

## Domestic credit expansion

### **The concept of D.C.E.**

In the Letter of Intent to the International Monetary Fund of 22nd May,<sup>1</sup> the Chancellor of the Exchequer reaffirmed that the Government attached the greatest importance to monetary policy in general, and to the achievement of a satisfactory rate of domestic credit expansion in particular. "It is the Government's policy to ensure that the course quarter by quarter of domestic credit expansion as a whole, and of the central government borrowing requirement within it, is consistent with the intended result for the year as a whole, and to take action as appropriate to this end." The Government have thus placed considerable emphasis upon the rate of domestic credit expansion (D.C.E.) in its capacity as an additional indicator, in the monetary field, of the performance of the economy.

The search for an indicator of this general form<sup>2</sup> resulted from a belief that the rate of growth of the money supply<sup>3</sup> taken on its own was an inadequate indicator of monetary conditions, at least so far as the United Kingdom was concerned. This is mainly because the growth of the money supply in this country depends in part on the external position. If the balance of payments moves into deficit, the money supply will tend to decline (or rise less than it otherwise would). Expenditure abroad will, in the first instance, be financed by people running down their bank balances in exchange for foreign currency. Other things being equal, the banks will then replenish their holdings of foreign currency by selling sterling to the Exchange Equalisation Account, and the Government will use this sterling to redeem government debt held by the banking system. Although the emergence of an external deficit will have a number of consequences – for example in sentiment in the gilt-edged market – which may offset in whole or in part the decline in the money supply, the rate of growth of the money supply will nevertheless tend to be reduced by an external deficit, or increased by an external surplus.

When there is an external deficit, the resulting slower growth of the money supply is not a satisfactory measure of the restrictiveness of monetary policy. It is in order to deal with this point that the concept of D.C.E. has been evolved, essentially as a monetary indicator to be used in addition to the rate of change of the money supply, and to the various other economic indicators presently available.

Put briefly, D.C.E. may be viewed as the total arrived at after adjusting the increase in the money supply to take account of any change in money balances directly caused by an external surplus or deficit. D.C.E. is thus approximately equal to the increase in the money supply plus those sterling funds accruing to the authorities by their provision of foreign

<sup>1</sup> The text of the Letter of Intent may be found in *Hansard*, 23rd June 1969, col. 1008.

<sup>2</sup> An account of some recent studies of monetary questions, which led up to the adoption of this concept as an indicator, was included in the article on "Money supply and domestic credit" in *Economic Trends*, May 1969.

<sup>3</sup> As defined in *Financial Statistics*, Table 47.

exchange, from one source or another, for the accommodation of an external deficit (or, conversely, minus the sterling finance required to accommodate an external surplus).

It is not easy to define exactly which set of capital flows should be treated as having as a main purpose the accommodation of an external deficit (or surplus), and the definition must in this respect be somewhat arbitrary. It has been decided to set the definition quite broadly, encompassing not only borrowing by the central government abroad (or the running down of their foreign assets and reserves), but also the borrowing abroad of the public corporations and local authorities. It is germane to note that the recent decision to encourage such overseas borrowing was influenced by the need to finance the foreign payments position. Thus the external deficit or surplus as defined for the purposes of D.C.E. is the current account of the balance of payments, plus private capital flows, both long-term and short-term, together with official lending overseas.

In a closed economy, with no international transactions, inflationary pressures would work almost entirely through into increased prices and higher money incomes. In so far as there was a stable association between increases in money incomes and in the money supply, the rise in money incomes would be matched by a proportionate rise in the money stock. In the case of an open economy, particularly one as dependent on foreign trade as the United Kingdom's, internal inflationary pressures will, to some considerable extent, spill over from the domestic economy into increased expenditures abroad. Under such circumstances the internal rates of growth of money incomes and prices, and the associated rise in the money supply, will tend to be diminished and will thus become less useful as indicators of internal inflationary pressures. In this respect D.C.E. seems to be a more satisfactory indicator, since it measures the main factors leading to an expansion in the money supply,<sup>1</sup> whether or not such expansion is cut back subsequently by the use of such money balances for the purpose of making expenditures abroad.<sup>2</sup>

The relationship between the rate of expansion of domestic credit, or of the money supply, and the rate of increase of national expenditures is not, however, wholly stable, or predictable, especially in the short run. Even a small change in the income velocity of money implies a very large change in the money supply that would be consistent with a given level of money incomes. The extent of variability in this relationship means that a given change in money incomes,

<sup>1</sup> This is true in the sense that in a closed economy the components of D.C.E. must add exactly to the change in the money supply recorded, after taking account of banks' non-deposit liabilities. The relationship is a statistical identity. The more fundamental causes of changes in the money supply at any time lie rather in the behaviour and decisions of the various members of the community in the economic context in which they find themselves. This subject was given some consideration in the article "The U.K. banking sector 1952-67" in the June *Bulletin*. The statistics of D.C.E. can however, throw only a little extra light on this matter.

<sup>2</sup> D.C.E. is a flow concept, expressed in terms of a change over a short period, to be related to the initial stock of money balances. It is possible to estimate a stock of domestic credit, consisting effectively of the domestic money supply plus net claims of the overseas sector on the public sector, but while the level of expenditures in this country is fairly closely associated over the longer run with the size of the domestic money stock, it is not closely associated with the level of sterling balances held overseas, and other net claims held by the overseas sector on the public sector.



especially in the short run, can be associated with quite a wide range of possible out-turns for the growth of the money supply.

Much of the apparent instability in the relationship between the movements in the money supply and in money incomes, particularly in the short term, can be attributed to fluctuations in the appetite of investors other than the banks for public sector debt as against money balances. The private sector is in a position to reduce its holdings of public sector debt, in order to add to its money balances, in very considerable quantities without loss, either by encashing its national savings or by not reinvesting the cash obtained from redemptions of marketable securities. Variations in the private sector's demand for public sector debt, particularly for British government stocks, are strongly affected by market expectations of the likely course of security prices in the relatively near future. Such expectations are often volatile, and the volume of purchases by the public tends to vary erratically, causing unpredictable variations of considerable size in D.C.E. Market expectations are often based on an assessment of future economic developments, and of the likely success of the Government in controlling the economy. For example, expectations of worsening inflationary pressures and of continuing balance of payments difficulties would be likely to lead the market to expect fixed interest security prices to fall in the near future – largely irrespective of the existing level of prices. So far as the swings in market expectations represent an exaggerated response to transient economic developments or are caused by purely random factors, they militate against too close a concern with short-term variations in the rate of expansion of domestic credit.

Expectations influence not only the state of financial markets but also expenditure decisions more generally. The degree to which people expect the authorities to succeed in their efforts to curb inflation, and to bring about a marked improvement in external transactions, will influence decisions on expenditures on investment, consumption and so forth. To this extent the rate of expansion of domestic credit will be related not only to current conditions in the economy, but will also reflect the market's view of future developments in the economy and may thus be, in part, a forward looking indicator.

### **Measurement of D.C.E.**

As already noted the total of D.C.E. measures the change in the domestic money supply, with account being taken of any reduction in the money supply resulting from an external deficit (or any increase resulting from a surplus) and is, therefore, an adjusted money supply indicator; it does not measure the total volume of credit provided through the various financial channels within the economy by sectors in surplus to sectors in deficit, or indeed within sectors.

Thus the definition of D.C.E. excludes credit creation which does not lead directly to any change in the money supply, but rather causes a transfer of existing money balances from lender to borrower. It excludes any credit created by financial intermediaries outside the banks or directly by persons or companies, for example in the form of

trade credit. The definition also excludes credit provided to the private sector by the overseas sector, though such credit will indirectly affect the composition, and to some extent the total, of D.C.E., because it affects the external transactions of the public sector. The adoption of D.C.E. as an indicator does not mean that any less importance is to be attached to the activities of financial intermediaries other than the banks. It will continue to be necessary to have regard to a number of monetary indicators in order to gauge the overall thrust of monetary policy. The statistic for D.C.E. is a useful adjunct to existing indicators, financial and otherwise, and is not intended as a replacement for them.

The main elements comprising D.C.E. can be set out quite shortly. In so far as the public sector cannot finance its borrowing requirement by selling debt to the general public, it will either borrow overseas – the largely involuntary counterpart of an external deficit – or borrow from the banking sector,<sup>1</sup> or borrow from the public by issuing more notes and coin,<sup>2</sup> thus raising the money supply. So the first two items which go to make up the total of D.C.E. are the public sector borrowing requirement, less sales of public sector debt to holders in the United Kingdom other than banks. The only other item which needs to be included is the volume of lending by the banks to the private sector. In practice two adjustments are made to the total of such lending to arrive at the present definition of D.C.E. Lending to U.K. residents in foreign currencies for investment abroad is effectively an *entrepôt* business by the U.K. banks; it has no appreciable effect on domestic liquidity and, given the rationale of the concept of D.C.E., is properly excluded from the total. On the other hand, bank lending to overseas residents in sterling is very often for the finance of U.K. exports (as contrasted with lending to overseas residents in foreign currencies, when the funds will not generally be spent in the United Kingdom), and has an effect upon domestic liquidity that can hardly be distinguished from the direct finance of a U.K. exporter by a U.K. bank. Lending to overseas residents in sterling is, therefore, included within the total of D.C.E. Table A sets out the figures for these component parts of D.C.E.

Firm figures for the total borrowing requirement of some parts of the public sector, in particular the local authorities, are not at present available for several months after the end of each quarter, though it is hoped to speed up the collection of such data. Nevertheless the total of D.C.E. can be estimated from other sources quite promptly. The banks provide the monetary authorities with figures of bank lending to the public sector (that is, the take-up of public sector debt by the banks) within a few weeks of the end of each quarter. Information on overseas lending to the public sector, provided both from banks and from other sources, becomes

<sup>1</sup> The provision of funds by the banking sector to meet the public sector's residual financing requirement was described in more detail in "The U.K. banking sector 1952-67" in the June *Bulletin*.

<sup>2</sup> Increased holdings of notes and coin by the banking sector are included as part of bank lending to the central government. Increased holdings of notes and coin by the general public similarly go to finance the central government's borrowing requirement. As the take-up of notes and coin by the public raises the money supply, it is treated as a component of D.C.E., in contradistinction to other forms of private sector lending to the public sector.



available at the same time. Because bank lending to the public sector (plus the public's take-up of notes and coin) and overseas lending to the public sector are together equal to the public sector's borrowing requirement less debt sales (other than notes and coin) to investors other than the banks, the total of D.C.E. can be reached by either route.

**Table A<sup>a</sup>**

£ millions	1965/66	1966/67	1967/68	1968/69
Public sector borrowing requirement+	+ 958	+1,188	+1,953	+ 437
less Sales of public sector debt to non-bank private sector	- 213	- 623	- 432	+ 137
Bank lending to the private sector+ <sup>b</sup>	+ 377	- 62	+ 741	+ 601
<b>Domestic credit expansion+</b>	<b>+1,122</b>	<b>+ 503</b>	<b>+2,262</b>	<b>+1,175</b>

<sup>a</sup> Some of the above figures differ from those previously published in *Economic Trends* and *Financial Statistics*. In addition to minor revisions to the total of D.C.E. due to more up-to-date information, the coverage of the public sector borrowing requirement and the classification of sales of public sector debt to the private sector have been amended. The changes have equal and offsetting effects on the borrowing requirement and on sales to the private sector, and so leave the totals of D.C.E. unaffected. The composition of the borrowing requirement is described in the footnote to Table D. The revised coverage will be adopted in the next issue of *Financial Statistics*.

<sup>b</sup> Including the two adjustments referred to in the text.

Thus it is possible to arrive at the same total as in Table A using somewhat different components, for which the statistics can be obtained earlier. This presentation is shown in Table B, and because it is available sooner will be used most often to describe developments in D.C.E.

**Table B**

£ millions	1965/66	1966/67	1967/68	1968/69
Bank lending to public sector+	+ 578	+ 411	- 26	+ 93
Bank lending to private sector+ <sup>a</sup>	+ 377	- 62	+ 741	+ 601
Notes and coin in circulation with the public, increase+	+ 241	+ 125	+ 106	+ 69
Overseas lending to + :				
Central government	- 47	+ 48	+1,462	+ 456
Local authorities	- 27	- 19	- 21	- 51
Public corporations	-	-	-	+ 7
<b>Domestic credit expansion+</b>	<b>+1,122</b>	<b>+ 503</b>	<b>+2,262</b>	<b>+1,175</b>

<sup>a</sup> Including the two adjustments referred to in the text.

It was suggested earlier in this article that the concept of D.C.E. is most easily interpreted as the increase in money supply, adjusted to take account of the effect of an external deficit or surplus. It is therefore possible as another alternative to set out a table presenting the total of D.C.E. in terms of these two elements – the increase in the money supply together with the external deficit or surplus to be accommodated. However, this approach, which in essence starts from the liabilities side of the banks' balance sheets, entails a number of minor adjustments, as shown in Table C. These adjustments are necessary for two reasons. First, the increase in those banking sector liabilities which are included in the definition of the money supply is not exactly matched by the increase in banking sector assets which form part of credit creation: for one thing, assets and liabilities held with U.K.

banks by overseas customers will not usually change exactly in step with each other, and this must be accompanied by a corresponding divergence between the growth of the assets and liabilities of U.K. residents; for another, the increase in bank assets may be matched by an increase in non-deposit liabilities, in particular liabilities to shareholders. Secondly, this presentation needs to be brought into line with the others by allowing for lending to U.K. residents in foreign currency for investment abroad and for lending in sterling to overseas residents.

**Table C**

£ millions	1965/66	1966/67	1967/68	1968/69
Increase in money supply+	+1,049	+ 390	+1,239	+ 919
Overseas lending to public sector+	- 74	+ 29	+1,441	+ 412
<i>plus adjustments</i>				
Increase in banks' net non-deposit liabilities+	+ 78	+ 142	+ 49	+ 97
Foreign currency borrowing by residents for investment overseas-	- 10	- 15	- 75	- 160
Non-resident foreign currency deposits /less foreign currency claims	- 193	—	- 103	- 12
Increase in non-resident deposits in sterling+	+ 272	- 43	- 289	- 81
<b>Domestic credit expansion+</b>	<b>+1,122</b>	<b>+ 503</b>	<b>+2,262</b>	<b>+1,175</b>

The relationship between D.C.E., the money supply and the balance of payments may perhaps be made clearer through the following three definitional identities:

- a* Overseas lending to public sector and reduction in external reserves = External deficit<sup>1</sup>
- b* Bank lending to public and private sectors, and in sterling to overseas = Increase in deposits of U.K. residents  
+ Increase in deposits from (net of foreign currency lending to) overseas  
+ Increase in banks' capital and reserves
- c* Finance provided by the public through Bank of England Issue Department and the Royal Mint = Increase in currency in circulation with the public

Identity *a* is a restatement of the well-known axiom of balance of payments accounting that the total of items to be financed must be equal to the total of financing provided. Identity *b* is the familiar requirement that bank assets should equal liabilities, though most foreign currency items are netted out.<sup>2</sup> Identity *c* is another way of looking at the increase in the currency in circulation.

<sup>1</sup> Defined as on page 364.

<sup>2</sup> The only foreign currency items which are included are net switching into sterling, plus lending to residents other than for investment overseas.



Taking the three identities together, the sum of the left-hand side items is D.C.E. (the presentation is virtually that of Table B), while the sum of the three right-hand side items is the increase in the money supply (residents' bank deposits and notes in circulation), plus the external deficit, plus the "adjustments" noted in Table C.

### Historical figures

Tables D to F, which follow, comprise annual tables for D.C.E. covering the calendar years 1952-68, and quarterly tables for the financial years 1963/64-1968/69. Both the annual and the quarterly figures are set out in accordance with the three different presentations discussed in this article. Tables D, E and F, however, particularly those giving the quarterly figures, provide slightly more detail than Tables A, B and C.

Most of the components in the tables showing the annual development of D.C.E. for the years 1952-62 can be obtained directly or indirectly from "Sector financing accounts: 1952-66" published in the December 1967 *Bulletin*, and from supporting material. Sterling lending to the overseas sector was not recorded by the banks in the earlier years of this period. As an approximation, for the years before 1963, the figures for U.K. external sterling claims published by the Bank in May 1968<sup>1</sup> have been used. For this purpose, however, the series has a number of drawbacks: on the one hand, it covered more respondents than the banking sector; on the other it excluded banks' transactions in overseas sterling securities which rank as lending to the overseas sector for the purpose of estimating D.C.E. Since 1963 data on bank lending in sterling to overseas residents have been provided by the banks, but some minor components have still to be estimated. Lending to U.K. residents in foreign currency for investment abroad is likely to have been very small before 1962; figures for such lending since 1963 have been largely estimated.

These time series provide basic data for a more thorough study than has so far been possible of the relationship between D.C.E. and other economic variables in the United Kingdom. This study is under way in the Bank, and preliminary results show a relationship that satisfies certain tests of statistical significance between D.C.E. and changes in certain expenditure series, both in quarterly and annual data. (The charts of these relationships are shown at the end of this article.) However, the nature of the causal mechanism, or mechanisms, which are at work in this relationship, and the rôle of the balance of payments within such a relationship, are far from being positively established, and work continues.

It is hoped that, in due course, some account of the work may be published. But as the processes of interaction among financial and real variables are complex, and probably change over time, it would be unrealistic to expect results to be produced quickly; or that such results as were published would be definitive.

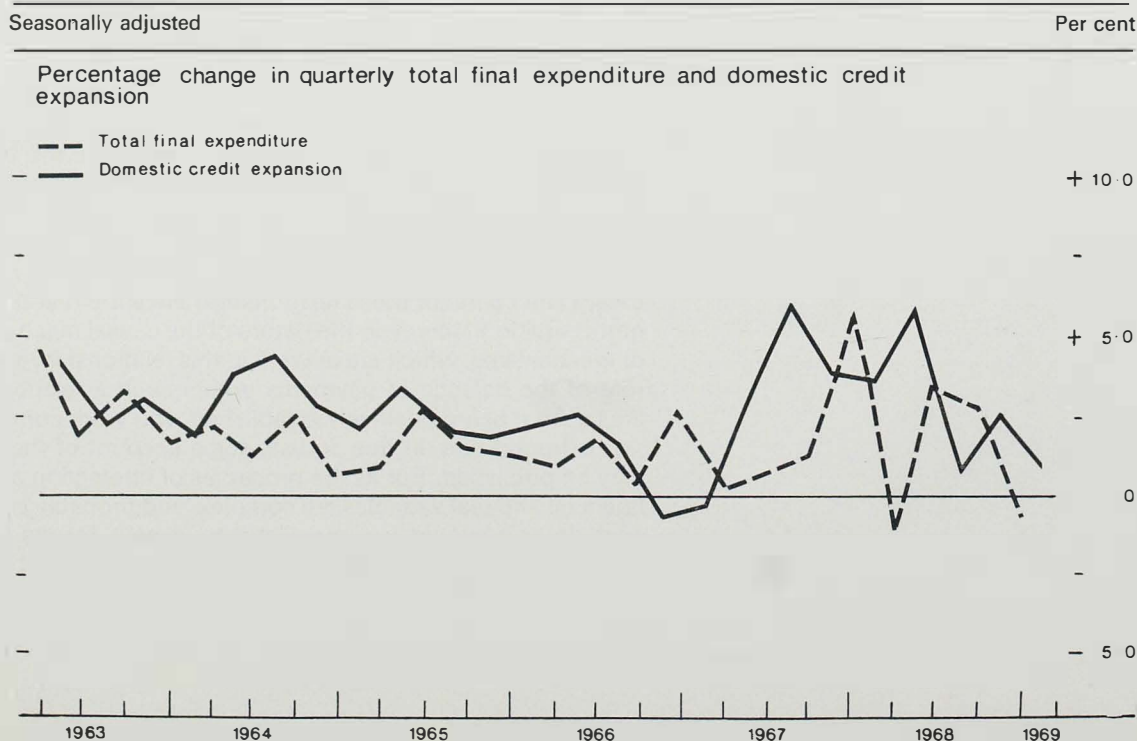
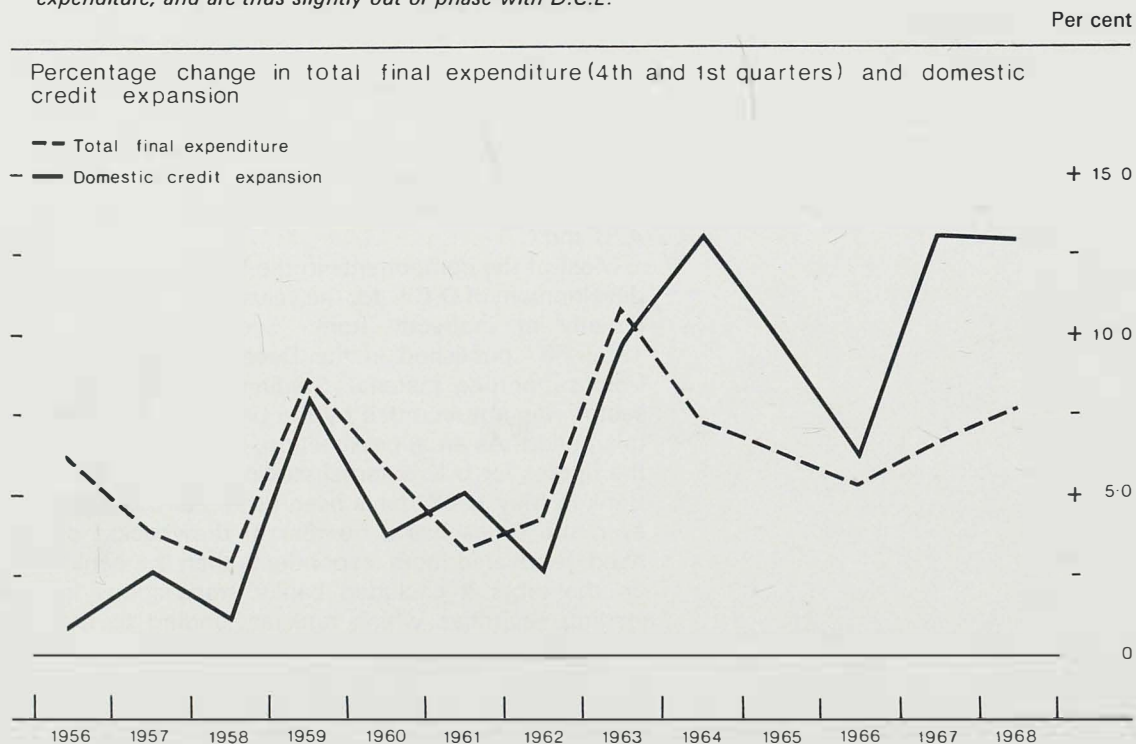
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<sup>1</sup> "U.K. external liabilities and claims in sterling: 1945-62 (old series)".

*Expenditure rather than output series are used in these charts, because they provide a better indication of inflationary pressures in the economy. The last two charts also include a further adjustment to take account of the possibility that inflationary pressures will be reflected in expenditures abroad on capital as well as on current account.*

*The charts showing relationships in annual data use changes in expenditure during the year, taken as the change between expenditure at the turn of one year (i.e. in the fourth and first quarters) and the same period the year previously. This is done in order to keep in phase with the figures for D.C.E.*

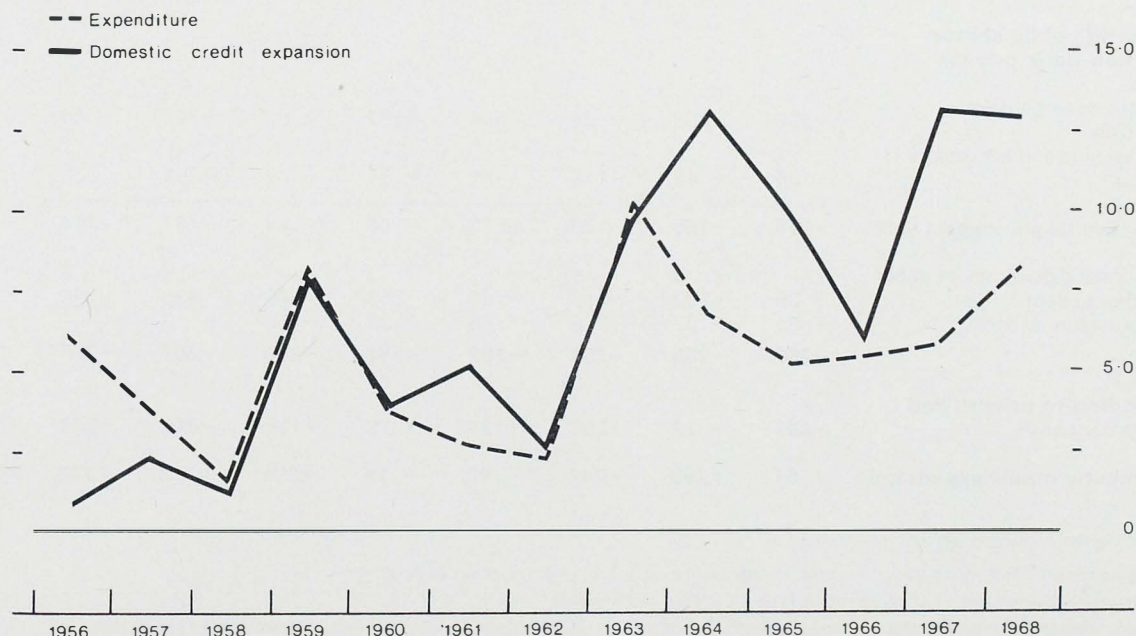
*The charts showing the relationship in quarterly data, however, use quarter-on-quarter changes in expenditure, and are thus slightly out of phase with D.C.E.*





Per cent

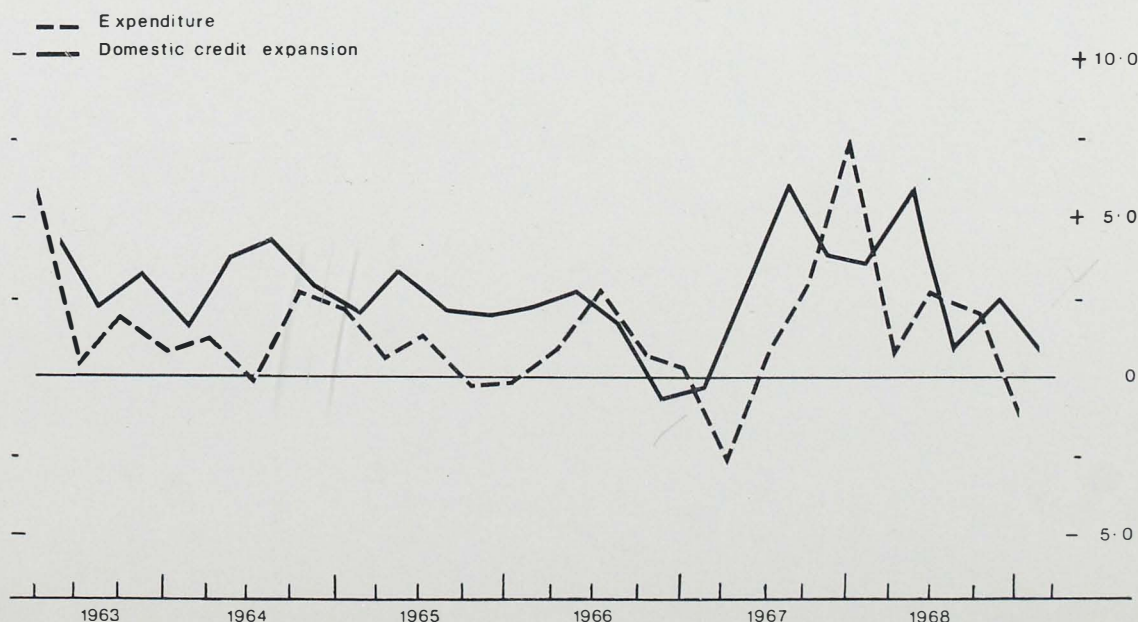
Percentage change in expenditure<sup>a</sup> and domestic credit expansion



Seasonally adjusted

Per cent

Percentage change in quarterly expenditure<sup>a</sup> and domestic credit expansion



<sup>a</sup> Changes in expenditure in the last two charts comprise changes in total final expenditure, and net outflows of private capital (defined here as the total of all external items requiring net official financing, with the exception of the balance of trade in goods and services).

**Table D**  
**Domestic credit expansion**

£ millions

Annual changes

	1952	1953	1954	1955	1956	1957	1958	1959	1960
<b>Public sector borrowing requirement<sup>a</sup></b>									
Central government	+583	+525	+199	+445	+ 42	+170	+ 80	+156	+ 307
Northern Ireland Government	—	- 3	- 1	+ 2	- 1	—	—	+ 3	+ 2
Local authorities	+ 37	+141	+192	+ 36	+377	+346	+397	+399	+ 395
Public corporations	+151	- 72	- 23	- 14	+146	- 30	+ 14	+ 13	+ 6
	<b>+771</b>	<b>+591</b>	<b>+367</b>	<b>+469</b>	<b>+564</b>	<b>+486</b>	<b>+491</b>	<b>+571</b>	<b>+ 710</b>
<b>less Sales of public sector debt to non-bank private sector—</b>									
British government stocks	} -330	-230	+ 25	-644	-157	+ 86	-266	- 84	- 475
Treasury bills									
National savings and tax reserve certificates		+ 42	-148	+ 81	- 11	- 42	-201	-332	- 318
Central government debt	-175	-188	-123	-563	-168	+ 44	-467	-416	- 793
Northern Ireland government debt	—	+ 3	+ 1	- 2	+ 1	—	—	- 3	- 2
Local authority debt	- 39	-132	-165	- 66	-363	-348	-338	-349	- 283
Public corporations' debt	- 55	+ 32	- 6	- 68	- 32	- 16	- 2	—	- 4
	<b>-269</b>	<b>-285</b>	<b>-293</b>	<b>-699</b>	<b>-562</b>	<b>-320</b>	<b>-807</b>	<b>-768</b>	<b>-1,082</b>
<b>Bank lending to private and overseas sectors<sup>+</sup></b>	<b>-451</b>	<b>- 13</b>	<b>+268</b>	<b>+138</b>	<b>+ 73</b>	<b>+ 35</b>	<b>+419</b>	<b>+943</b>	<b>+ 757</b>
<b>Domestic credit expansion<sup>+</sup></b>	<b>+ 51</b>	<b>+293</b>	<b>+342</b>	<b>- 92</b>	<b>+ 75</b>	<b>+201</b>	<b>+103</b>	<b>+746</b>	<b>+ 385</b>

<sup>a</sup> The public sector borrowing requirement is defined as:

*Central government* The central government net balance, as shown in Table 1 in the annex to the *Bulletin*.

*Northern Ireland Government* Net borrowing in Table 15 of *Financial Statistics*.

*Local authorities* Net borrowing other than from the central government (as in Table 24 of *Financial Statistics*), adjusted for local authority net acquisitions of gilt-edged stocks.

*Public corporations* The sum of the following: stock issued less stock redeemed (excluding transactions relating to the writing-off of debt — *Financial Statistics* Table 28); borrowing from own superannuation funds (*Financial Statistics* Table 28); borrowing from the banking and overseas sectors (as in Table E); plus adjustments for the public corporations' net acquisitions of gilt-edged stocks and local authority debt. Also included is bank lending to central government trading bodies etc.

See also footnote *a* to Table A



1961	1962	1963	1964	1965	1966	1967	1968
+220	- 79	+ 148	+ 423	+ 597	+521	+1,134	+ 751
+ 13	+ 14	+ 5	+ 12	+ 15	+ 14	+ 21	+ 4
+498	+600	+ 636	+ 566	+ 561	+399	+ 683	+ 583
- 27	+ 11	+ 35	- 2	+ 17	+ 6	- 31	- 46
<b>+704</b>	<b>+546</b>	<b>+ 824</b>	<b>+ 999</b>	<b>+1,190</b>	<b>+940</b>	<b>+1,807</b>	<b>+1,292</b>

+ 86	-258	{ + 111	- 14	- 150	-106	- 277	+ 207
		{ + 32	+ 70	+ 37	+ 22	+ 5	+ 47
-151	- 77	- 126	- 172	+ 134	+208	- 3	+ 64
- 65	-335	+ 17	- 116	+ 21	+124	- 275	+ 318
- 13	- 14	- 5	- 8	- 17	- 11	- 20	- 4
-418	-475	- 574	- 386	- 459	-360	- 329	- 379
- 14	- 7	- 13	- 4	- 12	+ 9	+ 13	- 20
<b>-510</b>	<b>-831</b>	<b>- 575</b>	<b>- 514</b>	<b>- 467</b>	<b>-238</b>	<b>- 611</b>	<b>- 85</b>
<b>+319</b>	<b>+560</b>	<b>+ 798</b>	<b>+1,012</b>	<b>+ 456</b>	<b>+ 84</b>	<b>+ 562</b>	<b>+ 681</b>
<b>+513</b>	<b>+275</b>	<b>+1,047</b>	<b>+1,497</b>	<b>+1,179</b>	<b>+786</b>	<b>+1,758</b>	<b>+1,888</b>

**Table D continued**  
**Domestic credit expansion**

£ millions

Quarterly changes

	1963 Mar.	June	Sept.	1963/64		Year	June	Sept.	1964/65		Year
				Dec.	Mar.				Dec.	Mar.	
<b>Public sector borrowing requirement<sup>a</sup></b>											
Central government	-852	+270	+304	+426	-625	+ 375	+229	+339	+480	-735	+ 313
Northern Ireland Government	- 7	+ 3	+ 1	+ 8	- 7	+ 5	+ 3	+ 4	+ 12	- 8	+ 11
Local authorities	+185	+146	+155	+150	+212	+ 663	+138	+156	+ 60	+247	+ 601
Public corporations	+ 17	- 6	+ 38	- 14	+ 4	+ 22	+ 8	- 2	- 12	- 10	- 16
	<b>-657</b>	<b>+413</b>	<b>+498</b>	<b>+570</b>	<b>-416</b>	<b>+1,065</b>	<b>+378</b>	<b>+497</b>	<b>+540</b>	<b>-506</b>	<b>+ 909</b>
<b>/less Sales of public sector debt to non-bank private sector-</b>											
British government stocks	+ 58	- 5	+ 2	+ 56	- 29	+ 24	+ 36	- 42	+ 21	- 26	- 11
Treasury bills	- 90	+109	- 29	+ 42	- 33	+ 89	+ 44	+ 12	+ 47	+ 23	+ 126
National savings and tax reserve certificates	+ 56	- 56	- 57	- 69	+ 85	- 97	-123	- 63	- 71	+113	- 144
Central government debt	+ 24	+ 48	- 84	+ 29	+ 23	+ 16	- 43	- 93	- 3	+110	- 29
Northern Ireland government debt	+ 3	- 3	- 1	- 4	+ 3	- 5	+ 1	- 4	- 8	-	- 11
Local authority debt	-169	-148	-130	-127	-122	- 527	- 74	- 13	-177	-114	- 378
Public corporations' debt	- 2	- 7	- 2	- 2	- 1	- 12	- 6	- 2	+ 5	- 5	- 8
	<b>-144</b>	<b>-110</b>	<b>-217</b>	<b>-104</b>	<b>- 97</b>	<b>- 528</b>	<b>-122</b>	<b>-112</b>	<b>-183</b>	<b>- 9</b>	<b>- 426</b>
<b>Bank lending to private and overseas sectors+</b>	<b>+477</b>	<b>+249</b>	<b>- 99</b>	<b>+171</b>	<b>+377</b>	<b>+ 698</b>	<b>+311</b>	<b>+ 63</b>	<b>+261</b>	<b>+437</b>	<b>+1,072</b>
<b>Domestic credit expansion+</b>	<b>-324</b>	<b>+552</b>	<b>+182</b>	<b>+637</b>	<b>-136</b>	<b>+1,235</b>	<b>+567</b>	<b>+448</b>	<b>+618</b>	<b>- 78</b>	<b>+1,555</b>

<sup>a</sup> See footnote on page 372.



June	Sept.	1965/66		Year	June	Sept.	1966/67		Year
		Dec.	Mar.				Dec.	Mar.	
+476	+328	+528	-833	+ 499	+438	+424	+492	-627	+ 727
+ 9	+ 8	+ 6	- 8	+ 15	+ 9	+ 8	+ 5	+ 1	+ 23
+ 27	+185	+102	+104	+ 418	+102	+ 69	+124	+173	+ 468
+ 19	- 1	+ 9	- 1	+ 26	- 19	—	+ 26	- 37	- 30
<b>+531</b>	<b>+520</b>	<b>+645</b>	<b>-738</b>	<b>+ 958</b>	<b>+530</b>	<b>+501</b>	<b>+647</b>	<b>-490</b>	<b>+1,188</b>
+ 10	- 28	-106	+155	+ 31	- 36	- 2	-223	-293	- 554
+ 12	- 24	+ 26	+ 5	+ 19	- 2	+ 7	+ 12	+ 21	+ 38
- 37	+ 56	+ 2	+156	+ 177	- 12	+ 38	+ 26	+115	+ 167
- 15	+ 4	- 78	+316	+ 227	- 50	+ 43	-185	-157	- 349
- 9	- 2	- 6	+ 2	- 15	- 3	- 5	- 5	- 10	- 23
-179	-156	- 10	- 70	- 415	- 65	-109	-116	+ 19	- 271
+ 4	+ 2	- 13	- 3	- 10	- 4	+ 27	- 11	+ 8	+ 20
<b>-199</b>	<b>-152</b>	<b>-107</b>	<b>+245</b>	<b>- 213</b>	<b>-122</b>	<b>- 44</b>	<b>-317</b>	<b>-140</b>	<b>- 623</b>
<b>+193</b>	<b>-183</b>	<b>+ 9</b>	<b>+358</b>	<b>+ 377</b>	<b>+ 57</b>	<b>-278</b>	<b>- 53</b>	<b>+212</b>	<b>- 62</b>
<b>+525</b>	<b>+185</b>	<b>+547</b>	<b>-135</b>	<b>+1,122</b>	<b>+465</b>	<b>+179</b>	<b>+277</b>	<b>-418</b>	<b>+ 503</b>

**Table D concluded****Domestic credit expansion**

£ millions

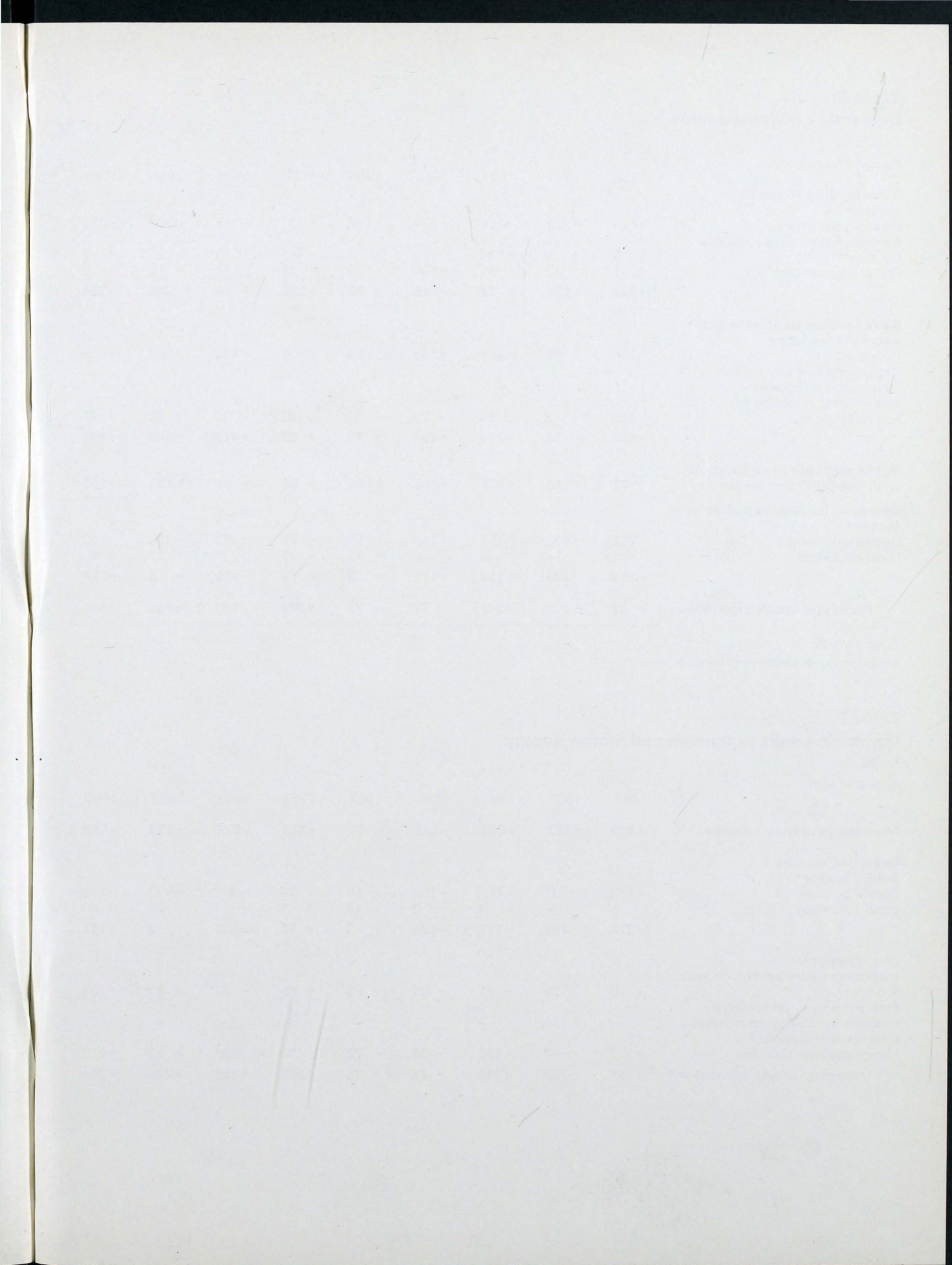
Quarterly changes

	1967/68					1968/69					1969 June
	June	Sept.	Dec.	Mar.	Year	June	Sept.	Dec.	Mar.	Year	
<b>Public sector borrowing requirement+<sup>a</sup></b>											
Central government	+423	+542	+796	-430	+1,331	+394	+360	+427	-1,454	- 273	-236
Northern Ireland Government	—	+ 17	+ 3	- 13	+ 7	+ 9	- 1	+ 9	- 18	- 1	..
Local authorities	+205	+185	+120	+190	+ 700	+156	+182	+ 55	+ 282	+ 675	..
Public corporations	- 7	+ 6	+ 7	- 91	- 85	- 12	+ 27	+ 30	- 9	+ 36	..
	<b>+621</b>	<b>+750</b>	<b>+926</b>	<b>-344</b>	<b>+1,953</b>	<b>+547</b>	<b>+568</b>	<b>+521</b>	<b>-1,199</b>	<b>+ 437</b>	<b>..</b>
<b>/less Sales of public sector debt to non-bank private sector—</b>											
British government stocks	+126	+ 11	-121	- 25	- 9	+110	- 71	+193	+ 193	+ 425	-108
Treasury bills	- 29	- 7	+ 20	+ 17	+ 1	+ 28	- 12	+ 14	+ 12	+ 42	+ 14
National savings and tax reserve certificates	- 87	- 30	- 1	+ 97	- 21	+ 1	- 4	- 30	+ 92	+ 59	+ 63
Central government debt	+ 10	- 26	-102	+ 89	- 29	+139	- 87	+177	+ 297	+ 526	- 31
Northern Ireland government debt	+ 2	- 11	- 1	+ 3	- 7	- 4	—	- 3	+ 8	+ 1	..
Local authority debt	-226	- 36	- 86	- 48	- 396	-183	- 56	- 92	- 51	- 382	..
Public corporations' debt	+ 4	- 3	+ 4	- 5	—	- 3	- 2	- 10	+ 7	- 8	..
	<b>-210</b>	<b>- 76</b>	<b>-185</b>	<b>+ 39</b>	<b>- 432</b>	<b>- 51</b>	<b>-145</b>	<b>+ 72</b>	<b>+ 261</b>	<b>+ 137</b>	<b>..</b>
<b>Bank lending to private and overseas sectors+</b>	<b>+ 75</b>	<b>+130</b>	<b>+145</b>	<b>+391</b>	<b>+ 741</b>	<b>+419</b>	<b>-352</b>	<b>+223</b>	<b>+ 311</b>	<b>+ 601</b>	<b>+ 86</b>
<b>Domestic credit expansion+</b>	<b>+486</b>	<b>+804</b>	<b>+886</b>	<b>+ 86</b>	<b>+2,262</b>	<b>+915</b>	<b>+ 71</b>	<b>+816</b>	<b>- 627</b>	<b>+1,175</b>	<b>- 77</b>

.. not available.

<sup>a</sup> See footnote on page 372.





**Table E**  
**Domestic credit expansion**

£ millions

Annual changes	1952	1953	1954	1955	1956	1957	1958	1959	1960
<b>Bank lending to public sector+</b>									
Central government	+623	+322	- 17	-324	-152	+230	- 56	-373	-432
Northern Ireland Government	..	..	..	..	..	..	..	..	..
Local authorities	- 2	+ 9	+ 24	- 28	+ 1	- 1	+ 58	+ 25	+ 72
Public corporations <sup>a</sup>	+ 21	- 32	+ 51	-104	+ 75	- 41	+ 12	+ 15	+ 6
	<b>+642</b>	<b>+299</b>	<b>+ 58</b>	<b>-456</b>	<b>- 76</b>	<b>+188</b>	<b>+ 14</b>	<b>-333</b>	<b>-354</b>
<b>Bank lending to private and overseas sectors+</b>									
Private sector	-344	- 16	+216	+109	+ 35	+ 3	+442	+907	+695
<i>less</i> Foreign currency lending for investment overseas-									
<i>plus</i> Lending in sterling to non-residents+	-107	+ 3	+ 52	+ 29	+ 38	+ 32	- 23	+ 36	+ 62
	<b>-451</b>	<b>- 13</b>	<b>+268</b>	<b>+138</b>	<b>+ 73</b>	<b>+ 35</b>	<b>+419</b>	<b>+943</b>	<b>+757</b>
<b>Notes and coin in circulation with the public, increase+</b>	<b>+72</b>	<b>+110</b>	<b>+128</b>	<b>+ 96</b>	<b>+ 75</b>	<b>+ 54</b>	<b>+ 51</b>	<b>+134</b>	<b>+101</b>
<b>Overseas lending to public sector+</b>									
Central government	-212	-103	-115	+132	- 10	- 75	-382	- 23	-159
Local authorities	—	—	+ 3	- 2	+ 13	- 1	+ 1	+ 25	+ 40
	<b>-212</b>	<b>-103</b>	<b>-112</b>	<b>+130</b>	<b>+ 3</b>	<b>- 76</b>	<b>-381</b>	<b>+ 2</b>	<b>-119</b>
<b>Domestic credit expansion+</b>	<b>+ 51</b>	<b>+293</b>	<b>+342</b>	<b>- 92</b>	<b>+ 75</b>	<b>+201</b>	<b>+103</b>	<b>+746</b>	<b>+385</b>

.. not available.

<sup>a</sup> Including central government trading bodies etc.

**Table F**  
**Domestic credit expansion and money supply**

£ millions

Annual changes	1952	1953	1954	1955	1956	1957	1958	1959	1960
<b>Increase in money supply+</b>	<b>+235</b>	<b>+267</b>	<b>+268</b>	<b>-248</b>	<b>+ 81</b>	<b>+228</b>	<b>+274</b>	<b>+578</b>	<b>+182</b>
<b>Overseas lending to public sector+</b>									
Central government	-212	-103	-115	+132	- 10	- 75	-382	- 23	-159
Local authorities	—	—	+ 3	- 2	+ 13	- 1	+ 1	+ 25	+ 40
	<b>-212</b>	<b>-103</b>	<b>-112</b>	<b>+130</b>	<b>+ 3</b>	<b>- 76</b>	<b>-381</b>	<b>+ 2</b>	<b>+119</b>
<i>plus adjustments</i>									
Increase in banks' net non-deposit liabilities+	+ 35	+ 79	+ 81	+ 55	+ 63	+ 59	+ 82	+ 83	+109
Foreign currency borrowing by residents for investment overseas-	—	—	—	—	—	—	—	—	—
Non-resident deposits <i>less</i> foreign currency claims+	- 7	+ 50	+105	- 29	- 72	- 10	+128	+ 83	+213
<b>Domestic credit expansion+</b>	<b>+ 51</b>	<b>+293</b>	<b>+342</b>	<b>- 92</b>	<b>+ 75</b>	<b>+201</b>	<b>+103</b>	<b>+746</b>	<b>+385</b>



1961	1962	1963	1964	1965	1966	1967	1968
- 28	+ 41	+ 3	- 530	+ 308	+121	+ 231	- 140
..	..	—	+ 4	- 2	+ 3	+ 1	—
+ 25	+ 72	+ 65	+ 152	+ 116	+ 81	+ 346	+ 261
- 17	+ 2	+ 5	- 7	+ 7	+ 15	- 7	- 65
<b>- 20</b>	<b>+115</b>	<b>+ 73</b>	<b>- 381</b>	<b>+ 429</b>	<b>+220</b>	<b>+ 571</b>	<b>+ 56</b>

+258	+513	+ 673	+ 950	+ 490	+111	+ 568	+ 696
		- 5	- 15	- 45	- 12	- 50	- 155
+ 61	+ 47	+ 130	+ 77	+ 11	- 15	+ 44	+ 140
<b>+319</b>	<b>+560</b>	<b>+ 798</b>	<b>+1,012</b>	<b>+ 456</b>	<b>+ 84</b>	<b>+ 562</b>	<b>+ 681</b>

<b>+ 97</b>	<b>- 70</b>	<b>+ 72</b>	<b>+ 209</b>	<b>+ 195</b>	<b>+ 66</b>	<b>+ 125</b>	<b>+ 52</b>
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+ 64	-381	+ 105	+ 629	+ 114	+459	+ 494	+1,157
+ 53	+ 51	- 1	+ 28	- 15	- 43	+ 6	- 58
<b>+117</b>	<b>-330</b>	<b>+ 104</b>	<b>+ 657</b>	<b>+ 99</b>	<b>+416</b>	<b>+ 500</b>	<b>+1,099</b>
<b>+513</b>	<b>+275</b>	<b>+1,047</b>	<b>+1,497</b>	<b>+1,179</b>	<b>+786</b>	<b>+1,758</b>	<b>+1,888</b>

1961	1962	1963	1964	1965	1966	1967	1968
<b>+262</b>	<b>+275</b>	<b>+ 697</b>	<b>+ 597</b>	<b>+ 915</b>	<b>+536</b>	<b>+1,309</b>	<b>+ 987</b>

+ 64	-381	+ 105	+ 629	+ 114	+459	+ 494	+1,157
+ 53	+ 51	- 1	+ 28	- 15	- 43	+ 6	- 58
<b>+117</b>	<b>+330</b>	<b>+ 104</b>	<b>+ 657</b>	<b>+ 99</b>	<b>+416</b>	<b>+ 500</b>	<b>+1,099</b>

+167	+ 99	+ 54	+ 74	+ 156	+125	+ 34	+ 65
—	—	- 5	- 15	- 45	- 12	- 50	- 155
- 33	+231	+ 197	+ 184	+ 54	-279	- 35	- 108
<b>+513</b>	<b>+275</b>	<b>+1,047</b>	<b>+1,497</b>	<b>+1,179</b>	<b>+786</b>	<b>+1,758</b>	<b>+1,888</b>

**Table E continued**  
**Domestic credit expansion**

£ millions  
Quarterly changes

	1963 Mar.	June	Sept.	1963/64		Year	June	Sept.	1964/65		Year
				Dec.	Mar.				Dec.	Mar.	
<b>Bank lending to public sector+</b>											
Central government	-908	+287	+290	+334	-657	+ 254	+102	+109	- 84	-666	- 539
Northern Ireland Government	- 4	—	—	+ 4	- 4	—	+ 4	—	+ 4	- 8	—
Local authorities	+ 23	+ 5	+ 20	+ 17	+ 73	+ 115	+ 45	+133	- 99	+120	+ 199
Public corporations <sup>a</sup>	- 1	- 14	+ 36	- 16	+ 3	+ 9	+ 2	- 4	- 8	- 14	- 24
	<b>-890</b>	<b>+278</b>	<b>+346</b>	<b>+339</b>	<b>-585</b>	<b>+ 378</b>	<b>+153</b>	<b>+238</b>	<b>-187</b>	<b>-568</b>	<b>- 364</b>
<b>Bank lending to private and overseas sectors+</b>											
Private sector	+418	+225	-101	+131	+339	+ 594	+272	+ 94	+245	+441	+1,052
less Foreign currency lending for investment overseas—	- 2	- 1	- 1	- 1	- 2	- 5	- 3	- 5	- 5	- 37	- 50
plus Lending in sterling to non-residents	+ 61	+ 25	+ 3	+ 41	+ 40	+ 109	+ 42	- 26	+ 21	+ 33	+ 70
	<b>+477</b>	<b>+249</b>	<b>- 99</b>	<b>+171</b>	<b>+377</b>	<b>+ 698</b>	<b>+311</b>	<b>+ 63</b>	<b>+261</b>	<b>+437</b>	<b>+1,072</b>
<b>Notes and coin in circulation with the public, increase+</b>	<b>+ 62</b>	<b>+ 44</b>	<b>- 60</b>	<b>+ 26</b>	<b>+ 60</b>	<b>+ 70</b>	<b>+ 20</b>	<b>+ 1</b>	<b>+128</b>	<b>- 47</b>	<b>+ 102</b>
<b>Overseas lending to public sector+</b>											
Central government	+ 34	- 13	- 10	+ 94	- 5	+ 66	+ 64	+136	+434	+ 87	+ 721
Local authorities	- 7	- 6	+ 5	+ 7	+ 17	+ 23	+ 19	+ 10	- 18	+ 13	+ 24
	<b>+ 27</b>	<b>- 19</b>	<b>- 5</b>	<b>+101</b>	<b>+ 12</b>	<b>+ 89</b>	<b>+ 83</b>	<b>+146</b>	<b>+416</b>	<b>+100</b>	<b>+ 745</b>
<b>Domestic credit expansion+</b>	<b>-324</b>	<b>+552</b>	<b>+182</b>	<b>+637</b>	<b>-136</b>	<b>+1,235</b>	<b>+567</b>	<b>+448</b>	<b>+618</b>	<b>- 78</b>	<b>+1,555</b>

<sup>a</sup> Including central government trading bodies etc.

**Table F continued**  
**Domestic credit expansion and money supply**

£ millions  
Quarterly changes

	1963 Mar.	June	Sept.	1963/64		Year	June	Sept.	1964/65		Year
				Dec.	Mar.				Dec.	Mar.	
<b>Increase in money supply+</b>	<b>-305</b>	<b>+391</b>	<b>+105</b>	<b>+506</b>	<b>-286</b>	<b>+ 716</b>	<b>+324</b>	<b>+233</b>	<b>+326</b>	<b>-232</b>	<b>+ 651</b>
<b>Overseas lending to public sector+</b>											
Central government	+ 34	- 13	- 10	+ 94	- 5	+ 66	+ 64	+136	+434	+ 87	+ 721
Local authorities	- 7	- 6	+ 5	+ 7	+ 17	+ 23	+ 19	+ 10	- 18	+ 13	+ 24
	<b>+ 27</b>	<b>- 19</b>	<b>- 5</b>	<b>+101</b>	<b>+ 12</b>	<b>+ 89</b>	<b>+ 83</b>	<b>+146</b>	<b>+416</b>	<b>+100</b>	<b>+ 745</b>
<i>plus adjustments</i>											
Increase in banks' net non-deposit liabilities+	- 28	+120	- 39	+ 1	+ 34	+ 116	+ 24	+ 4	+ 12	+ 40	+ 80
Foreign currency borrowing by residents for investment overseas—	- 2	- 1	- 1	- 1	- 2	- 5	- 3	- 5	- 5	- 37	- 50
Non-resident deposits less foreign currency claims+	- 16	+ 61	+122	+ 30	+106	+ 319	+139	+ 70	-131	+ 51	+ 129
<b>Domestic credit expansion+</b>	<b>-324</b>	<b>+552</b>	<b>+182</b>	<b>+637</b>	<b>-136</b>	<b>+1,235</b>	<b>+567</b>	<b>+448</b>	<b>+618</b>	<b>- 78</b>	<b>+1,555</b>

June	Sept.	1965/66 Dec.	Mar.	Year	June	Sept.	1966/67 Dec.	Mar.	Year
+357	+177	+440	-441	+ 533	+ 30	+140	+392	-360	+202
—	+ 6	—	- 6	—	+ 6	+ 3	—	- 9	—
-126	+ 31	+ 91	+ 32	+ 28	+ 43	- 19	+ 25	+167	+216
+ 24	+ 1	- 4	- 4	+ 17	- 23	+ 27	+ 15	- 26	- 7
<b>+255</b>	<b>+215</b>	<b>+527</b>	<b>-419</b>	<b>+ 578</b>	<b>+ 56</b>	<b>+151</b>	<b>+432</b>	<b>-228</b>	<b>+411</b>
+213	-163	- 1	+373	+ 422	+ 50	-235	- 77	+179	- 83
- 3	- 3	- 2	- 2	- 10	- 3	- 3	- 4	- 5	- 15
- 17	- 17	+ 12	- 13	- 35	+ 10	- 40	+ 28	+ 38	+ 36
<b>+193</b>	<b>-183</b>	<b>+ 9</b>	<b>+358</b>	<b>+ 377</b>	<b>+ 57</b>	<b>-278</b>	<b>- 53</b>	<b>+212</b>	<b>- 62</b>
<b>+ 77</b>	<b>+ 59</b>	<b>+ 106</b>	<b>- 1</b>	<b>+ 241</b>	<b>+ 68</b>	<b>+ 16</b>	<b>- 17</b>	<b>+ 58</b>	<b>+125</b>
+ 26	+ 97	- 96	- 74	- 47	+290	+311	- 68	-485	+ 48
- 26	- 3	+ 1	+ 1	- 27	- 6	- 21	- 17	+ 25	- 19
—	<b>+ 94</b>	<b>- 95</b>	<b>- 73</b>	<b>- 74</b>	<b>+284</b>	<b>+290</b>	<b>- 85</b>	<b>-460</b>	<b>+ 29</b>
<b>+525</b>	<b>+185</b>	<b>+547</b>	<b>-135</b>	<b>+1,122</b>	<b>+465</b>	<b>+179</b>	<b>+277</b>	<b>-418</b>	<b>+503</b>

June	Sept.	1965/66 Dec.	Mar.	Year	June	Sept.	1966/67 Dec.	Mar.	Year
<b>+464</b>	<b>+181</b>	<b>+502</b>	<b>- 98</b>	<b>+1,049</b>	<b>+208</b>	<b>+137</b>	<b>+289</b>	<b>-244</b>	<b>+390</b>
+ 26	+ 97	- 96	- 74	- 47	+290	+311	- 68	-485	+ 48
- 26	- 3	+ 1	+ 1	- 27	- 6	- 21	- 17	+ 25	- 19
—	<b>+ 94</b>	<b>- 95</b>	<b>- 73</b>	<b>- 74</b>	<b>+284</b>	<b>+290</b>	<b>- 85</b>	<b>-460</b>	<b>+ 29</b>
+108	- 47	+ 55	- 38	+ 78	+ 81	+ 7	+ 75	- 21	+142
- 3	- 3	- 2	- 2	- 10	- 3	- 3	- 4	- 5	- 15
- 44	- 40	+ 87	+ 76	+ 79	-105	-252	+ 2	+312	- 43
<b>+525</b>	<b>+185</b>	<b>+547</b>	<b>-135</b>	<b>+1,122</b>	<b>+465</b>	<b>+179</b>	<b>+277</b>	<b>-418</b>	<b>+503</b>



Table E concluded

## Domestic credit expansion

£ millions

Quarterly changes

	1967/68					1968/69					1969
	June	Sept.	Dec.	Mar.	Year	June	Sept.	Dec.	Mar.	Year	June
<b>Bank lending to public sector+</b>											
Central government	+394	+ 34	+163	-862	- 271	+ 72	+441	+209	-995	- 273	-172
Northern Ireland Government	+ 2	+ 6	+ 2	- 10	—	+ 5	- 1	+ 6	- 10	—	+ 2
Local authorities	- 39	+169	+ 49	+143	+ 322	+ 28	+130	- 40	+226	+ 344	+ 75
Public corporations <sup>a</sup>	- 1	+ 6	+ 14	- 96	- 77	- 15	+ 26	+ 20	- 9	+ 22	- 6
	<b>+356</b>	<b>+215</b>	<b>+228</b>	<b>-825</b>	<b>- 26</b>	<b>+ 90</b>	<b>+596</b>	<b>+195</b>	<b>-788</b>	<b>+ 93</b>	<b>-101</b>
<b>Bank lending to private and overseas sectors+</b>											
Private sector	+ 68	+182	+139	+361	+ 750	+364	-304	+275	+354	+ 689	+ 65
less Foreign currency lending for investment overseas—	- 17	- 17	- 11	- 30	- 75	- 22	- 35	- 68	- 35	- 160	- 15
plus Lending in sterling to non-residents	+ 24	- 35	+ 17	+ 60	+ 66	+ 77	- 13	+ 16	- 8	+ 72	+ 36
	<b>+ 75</b>	<b>+130</b>	<b>+145</b>	<b>+391</b>	<b>+ 741</b>	<b>+419</b>	<b>-352</b>	<b>+223</b>	<b>+311</b>	<b>+ 601</b>	<b>+ 86</b>
<b>Notes and coin in circulation with the public, increase+</b>	<b>+ 43</b>	<b>- 32</b>	<b>+ 56</b>	<b>+ 39</b>	<b>+ 106</b>	<b>+ 61</b>	<b>-104</b>	<b>+ 56</b>	<b>+ 56</b>	<b>+ 69</b>	<b>- 4</b>
<b>Overseas lending to public sector+</b>											
Central government	- 6	+512	+473	+483	+1,462	+400	- 65	+339	-218	+ 456	- 91
Local authorities <sup>b</sup>	+ 18	- 21	- 16	- 2	- 21	- 55	- 4	+ 3	+ 12	- 44	+ 33
	<b>+ 12</b>	<b>+491</b>	<b>+457</b>	<b>+481</b>	<b>+1,441</b>	<b>+345</b>	<b>- 69</b>	<b>+342</b>	<b>-206</b>	<b>+ 412</b>	<b>- 58</b>
<b>Domestic credit expansion+</b>	<b>+486</b>	<b>+804</b>	<b>+886</b>	<b>+ 86</b>	<b>+2,262</b>	<b>+915</b>	<b>+ 71</b>	<b>+816</b>	<b>-627</b>	<b>+1,175</b>	<b>- 77</b>

<sup>a</sup> Including central government trading bodies etc.<sup>b</sup> In addition, in the first and second quarters of 1969, lending to public corporations.

Table F concluded

## Domestic credit expansion and money supply

£ millions

Quarterly changes

	1967/68					1968/69					1969
	June	Sept.	Dec.	Mar.	Year	June	Sept.	Dec.	Mar.	Year	June
<b>Increase in money supply+</b>	<b>+465</b>	<b>+532</b>	<b>+556</b>	<b>-314</b>	<b>+1,239</b>	<b>+519</b>	<b>+100</b>	<b>+682</b>	<b>-382</b>	<b>+ 919</b>	<b>+ 4</b>
<b>Overseas lending to public sector+</b>											
Central government	- 6	+512	+473	+483	+1,462	+400	- 65	+339	-218	+ 456	- 91
Local authorities <sup>a</sup>	+ 18	- 21	- 16	- 2	- 21	- 55	- 4	+ 3	+ 12	- 44	+ 33
	<b>+ 12</b>	<b>+491</b>	<b>+457</b>	<b>+481</b>	<b>+1,441</b>	<b>+345</b>	<b>- 69</b>	<b>+342</b>	<b>-206</b>	<b>+ 412</b>	<b>- 58</b>
<i>plus adjustments</i>											
Increase in banks' net non-deposit liabilities+	+ 17	- 3	+ 41	- 6	+ 49	+ 46	+ 43	- 18	+ 26	+ 97	+ 25
Foreign currency borrowing by residents for investment overseas—	- 17	- 17	- 11	- 30	- 75	- 22	- 35	- 68	- 35	- 160	- 15
Non-resident deposits less foreign currency claims+	+ 9	-199	-157	- 45	- 392	+ 27	+ 32	-122	- 30	- 93	- 33
<b>Domestic credit expansion+</b>	<b>+486</b>	<b>+804</b>	<b>+886</b>	<b>+ 86</b>	<b>+2,262</b>	<b>+915</b>	<b>+ 71</b>	<b>+816</b>	<b>-627</b>	<b>+1,175</b>	<b>- 77</b>

<sup>a</sup> In addition, in the first and second quarters of 1969, lending to public corporations.