial and nonfinancial series, and incomplete data in parts of the accounts. The size of these uncertainties cannot be quantified in precise statistical terms, but allowance for them is explicitly made throughout the accounts by the inclusion of "discrepancies" for various sectors and instrument types. A discrepancy for a sector is the difference between its measured sources of funds and its measured uses of funds. For an instrument category, a discrepancy is the difference between measured funds borrowed through the financial instrument less measured funds lent through that instrument. The size of such discrepancies relative to the main asset or liability components is one indication of the quality of source data, especially on an annual basis. For quarterly data, differences in seasonal adjustment procedures for financial and nonfinancial components of the accounts sometimes result in discrepancies that cancel in annual data.

**Availability of Data.** Flow of funds statistics are updated about nine weeks following the end of a quarter. This publication--the Z.1 release--is available from the Board's Publications Services. Flow of funds data are also available electronically through the Internet at the following location:

<http://www.bog.frb.fed.us/releases/>

and through the Economic Bulletin Board of the Department of Commerce.

Data from the flow of funds accounts are also available on 3-1/2 inch diskettes. The diskettes contain quarterly data beginning in 1952, organized in files that correspond to the tables published in this release. One diskette contains the seasonally adjusted flows, a second diskette contains unadjusted flows, and a third diskette contains quarterly outstandings, which are not seasonally adjusted. In addition, the third diskette contains quarterly data for the debt tables (tables D.1, D.2, and D.3), as well as monthly data from January 1955 forward for the monthly debt aggregate published in the Board's H.6 release, "Money Stock, Liquid Assets, and Debt Measures."

Owing to a delay in receiving source material compiled at the Department of Commerce, the

"Balance Sheets for the U.S. Economy" (C.9 release) is not available at this time. When all source data are available, the balance sheet tables will be incorporated into the Z.1 release. The C.9 release will no longer be published.

**Subscription Information.** The Federal Reserve Board charges for subscriptions to all statistical releases. Inquiries for releases or the diskettes should be directed to:

Publications Services, Stop 127  
Board of Governors  
of the Federal Reserve System  
20th Street and Constitution Avenue, N.W.  
Washington, DC 20551  
(202) 452-3244

A *Guide to the Flow of Funds Accounts* is available. The 670-page *Guide* explains in detail how the U.S. financial accounts are prepared and the principles underlying the accounts.

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## Availability of Data for Latest Quarter

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	<u>Available at time of publication</u>	<u>Major items missing</u>
1. National income and product accounts (NIPA)	Preliminary estimates, seasonally adjusted, for 1997:Q1.	Unadjusted flows since 1992.
2. Household sector (tables F.100 and L.100)	Estimates for this sector are largely residual and derived from data for other sectors. Availability of data depends on schedules for other sectors. Data for consumer credit, which are estimated directly, are available through 1997:Q1.	
3. Nonfinancial corporate business (tables F.102 and L.102)	<i>Quarterly Financial Report</i> (QFR) of the Census Bureau through 1996:Q4; Internal Revenue Service <i>Statistics of Income</i> data through 1994, securities offerings, mortgages, bank loans, commercial paper, and other loans through 1997:Q1.	<i>Statistics of Income</i> data since 1994; QFR data for 1997:Q1.
4. Nonfarm noncorporate business (tables F.103 and L.103)	Internal Revenue Service <i>Statistics of Income</i> data for 1993; bank and finance company loans and mortgage borrowing for 1997:Q1.	<i>Statistics of Income</i> data since 1993.
5. Farm business (tables F.104 and L.104)	Mortgages, bank loans, loans from government-sponsored enterprises, and equity in government-sponsored enterprises through 1997:Q1; trade payables through 1996:Q4.	Data for U.S. government loans to farms since 1994:Q4; data for consumption of fixed capital since 1995; undistributed profits since 1993; checkable deposits and currency since 1994; and trade payables since 1996.
6. State and local governments (tables F.105 and L.105)	Gross security offerings and retirements, deposits at banks, and nonmarketable U.S. government securities issues for 1997:Q1; <i>Census of Government Finances</i> asset items and debt outstanding through 1993:Q2.	Other asset items since 1993:Q2.

7. Federal government (tables F.106 and L.106)	Data on federal receipts and outlays from the <i>Monthly Treasury Statement of Receipts and Outlays</i> through 1997:Q1; data from the Federal Financing Bank statement through 1997:Q1.	Data for loans outstanding since 1994 except at the Federal Financing Bank.
8. Rest of the world (U.S. international transactions) (tables F.107 and L.107)	Balance of payments data through 1996:Q4. NIPA estimates, data from bank reports of condition and Treasury International Capital System data through 1997:Q1.	Balance of payments data for 1997:Q1.
9. Monetary authority (tables F.108 and L.108)	All data through 1997:Q1.	None.
10. Commercial banking (tables F.109 and L.109)	All data through 1997:Q1 for U.S.-chartered banks, foreign banking offices in the U.S., bank holding companies, and commercial banks in U.S.-affiliated areas.	Data since 1995 for branches of domestic commercial banks located in U.S.-affiliated areas.
11. Savings institutions (tables F.114 and L.114)	All data through 1997:Q1.	None.
12. Credit unions (tables F.115 and L.115)	All data through 1997:Q1.	None.
13. Bank personal trusts and estates (tables F.116 and L.116)	All data through 1996.	Data since 1996.
14. Life insurance companies (tables F.117 and L.117)	Asset data through 1996:Q3 and liability data through 1995.	Asset data for 1996:Q4 and liability data since 1995.
15. Other insurance companies (tables F.118 and L.118)	All data through 1995.	Data since 1995.
16. Private pension funds (including FERS) (tables F. 119 and L.119)	Quarterly data through 1997:Q1. Internal Revenue Service Form 5500 data through 1993.	Form 5500 data since 1993.
17. State and local government employee retirement funds (tables F.120 and L.120)	All data through 1996:Q4.	Data for 1997:Q1.
18. Money market mutual funds (tables F.121 and L.121)	All data through 1997:Q1.	None.
19. Mutual funds (tables F.122 and L.122)	All data through 1997:Q1.	None.
20. Closed-end funds (tables F.123 and L.123)	All data through 1995.	Data since 1995.

21. Government-sponsored enterprises (tables F.124 and L.124)	Balance sheet data for FNMA, FHLBs, FHLMC, SLMA, FICO, REFCORP, and FCA for 1997:Q1.	None.
22. Federally related mortgage pools (tables F.125 and L.125)	All data through 1997:Q1.	None.
23. Issuers of asset-backed securities (ABSs) (tables F.126 and L.126)	All data from Trepp/PSA Information Services and data for private mortgage pools, consumer credit, business loans, student loans, and trade credit securitization through 1997:Q1.	None.
24. Finance companies (tables F.127 and L.127)	All data through 1997:Q1.	None.
25. Mortgage companies (tables F.128 and L.128)	Mortgage data through 1996:Q4.	Data for 1997:Q1.
26. Real estate investment trusts (REITs) (tables F.129 and L.129)	Data through 1996:Q3; equity issuance through 1997:Q1.	Data since 1996:Q3.
27. Security brokers and dealers (tables F.130 and L.130)	Data for firms filing FOCUS reports through 1997:Q1; data for firms filing FOGS reports through 1996:Q3.	Data from FOGS reports for 1996:Q4 and 1997:Q1.
28. Funding corporations (tables F.131 and L.131)	Estimates for this sector are largely residual and derived from data for other sectors.	