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FEDERAL RESERVE statistical release

Z.1

Flow of Funds Accounts of the United States

Flows and Outstandings
Second Quarter 2011

Board of Governors of the Federal Reserve System, Washington DC 20551

Flow of Funds Summary Statistics
Second Quarter 2011

Debt of the domestic nonfinancial sectors expanded at a seasonally adjusted annual rate of 3 percent in the second quarter of 2011, about one percentage point faster than the pace registered in the first quarter.

Household debt declined at an annual rate of ½ percent in the second quarter, continuing its contraction since the first quarter of 2008. Home mortgage debt fell at an annual rate of 2½ percent in the second quarter, about the same pace of decline as in the previous quarter. In contrast, consumer credit rose at an annual rate of 3½ percent, the third consecutive quarter of increase.

Nonfinancial business debt rose at an annual rate of 4 percent in the second quarter, following an increase of nearly 3 percent in the first quarter of this year. Corporate bonds outstanding and business loans increased while commercial mortgage debt continued to decline, albeit at a more moderate pace than during the previous year and a half.

State and local government debt fell about 3¼ percent at an annual rate in the second quarter. Federal government debt increased at an annual rate of 8½ percent in the second quarter.

At the end of the second quarter of 2011, the level of domestic nonfinancial debt outstanding was $36.5 trillion; household debt was $13.3 trillion, nonfinancial business debt was just over $11 trillion, and total government debt was $12.2 trillion.

Household net worth—the difference between the value of assets and liabilities—was $58.5 trillion at the end of the second quarter, about $150 billion less than at the end of the previous quarter.

Growth of Domestic Nonfinancial Debt[1]
Percentage changes; quarterly data are seasonally adjusted annual rates

	Total	Households	Business	State and local govts.	Federal
2001	6.3	9.6	5.7	8.8	-0.2
2002	7.4	10.8	2.8	11.1	7.6
2003	8.1	11.9	2.2	8.3	10.9
2004	8.9	11.1	6.2	7.3	9.0
2005	9.5	11.1	8.6	10.2	7.0
2006	9.0	10.0	10.6	8.3	3.9
2007	8.6	6.7	13.1	9.5	4.9
2008	6.0	0.2	5.5	2.3	24.2
2009	3.1	-1.6	-2.7	4.9	22.7
2010	4.2	-2.0	0.4	4.5	20.2
2010:Q1	3.5	-3.1	-0.5	4.5	20.6
Q2	3.9	-2.1	-1.7	-0.3	22.5
Q3	3.9	-2.1	1.4	4.8	16.0
Q4	5.1	-0.8	2.2	8.9	16.4
2011:Q1	1.9	-2.0	2.8	-4.2	7.9
Q2	3.0	-0.6	4.0	-3.2	8.6

1. Changes shown are on an end-of-period basis.

Table of Contents

Instruments

Flow of Funds Accounts, Second Quarter 2011

This publication presents the Flow of Funds Accounts for 2011:Q2.

Data revisions and other changes. The statistics in the attached tables reflect the 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.

1. The web-based guide to the Flow of Funds Accounts has been expanded to include two new features. The "Release Highlights" page lists major data revisions and other changes to the accounts in a searchable format for all Z.1 releases beginning with 2004:Q1. The "Code Changes" page lists changes to flow of funds mnemonics in a sortable and searchable format beginning with 2009:Q4. The guide is located at:

http://www.federalreserve.gov/apps/fof/

2. Seasonal factors for quarterly flows have been recalculated for the period 2001:Q1 forward. The seasonal factors were generated using the X-12-ARIMA/88 seasonal adjustment program from Statistics Canada. The seasonals of several series received special treatment due to the recent financial crisis: seasonal factors for money market mutual fund assets and those for federal government deposits at the Federal Reserve and commercial banks were not revised.

3. The statistics in this publication reflect the annual revisions to the national income and product accounts (NIPAs) from 2003 forward released by the Bureau of Economic Analysis (BEA) of the Department of Commerce on July 29, 2011, and subsequent information for 2011:Q2 released on August 26, 2011. The August 2011 issue of the *Survey of Current Business* provides details on the major features of this annual revision.

4. Data for investment and depreciation flows of all sectors, and capital stocks for the household, nonfarm nonfinancial corporate business, and nonfarm noncorporate business sectors have been revised to reflect updated annual estimates of fixed assets from the BEA.

5. Revisions to the rest of the world sector (tables F.107 and L.107) reflect new estimates of the balance of payments and the international investment position from the BEA for 2007 through 2010. The new estimates are detailed in the July 2011 issue of the *Survey of Current Business*.

6. A new table for the financial business sector (tables F.108 and L.108) has been added to the Flow of Funds Accounts (Z.1). The total commercial banking sector, which aggregated the U.S.-chartered commercial banks, foreign banking offices in U.S., bank holding companies, and banks in U.S.-affiliated areas, has been deleted from the accounts. The monetary authority sector, previously shown on tables F.108 and L.108, has been renumbered and is now shown on tables F.109 and L.109.

7. The tables for bank loans not elsewhere classified (tables F.215 and L.215) and net interbank transactions (tables F.203 and L.203) have been redesigned to reflect the deletion of the total commercial banking concept and to present information for these two transaction tables more clearly.

Explanatory notes for tables D.1, D.2, and D.3. Domestic debt comprises 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, agency- and GSE-backed mortgage pools, the monetary authority, 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. This definition is consistent with the presentation of credit market borrowing and lending on tables F.1 through F.4. Net lending (+) or net borrowing (-) on the individual sector tables and the matrix is defined as net acquisition of financial assets less net increase in liabilities.

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 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 a 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 as:

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

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 and 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 ten 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:

www.federalreserve.gov/releases/Z1

This Internet site also provides coded tables and historical annual tables beginning in 1945 that correspond to the tables published in this release. There are also compressed ASCII files of quarterly data for seasonally adjusted flows, unadjusted flows, outstandings, balance sheets, debt (tables D.1, D.2, and D.3), and supplementary tables.

In addition, these data, as well as data for the quarterly and annual *Integrated Macroeconomic Accounts for the United States* tables, are available as customizable download datasets through the Data Download Program (**DDP**) at the following location:

www.federalreserve.gov/datadownload/Choose.aspx?rel=Z.1

An interactive, web-based guide to the Flow of Funds Accounts is available through the Z.1 release page. The tools and descriptions within this guide are designed to help users explore the structure and content of the Z.1 and the Integrated Macroeconomic Accounts.

Subscription Information. The Federal Reserve Board charges for subscriptions to all statistical releases. Inquiries for releases 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
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Availability of Data for Latest Quarter

	Available at time of publication	Major items missing
1. National income and product accounts (NIPA)	Second estimate, seasonally adjusted, for 2011:Q2.	Unadjusted flows since 2006.
2. Households and nonprofit organizations sector (tables F.100 and L.100)	Estimates for this sector are largely residuals and are 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 2011:Q2. The source for nonprofit organizations data (tables F.100.a and L.100.a) is the Internal Revenue Service *Statistics of Income*. Data for nonprofit organizations are available for 1987 through 2000.	
3. Nonfarm nonfinancial corporate business (tables F.102 and L.102)	*Quarterly Financial Report* (QFR) of the Census Bureau through 2011:Q2; Internal Revenue Service *Statistics of Income* (IRS/SOI) data through 2009; securities offerings, mortgages, bank loans, commercial paper, and other loans through 2011:Q2.	*Statistics of Income* data since 2009.
4. Nonfarm noncorporate business (tables F.103 and L.103)	IRS/SOI data through 2008; bank and finance company loans and mortgage borrowing through 2011:Q2.	*Statistics of Income* data since 2008.
5. Farm business (tables F.104 and L.104)	Mortgages, bank loans, loans from government-sponsored enterprises, U.S. government loans to farms, and equity in government-sponsored enterprises through 2011:Q2; preliminary data for checkable deposits and currency and trade payables through 2010.	Consumption of fixed capital and undistributed profits since 2010.
6. State and local governments (tables F.105 and L.105)	Gross offerings and retirements of municipal securities, deposits at banks, and nonmarketable U.S. government security issues through 2011:Q2; total financial assets through 2008:Q2 from the Census Bureau; breakdown of financial assets through 2004:Q2 from the comprehensive annual financial reports of state and local governments.	Total financial assets since 2008:Q2 and selected financial asset detail since 2004:Q2.
7. Federal government (tables F.106 and L.106)	Data from the *Monthly Treasury Statement of Receipts and Outlays* and Treasury data for loan programs and the Troubled Assets Relief Program (TARP) through 2011:Q2.	None.

8. Rest of the world (U.S. international transactions) (tables F.107 and L.107)	Balance of payments data through 2011:Q2. NIPA estimates; data from bank Reports of Condition and from Treasury International Capital System through 2011:Q2.	None.
9. Monetary authority (tables F.109 and L.109)	All data through 2011:Q2.	None.
10. U.S.-chartered commercial banks (tables F.110 and L.110)	All data through 2011:Q2.	None.
11. Foreign banking offices in U.S. (tables F.111 and L.111)	All data through 2011:Q2.	None.
12. Bank holding companies (table F.112 and L.112)	All data through 2011:Q2.	None.
13. Banks in U.S.-affiliated areas (tables F.113 and L.113)	All data through 2011:Q2 for commercial banks in U.S.-affiliated areas. All data through 2010 for branches of domestic commercial banks located in U.S.-affiliated areas.	Data since 2010 for branches of domestic commercial banks located in U.S.-affiliated areas.
14. Savings institutions (tables F.114 and L.114)	All data through 2011:Q2.	None.
15. Credit unions (tables F.115 and L.115)	All data through 2011:Q2.	None.
16. Property-casualty insurance companies (tables F.116 and L.116)	All data through 2011:Q2.	None.
17. Life insurance companies (tables F.117 and L.117)	All data through 2011:Q2.	None.
18. Private pension funds (tables F.118 and L.118)	Internal Revenue Service/Department of Labor/Pension Benefit Guaranty Corporation Form 5500 data through 2007.	Form 5500 data since 2007.
19. State and local government employee retirement funds (tables F.119 and L.119)	Detailed data through 2008:Q2 from the Census Bureau; sample data through 2011:Q2 from the Census Bureau.	Detailed data since 2008:Q2.
20. Federal government retirement funds (tables F.120 and L.120)	Data from the *Monthly Treasury Statement of Receipts and Outlays*, the Thrift Savings Plan, and the National Railroad Retirement Investment Trust through 2011:Q2.	None.

21. Money market mutual funds (tables F.121 and L.121)	All data through 2011:Q2.	None.
22. Mutual funds (tables F.122 and L.122)	All data through 2011:Q2.	None.
23. Closed-end funds (tables F.123 and L.123)	All data through 2011:Q2.	None.
24. Exchange-traded funds (tables F.123 and L.123)	All data through 2011:Q2.	None.
25. Government-sponsored enterprises (tables F.124 and L.124)	Data for Fannie Mae, Freddie Mac, Farmer Mac, FHLB, FICO, FCS, and REFCORP through 2011:Q2.	None.
26. Agency- and GSE-backed mortgage pools (tables F.125 and L.125)	Data for Fannie Mae, Freddie Mac, and Ginnie Mae through 2011:Q2.	None.
27. Issuers of asset-backed securities (ABSs) (tables F.126 and L.126)	All data for private mortgage pools, consumer credit, business loans, student loans, consumer leases, and trade credit securitization through 2011:Q2.	None.
28. Finance companies (tables F.127 and L.127)	All data through 2011:Q2.	None.
29. Real estate investment trusts (REITs) (tables F.128 and L.128)	Data from SNL Financial through 2011:Q2.	None.
30. Security brokers and dealers (tables F.129 and L.129)	Data for firms filing FOCUS and FOGS reports through 2011:Q2.	None.
31. Funding corporations (tables F.130 and L.130)	Estimates for this sector are largely residuals and are derived from data for other sectors.	