

# FEDERAL RESERVE statistical release



Z.7 (788)

For immediate release  
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## FLOW OF FUNDS SUMMARY STATISTICS

This release incorporates revisions to the Flow of Funds Accounts resulting from the inclusion of annual benchmark data and updated seasonal factors.

Debt of domestic nonfinancial sectors grew at a seasonally adjusted rate of 8.1 percent in the second quarter of 1988, down slightly from the revised first-quarter pace of 8.5 percent. A pick-up in nonfederal debt growth, from 7.5 percent in the first quarter to 9.3 percent in the second, was more than offset by a marked slowdown in federal borrowing.

Within the nonfederal sectors, nonfinancial business paced the acceleration of debt in the second quarter as borrowing in both short- and long-term markets strengthened compared to earlier in the year. Heavy merger and buy-out activity likely contributed to the faster debt growth of businesses around mid-year. Household debt growth, at a little under a 9 percent rate in the second quarter, was about a percentage point faster than in the first.

Net borrowing by all domestic nonfinancial sectors in the second quarter was \$690 billion at a seasonally adjusted annual rate, bringing total outstanding debt to a level of \$8,654 billion (Table 1). Debt of nonfederal sectors accounted for \$6,616 billion of this total, and the federal component was \$2,037 billion.

Growth Rates of Major Debt Aggregates <sup>1/</sup>  
(Percent annual rates of change, seasonally adjusted)

	Total domestic nonfinancial debt	U.S. govt.	-----Nonfederal-----			
	(1)	(2)	Total	House- holds	Nonfin. business	State & local govts.
	(1)	(2)	(3)	(4)	(5)	(6)
1985	14.2	16.2	13.6	14.0	11.4	23.8
1986	12.2	13.4	11.8	12.4	11.8	9.3
1987	8.9	7.8	9.2	10.1	8.9	6.6
1987-I	7.2	8.9	6.7	7.6	5.8	7.1
II	9.7	7.8	10.3	11.6	9.9	5.9
III	8.2	5.4	9.1	10.5	8.3	6.5
IV	9.5	8.7	9.7	9.6	10.4	6.3
1988-I	8.5	11.5	7.5	7.8	7.8	4.6
II	8.1	4.3	9.3	8.8	10.4	6.0

<sup>1/</sup> Changes shown are on an end of period basis and thus may differ from month-average data in the Board's H.6 release.

Growth Rates of Debt Aggregates: Supplemental Data  
(Percent annual rates of change, seasonally adjusted)

	Domestic nonfinancial sectors	Foreign	Financial sectors	Total: All Sectors	Memo: Private financial assets <sup>1/</sup>
1985	14.2	0.5	19.7	14.5	12.2
1986	12.2	4.1	24.6	13.8	8.0
1987	8.9	1.8	18.9	10.4	6.8
1987-I	7.2	-3.6	21.3	9.2	1.0
II	9.7	- .0	19.2	11.0	8.1
III	8.2	5.2	16.7	9.6	6.8
IV	9.5	5.8	13.6	10.1	10.7
1988-I	8.5	-0.4	12.8	9.0	6.1
II	8.1	0.8	11.1	8.4	5.5

<sup>1/</sup> Holdings of deposits and credit market claims by households, nonfinancial business and state and local governments.

Explanatory Notes

Growth rates in the summaries above are seasonally adjusted flows from Table 2 divided by seasonally adjusted outstandings from Table 1 on following pages of this release. Seasonally adjusted levels in Table 1 are derived by carrying forward year-end levels by seasonally adjusted flows plus any statistical discontinuities in the data series. Because of these discontinuities, changes in outstandings as printed can give growth rates that differ from those shown above.

The following list gives the lines in Tables 1 and 2 that are used to calculate growth rates shown on page 1 of this release:

	<u>Growth Table (column)</u>	<u>Tables 1 and 2 (row)</u>
Total domestic nonfinancial	1	1
U.S. government	2	2
Private domestic nonfinancial	3	5
Households	4	21
Nonfinancial business	5	22
State & local governments	6	20

Debt of domestic residents includes credit market funds raised from both domestic and foreign sources, while foreign debt represents amounts owed by foreign financial and nonfinancial entities to U.S. holders only. Financial sectors consist of U.S. Government sponsored credit agencies, federally-related mortgage pools, and private financial institutions. Credit market debt excludes trade debt, loans for the purpose of carrying securities, and funds raised from equity sources. It consists of debt securities, mortgages, bank loans, commercial paper, consumer credit, government loans, and other loan forms included in Table 1.

Subscriptions to this summary release, or to the full statements for sectors and transaction types in flows and amounts outstanding (the Z.1 release), may be obtained through Publication Services, Stop 138, Board of Governors of the Federal Reserve System, Washington, D. C. 20551.









