

The Foreign Sector in the U.S. Flow of Funds Accounts

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Questions arise frequently about the relation between the Foreign Sector shown in the U.S. Flow of Funds Accounts (FFA) and the U.S. Balance of Payments (BPA) statistics. Even casual inspection shows that there are sharp differences in detailed data entries, although broader figures such as the U.S. current account balance and the statistical discrepancy are much the same. This paper gives a description of the way the FFA Foreign Sector works and how it relates to the BPA statistics. It includes several illustrative tables and detailed line descriptions of the data sources currently used to assemble this sector of the accounts. The paper deals with statistical reconciliations; it does not present research results.

On the following page is a sample of the published Foreign Sector table--which in the FFA release is on the same page as State and Local Governments.^{1/} The top portion shows U.S. current account components, ending with the balance, shown with sign reversed on line 8 as the "Foreign Current Account Balance". The foreign capital account balance corresponding to this result is shown on line 9, and lines 10 and 27 show the net changes in foreign assets and liabilities, respectively, which produce the results on line 9. The difference between lines 8 and 9 is the statistical discrepancy, which is at line 48 in the table. None of the mentioned lines match

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^{1/} See Flow of Funds Accounts, Federal Reserve Board Release Z.1 (Quarterly), pp. 12-13.

SECTOR STATEMENTS OF SAVING AND INVESTMENT

SEASONALLY ADJUSTED ANNUAL RATES

SEASONALLY ADJUSTED ANNUAL RATES

1979	1980	1981	1982	1983	1982		1983					
					III	IV	I	II	III	IV		
FOREIGN SECTOR												
-2.3	12.2	17.0	9.8	-18.0	-6.5	-4.9	7.6	-19.8	-30.2	-29.7	NET U.S. EXPORT RECEIPTS	1
261.9	320.9	355.7	340.2	324.5	339.1	311.8	317.4	314.3	327.1	339.3	U.S. EXPORT RECEIPTS	2
264.2	308.7	338.7	330.4	342.5	345.6	316.7	309.8	334.0	357.3	369.0	- U.S. IMPORT PAYMENTS	3
5.1	6.3	6.6	7.5	7.5	6.9	8.7	6.1	7.1	7.2	9.6	- TRANSFERS TO FOREIGN	4
11.1	12.5	16.8	18.2	17.7	18.9	18.8	17.6	17.4	17.7	18.0	- U.S. GOVT. INTEREST PAID	5
-18.4	-6.6	-6.4	-15.8	-43.2	-32.2	-32.3	-16.1	-44.3	-55.1	-57.3	= U.S. CURRENT A/C NET RECEIPTS + NET CORPORATE EARNINGS	6
15.5	11.7	9.3	7.6	10.9	7.4	10.5	9.4	11.3	12.0	11.0	RETAINED ABROAD	7
2.9	-5.1	-2.9	8.3	32.3	24.8	21.9	6.7	33.0	43.2	46.3	= FGN. CURRENT ACCT. BALANCE (U.S. BALANCE, SIGN REVERSED)	8
-24.5	-30.0	-28.8	-30.2	30.3	-44.4	-39.7	-15.9	44.3	47.4	45.4	NET FINANCIAL INVESTMENT	9
31.7	26.6	32.7	1.5	61.0	-35.5	25.3	8.0	58.7	68.2	109.2	NET ACQ. OF FINANCIAL ASSETS	10
-1	1.1	-7	-1.4	*	-1.7	-1.2	-4	-1.2	-8	2.3	GOLD AND SDR'S (1)	11
4.2	*	-3.8	-3.7	1.6	-4.6	-4	9.9	-5.9	-5	2.9	U.S. DEMAND DEPOSITS	12
1.2	1.2	2.3	5.8	.1	4.2	4.5	1.0	-1.3	-5.8	6.5	U.S. TIME DEPOSITS	13
22.3	-23.2	-7.0	-30.1	15.6	-60.2	4.4	-48.8	7.1	30.7	73.2	NET INTERBANK CLAIMS	14
1.7	5.4	5.8	4.0	5.4	4.1	6.5	10.3	2.8	6.5	2.0	U.S. CORPORATE EQUITIES	15
-4.6	23.2	16.0	17.6	25.2	13.2	-5.0	32.6	47.6	1.7	19.0	CREDIT MARKET INSTRUMENTS	16
-14.1	10.6	7.0	8.0	16.7	8.2	-7.6	34.5	36.3	-5.9	1.9	U.S. GOVT. SECURITIES	17
2.6	8.2	8.1	10.1	6.2	5.8	4.9	2.9	8.2	4.9	8.6	U.S. CORPORATE BONDS (2)	18
6.9	4.4	.8	-5	2.4	-8	-2.3	-4.8	3.1	2.6	8.5	OPEN-MARKET PAPER	19
-	-	-	-	-	-	-	-	-	-	-	SECURITY CREDIT	20
.2	3.6	.3	-8	1.2	-4.0	2.5	-9.0	.2	10.0	3.5	TRADE CREDIT	21
6.8	15.2	19.9	10.2	12.0	13.5	13.9	12.3	9.3	26.4	-1	MISCELLANEOUS ASSETS	22
11.9	13.7	22.0	10.4	8.7	10.5	11.1	8.2	8.9	9.6	8.0	DIR. INVESTMENT IN U.S.	23
7.9	7.5	18.2	10.6	7.2	11.1	11.8	8.0	7.4	7.6	6.0	EQUITY, ETC.	24
4.0	6.2	3.8	-2	1.4	-6	-6	.2	1.6	2.0	2.0	RETAINED EARNINGS	25
-5.1	1.5	-2.1	-2	3.3	2.9	2.8	4.0	.4	16.8	-8.1	OTHER	26
56.2	56.5	61.5	31.7	30.7	8.8	65.0	23.9	14.4	20.8	63.9	NET INCREASE IN LIABILITIES	27
*	8.1	3.3	3.6	.5	1.5	6.6	2.1	-2.1	-3.4	5.4	U.S. OFF. FGN. EXCHANGE +NET IMF POSITION	28
6.1	2.8	12.6	2.5	1.4	-5.5	1.8	-9.1	4.9	1.3	8.5	U.S. PRIVATE DEPOSITS	29
.8	2.1	*	1.3	3.9	.4	5.3	4.0	7.3	3.2	.8	FOREIGN CORPORATE EQUITIES	30
20.2	27.2	27.2	15.7	19.2	11.9	25.3	15.7	21.3	7.9	31.8	CREDIT MARKET INSTRUMENTS	31
3.9	.8	5.4	6.6	3.3	12.8	8.8	3.2	5.5	2.9	1.4	CORP. AND FOREIGN BONDS	32
2.3	11.5	3.7	-6.2	5.9	-11.2	-3.1	24.4	5.0	-8.6	2.9	BANK LOANS N.E.C.	33
2.1	4.5	.8	*	2.4	1.7	-2.1	5.0	3.4	-1.1	2.1	TO FOREIGN OFFICIAL	34
-4.1	4.7	-4.5	.7	.5	-5.3	8.3	8.2	-3.6	-6.2	3.4	TO FOREIGN BANKS	35
4.2	2.3	7.3	-6.8	3.1	-7.6	-9.4	11.2	5.2	-1.3	-2.5	TO OTHER FOREIGN	36
11.2	10.1	13.9	10.7	6.0	.5	17.4	-16.8	7.6	9.1	23.9	OPEN-MARKET PAPER	37
2.9	4.7	4.2	4.5	4.0	9.8	2.2	4.8	3.1	4.5	3.6	U.S. GOVERNMENT LOANS	38
-	-	-	-	-	-	-	-	-	-	-	SECURITY DEBT	39
1.5	1.7	.2	-3.1	-5	-1.4	-4.2	-2	-2.0	.8	-5	TRADE DEBT	40
27.6	14.6	18.2	11.7	6.3	2.0	30.1	11.4	-14.9	10.9	17.8	MISCELLANEOUS LIABILITIES	41
.8	.7	1.1	1.3	.7	.2	1.5	.2	1.4	.3	.8	U.S. EQUITY INIBRD, ETC.	42
*	-3	-2	-1	-1	*	-4	-4	.1	-1	-	U.S. GOVT. DEPOSITS	43
26.6	21.9	12.8	5.9	10.8	6.3	.5	4.1	9.5	20.5	8.9	U.S. DIR. INV. ABROAD(2)	44
7.6	4.9	-7	.6	1.5	1.6	-6.3	-1.5	-1.9	10.4	-1.1	EQUITY, ETC.	45
19.0	17.0	13.5	5.3	9.3	4.7	6.8	5.6	11.3	10.1	10.0	RETAINED EARNINGS	46
.2	-7.8	4.6	4.5	-5.1	-4.4	28.5	7.4	-25.9	-9.8	8.0	OTHER	47
27.5	24.8	25.9	38.5	2.0	69.2	61.6	22.7	-11.4	-4.3	.9	DISCREPANCY	48

(1) U.S. NET SALES, SIGN REVERSED.

(2) CORPORATE BONDS INCLUDE NET ISSUES BY NETHERLANDS ANTILLES SUBSID AND U.S. FOREIGN DIRECT INVESTMENT IS BEFORE SUBTRACTING REFLows CAPITAL FROM NETHERLANDS ANTILLES SUBSIDIARIES' FOREIGN FINANCING

Table 4.1-4.2.—Foreign Transactions in the National Income and Product Accounts in Current and Constant Dollars

	Billions of dollars								Billions of 1972 dollars									
	1981	1982	Seasonally adjusted at annual rates						1981	1982	Seasonally adjusted at annual rates							
			1982			1983					1982			1983				
			II	III	IV	I	II	III			II	III	IV	II	III	IV		
Receipts from foreigners.....	369.3	347.6	364.5	346.0	321.6	326.9	327.1	341.1										
Exports of goods and services.....	368.3	347.6	364.5	346.0	321.6	326.9	327.1	341.1	159.7	147.3	154.5	146.4	136.5	137.3	136.2	140.7		
Merchandise.....	232.6	209.2	218.5	206.6	190.9	196.6	194.3	201.2	90.7	81.4	84.7	80.6	75.4	76.9	75.5	77.4		
Durable goods.....	134.9	119.5	124.4	120.5	108.7	111.8	112.4	114.7	52.6	44.4	46.1	44.5	40.2	41.2	41.2	41.8		
Nondurable goods.....	97.7	89.8	94.2	86.1	82.2	83.8	81.9	86.5	38.1	37.0	38.6	36.0	35.2	35.7	34.3	35.5		
Services.....	136.1	138.4	146.0	139.3	130.8	131.3	132.8	139.8	69.0	65.9	69.8	65.9	61.1	60.4	60.7	63.3		
Factor income ¹	86.3	86.5	92.8	87.4	80.3	79.2	85.9	85.9	44.6	42.2	45.4	42.4	38.5	36.3	37.1	39.9		
Other.....	49.9	51.9	53.1	51.9	50.5	54.5	53.7	53.9	24.4	23.7	24.4	23.5	22.8	24.1	23.6	23.4		
Capital grants received by the United States (net).....	1.1	0	0	0	0	0	0	0										
Payments to foreigners.....	369.6	347.6	364.5	346.0	321.6	326.9	327.1	341.1										
Imports of goods and services.....	342.5	330.2	331.2	345.0	316.1	309.9	325.6	359.4	116.7	118.4	121.1	122.4	113.5	116.8	123.9	129.2		
Merchandise.....	281.1	244.5	241.0	257.9	236.0	230.9	251.3	272.7	79.6	79.7	80.3	83.0	77.0	81.4	86.2	90.7		
Durable goods.....	124.1	123.4	127.6	126.0	114.0	124.7	134.6	141.6	52.4	52.3	53.5	53.4	49.0	53.2	54.6	59.9		
Nondurable goods.....	157.0	121.1	113.4	131.9	121.0	106.2	116.8	131.1	27.2	27.4	26.8	29.6	28.0	28.2	29.6	30.8		
Services.....	81.4	85.7	90.2	87.1	81.0	79.0	84.2	86.7	37.1	38.7	40.8	39.5	36.5	35.4	37.7	38.5		
Factor income ¹	36.7	39.3	43.2	40.9	34.3	32.6	35.1	37.9	19.0	19.1	21.1	19.8	18.4	18.4	16.4	17.6		
Other.....	44.7	46.4	47.1	46.3	46.7	46.5	49.2	48.8	18.1	19.5	19.7	19.6	20.1	20.0	21.3	20.9		
Transfer payments (net).....	6.6	7.5	7.1	6.9	8.7	6.1	7.1	7.2										
From persons (net).....	.9	1.1	1.3	1.1	1.0	1.0	1.1	1.2										
From government (net).....	5.7	6.3	5.9	5.8	7.6	5.0	6.0	6.0										
Interest paid by government to foreigners.....	16.8	18.2	17.4	18.9	18.8	17.6	17.4	17.7										
Net foreign investment.....	4.0	-8.3	8.7	-24.8	-21.9	-6.7	-33.0	-43.2										

Table 4.1-4.2:

1. Equals rest-of-the-world production as shown in tables 1.5-1.6.

Table 4.3-4.4.—Merchandise Exports and Imports by Type of Product and by End-Use Category in Current and Constant Dollars

	Billions of dollars								Billions of 1972 dollars									
	1981	1982	Seasonally adjusted at annual rates						1981	1982	Seasonally adjusted at annual rates							
			1982			1983					1982			1983				
			II	III	IV	I	II	III			II	III	IV	I	II	III		
Merchandise exports.....	222.4	209.2	218.5	206.6	190.9	196.6	194.3	201.2	90.7	81.4	84.7	80.6	75.4	76.9	75.5	77.4		
Foods, feeds, and beverages.....	39.2	31.6	35.9	29.6	27.4	31.6	30.0	31.5	15.5	14.5	16.1	13.5	13.3	14.8	13.6	13.7		
Industrial supplies and materials.....	65.6	61.6	62.5	59.6	57.4	55.0	55.4	57.9	22.4	21.7	21.7	21.2	20.7	20.0	20.2	21.1		
Durable goods.....	30.2	16.9	17.4	16.6	15.7	15.0	15.9	16.8	6.9	5.9	6.0	5.9	5.7	5.5	5.8	6.1		
Nondurable goods.....	45.3	44.7	45.2	43.1	41.6	39.9	39.5	41.1	15.5	15.7	15.7	15.3	15.0	14.5	14.4	15.0		
Capital goods, except autos.....	81.5	73.8	76.8	73.7	67.4	69.4	67.9	67.0	33.6	28.4	29.6	28.2	25.7	26.4	25.7	25.3		
Autos.....	19.8	17.1	18.8	17.8	14.3	16.6	18.2	19.0	6.8	5.4	5.9	5.5	4.4	5.1	5.6	5.8		
Consumer goods.....	16.4	14.8	15.3	14.7	14.3	13.8	13.7	14.3	8.2	7.4	7.8	7.3	7.3	7.0	6.9	7.1		
Durable goods.....	7.7	6.5	6.8	6.4	6.1	6.1	5.8	6.1	3.2	2.6	2.8	2.5	2.4	2.4	2.3	2.5		
Nondurable goods.....	8.6	8.3	8.5	8.3	8.1	7.7	7.8	8.2	5.0	4.8	5.0	4.8	4.8	4.6	4.6	4.7		
Other.....	11.2	10.3	9.2	12.2	10.0	9.2	11.5	11.5	4.4	4.0	3.6	4.8	4.0	3.6	3.6	4.4		
Durable goods.....	5.6	5.1	4.6	6.1	5.0	4.6	4.6	5.8	2.2	2.0	1.8	2.4	2.0	1.8	1.8	2.2		
Nondurable goods.....	5.6	5.1	4.6	6.1	5.0	4.6	4.6	5.8	2.2	2.0	1.8	2.4	2.0	1.8	1.8	2.2		
Merchandise imports.....	261.1	244.5	241.9	257.9	236.0	230.9	251.3	272.7	79.6	79.7	80.3	83.0	77.0	81.4	86.2	90.7		
Foods, feeds, and beverages.....	18.1	17.1	17.1	18.7	17.7	17.7	18.2	18.5	7.0	7.2	7.2	8.0	7.4	7.6	7.7	7.7		
Industrial supplies and materials, excluding petroleum.....	53.8	46.7	46.4	47.1	44.6	47.8	50.5	52.4	18.1	16.3	16.0	16.7	16.1	17.5	18.5	19.2		
Durable goods.....	30.6	23.9	24.2	23.3	22.0	23.2	26.4	28.9	10.3	8.3	8.3	8.2	7.9	8.5	9.7	10.6		
Nondurable goods.....	23.2	22.8	22.2	23.8	22.7	24.5	24.1	23.5	7.8	8.0	7.7	8.5	8.2	9.0	8.8	8.6		
Petroleum and products.....	77.9	61.2	53.4	68.9	60.5	42.0	52.1	66.3	6.0	5.1	4.5	5.8	5.0	3.6	4.9	6.1		
Capital goods, except autos.....	36.6	38.3	40.3	38.7	34.5	37.2	38.6	41.8	18.2	18.9	19.7	19.1	17.3	18.5	19.0	20.8		
Autos.....	30.6	24.3	26.4	27.5	21.3	26.9	41.1	41.5	10.7	11.5	12.2	12.7	10.5	12.2	13.5	13.6		
Consumer goods.....	38.7	39.7	38.5	40.3	39.0	43.2	43.8	44.1	17.3	17.9	17.2	18.1	17.7	19.4	19.7	19.9		
Durable goods.....	23.5	23.3	22.3	23.3	22.5	24.3	25.0	25.3	12.0	12.1	11.5	12.1	11.8	12.7	13.0	13.2		
Nondurable goods.....	15.1	16.4	16.2	17.0	16.5	18.8	18.8	18.8	5.3	5.8	5.7	6.0	5.8	6.7	6.8	6.7		
Other.....	5.5	7.2	8.8	6.7	7.3	6.2	7.1	8.0	2.2	2.9	3.5	2.7	3.0	2.6	2.9	3.3		
Durable goods.....	2.8	3.6	4.4	3.3	3.6	3.1	3.6	4.0	1.1	1.5	1.8	1.4	1.5	1.3	1.5	1.6		
Nondurable goods.....	2.8	3.6	4.4	3.3	3.6	3.1	3.6	4.0	1.1	1.5	1.8	1.4	1.5	1.3	1.5	1.6		
Addenda:																		
Exports:																		
Agricultural products.....	44.0	37.2	41.7	33.8	33.1	36.0	35.3	37.8	17.9	17.1	18.8	15.9	15.9	16.8	16.0	16.4		
Nonagricultural products.....	184.6	172.0	176.8	172.9	157.8	159.5	158.9	163.5	72.8	64.3	65.9	64.7	59.6	60.1	59.6	61.0		
Imports of nonpetroleum products.....	183.3	183.3	187.5	189.0	174.5	188.9	199.2	206.3	73.6	74.6	75.8	77.2	71.9	77.7	81.4	84.6		

Table 4.5.—Relation of Foreign Transactions in the National Income and Product Accounts (NIPA's) to the Corresponding Items in the Balance of Payments Accounts (BPA's)

	Line	1979	1980	1981	1982
Exports of goods and services, BPA's ¹	1	286,772	342,073	374,621	348,324
Less: Gold, BPA's ²	2	5,293	4,176	4,398	1,999
Capital gains net of losses in direct investment income receipts, BPA's ³	3	-254	-1,624	470	-1,852
Statistical differences ⁴	4	0	0	0	0
Other items ⁵	5	375	750	1,000	563
Equals: Exports of goods and services, NIPA's	6	281,358	338,771	368,753	347,614
Imports of goods and services, BPA's ¹	7	281,677	334,596	363,998	351,502
Less: Payments of income on U.S. Government liabilities ⁶	8	11,076	12,512	16,753	18,229
Gold, BPA's ²	9	2,912	5,565	4,014	3,403
Capital gains net of losses in direct investment income payments, BPA's ³	10	64	1,676	-146	-20
Statistical differences ⁴	11	0	0	0	0
Other items ⁵	12	0	-21	14	312
Plus: Gold, NIPA's ²	13	520	0	0	0
Equals: Imports of goods and services, NIPA's	14	268,145	314,822	342,491	330,202
Balance on goods and services, BPA's (1-7)	15	5,095	7,477	11,523	-3,178
Less: Gold (2-9+13)	16	2,901	-1,410	398	-1,092
Capital gains net of losses in direct investment income, BPA's (3-10)	17	-318	-3,300	616	-1,832
Statistical differences (4-11)	18	0	0	0	0
Other items (5-12)	19	375	750	1,000	563
Plus: Payments of income on U.S. Government liabilities (8)	20	11,076	12,512	16,753	18,229
Equals: Net exports of goods and services, NIPA's (6-14)	21	13,213	23,949	28,262	17,412
Allocations of special drawing rights, BPA's	22	1,139	1,152	1,093	0
Plus: Other items ⁷	23	0	0	0	0
Equals: Capital grants received by U.S., net, NIPA's	24	1,139	1,152	1,093	0
Unilateral transfers (excluding military grants of goods and services), net, BPA's	25	5,561	7,056	6,931	8,034
Less: Statistical differences ⁸	26	0	0	0	0
Other items ⁹	27	500	750	317	573
Equals: Transfer payments to foreigners, net, NIPA's	28	5,062	6,306	6,614	7,461
Payments of income on U.S. Government liabilities, BPA's	29	11,076	12,512	16,753	18,229
Equals: Interest paid by government to foreigners, NIPA's	30	11,076	12,512	16,753	18,229
Balance on current account, BPA's (15-25)	31	-466	421	4,592	-11,212
Less: Gold (16)	32	2,901	-1,410	398	-1,092
Capital gains net of losses in direct investment income, BPA's (17)	33	-318	-3,300	616	-1,832
Statistical differences (18-26)	34	0	0	0	0
Other items (19-27)	35	-125	0	683	-10
Plus: Capital grants received by U.S., net, NIPA's (24)	36	1,139	1,152	1,093	0
Equals: Net foreign investment, NIPA's (21+24-28-30)	37	-1,786	6,283	3,988	-8,278

¹ Includes reinvested earnings of incorporated affiliates.

² Beginning in 1960, the treatment of net exports of gold in the NIPA's differs from that in the BPA's. BPA gold exports (line 2) and imports (line 9) are removed from the NIPA's. Imports of gold in the NIPA's (line 13) is the excess of the value of gold in domestic final sales plus the change in business inventories over the value of U.S. production of gold. Prior to 1960, the treatment of net exports of gold in the NIPA's and BPA's is identical, and is the same as the present NIPA treatment.

³ BPA capital gains and losses included in U.S. direct investment income abroad (line 3) and in foreign direct investment income in the U.S. (line 10) are removed from the NIPA's beginning in 1978; data needed to remove them from the NIPA's in earlier years are not available.

⁴ Consists of statistical revisions in the BPA's that have not yet been incorporated in the NIPA's.

⁵ Consists of arms shipments to Israel financed under the Emergency Security Act of 1973 and subsequent legislation. In the NIPA's, these arms shipments are classified as military grants, which are included in the defense purchases component of GNP when they are acquired by the U.S. Government. Their transfer abroad is not reflected in the NIPA's.

⁶ Represents interest paid by government to foreigners. This item is treated as an import of services in the BPA's. In the NIPA's, it is excluded from government purchases and, thus, also from imports.

⁷ Consists of a U.S. Government payment to India under the Agricultural Trade Development and Assistance Act. In the NIPA's, this payment is included in capital grants received by the United States (net). In the BPA's, it is included in unilateral transfers (excluding military grants of goods and services), net.

⁸ Consists of financing provided to Israel in accordance with the Emergency Security Act of 1973 and subsequent legislation.

"corresponding" lines in the Balance of Payments Accounts, as presented in the Survey of Current Business (e.g., Tables 1-2 "U.S. International Transactions", attached).

A principal reason for the difference between FFA and BPA current accounts is that the FFA version is taken directly from the National Income and Product Accounts (NIPA Table 4.1, attached) rather than from the balance of payments statistics.^{2/} NIPA makes certain adjustments to both exports and imports of goods and services as measured on the BPA basis. These adjustments mainly concern gold, capital gains in direct investment income and (on the imports side) payment of income on U.S. government liabilities. A reconciliation of the BPA and the NIPA is published in the annual revision tables for NIPA, usually in the July SCB as Table 4.5; the one which appeared in July 1983 also is attached for reference.

As can be seen from these materials line 8, labelled "current account" in the published FFA table, is the same as net foreign investment in the NIPA for 1982. However, in 1981 there is a difference of \$1.1 billion between the FFA "current account" and NIPA net foreign investment. This is because "capital grants received by the United States"--SDR allocations--which are recorded on the receipts side of the NIPA foreign transactions accounts, are excluded from the FFA flow statistics. The FFA figures on line 8 thus are lower than the NIPA counterpart by the amount of SDR allocations in years when these are made. This difference is offset in line 11 of the table, which also excludes SDR allocations to the U.S., allocations that are in BPA Table 1, line 40, so this doesn't affect the

^{2/} NIPA is the basis for all nonfinancial activity in the FFA.

statistical discrepancy. The difference in discrepancy is thus the net effect of all items in NIPA Table 4.5 other than SDR allocations. The table below illustrates this reconciliation more completely.

1982 and 1981 "Current Accounts" and Discrepancies
(\$ Billions)

	<u>1982</u>	<u>1981</u>
BPA Current Account (T.1-2, line 79)	\$-11.2	4.6
- NIPA Net Foreign Investment (T.4.1)	-8.3	4.0
+ SDR allocations (T.1-2, line 74)	\$ 0	<u>1.1</u>
= Difference	\$ -2.9	1.7
FFA Foreign Sector Discrepancy (line 48)	\$ 38.5	25.9
- BPA Statistical Discrepancy (T.1-2, line 75)	<u>41.4</u>	<u>24.2</u>
= Difference	\$ -2.9	1.7

With the difference in discrepancies fully explained by the current account definitions, the table implies that net capital flows in the BPA and FFA are equal. This is in fact the case, although as the next table illustrates, totals of "inflows" and "outflows" can be quite different.

1982 Measured Capital Flows: BPA and FFA
(\$ Billions)

BPA

Foreign Assets in U.S., net (T.1-2, line 56)	\$ 87.9
plus: U.S. Assets Abroad, net (T.1-2, line 37)	<u>-118.0</u>
= Net (- = outflow from U.S.)	- 30.1

FFA

Net Acquisition of Financial Assets (line 10)	\$ 1.5
less: Net Increase in liabilities (line 27)	<u>31.7</u>
= Net (- = outflow from U.S.)	\$ -30.2

Obviously, the arithmetic of the measured-capital-flow portion of the Flow-of-Funds Accounts reproduces the same net results as the BPA, even though the FFA versions of particular inflows and outflows differ from the BPA and--as is known or at least suspected by many readers--a variety of

non-BPA sources are used to assemble the FFA series. The objective of the remainder of this paper is to give some detail on how these line items reconcile to the BPA.

Two problems confront many readers who compare the FFA version of the capital account to the BPA version. One is that, while BPA sources are relatively well known and understood, FFA sources are not. The other is that the published FFA Foreign Sector table is much less detailed than the BPA equivalent, and also it does not show most of the underlying "arithmetic" which generates the line item results. An understanding of this background detail is important to explaining how the sector works.

I have attempted to surmount these problems by preparing a much more detailed version of the FFA Foreign Sector table than appears in the Z.1 publication. This expanded version of the table is attached for reference at the end of this note.^{3/} The major contrast to the published form is that the expanded table shows all of the input items to calculations in the Foreign Sector and gives a clearer picture of the order of calculation. By "inputs" in FFA is meant those data which are gathered from published or unpublished sources, and consequently are not created by the FFA arithmetic. Of the line items shown in the published version of the FFA foreign sector, only a few are inputs; most are outputs. The expanded table shows it all. In the body of the expanded table, along with specimen annual data for 1981 and 1982,^{4/} there are also shown the FFA codes assigned

^{3/} At this writing 1983 data have also been published in the FFA, but for the Foreign Sector QIV still is partly (educated) guesswork, so the 1983 annual figures are omitted.

^{4/} Owing to limitations in the FFA programs on the number of lines which can be put in one table, the expanded Foreign table has been split into two parts. The first follows the published version down through changes in foreign assets. The second covers changes in foreign liabilities and the statistical discrepancy.

to each line item. These may be of little interest to most readers, but may be relevant to those who are regular users of the flow of funds statistics.

Following the expanded table are some of pages of detailed source information, keyed to the table's line numbers. Because all the inputs to the foreign sector appear somewhere in the table, and are thus associated with a source, this and the indicated arithmetic give a comprehensive description of how the sector is added together. My objective in writing down data sources has been to provide a sufficiently detailed description, in terms of publications, tables and line-references (or in terms of worksheet calculations) so that any user can track down the exact input. Of course, data sources or data locations within existing sources sometimes change. Hopefully, the appended descriptions will be sufficient to survive a few revisions of governmental data presentation.

In this text I do not propose to discuss all the details of the Foreign Sector arithmetic. These are largely self-evident in the expanded table itself and the highlights of BPA/FFA reconciliation are given in the Summary found on page 10. However, four comments are in order here.

First, as the notes to the table show, data for the FFA Foreign Sector are gathered from a number of sources. These include the BPA themselves. They also include sources of information which go which may not appear as separate items in the SCB's BPA tables. Additionally, Federal Reserve material and data from a few nongovernmental sources (e.g., the

Investment Company Institute) also are used as inputs to these accounts. Probably the most important non-BPA body of information concerns the banking data on both sides of the Foreign Sector. Banking figures are exclusively derived from the Federal Reserve call reports and other banking statistics.

A second comment concerns the asset/liability split in the FFA Foreign Sector. Casual inspection of the published table might suggest that changes in foreign assets and foreign liabilities are clearly separated, as they are in the BPA.^{5/} However, line 14 in the published table, "Net Interbank Claims," really is a net figure which mainly balances out due-tos and due-froms of both domestically-chartered and foreign-related banks. This fact is made clear in lines 22-29 of the expanded table, which provide the entire decomposition. Also included under the "net interbank" rubric are deposits in foreign banks and loans by foreign branches of U.S. banks to domestic nonbanks. All this means there is some partial netting of "domestic" and "foreign" assets and liabilities on the assets side of the Foreign Sector, and this is the principal reason for the BPA/FFA differences in capital flow data shown in the second text table above. Additionally, U.S. net purchases of gold and SDRs are shown as foreign net buying, with sign reversed. This is because these assets have no counterpart liabilities. With these exceptions "domestic" and "foreign" assets are separated in the FFA, as they are in the BPA.

Third, there are certain definitional differences. In the BPA, net Eurobond issues by Netherlands Antilles affiliates of U.S. firms (the proceeds of which are loaned to the parent companies) are treated as negative direct

^{5/} Note that the capital flow section of the FFA Foreign Sector is written from the "foreign perspective". An increase in liabilities thus has a positive sign, even though it represents a capital outflow in the BPA.

investment by the U.S. parents. In the FFA these bonds are added back into foreign acquisitions of U.S. corporate bonds, and a corresponding amount is put back into the BPA version of U.S. direct investment. Also, in the BPA IBFs are treated as part of the domestic economy; in FFA IBFs are treated as foreign. More on this is found below in the section on banking data.

Fourth, on both the asset and liability sides of the Foreign Sector, BPA inputs are used in such a way that total asset and liability changes (except for the netting and shifting described above) come out the same as in the BPA. Note that under "Miscellaneous-Other" (line 49 in Part 1 of the table and line 40 in the second part), the arithmetic deriving the "Other" amount commences with BPA data on foreign private assets in the U.S. and U.S. private assets abroad, respectively. The code list subtracted from this total consists of all the input or computed private transactions which figure elsewhere in the table. This means that on both sides of the account, "Other" captures differences between BPA definitions and measurements of line items and those in the FFA presentation, as well as items not specifically measured in other lines of the table. The order of arithmetic is such that "Net Assets" (line 15 in Part 1) and "Net Liabilities" (line 1 in Part 2) are added up from all the indented detail, including "Other". So except for the interbank netting mentioned above and the different treatment of direct investment in the NIPA and BPA, the aggregated totals come out the same in the BPA and FFA presentations. At levels of line-item detail, therefore, there may be no exact match between these alternative versions of the foreign sector, but the FFA arithmetic restores the correspondence at the level of total assets and liabilities.

Banking Data

FFA treatment of U.S. external accounts differs from the BPA and TIC data collection in regarding international banking facilities (IBFs) as part of the "rest-of-world". This treatment is in line with most Federal Reserve presentations of banking statistics and is analytically consistent with the principal asset/liability restrictions imposed on IBFs since their inception in December 1981. One of the problems in preparing the banking figures, therefore, is to separate data on domestic and foreign-related banks from associated data on their affiliated IBFs. In the line-notes to the expanded table the source of banking figures is given simply as "call reports". The balance of this text will sketch the background computations on these data before they are introduced into the Net Interbank section on the assets side of the Foreign Sector and the Bank Loans n.e.c. section of the liabilities side.

Two principal characteristics of recent call reports are relevant. First, call report statistics on domestically chartered and foreign-related banks include IBFs through 1983, and IBFs are treated as foreign in FFA.^{6/} Hence, IBF effects must be removed. Second, individual banks report their "due tos" and "due froms" on a net basis, whereas in the FFA these figures are needed on a gross basis to be consistent with BPA.

The worksheet treatment of data on foreign-related banks is simpler than for domestically-chartered. Using available detail in the call reports, gross positions of foreign-related institutions vis-a-vis "foreign affiliates" are adjusted to remove IBF components, which appear in a separate call report form. This leaves clean data on foreign-related gross positions with affiliates (parent banks and others) geographically located in foreign areas.

^{6/} Starting with March 1984, there is a domestic call-report excluding IBFs.

For domestic banks the procedure is more roundabout, because the domestic call doesn't show gross due-tos and due-froms at all. Totalling positions of banks in net due-to and those in net due-from status separately and netting these results gives a combined "net" figure for the whole system that, again, includes IBFs.^{7/}

At this point data from FR. 2502 (old form FR. 502) are used to get the gross due-tos of domestically-chartered banks to foreign affiliates. The net figure described above then enables the calculation of gross due-froms. Next, IBF components are removed by subtracting IBF positions vis-a-vis foreign affiliates, as taken from the Federal Reserve IBF call reports. Finally, net claims of U.S. banks on IBFs are added to their gross due-from position.

The effect of this calculation is to remove completely from the FFA statistics IBF transactions with affiliates in foreign countries and to shift the IBF position into a single foreign net amount due to the domestic parent. In FFA statistics, therefore, IBFs are treated as if they were foreign branches and as part of the foreign sector.

Similar treatment is applied to other banking data which appear in the Foreign Sector. Background IBF adjustments are also made for bank balances in foreign banks (lines 25 and 28 on the assets side) and for bank loans to foreign official institutions, foreign banks and to "other foreign" in lines 12-21 on the liabilities side.

^{7/} As the call reports are somewhat delayed compared to the preparation of the flow of funds statistics, TIC information is used to carry forward these net figures for the most recent period.

Relation of FF Foreign Sector to
Balance of Payments Accounts:
Summary

- 1) FF current account is taken from NIPA rather than BPA, and conceptual differences are carried through to difference in statistical discrepancies between FF and BPA.
- 2) FF capital account is statistically locked to BPA totals of outflows and inflows, but
- 3) Some items in FF are taken from U.S. domestic banking statistics rather than from TIC, and
- 4) Foreign buying of Treasury securities is taken from broader Treasury compilation than in TIC.
- 5) These FFA differences in statistical source are buried, within BPA-based control totals, in unallocated residual asset and liability categories in foreign sector.
- 6) IBFs are treated in FFA as foreign, whereas in BPA they are domestic.
- 7) Allocations of SDRs to the U.S. are excluded from FF flows both in current account and capital account.
- 8) Netherlands Antilles bond issues are treated as foreign buying of U.S. bonds rather than as negative U.S. direct investment outflows.
- 9) Other items are shifted between outflow and inflow sides, with sign changes, to result in totals of outflows and inflows that appear different from BPA, even before creation of IBFs in 1981-82 caused substantive difference in totals.

Notes to Foreign Sector Data Descriptions and Sources

The Foreign Sector is part of Table 45 in the standard Flow of Funds numbering system. It appears on pp. 12-13 of the quarterly Z.1 publication, Flow of Funds Accounts. The expanded table in this note has, for programming reasons, been split into two pieces.

Line numbers in the following descriptions refer to table lines in the two parts of the expanded Foreign Sector table.

As to main source descriptions:

NIPA	= National Income and Product Accounts, in the <u>Survey of Current Business (SCB)</u>
BPA	= Balance of Payments Accounts, in <u>SCB</u>
FRB	= Federal Reserve <u>Bulletin</u>
Call Reports	= Federal Reserve bank call reports, published irregularly in <u>FRB</u>
TB	= <u>Treasury Bulletin</u>
MSPDUS	= <u>Monthly Statement of the Public Debt of the United States</u>
FRBNY	= Federal Reserve Bank of New York

As to notation

Form of arithmetic in underlying FFA processing is indicated in the line item descriptions of the expanded table. "Input" data are not marked explicitly in the table, but all inputs have source descriptions in the line notes.

(R) on the expanded table denotes a value determined as a residual.

(-) in the source description means a sign reversal between data-source and flow of funds storage. Data values as stored appear in the body of the table.

APRIL 5, 1984

EXPANDED FOREIGN TABLE, PART 1

SECTOR STATEMENTS OF SAVING AND INVESTMENT

FLOWS IN \$MILLIONS

		1981	1982
		FOREIGN SECTOR	
1	NET U.S. EXPORT RECEIPTS	266990015	16,973 9,849
2	U.S. EXPORT RECEIPTS	266902015	355,706 340,215
3	NIA EXPORTS OF G&S	266902001	368,753 347,614
4	-NET RET EARN ABROAD	266006001	9,289 7,563
5	-FGN RET EARN IN US	103192203	3,758 -164
6	- U.S. IMPORT PAYMENTS	266903015	338,733 330,366
7	NIA IMPORTS OF G&S	266903001	342,491 330,202
8	-FGN RET EARN IN US	103192203	3,758 -164
9	- TRANSFERS TO FOREIGN	266400001	6,614 7,461
10	- U.S. GOVT. INTEREST PAID	266130001	16,753 18,229
11	= U.S. CURRENT A/C NET RECEIPTS + NET CORPORATE EARNINGS	885005015	-6,394 -15,841
12	RETAINED ABROAD	266006001	9,289 7,563
13	= FGN. CURRENT ACCT. BALANCE (U.S. BALANCE, SIGN REVERSED)	266000105	-2,895 8,278
14	NET FINANCIAL INVESTMENT	265000005	-28,796 -30,245
15	NET ACQ. OF FINANCIAL ASSETS	264090005	32,722 1,495
16	GOLD AND SDR'S (1)	263011005	-708 -1,418
17	-GOLD INCLD ESF	883011203	-9 -3
18	-SDRS	313011303	717 1,421
19	U.S. DEMAND DEPOSITS	263020001	-3,785 -3,660
20	TIC DEMAND DEPOSITS	263020000	-3,785 -3,660
21	U.S. TIME DEPOSITS	263035000	2,270 5,788
22	NET INTERBANK CLAIMS	764116005	-7,011 -30,121
23	DC CBS: DUE TO FGN BR	723192000	5,305 -1,120
24	-DC CBS: DUE FRM FGN BR	723092000	17,060 9,314
25	-DC CBS: BAL IN FGN BKS	723022703	3,383 10,292
26	FR CBS: DUE TO FGN AFFIL	753192000	11,126 -2,625
27	-FR CBS: DUE FM FGN AFFL	753092000	12,273 9,057
28	-FR CBS: BAL IN FGN BKS	753022703	-378 230
29	FGN BRANCH LOANS TO US NONBANKS	263068003	8,896 2,517
30	U.S. CORPORATE EQUITIES	263064000	5,761 3,953

APRIL 5, 1984
 EXPANDED FOREIGN TABLE, PART 1

SECTOR STATEMENTS OF SAVING AND INVESTMENT

FLows IN \$MILLIONS

			1981	1982
31	CREDIT MARKET INSTRUMENTS	264004005	16,009	17,571
32	U.S. GOVT. SECURITIES	263061005	7,031	7,976
33	BILLS & CIS	263061260	-2,364	298
34	-NONMARKETABLE BILLS AND CIS	263061270	141	1,178
35	NOTES, BONDS AND NONMARKETABLES (R)	263061330	9,536	8,856
36	U.S. CORPORATE BONDS (2)	263063005	8,132	10,092
37	BONDS, TREASURY BASIS	263063003	5,040	1,151
38	-ISSUES SOLD ABROAD BY US CORPORATIONS	263063103	-3,092	-8,941
39	OPEN-MARKET PAPER	263069601	846	-497
40	SECURITY CREDIT	263067003	-	-
41	TRADE CREDIT	263070005	336	-791
42	COMMERCIAL CLAIMS	263070003	156	-1,604
43	US GOVERNMENT LIABS	263070313	180	813
44	MISCELLANEOUS ASSETS	263090005	19,850	10,173
45	DIR. INVESTMENT IN U.S.	103192003	21,997	10,387
46	EQUITY, ETC. (R)	103192105	18,239	10,551
47	RETAINED EARNINGS	103192203	3,758	-164
48	OTHER (R)	263093000	-2,147	-214
49	=FOREIGN ASSETS IN US (FROM BPA)	264090003	62,676	22,865
50	-FOREIGN DEM DEP IN US	263020000	-3,785	-3,660
51	-TIME DEPOSITS	263035000	2,270	5,788
52	-GOVERNMENT SECURITIES	263061005	7,031	7,976
53	-CORPORATE BONDS	263063003	5,040	1,151
54	-TRADE CREDIT - GOVT	263070313	180	813
55	-US EQUITIES	263064000	5,761	3,953
56	-TRADE CREDIT - COMMER	263070003	156	-1,604
57	-SECURITY CREDIT (=0)	263067003	-	-
58	-BANKERS ACCEPTANCES	263069600	846	-497
59	-DIR INVESTMENT IN US	103192003	21,997	10,387
60	-DC CBS: DUE TO FGN BR	723192000	5,305	-1,120
61	-FR CBS: DUE TOS	753192000	11,126	-2,625
62	-FGN BRANCH LOANS TO US NONBANKS	263068003	8,896	2,517

APRIL 5, 1984

EXPANDED FOREIGN TABLE, PART 2

SECTOR STATEMENTS OF SAVINGS AND INVESTMENT

FLows IN \$MILLIONS

		1981	1982
		FOREIGN SECTOR	
1	NET INCREASE IN LIABILITIES	264190005	61,518 31,740
	U.S. OFF. FGN. EXCHANGE		
2	& NET IMF POSITION	263111005	3,342 3,616
3	RES POSITION IN IMF	263111403	2,481 2,575
4	FOREIGN CURRENCIES	263111503	861 1,041
5	U.S. PRIVATE DEPOSITS	263191005	12,567 2,543
6	NONFIN BUSINESS	103091003	490 -2,370
7	MONEY MKT MUTUAL FUNDS	633091003	12,077 4,913
8	FOREIGN CORPORATE EQUITIES	263164003	-4 1,312
9	CREDIT MARKET INSTRUMENTS	264104005	27,211 15,672
10	CORP. AND FOREIGN BONDS	263163003	5,448 6,609
11	BANK LOANS N.E.C.	263168005	3,651 -6,153
12	TO FOREIGN OFFICIAL	263168603	770 -48
13	BY DC COML BANKS	723068263	211 861
14	BY FR COML BANKS	753068263	559 -909
15	TO FOREIGN BANKS	263168701	-4,463 725
16	BY DC COML BANKS	723068273	-2,648 1,187
17	BY FR COML BANKS	753068273	-1,815 -462
18	BY FEDERAL RESERVE	713068103	- -
19	TO OTHER FOREIGN	263168801	7,344 -6,830
20	BY DC COML BANKS	723068283	1,755 -2,691
21	BY FR COML BANKS	753068283	4,965 -3,494
22	-DC CBS: ACCEPTANCES	723069640	-624 645
23	OPEN-MARKET PAPER	263169175	13,883 10,709
24	DLR-PLACED FINANCIAL	263169103	3,294 2,646
	COMMERCIAL PAPER		
25	NONFIN COMMRL PAPER	263169703	580 -782
26	ACCEPTANCES	263169603	10,009 8,845
27	U.S. GOVERNMENT LOANS	263169205	4,229 4,507
28	US GOVT ASSETS OTHER	264191003	5,076 5,730
	THAN OFFCL RESRVES		
29	-US GOVT FGN CURRENCY	313091003	-203 -51
	& ST CLAIMS		
30	-CAPITAL IN INTL ORGAN	313092203	1,050 1,274
31	SECURITY DEBT	263167003	- -
32	TRADE DEBT	263170003	203 -3,070

APRIL 5, 1984

EXPANDED FOREIGN TABLE, PART 2

SECTOR STATEMENTS OF SAVINGS AND INVESTMENT

FLOWS IN \$MILLIONS

		1981	1982
33	MISCELLANEOUS LIABILITIES	263190005	18,199 11,667
34	U.S. EQUITY IN IBRD, ETC	313092203	1,050 1,274
35	U.S. GOVT. DEPOSITS	313091003	-203 -51
36	U.S. DIR. INV. ABROAD(2)	103092000	12,771 5,935
37	=DIR. INVSTMNT (BPA)	103092003	9,679 -3,006
38	-NET ISSUES SOLD ABR	263063103	-3,092 -8,941
39	EQUITY, ETC. (R)	103092105	-710 614
40	RETAINED EARNINGS	103092203	13,481 5,321
41	OTHER	263193001	4,581 4,509
42	=US PVT ASSETS ABROAD (FROM BPA)	264192003	82,346 42,346
43	-DIR INVMT BY US PVT	103092003	9,679 -3,006
44	-BANK LOANS NEC	263168005	3,651 -6,153
45	-TRADE CREDIT	263170003	203 -3,070
46	-CORPORATE BONDS	263163003	5,448 6,609
47	-MMMF DEPOSITS	633091003	12,077 4,913
48	-NONFIN CORP DEPOSITS	103091003	490 -2,370
49	-EQUITIES	263164003	-4 1,312
50	-ACCEPTANCE LIABS	263169603	10,009 8,845
51	-SECURITY CREDIT (=0)	263167003	- -
52	-NONFIN COMMCL PAPER	263169703	580 -782
53	-DLR PLACED COML PAPER	263169103	3,294 2,646
54	-DC CBS: DEP IN FGN BK	723022703	3,383 10,292
55	-FR CBS: DEP IN FGN BK	753022703	-378 230
56	-DC CBS: DUE FROMS	723092000	17,060 9,314
57	-FR CBS: DUE FROMS	753092000	12,273 9,057
58	DISCREPANCY	267005005	25,901 38,523

(1) U.S. NET SALES, SIGN REVERSED.

(2) CORPORATE BONDS INCLUDE NET ISSUES BY NETHERLANDS ANTILLES SUBSID
AND U.S. FOREIGN DIRECT INVESTMENT IS BEFORE SUBTRACTING REFLWS
CAPITAL FROM NETHERLANDS ANTILLES SUBSIDIARIES' FOREIGN FINANCING

Expanded Foreign Table-Part I

<u>Line</u>	<u>Description and Source</u>
3	NIA exports of goods and services <u>NIPA</u> : Tables 1.1 and 4.1
4	Net earnings of U.S. corporations retained abroad <u>NIPA</u> : Table 6.25B, line 74: Undistributed profits in Table 1.11 <u>less</u> same in Table 1.13
5	Net foreign earnings retained in United States BPA: Table 1-2 "U.S. International Transactions", line 67: "Reinvested earnings of incorporated affiliates"
7	NIA imports of goods and services <u>NIPA</u> : Tables 1.1 and 4.1
8	Foreign earnings retained in U.S. Same as line 5
9	Transfers to foreign (from persons and government) <u>NIPA</u> : Table 4.1
10	U.S. government interest paid to foreigners <u>NIPA</u> : Table 4.1
12	U.S. earnings retained abroad Same as line 4
17	Gold Stock, including Exchange Stabilization Fund <u>FRB</u> : Table 3.12, "U.S. Reserve Assets", line 2
18	Special Drawing Rights <u>FRB</u> : Table 3.12 "U.S. Reserve Assets", line 3, adjusted for valua- tion changes using IMF data.
20	Foreign Demand Deposits in U.S. <u>FRB</u> : Table 3.17, "Liabilities to Foreigners Reported by Banks in the U.S.", line 2 (TIC)
21	Foreign Time Deposits in U.S. <u>FRB</u> : Table 3.17, "Bank Liabilities to Foreigners", line 4 <u>plus</u> line 49, <u>less</u> time deposits of IBFs from TIC reports
23	Domestically-chartered commercial banks--due to foreign branches Bank call reports and FR. 2502 report
24	Domestically-chartered commercial banks--due from foreign branches Bank call reports and FR. 2502 report
25	Domestically-chartered commercial banks--deposits in foreign banks Bank call reports

<u>Line</u>	<u>Description and Source</u>
26	Foreign-related commercial banks--due to foreign affiliates Bank call reports
27	Foreign-related commercial banks--due from foreign affiliates Call reports
28	Foreign-related commercial banks--balances in foreign banks Call reports
29	Short and medium term loans by foreign branches to U.S. nonbanks FR. 2950 - Foreign branch reports
30	Corporate equities <u>BPA</u> : Table 6, "Securities Transactions", line B.2, Treasury basis (TIC)
33	U.S. government securities: Treasury bills and certificates of indebtedness <u>FRB</u> : Table 3.17, "Liabilities to Foreigners Reported by Banks in the United States", line 8 (TIC)
34	U.S. Govt. Securities: nonmarketable bills and certificates of indebtedness <u>MSPDUS</u> , Table III, "Detail of Public Debt Outstanding", Bills and Certificates of Indebtedness (nonmarketable: foreign series: government-dollar denominated and public-foreign currency denomina- ted and Treasury deposit funds)
35	U.S.G. Notes, bonds and nonmarketables <u>TB</u> , Table OFS-2, "Estimated Ownership of Public Debt Securities by Private Investors, Foreign and International" <u>less</u> lines 33 and 34 above and <u>less</u> IMF notes (= 0 since 7/74) In addition to TIC totals, this line includes Treasury deposit funds and Federal Reserve RPs with foreign official.
37	U.S. corporate bonds <u>BPA</u> : Table 6, "Securities Transactions", line B.10, Treasury Basis (TIC)
38	Issues sold abroad by U.S. corporations BOP, text Table D, "Netherlands Antilles Transactions," line 1, Equity and Intercompany Accounts (-)
39	Open market paper F/F estimate
40	Security Credit set=0; now consolidated with trade credit
42	Trade Credit: Commercial liabilities <u>BPA</u> : Table 7, "Nonbanking claims and liabilities", line B.11, commercial liabilities

<u>Line</u>	<u>Description and Source</u>
43	U.S. Govt. liabilities except securities <u>BPA</u> : Table 4, "Selected U.S. Government Transactions", line C2-- "Associated with military sales contracts"
45	Direct Investment in U.S. <u>BPA</u> : Table 1-2, "U.S. International Transactions", line 65--direct investment
47	Retained earnings Same as line 5
49	Foreign assets in the U.S., net <u>BPA</u> : Table 1-2, "U.S. International Transactions", line 56--foreign assets in the U.S., <u>less</u> total IBF liabilities to foreigners from TIC reports
50	Demand deposits in the U.S. Same as line 20
51	Time deposits in the U.S. Same as line 21
52	Government securities from line 32
53	Corporate bonds Same as line 37
54	Trade credit--government Same as line 43
55	U.S. equities Same as line 30
56	Trade credit--commercial Same as line 42
57	Security credit Same as line 40 (= 0, includ. with trade credit)
58	Bankers' acceptances Same as line 39
59	Direct investment in U.S. Same as line 45
60	Domestically chartered commercial banks--due to foreign branches Same as line 23
61	Foreign-related commercial banks--due to foreign affiliates Same as line 26
62	Foreign branch loans Same as line 29

Expanded Foreign Table-Part II

<u>Line</u>	<u>Description and Source</u>
3	Reserve position in IMF <u>FRB</u> : Table 3.12, "U.S. Reserve Assets, line 4,--Reserve position in IMF, adjusted for valuation changes
4	Foreign currencies <u>FRB</u> : Table 3.12, "U.S. Reserve Assets", line 5--foreign currencies, adjusted for valuation changes
6	U.S. private deposits--nonfinancial concerns <u>BPA</u> : Table 7, "Claims and Liabilities on Unaffiliated Foreigners Reported by U.S. Nonbanking Concerns", line A.12--deposits (-)
7	U.S. private deposits--MMMFs Investment Company Institute, Eurodollar CDs of MMMFs
8	Foreign Equities <u>BPA</u> : Table 6, "Securities Transactions", line A.2--stocks, Treasury basis (TIC) (-)
10	Corporate and foreign bonds <u>BPA</u> : Table 6, "Securities Transactions", line A.14 bonds, Treasury basis (TIC) (-)
13	Domestically-chartered commercial banks--loans to foreign official Call reports
14	Foreign-related commercial banks--loans to foreign official Call reports
16	Domestically-chartered commercial banks--loans to foreign banks Call reports
17	Foreign-related commercial banks--loans to foreign banks Call reports
18	Federal Reserve--loans to foreign banks <u>FRB</u> : Table 1.18, "Federal Reserve Banks", line 5, loans to other
20	Domestically-chartered commercial banks--loans to other foreign Call reports
21	Foreign-related commercial banks--loans to other foreign Call reports

<u>Line</u>	<u>Description and Source</u>
22	Domestically-chartered commercial banks--holdings of foreign acceptances Worksheet in F/F bank call book. Computed as (Total foreign acceptance liabilities - Total acceptance liabilities) x total DC bank holdings of acceptances
24	Dealer-placed financial paper FRBNY Commercial paper release: Commercial paper issued by financial companies, dealer-placed, foreign
25	Nonfinancial commercial paper FRBNY Commercial paper release: Commercial paper issued by nonfinancial companies, foreign
26	Acceptances FRBNY Acceptances release: acceptances for export <u>plus</u> goods stored in or shipped between foreign countries
28	U.S. Govt. Assets other than official reserves <u>BPA</u> : Table 1-2, "U.S. International Transactions", line 43 (-)
29	U.S. Govt. foreign currency holdings and short-term claims <u>BPA</u> : Table 1-2, "U.S. International Transactions", line 46 (-)
30	U.S. Govt. capital in international organizations <u>TB</u> : footnote to nondefense table on Agency loans, etc., on capital subscriptions to IBRD, IFC, IADB, IDB, etc.
31	Security Debt set = 0
32	Trade debt <u>BPA</u> : Table 7, "Claims and Liabilities on Unaffiliated Foreigners Reported by U.S. Nonbanking Concerns", line A.14, "commercial claims" (-)
34	U.S. equity in IBRD, etc. Same as line 30
35	U.S. government deposits <u>BPA</u> : Table 1-2, "U.S. International Transactions," line 46, "U.S. foreign currency holdings and U.S. short-term assets, net" (-)
37	U.S. direct investment <u>BPA</u> : Table 1-2, "U.S. International Transactions", line 48, "Direct investment" (-)
38	Net issues sold abroad <u>BPA</u> : Text Table D--Netherlands Antilles Transactions--line 1, "Equity and Intercompany Accounts" (-)

<u>Line</u>	<u>Description and Source</u>
40	Retained Earnings BPA: Table 1-2, "U.S. International Transactions", line 50, "reinvested earnings of incorporated affiliates" (-)
42	U.S. Private assets abroad BPA: Table 1-2, "U.S. International Transactions", line 47, "U.S. Private Assets, net" (-), <u>less</u> change in total IBF liability abroad from TIC reports
43	U.S. private direct investment Same as line 37
45	Trade credit Same as line 32
46	Corporate bonds Same as line 10
47	MMMF deposits Same as line 7
48	Deposits of nonfinancial concerns Same as line 6
49	Equities Same as line 8
50	Acceptances Same as line 26
51	Security credit Same as line 31
52	Nonfinancial commercial paper Same as line 25
53	Dealer-placed commercial paper Same as line 24
54	Domestically-chartered commercial banks--deposits in foreign banks Call reports
55	Foreign-related commercial banks: deposits in foreign banks Call reports
56	Domestically-chartered commercial banks--due from branches Call reports

<u>Line</u>	<u>Description and Source</u>
57	Foreign-related commercial banks--due from foreign affiliates Call reports
58	Discrepancy--foreign account residual