

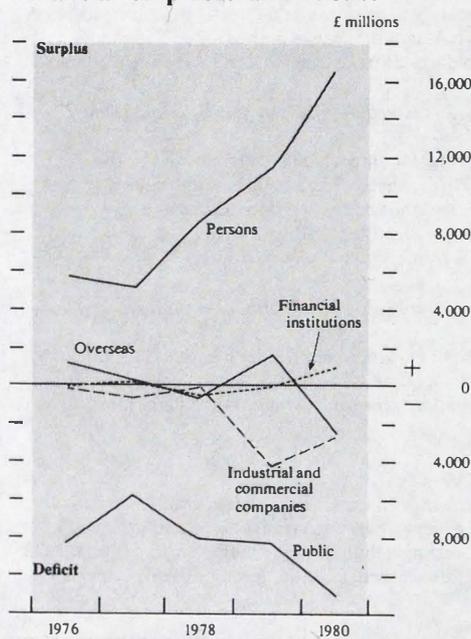
Sector financing: 1980

This article reviews the main developments in financial transactions between sectors of the economy in 1980. It includes a full set of the Bank's financial transactions tables, including one of transactions by individual groups of 'other financial institutions', and a breakdown by type of security of the various sectors' transactions in UK company and overseas securities. ⁽¹⁾

Introduction

Chart A and Table A show the sectoral surpluses and deficits, as measured by national income and expenditure statistics. The personal sector's surplus rose for the third successive year, this time by more than 40%. As usual in recent years, industrial and commercial companies were in deficit but, despite a fall in undistributed income and more

Chart A
Financial surpluses and deficits



fixed investment, the deficit was much smaller than in 1979 because of destocking. The position of financial companies also improved, from a small deficit in 1979 to a surplus of nearly £1 billion.

In contrast, the public sector's deficit increased and, for the first time, exceeded £10 billion, while for the overseas sector there was a large swing back into deficit as the United Kingdom recorded a substantial surplus on the current account of the balance of payments. The residual error in the national accounts was negative and rather larger than in 1979. ⁽²⁾

Table A
Sector surpluses and deficits as measured by national income statistics

£ billions

| | Public sector | Financial institutions | Industrial and commercial companies | Personal sector | Overseas sector | Residual error |
|------|---------------|------------------------|-------------------------------------|-----------------|-----------------|----------------|
| 1979 | - 8.3 | -0.1 | -4.4 | +11.6 | +1.6 | -0.4 |
| 1980 | -11.0 | +0.9 | -2.8 | +16.6 | -2.7 | -1.0 |

Table B
Identified financial transactions

£ billions

| | Public sector | Financial institutions | Industrial and commercial companies | Personal sector | Overseas sector |
|------|---------------|------------------------|-------------------------------------|-----------------|-----------------|
| 1979 | - 9.1 | -0.4 | -4.0 | +14.2 | -0.7 |
| 1980 | -12.2 | -0.5 | -2.2 | +17.6 | -2.7 |

Figures for financial transactions (Table B) show the same general pattern, with an increase in the financial surplus of persons and a decrease in the deficit of companies, but increases in the deficits of the public and overseas sectors.

Public sector

As a proportion of GDP at market prices, the public sector deficit rose from 4¼% in 1979 to 5% in 1980; this follows a period during which the ratio had generally fallen from a peak of 7½% in 1975. The figures for identified financial transactions, while indicating a similar worsening in 1980, suggest that the deficit was over £1 billion larger than shown in the national income statistics. (The national income figure for 1979 has been revised and is now larger than shown a year ago.) The public sector borrowing requirement (PSBR) which, in addition to the financial deficit, includes lending to the private and overseas sectors and certain other financial transactions, including the accruals adjustment, was a little smaller than in 1979 (Table F), and fell, as a proportion of GDP, from 6½% to 5½%.

All three parts of the public sector contributed to the £2.7 billion increase in the financial deficit as shown in the national income statistics. The central government deficit

(1) Some of the figures, particularly those derived from the national income and balance of payments accounts, are still provisional. The format of the financial transactions matrix has been substantially revised—see the notes and definitions for details.

(2) Because of revisions to the national accounts, the negative figure for 1978 entered a year ago is now positive and that for 1979 is £3.2 billion smaller.

grew by £1.7 billion, after falling by £1.1 billion in 1979, while the deficits of local authorities and public corporations again increased, this time by £0.4 billion and £0.7 billion respectively. The central government deficit increased partly because expenditure rose more rapidly than receipts on current account but also because of more capital transfers and higher capital investment. Current expenditure rose by 22%, with spending on defence (for which the cash limit was increased by £200 million during the year) and on the health service both rising rapidly. In addition, debt interest rose by more than in the previous two years, mainly because of generally higher interest rates and a bigger stock of debt. Although the increase in national insurance benefits was almost twice that in 1979, the rate of increase in other current grants to the personal sector was smaller, and net current grants paid abroad fell because of higher receipts under the European Community's agricultural policies and the first instalment of the budget refunds negotiated in May 1980.

Central government current receipts increased by 21%, with taxes on expenditure again rising more quickly than taxes on income; value added tax produced almost twice as much as in 1979 mainly because the 15% rate, introduced in the 1979 Budget, was in effect for the full year. Despite the recession, there was a particularly sharp rise in personal incomes, and receipts from income tax rose by 18½%. Petroleum revenue tax raised £1.8 billion, compared with £0.7 billion in 1979. Local authorities' current expenditure also increased more quickly than their receipts, while their fixed investment rose and they lent more for house purchase. Public corporations, on the other hand, had a larger current surplus in 1980, despite trading losses by British Steel, British Shipbuilders and British Rail, but they spent much more on fixed investment.

The central government borrowing requirement (CGBR) was £11.2 billion, £0.7 billion larger than in 1979, with continuing substantial net lending to public corporations and a sharp increase in net lending to local authorities. The CGBR was almost entirely financed by sales of gilt-edged stocks (£10.7 billion). High domestic interest rates, especially in the second quarter, attracted heavy buying by overseas investors and the reduction in interest rates in the second half of the year fostered expectations of a further fall in rates and encouraged substantial domestic buying. The non-bank private sector took up rather less central government debt than in 1979, £10 billion compared with £10.8 billion; gilt-edged stocks accounted for £7.7 billion, of which £4.4 billion was acquired by insurance companies and pension funds. Receipts from national savings, however, were a record (£1.4 billion), with heavy sales of the index-linked retirement issues: the second issue, available from November, raised £0.4 billion.

External transactions by the central government financed £1 billion of the borrowing requirement, in contrast to 1979

when such transactions increased the need for domestic sterling finance by £0.2 billion. There was a very large surplus on the current account of the balance of payments (£2.7 billion), but the effects of this on the Government's financing were offset by net private capital outflows.⁽¹⁾ Nevertheless, the Government was able to make repayments of IMF drawings and of the \$1½ billion eurocurrency loan taken in 1977, and there was still a rise in the reserves (£0.3 billion, helped by an allocation of £0.2 billion special drawing rights) because overseas residents purchased £1.5 billion of gilt-edged securities. (More details of capital flows can be found in Table N.)

The success of the authorities in raising funds from the non-bank private sector and the finance from overseas meant that recourse to the banking system overall was again small (£0.2 billion). Within the total, the Government's net indebtedness to the Banking Department of the Bank of England fell by £0.9 billion because of the repayment of all special deposits to the banks and the abolition of the supplementary special deposits scheme. The banks reduced their holdings of notes and coin by £0.3 billion and received the equivalent of £0.6 billion from the early repayment of the \$1½ billion eurocurrency loan, but they too invested heavily in gilt-edged stocks (£1.5 billion) and also increased their holdings of Treasury bills (by £0.4 billion).

The local authorities' borrowing requirement was £3.1 billion, £0.8 billion more than in 1979. They borrowed £0.7 billion more from the central government, so their recourse to the market (mostly banks and other financial institutions) was much the same as in 1979. Consequently, their contribution to the PSBR (market borrowing less purchases of public sector debt) was virtually unchanged, at £1.9 billion. The public corporations' borrowing requirement (£2.6 billion) was, by contrast, £1 billion less than in 1979, despite their larger financial deficit, for their cash position improved, helped by the effects of the unwinding of the Post Office dispute (which delayed the settlement of telephone bills in 1979). The corporations again borrowed heavily (£3.4 billion) from the central government, £1.4 billion being in the form of public dividend capital (which does not require regular servicing), and repaid previous borrowing from other sources; their contribution to the PSBR was, therefore, negative.

Industrial and commercial companies

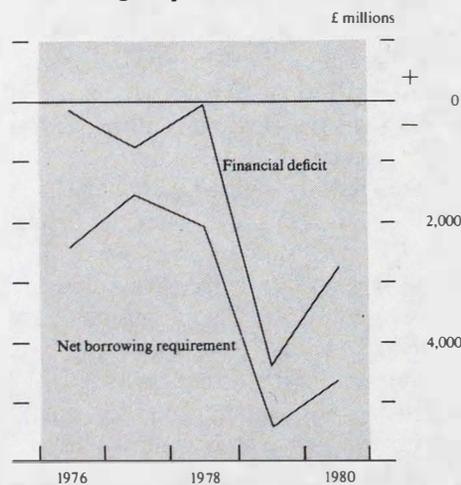
The financial deficit of industrial and commercial companies, as measured by the national income and expenditure statistics, remained large, at £2.8 billion, which was nevertheless £1.6 billion lower than in 1979. Statistics for financial transactions suggest a similar picture.

Total income (excluding stock appreciation) was £29.6 billion in 1980, 4¼% higher than in 1979. Gross trading profits net of stock appreciation rose by 7½%, but only because the profits of companies engaged in North Sea

(1) It has not been possible to incorporate in this article the revised balance of payments estimates which were released early in June.

oil and gas production grew by 48%; these accounted for one third of total company profits, compared with one quarter in 1979. In contrast, the profits of non-North Sea companies again fell, by 4½%. Rent and non-trading income also rose, by 20%, with bigger receipts of interest, for rates were higher and more was held in liquid assets. Income from abroad fell by 17% because of reduced sterling earnings, reflecting the appreciation of the exchange rate. As for outgoings, payments of ordinary dividends were only 3% lower than in 1979, but interest paid rose by 31% because of higher interest rates and growth in the outstanding debt. Profits due abroad increased (by 9%), as did UK taxes on income (by 40%); these were both heavily influenced by the transactions of oil companies, which paid more to overseas parents and more petroleum revenue tax. These higher outgoings far outweighed the rise in income, and companies' undistributed income, or saving (again excluding stock appreciation), fell sharply, by £2.6 billion, from 1979. At the same time, spending on fixed investment continued to rise.⁽¹⁾ Companies nevertheless had a smaller financial deficit than in the previous year because they ran down their stocks by as much as £3.4 billion, compared with an increase of £2.2 billion in 1979. Most of the destocking took place in the last six months of the year.

Chart B
Industrial and commercial companies' financial deficit and net borrowing requirement



Companies' net borrowing requirement, which is a better measure of their cash position than the financial deficit, was also lower, being £4.7 billion in 1980, £0.7 billion less than in 1979. This reduction was, however, considerably smaller than that in the financial deficit (see Table C), partly because companies' cash position in 1979 had been helped by a particularly big increase in value added tax whose payment to the Customs and Excise had been deferred.

In addition, companies extended more (identified) net trade credit in 1980 (£0.9 billion compared with £0.4 billion in

Table C
Borrowing requirement of industrial and commercial companies

| | 1978 | 1979 | 1980 |
|---|-------------|-------------|-------------|
| £ billions | | | |
| Saving(a) | +12.1 | +10.5 | +7.9 |
| Capital transfers | +0.4 | +0.3 | +0.4 |
| Gross domestic fixed-capital formation(-) | -11.8 | -13.0 | -14.5 |
| Physical increase in stocks(-) | -0.8 | -2.2 | +3.4 |
| Financial deficit(-) | -0.1 | -4.4 | -2.8 |
| less: | | | |
| Net unremitted profits | — | +1.1 | +1.6 |
| UK trade investments and mergers | -0.8 | -1.0 | -0.9 |
| Long-term investment abroad | -1.7 | -3.5 | -2.2 |
| Identified trade credit | -0.7 | -0.4 | -0.9 |
| Tax balances and accruals adjustments | +0.7 | +2.4 | -0.1 |
| Unidentified | +0.5 | +0.4 | +0.6 |
| Net borrowing requirement(-) | -2.1 | -5.4 | -4.7 |
| Financed by: | | | |
| Borrowing | +5.1 | +6.3 | +8.4 |
| Decrease in liquid assets(+) | -3.0 | -0.9 | -3.7 |
| (a) Excluding stock appreciation of: | 3.4 | 6.9 | 5.3 |

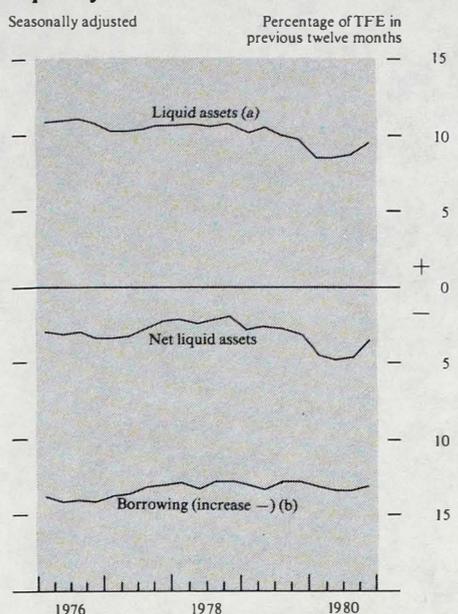
1979) largely reflecting the unwinding of the effects of the Post Office dispute, while advance payments for oil to the British National Oil Corporation in the first half of 1980 were also a factor. On the other hand, profits retained in this country by UK subsidiaries of overseas companies, which contribute to the financial deficit but not to the borrowing requirement, were £0.4 billion greater than in 1979—partly because of larger retained profits by foreign-owned oil companies. Moreover, expenditure on trade investments, both in the United Kingdom and overseas, was less than in 1979.

Companies relied even more heavily on the banks for finance in 1980, borrowing £7 billion (including commercial bills taken up by the Issue Department of the Bank of England), far more than the borrowing requirement and £2.1 billion more than in 1979 (Table L). In the first half of the year, bank lending to companies in the form of commercial bills fell by £0.6 billion; but it rose by £0.7 billion in the second half after the end of the supplementary special deposits scheme. Other borrowing was slightly less than in the previous year, largely because UK subsidiaries continued the trend which developed after the relaxation of exchange controls of transferring funds to their overseas parents (£1.1 billion). Issues of ordinary shares were much the same as the previous year, at £0.9 billion, but issues of debentures were actually a little greater than redemptions for the first time in four years.

Gross borrowing exceeded the net borrowing requirement by £3.7 billion, as companies increased their liquid assets quite substantially. Their liquidity grew in relation to turnover (using total final expenditure in the economy as a proxy, see Chart C), but did not recover to the 1978 position. Some of the increase was probably by oil companies, but there may also have been some precautionary building up by other relatively strong

(1) Throughout the national accounts the leasing of plant and equipment is treated in the same way as renting, so that the fixed investment is entered under the lessor and not the lessee. Recorded fixed investment by industrial and commercial companies can therefore be considered to understate the true position.

Chart C
Industrial and commercial companies' liquidity



(a) Comprises notes and coin, bank deposits, holdings of local authority temporary debt, Treasury bills, tax instruments, and deposits with finance houses and building societies.

(b) Comprises bank advances, commercial bills and call money.

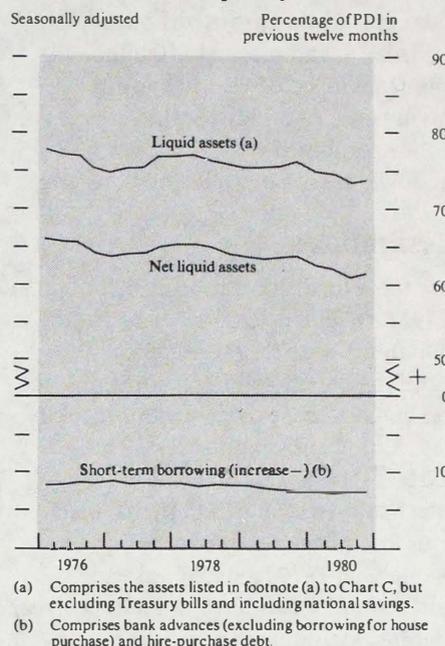
companies, especially those not engaged in manufacturing. In particular, companies' bank deposits and holdings of notes and coin rose by £3.3 billion (mostly sterling time deposits). Companies also put £0.4 billion into tax instruments (their holdings having fallen a little in 1979) and again invested £0.1 billion in gilt-edged stocks, but they withdrew funds from the local authority temporary market.

Personal sector

In 1980 wages and salaries rose by 18%, the highest annual increase since 1975 and $1\frac{1}{2}$ percentage points more than the (revised) growth in 1979. During the year, however, the rate of increase slowed. Income from self-employment also rose (by 17%), while pension contributions from employers and government grants to persons—in the form of national insurance benefits and family allowances—were each more than 20% higher than in 1979. On the other side of the account, tax and national insurance payments also rose by over 20%. The result was that personal disposable income went up by 18%. Consumer prices rose by 16%—rather less than incomes, but faster than in 1979—and real disposable income increased by only 2% in 1980, after 6% in 1979.

The rise in consumers' expenditure was 16%, rather less than that in income, and personal saving rose by as much as £5.3 billion, with the saving ratio increasing from 14.1% to 15.3%. With a rise of £0.4 billion in capital expenditure—a much smaller increase than in 1979—and somewhat larger capital transfers, the personal sector's financial surplus, according to the national income and expenditure estimates, rose by £5 billion to £16.6 billion. Figures for financial transactions show an even higher surplus, of £17.6 billion, but a smaller rise from 1979.

Chart D
Personal sector liquidity



(a) Comprises the assets listed in footnote (a) to Chart C, but excluding Treasury bills and including national savings.

(b) Comprises bank advances (excluding borrowing for house purchase) and hire-purchase debt.

The large financial surplus was reflected both in a fall in borrowing and a rise in financial investment. In total, persons borrowed £0.8 billion less than in 1979. Their borrowing for house purchase, which had risen by £1 billion in each of the two previous years, grew less quickly in 1980, despite a larger net inflow to the building societies. This at least partly reflected the high interest rates throughout the year. Persons borrowed only £0.1 billion more from building societies than in 1979 but £0.4 billion more from other sources, including the banks and local authorities. Net new borrowing from the banks, other than for house purchase, was 18% more than in 1979. Persons borrowed less from other sources than in any year since the mid-1970s, taking little (identified) credit from retailers and repaying credit to public corporations—reflecting, in part, the settlement of telephone accounts delayed in 1979. Altogether, the estimated amount borrowed for consumption was smaller than in 1979. Unidentified borrowing appears to have been smaller than in 1979, too.

As for investments, persons put more into liquid assets and also, directly and indirectly, into the capital markets. Short-term interest rates were especially high in the first half of the year and slowly declined thereafter. The after-tax rates of return on bank deposits and building society shares were the same for the first half of the year, but the societies maintained their rates in the third and most of the fourth quarter, when the banks reduced theirs, and there was a large net inflow to the building societies in the second half of the year. Over the year as a whole, persons invested £1.2 billion more than in 1979 with the building societies, but only £0.3 billion more with banks. Within the total for bank deposits, however, they put £0.7 billion more into time deposits (sterling and foreign currency) in 1980, and £0.5 billion less into sight deposits. As already noted, national savings were attractive and persons invested £1.4 billion. Altogether, however, liquidity fell a little in

relation to income (Chart D). Among longer-term investments, the inflow to life assurance and superannuation funds continued to grow, although less quickly than in 1978 or 1979, and reached £10 billion for the first time. Persons again invested very heavily in gilt-edged stocks, buying over £2 billion for the second successive year, but they continued to sell company securities, albeit at a slower rate than in the previous year.

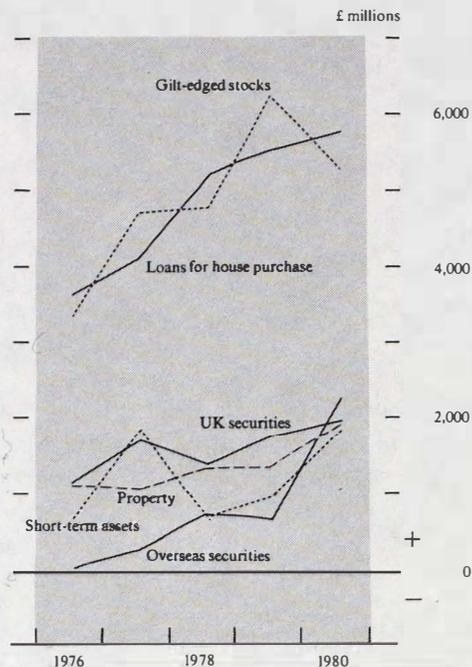
Other financial institutions

The inflow of funds to these institutions was £19.9 billion in 1980, 13% up on 1979. As usual, net contributions to life assurance and pension funds were the largest element, increasing by 16¼%. Of the deposit-taking institutions, the building societies and finance houses obtained more funds than in 1979, but the savings banks slightly less. The institutions borrowed less than half as much as in the previous year from the banks (within which they repaid £0.1 billion of previous foreign currency borrowing) but raised virtually the same as in 1979 from capital issues (£0.1 billion). Overall, the unit trusts had another poor year although net sales of units, including those to other financial institutions, were up on 1979 and improved greatly towards the end of the year.

The institutions' short-term assets continued to grow (Chart E), particularly bank deposits (Chart F). These figures were dominated by the building societies, which lent more for house purchase but built up their liquid assets by over £2 billion as their inflow of funds grew more quickly than their advances. They invested £0.9 billion in gilt-edged stocks and increased their net short-term assets by £1.1 billion—£0.7 billion in bank deposits and £0.4 billion in local authority temporary debt. They thus improved their liquidity ratio, which had fallen in the two previous years, from 18% in 1979 to 19½% in 1980. In contrast, the unit and investment trusts both ran down their short-term assets, although by less than in 1979 when, taking advantage of the relaxation of exchange control regulations, they had used such assets, especially bank deposits, to repay substantial amounts of foreign currency debt. Unit trusts invested more in securities than in 1979, and investment trusts, net sellers in that year, bought £74 million in 1980. Both groups of trusts switched from UK ordinary shares to overseas securities, the unit trusts selling £29 million UK ordinary shares and buying £95 million overseas ordinary shares, while the investment trusts sold £262 million UK ordinary shares and bought £324 million overseas. With government stocks, however, the pattern differed: investment trusts sold £42 million whereas unit trusts bought £7 million, with net purchases of £18 million in the final quarter. In the 1980 Budget the Chancellor introduced tax concessions on purchases of gilt-edged securities by unit trusts, and this began to affect the figures towards the end of the year, when a number of new specialist gilt-edged funds were established.

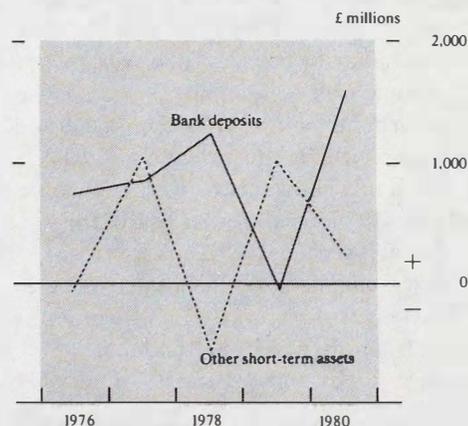
Pension funds also ran down their liquid assets but there was some accumulation by the insurance companies. Both sets of institutions invested heavily in gilt-edged stocks,

Chart E
Acquisition of assets by other financial institutions



although not to the same extent as in 1979 (£4.4 billion compared with £4.8 billion, despite having more funds to invest). These institutions bought more ordinary shares than in 1979—£1.6 billion overseas shares (£0.5 billion in 1979) and £2.5 billion UK shares (£2.1 billion in 1979). Pension funds and life funds again reduced their holdings of UK debentures, but general insurance funds continued to buy in this market, albeit on a small scale.

Chart F
Acquisition of short-term assets by other financial institutions



The institutions as a whole favoured the property market more than in 1979, investing £1.9 billion, compared with £1.3 billion. Insurance companies and pension funds each invested £0.9 billion, and property unit trusts, using funds raised by sales of units largely to pension funds, a further £0.1 billion. These transactions are treated as capital expenditure in the national accounts, and the higher investment thus contributed to the bigger financial deficit of the 'other financial institutions' in 1980, as measured by their identified financial transactions.

Banking sector

The banks lent £12.5 billion to domestic sectors in 1980, broadly the same percentage increase ($17\frac{1}{2}\%$) as in 1979. The overall success of the authorities in selling gilt-edged stocks to the private sector limited the public sector's need to borrow from the banks, and the banks' claims on the public sector grew by only $9\frac{1}{4}\%$, most of which was concentrated in the final quarter of the year when the banks made heavy purchases of gilt-edged stocks. Banks did, however, lend more to the public sector than in the previous year. Claims on the private sector, on the other hand, grew by $20\frac{1}{4}\%$ (£10.9 billion net new lending), around the same percentage as in 1979. Lending to other financial institutions went up by $9\frac{1}{2}\%$ (£0.6 billion), to industrial and commercial companies by $20\frac{1}{4}\%$ (£6.6 billion) and to persons by $25\frac{3}{4}\%$ (£3.6 billion). Within the personal sector, lending to unincorporated businesses, whose finances may have been under pressure, rose by as much as $30\frac{3}{4}\%$ (£1.8 billion), while that to individuals and charities rose by 22% (£1.8 billion).

Domestic deposits grew by $21\frac{1}{4}\%$ (£11.6 billion), much more rapidly than in 1979 ($13\frac{3}{4}\%$), and unlike the previous year, when almost all the increase was from persons, all

domestic sectors increased their deposits. The increase in domestic claims was £1 billion larger than that in domestic deposits. It was not matched by transactions with overseas, where lending also exceeded deposits (by £0.6 billion), in contrast to 1979 when there was a net inflow to the banks of £2.9 billion, increased sterling lending abroad being an important factor. Thus the reported figures show the banks' non-deposit liabilities—capital, reserves and internal accounts—rising by £1.5 billion.

Although once again most of the public sector's financing needs, which were somewhat less than in 1979, came from debt sales to the non-bank private sector, the amount of the PSBR not financed this way was £1 billion greater. Together with the banks' somewhat higher lending in sterling to the private sector and the large amount they lent in sterling to overseas, this meant that, despite capital outflows from the private sector (which more than offset the current account surplus), there was again, as in 1979, a large rise in sterling M_3 . At £10.9 billion, this was £4.3 billion larger than in 1979—an increase of $18\frac{3}{4}\%$, compared with one of 13% in 1979 and $15\frac{1}{4}\%$ in 1978. By contrast with 1979 it was rather more than the increase in nominal GDP (17% in 1979).

Table D
Financial transactions: annual matrix 1979

£ millions

| | Central government | Local authorities | Public corporations | Public sector | Banking sector | Other financial institutions | Industrial and commercial companies | Personal sector | Overseas sector(a) | Residual error |
|--|--------------------|-------------------|---------------------|---------------|----------------|------------------------------|-------------------------------------|-----------------|--------------------|----------------|
| Line | | | | | | | | | | |
| Capital account | | | | | | | | | | |
| Saving | 1 | - 1,672 | + 1,455 | + 3,736 | + 3,519 | + 3,864 | + 17,359 | + 18,953 | + 1,630 | |
| Taxes on capital and capital transfers | 2 | - 865 | + 81 | + 482 | - 302 | - 193 | + 320 | + 175 | - | |
| less: | | | | | | | | | | |
| Gross fixed-capital formation at home | 3 | - 1,493 | - 3,569 | - 5,565 | - 10,627 | - 3,807 | - 13,013 | - 6,252 | | |
| Increase in value of stocks and work in progress | 4 | - 136 | | - 760 | - 896 | + 27 | - 9,057 | - 1,277 | | |
| Financial surplus + /deficit | 5 | - 4,166 | - 2,033 | - 2,107 | - 8,306 | - 109 | - 4,391 | + 11,599 | + 1,630 | - 423 |
| Changes in financial assets and liabilities | | | | | | | | | | |
| <i>Assets: increase + /decrease -</i> | | | | | | | | | | |
| <i>Liabilities: increase - /decrease +</i> | | | | | | | | | | |
| Notes and coin | 6 | - 1,199 | | | - 1,199 | + 402 | | + 265 | + 532 | - |
| Market Treasury bills | 7 | + 333 | | - 208 | + 125 | - 323 | + 53 | | + 159 | |
| British government securities | 8 | - 10,145 | + 8 | - 93 | - 10,230 | + 227 | + 6,262 | + 147 | + 2,417 | + 1,177 |
| National savings | 9 | - 1,063 | | | - 1,063 | | | | + 1,063 | |
| Tax instruments | 10 | - 183 | | - 21 | - 204 | + 62 | + 143 | - 30 | + 29 | |
| Net government indebtedness to | | | | | | | | | | |
| Banking Department | 11 | + 251 | | | + 251 | - 251 | | | | |
| Northern Ireland central government debt | 12 | + 1 | | | + 1 | - 2 | + 3 | | - 2 | |
| Government liabilities under exchange cover scheme | 13 | + 92 | + 28 | - 120 | | | | | | |
| Other non-marketable government debt | 14 | + 40 | | + 150 | + 190 | | - 190 | | | |
| Issue Department's transactions in commercial bills | 15 | + 12 | | | + 12 | | | - 12 | | |
| Government foreign currency debt | 16 | + 581 | | | + 581 | | | | | - 581 |
| Other government overseas financing | 17 | - 66 | | | - 66 | | | | | + 66 |
| Official reserves | 18 | + 1,059 | | | + 1,059 | | | | | - 1,059 |
| Local authority debt: | | | | | | | | | | |
| Temporary | 19.1 | + 341 | - 1,512 | - 181 | - 1,352 | + 125 | + 763 | + 172 | + 318 | - 26 |
| Foreign currency | 19.2 | | + 273 | | + 273 | - 210 | | | | - 63 |
| Other listed securities | 19.3 | | + 170 | | + 170 | + 99 | - 29 | | | |
| Other long-term | 19.4 | + 555 | - 1,225 | + 6 | - 664 | + 694 | - 101 | + 1 | - 217 | + 47 |
| Public corporation debt: | | | | | | | | | | |
| Foreign currency | 20.1 | | | + 130 | + 130 | - 375 | | | | + 245 |
| Other | 20.2 | + 2,741 | - 83 | - 3,265 | - 607 | + 500 | + 114 | + 7 | - 8 | - 6 |
| Deposits with banking sector: | | | | | | | | | | |
| Sterling sight | 21.1 | - 4 | - 15 | + 71 | + 52 | - 2,502 | + 276 | + 256 | + 1,182 | + 736 |
| Sterling time | 21.2 | - 4 | - 56 | - 47 | - 107 | - 6,315 | - 581 | - 238 | + 4,978 | + 2,263 |
| Foreign currency | 21.3 | + 19 | | + 3 | + 22 | - 31,155 | + 269 | + 309 | + 202 | + 30,353 |
| Deposits with building societies | 22 | | | | | | - 5,791 | - 42 | + 5,833 | |
| Deposits with other financial institutions | 23 | - 130 | | | - 130 | | - 660 | - 49 | + 952 | - 113 |
| Bank lending (excluding public sector): | | | | | | | | | | |
| Foreign currency | 24.1 | | | | | + 30,592 | - 131 | - 692 | - 72 | - 29,697 |
| Sterling | 24.2 | | | | | + 7,992 | - 1,234 | - 4,211 | - 2,557 | + 10 |
| Credit extended by retailers | 25 | | | + 17 | + 17 | | | + 233 | - 250 | |
| Identified trade credit: | | | | | | | | | | |
| Public corporations (domestic) | 26.1 | | | + 930 | + 930 | | | - 256 | - 674 | |
| Import and export | 26.2 | - 284 | | + 21 | - 263 | | + 200 | + 413 | | - 350 |
| Loans for house purchase: | | | | | | | | | | |
| Building societies | 27.1 | | | | | | + 5,271 | | - 5,271 | |
| Other | 27.2 | | + 293 | + 20 | + 313 | + 540 | + 261 | | - 1,114 | |
| Other public sector lending | 28 | + 233 | + 3 | + 41 | + 277 | | + 66 | - 61 | - 29 | - 253 |
| Other lending by financial institutions | 29 | | | | | | + 1,065 | - 476 | - 589 | |
| Unit trust units | 30 | | | | | | + 35 | | - 35 | |
| UK company securities | 31 | - 132 | | + 272 | + 140 | - 334 | + 1,671 | - 446 | + 1,631 | + 600 |
| Overseas securities | 32 | | | | | + 641 | + 668 | + 1,258 | - 421 | - 2,146 |
| Life assurance and pension funds | 33 | - 351 | | | - 351 | | - 8,969 | | + 9,320 | |
| Miscellaneous domestic instruments | 34 | | | | | + 2 | - 1 | - 207 | + 206 | |
| Direct and other investment abroad | 35 | | | | | + 112 | + 324 | + 4,128 | | - 4,564 |
| Overseas direct and other investment in United Kingdom | 36 | | | | | - 91 | | - 2,146 | | + 2,249 |
| Miscellaneous overseas instruments | 37 | - 303 | | + 72 | - 231 | | - 20 | + 26 | | + 225 |
| Accruals adjustment | 38 | + 3,079 | - 158 | - 63 | + 2,858 | + 1 | - 505 | - 2,363 | + 9 | |
| Identified financial transactions | 39 | - 4,527 | - 2,274 | - 2,265 | - 9,066 | + 431 | - 847 | - 3,961 | + 14,171 | - 728 |
| Unidentified transactions | 40 | + 361 | + 241 | + 158 | + 760 | + 307 | - 430 | - 2,572 | + 2,358 | - 423 |

— nil or less than £½ million.

(a) It has not been possible to incorporate in this table the revised balance of payments estimates which were released in June.

Table D continued
Financial transactions: annual matrix 1980

£ millions

| | Line | Central government | Local authorities | Public corporations | Public sector | Banking sector | Other financial institutions | Industrial and commercial companies | Personal sector | Overseas sector(a) | Residual error |
|--|------|--------------------|-------------------|---------------------|---------------|----------------|------------------------------|-------------------------------------|-----------------|--------------------|----------------|
| Capital account | | | | | | | | | | | |
| Saving | 1 | - 2,739 | + 1,324 | + 4,244 | + 2,829 | + 5,757 | | + 13,210 | + 24,243 | - 2,737 | |
| Taxes on capital and capital transfers | 2 | - 1,101 | + 56 | + 559 | - 486 | - 198 | | + 387 | + 297 | - | |
| <i>less:</i> | | | | | | | | | | | |
| Gross fixed-capital formation at home | 3 | - 1,679 | - 3,793 | - 6,766 | - 12,238 | - 4,676 | | - 14,503 | - 7,314 | | |
| Increase in value of stocks and work in progress | 4 | - 317 | | - 833 | - 1,150 | + 45 | | - 1,866 | - 621 | | |
| Financial surplus+ /deficit- | 5 | - 5,836 | - 2,413 | - 2,796 | - 11,045 | + 928 | | - 2,772 | + 16,605 | - 2,737 | - 979 |
| Changes in financial assets and liabilities | | | | | | | | | | | |
| <i>Assets: increase+ /decrease-</i> | | | | | | | | | | | |
| <i>Liabilities: increase- /decrease+</i> | | | | | | | | | | | |
| Notes and coin | 6 | - 392 | | - | - 392 | - 318 | | + 354 | + 356 | - | |
| Market Treasury bills | 7 | - 324 | | + 31 | - 355 | + 430 | + 35 | + 22 | | - 132 | |
| British government securities | 8 | - 10,704 | + 2 | + 16 | - 10,686 | + 1,528 | + 5,247 | + 115 | + 2,298 | + 1,498 | |
| National savings | 9 | - 1,377 | | | - 1,377 | | | | + 1,377 | | |
| Tax instruments | 10 | - 266 | | - 2 | - 268 | - 18 | - 60 | + 354 | - 8 | | |
| Net government indebtedness to Banking Department | 11 | + 864 | | | + 864 | - 864 | | | | | |
| Northern Ireland central government debt | 12 | - 6 | | | - 6 | + 10 | | | - 4 | | |
| Government liabilities under exchange cover scheme | 13 | - 23 | + 8 | + 15 | | | | | | | |
| Other non-marketable government debt | 14 | + 1 | | + 150 | + 151 | | - 151 | | | | |
| Issue Department's transactions in commercial bills | 15 | + 403 | | | + 403 | | | - 403 | | | |
| Government foreign currency debt | 16 | + 769 | | | + 769 | - 575 | | | | - 194 | |
| Other government overseas financing | 17 | - 121 | | | - 121 | | | | | + 121 | |
| Official reserves | 18 | + 291 | | | + 291 | | | | | - 291 | |
| Local authority debt: | | | | | | | | | | | |
| Temporary | 19.1 | - 262 | - 138 | - 68 | + 468 | + 105 | + 226 | - 49 | + 181 | + 5 | |
| Foreign currency | 19.2 | | + 47 | | + 47 | - 25 | | | | - 22 | |
| Other listed securities | 19.3 | + 8 | + 138 | | + 146 | + 132 | - 62 | | | | |
| Other long-term | 19.4 | + 1,229 | - 3,151 | + 8 | - 1,914 | + 1,470 | + 388 | + 6 | - 185 | + 19 | |
| Public corporation debt: | | | | | | | | | | | |
| Foreign currency | 20.1 | | | + 513 | + 513 | - 153 | | | | + 360 | |
| Other | 20.2 | + 3,328 | + 14 | - 3,275 | + 67 | - 118 | - 124 | + 19 | - 7 | + 163 | |
| Deposits with banking sector: | | | | | | | | | | | |
| Sterling sight | 21.1 | + 233 | + 15 | - 5 | + 243 | - 674 | + 34 | - 304 | + 728 | - 27 | |
| Sterling time | 21.2 | + 14 | + 35 | + 26 | + 75 | - 12,517 | + 1,338 | + 2,538 | + 5,536 | + 3,030 | |
| Foreign currency | 21.3 | + 44 | - 1 | + 7 | + 50 | - 32,008 | + 269 | + 695 | + 366 | + 30,628 | |
| Deposits with building societies | 22 | | | | | | - 6,996 | - 22 | + 7,018 | | |
| Deposits with other financial institutions | 23 | | | | | | - 827 | - 1 | + 825 | + 3 | |
| Bank lending (excluding public sector): | | | | | | | | | | | |
| Foreign currency | 24.1 | | | | | + 31,609 | + 104 | - 1,209 | - 161 | - 30,343 | |
| Sterling | 24.2 | | | | | + 11,855 | - 732 | - 5,431 | - 2,938 | - 2,754 | |
| Credit extended by retailers | 25 | | | - 3 | - 3 | | | + 77 | - 74 | | |
| Identified trade credit: | | | | | | | | | | | |
| Public corporations (domestic) | 26.1 | | | - 640 | - 640 | | | + 496 | + 144 | | |
| Import and export | 26.2 | - 499 | | - 19 | - 518 | | + 250 | + 301 | | - 33 | |
| Loans for house purchase: | | | | | | | | | | | |
| Building societies | 27.1 | | | | | | + 5,418 | | - 5,418 | | |
| Other | 27.2 | | + 448 | + 60 | + 508 | + 520 | + 348 | | - 1,376 | | |
| Other public sector lending | 28 | + 8 | - 5 | - 125 | - 122 | | - 9 | + 110 | + 4 | + 17 | |
| Other lending by financial institutions | 29 | | | | | | + 776 | - 358 | - 418 | | |
| Unit trust units | 30 | | | | | | + 7 | | - 7 | | |
| UK company securities | 31 | + 56 | | + 176 | + 232 | - 243 | + 1,988 | - 1,194 | - 1,622 | + 839 | |
| Overseas securities | 32 | | | | | + 895 | + 2,162 | + 1,305 | - 281 | - 4,081 | |
| Life assurance and pension funds | 33 | - 263 | | | - 263 | | - 10,425 | | + 10,688 | | |
| Miscellaneous domestic instruments | 34 | | | | | + 25 | - 446 | + 215 | + 206 | | |
| Direct and other investment abroad | 35 | | | | | + 244 | + 281 | + 2,449 | | - 2,974 | |
| Overseas direct and other investment in United Kingdom | 36 | | | | | - 78 | - 19 | - 1,628 | | + 1,725 | |
| Miscellaneous overseas instruments | 37 | + 232 | | + 81 | + 313 | | - 15 | - 779 | | + 481 | |
| Accruals adjustment | 38 | + 950 | - 644 | - 79 | + 227 | - 2 | - 733 | + 103 | + 405 | | |
| Identified financial transactions | 39 | - 5,807 | - 3,232 | - 3,195 | - 12,234 | + 1,230 | - 1,728 | - 2,219 | + 17,633 | - 2,682 | |
| Unidentified transactions | 40 | - 29 | + 819 | + 399 | + 1,189 | + 1,426 | | - 553 | - 1,028 | - 55 | - 979 |

- nil or less than £½ million.

(a) It has not been possible to incorporate in this table the revised balance of payments estimates which were released in June.

Table E
Financial transactions: 1980 Q4

£ millions; seasonally adjusted

| | Central government | Local authorities | Public corporations | Public sector | Banking sector | Other financial institutions | Industrial and commercial companies | Personal sector | Overseas sector(a) | Residual error |
|--|-----------------------|----------------------|------------------------|------------------|-------------------|------------------------------------|--|--------------------|-----------------------|-------------------|
| Line | | | | | | | | | | |
| Capital account | | | | | | | | | | |
| Saving | 1 | - 900 | + 519 | +1,165 | + 784 | +1,406 | +2,451 | +6,812 | -1,885 | |
| Taxes on capital and capital transfers | 2 | - 241 | + 13 | + 134 | - 94 | - 63 | + 140 | + 17 | - | |
| <i>less:</i> | | | | | | | | | | |
| Gross fixed-capital formation at home | 3 | - 453 | -1,007 | -1,658 | -3,118 | -1,332 | -3,660 | -1,704 | | |
| Increase in value of stocks and work in progress | 4 | - 116 | | - 272 | - 388 | - 3 | +1,015 | - 88 | | |
| Financial surplus + /deficit- | 5 | -1,710 | - 475 | - 631 | -2,816 | + 8 | - 54 | +5,037 | -1,885 | - 290 |
| Changes in financial assets and liabilities | | | | | | | | | | |
| <i>Assets: increase + /decrease -</i> | | | | | | | | | | |
| <i>Liabilities: increase - /decrease +</i> | | | | | | | | | | |
| Notes and coin | 6 | - 118 | | | - 118 | - 187 | + 152 | + 153 | | |
| Market Treasury bills | 7 | - 399 | | - 13 | - 412 | + 359 | + 95 | | - 94 | |
| British government securities | 8 | -3,055 | + 1 | - 32 | -3,086 | +1,560 | + 117 | + 590 | - 95 | |
| National savings | 9 | - 570 | | | - 570 | | | + 570 | | |
| Tax instruments | 10 | - 562 | | + 12 | - 550 | + 2 | + 83 | + 2 | | |
| Net government indebtedness to Banking Department | 11 | - 143 | | | - 143 | + 143 | | | | |
| Northern Ireland central government debt | 12 | - 9 | | | - 9 | - 6 | | + 15 | | |
| Government liabilities under exchange cover scheme | 13 | - 32 | | + 32 | | | | | | |
| Other non-marketable government debt | 14 | + 38 | | | + 38 | - 38 | | | | |
| Issue Department's transactions in commercial bills | 15 | + 407 | | | + 407 | | - 407 | | | |
| Government foreign currency debt | 16 | + 142 | | | + 142 | - 136 | | | - 6 | |
| Other government overseas financing | 17 | + 54 | | | + 54 | | | | - 54 | |
| Official reserves | 18 | - 23 | | | - 23 | | | | + 23 | |
| Local authority debt | 19 | + 767 | - 958 | - 22 | - 213 | + 366 | - 185 | - 18 | + 62 | - 12 |
| Public corporation debt | 20 | + 935 | + 30 | - 890 | + 75 | - 22 | - 19 | - 9 | + 2 | - 27 |
| Domestic deposits with banking sector: | | | | | | | | | | |
| Sterling sight | 21.1 | + 273 | - 34 | + 55 | + 294 | - 785 | - 2 | + 88 | + 405 | |
| Sterling time | 21.2 | + 8 | - 6 | + 19 | + 21 | -2,217 | + 131 | +1,078 | + 987 | |
| Foreign currency | 21.3 | + 8 | - 2 | - 50 | - 44 | - 554 | + 195 | + 213 | + 190 | |
| Banks' net external transactions | 21.4(b) | | | | | + 379 | | | | - 379 |
| Deposits with building societies | 22 | | | | | | -2,145 | - 6 | +2,151 | |
| Deposits with other financial institutions | 23 | | | | | | - 215 | + 6 | + 212 | - 3 |
| Bank lending (domestic, excluding public sector): | | | | | | | | | | |
| Foreign currency | 24.1 | | | | | - 247 | + 43 | + 186 | + 18 | |
| Sterling | 24.2 | | | | | + 544 | + 63 | - 175 | - 432 | |
| Credit extended by retailers | 25 | | | + 4 | + 4 | | | + 17 | - 21 | |
| Identified trade credit: | | | | | | | | | | |
| Public corporations (domestic) | 26.1 | | | + 540 | + 540 | | | - 390 | - 150 | |
| Import and export | 26.2 | - 267 | | + 10 | - 257 | | + 200 | + 82 | | - 25 |
| Loans for house purchase: | | | | | | | | | | |
| Building societies | 27.1 | | | | | | +1,647 | | -1,647 | |
| Other | 27.2 | | + 52 | + 9 | + 61 | + 133 | + 88 | | - 282 | |
| Other public sector lending | 28 | - 105 | + 86 | + 17 | - 2 | | + 8 | - 9 | + 1 | + 2 |
| Other lending by financial institutions | 29 | | | | | | + 45 | - 1 | - 44 | |
| Unit trust units | 30 | | | | | | - 23 | | + 23 | |
| UK company securities | 31 | | | + 46 | + 46 | - 27 | + 672 | - 505 | - 318 | + 132 |
| Overseas securities | 32 | | | | | + 321 | + 713 | + 174 | - 64 | -1,144 |
| Life assurance and pension funds | 33 | - 202 | | | - 202 | | -2,700 | | +2,902 | |
| Miscellaneous domestic instruments | 34 | | | - 16 | | | - 98 | + 46 | + 68 | |
| Direct and other investment abroad | 35 | | | | - 16 | + 61 | + 88 | + 664 | | - 813 |
| Overseas direct and other investment in United Kingdom | 36 | | | | | - 7 | - 26 | - 458 | | + 491 |
| Miscellaneous overseas instruments | 37 | | | | | | - 4 | - 802 | | + 697 |
| Accruals adjustment | 38 | + 682 | - 321 | - 35 | + 326 | - 48 | - 155 | - 138 | + 15 | |
| Identified financial transactions | 39 | -2,063 | -1,152 | - 313 | -3,528 | - 368 | - 668 | + 463 | +5,408 | -1,307 |
| Unidentified transactions | 40 | + 353 | + 677 | - 318 | + 712 | +1,044 | - 517 | - 371 | - 578 | - 290 |

— nil or less than £½ million.

(a) It has not been possible to incorporate in this table the revised balance of payments estimates which were released in June.

(b) Overseas deposits less lending, excluding banks' transactions in overseas securities.

Table F
Public sector

£ millions; seasonally adjusted

| | 1976 | 1977 | 1978 | 1979 | 1980 | 1979 | | 1980 | | | | 1981 |
|--|----------------|----------------|----------------|-----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------|
| | | | | | | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| Saving | + 2,762 | + 4,287 | + 2,616 | + 3,519 | + 2,829 | + 781 | + 841 | + 1,468 | + 398 | + 179 | + 784 | |
| Capital transfers (net) | - 203 | - 232 | - 601 | - 302 | - 486 | - 78 | - 56 | - 81 | - 116 | - 195 | - 94 | |
| Capital expenditure | - 10,987 | - 9,931 | - 10,075 | - 11,523 | - 13,388 | - 3,086 | - 2,935 | - 3,141 | - 3,357 | - 3,384 | - 3,506 | |
| equals Financial surplus+ /deficit - | - 8,428 | - 5,876 | - 8,060 | - 8,306 | - 11,045 | - 2,383 | - 2,150 | - 1,754 | - 3,075 | - 3,400 | - 2,816 | |
| <i>Assets: increase+ /decrease-</i> | | | | | | | | | | | | |
| <i>Liabilities: increase- /decrease+</i> | | | | | | | | | | | | |
| Lending | + 323 | + 107 | + 13 | + 599 | + 398 | + 101 | + 297 | + 23 | + 190 | + 109 | + 76 | |
| Purchases of securities | + 262 | - 440 | + 464 | + 140 | + 232 | + 15 | - | - 32 | + 212 | + 6 | + 46 | |
| Retail and trade credit | + 9 | + 16 | + 41 | + 17 | - 3 | + 5 | + 3 | - | 3 | - 4 | + 4 | |
| Accruals adjustment | + 248 | + 114 | + 724 | + 2,858 | + 227 | + 894 | + 796 | - 187 | + 161 | - 73 | + 326 | |
| Liquid assets | + 126 | + 414 | + 54 | + 223 | + 368 | - 25 | + 17 | - 66 | + 104 | + 59 | + 271 | + 38 |
| Miscellaneous transactions | + 517 | + 102 | - 799 | - 310 | - 1,120 | + 225 | - 266 | - 1,417 | + 200 | - 60 | + 157 | |
| Financial transactions requiring financing (+) | + 1,485 | + 313 | + 497 | + 3,527 | + 102 | + 1,215 | + 847 | - 1,679 | + 864 | + 37 | + 880 | |
| Unidentified | - 783 | - 194 | - 224 | + 760 | + 1,189 | + 180 | + 743 | - 25 | - 56 | + 558 | + 712 | |
| Borrowing requirement (-)(a) | - 9,130 | - 5,995 | - 8,333 | - 12,593 | - 12,336 | - 3,778 | - 3,740 | - 50 | - 3,883 | - 3,995 | - 4,408 | |
| Financed by (borrowing+):† | | | | | | | | | | | | |
| Central government: | | | | | | | | | | | | |
| External transactions | + 1,282 | - 7,130 | + 1,396 | - 238 | + 1,002 | + 589 | + 62 | - 57 | + 704 | + 582 | - 227 | - 132 |
| Notes and coin with the public | + 573 | + 970 | + 1,192 | + 1,063 | + 710 | + 308 | + 182 | + 112 | + 153 | + 140 | + 305 | + 23 |
| Bank borrowing | + 178 | + 1,859 | - 414 | - 151 | + 193 | + 177 | + 762 | - 590 | - 277 | - 675 | + 1,735 | + 385 |
| Other domestic transactions(b) | + 4,753 | + 8,770 | + 6,197 | + 9,756 | + 9,248 | + 1,949 | + 2,191 | + 722 | + 2,356 | + 3,673 | + 2,497 | + 1,108 |
| | + 6,786 | + 4,469 | + 8,371 | + 10,430 | + 11,153 | + 3,023 | + 3,197 | + 187 | + 2,936 | + 3,720 | + 4,310 | + 1,384 |
| Local authorities: | | | | | | | | | | | | |
| External finance | - 160 | - 76 | + 26 | - 42 | + 2 | - 15 | - 28 | + 6 | - 27 | + 35 | - 12 | + 24 |
| Bank borrowing | + 38 | + 365 | + 423 | + 708 | + 1,682 | + 320 | + 85 | + 110 | + 498 | + 708 | + 366 | + 408 |
| Other domestic transactions(c) | + 1,224 | - 106 | + 211 | + 1,120 | + 191 | + 307 | + 565 | + 206 | + 636 | - 416 | - 235 | |
| | + 1,102 | + 183 | + 660 | + 1,786 | + 1,875 | + 612 | + 622 | + 322 | + 1,107 | + 327 | + 119 | |
| Public corporations: | | | | | | | | | | | | |
| External finance | + 1,469 | + 1,078 | - 41 | + 239 | - 197 | + 75 | + 70 | - 56 | - 102 | - 12 | - 27 | - 65 |
| Bank borrowing | + 292 | + 164 | - 290 | + 125 | - 271 | + 155 | + 158 | - 408 | + 193 | - 34 | - 22 | - 227 |
| Other domestic transactions(c)(d) | - 519 | + 101 | - 367 | + 13 | - 224 | - 87 | - 307 | + 5 | - 251 | - 6 | + 28 | |
| | + 1,242 | + 1,343 | - 698 | + 377 | - 692 | + 143 | - 79 | - 459 | - 160 | - 52 | - 21 | |

† of which, net borrowing(+) in foreign currencies, including unguaranteed borrowing:(e)

| | | | | | | | | | | | | |
|---|---------|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|
| Central government: | | | | | | | | | | | | |
| Direct from overseas | - 28 | + 142 | + 169 | - | - 54 | - | - | - | - | - 41 | - 13 | - |
| Bank borrowing | + 28 | + 729 | + 22 | - | - 575 | - | - | - | - | - 439 | - 136 | - |
| Payments under the exchange cover scheme(f) | - 54 | - 17 | - 99 | - 148 | + 7 | - 23 | - 30 | - 21 | - 6 | + 2 | + 32 | + 31 |
| Other | - | - | - | - | - | - | - | - | - | - | - | - |
| Local authorities: | | | | | | | | | | | | |
| Direct from overseas | - 1 | + 23 | - 4 | - 63 | - 22 | - 28 | - 37 | - 13 | - 36 | + 19 | + 8 | + 8 |
| Bank borrowing | - 24 | - 3 | - 145 | - 210 | - 25 | - 103 | - | - 1 | - 24 | - | - | - |
| Receipts from central government under the exchange cover scheme(f) | + 13 | - | + 38 | + 28 | + 8 | + 10 | - | + 1 | + 7 | - | - | - |
| Public corporations: | | | | | | | | | | | | |
| Direct from overseas | + 1,413 | + 1,010 | - 114 | + 248 | - 315 | + 67 | + 45 | - 113 | - 138 | - 27 | - 37 | - 65 |
| Bank borrowing | + 430 | - 44 | - 291 | - 375 | - 154 | - 48 | - 131 | - 180 | + 45 | + 19 | - 38 | + 80 |
| Receipts from central government under the exchange cover scheme(f) | + 41 | + 17 | + 61 | + 120 | - 15 | + 13 | + 30 | + 20 | - 1 | - 2 | - 32 | - 31 |

- nil or less than £½ million.

- (a) Financial surplus/deficit, less financial transactions requiring financing, less unidentified.
 (b) Other domestic borrowing, less net acquisitions of local authority debt and commercial bills and receipts from public corporations for the redemption of government-guaranteed stocks. Includes payments to local authorities and public corporations under the exchange cover scheme.
 (c) Includes receipts from the central government under the exchange cover scheme.
 (d) Includes payments to the central government for the redemption of government-guaranteed stocks.
 (e) British Nuclear Fuels, a private sector body, borrowed foreign currency from the European Investment Bank under the exchange cover scheme, but this is excluded from the financing of the PSBR. The amounts are: 1979 Q1 £3 million; 1980 Q2 £4 million; 1980 Q4 £40 million; 1981 Q1 £17 million.
 (f) Repayments of foreign currency borrowing under the exchange cover scheme are recorded at current market rates, as are the corresponding transactions in the official reserves. The differences from the sterling actually paid (at the original borrowing rates) by the local authorities and public corporations are entered as receipts from the central government.

Table G
Banking sector

£ millions; *seasonally adjusted*
Assets: increase+ /decrease-
Liabilities: increase- /decrease+

| | 1976 | 1977 | 1978 | 1979 | 1980 | 1979 | | 1980 | | | | 1981 | |
|--|--------|--------|--------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--|
| | | | | | | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | |
| Domestic assets | | | | | | | | | | | | | |
| Public sector | + 288 | +2,378 | - 291 | + 955 | + 1,620 | + 654 | +1,002 | - 884 | + 425 | + 2 | +2,077 | + 560 | |
| Private sector: | | | | | | | | | | | | | |
| Sterling lending | +3,127 | +3,468 | +4,620 | + 8,542 | + 9,621 | +2,282 | +1,530 | +2,707 | +2,618 | +3,619 | + 677 | + 365 | |
| Foreign currency lending | + 247 | +1,208 | +1,055 | + 895 | + 1,266 | + 28 | + 102 | + 387 | +1,000 | + 126 | - 247 | + 549 | |
| Sterling securities(a) | + 11 | + 24 | + 90 | + 31 | + 3 | + 2 | + 57 | - 33 | - 25 | + 38 | + 23 | + 18 | |
| Foreign currency securities(a) | + 2 | + 7 | + 26 | + 13 | + 3 | - | + 2 | + 6 | + 1 | + 3 | - 7 | + 11 | |
| | +3,675 | +7,085 | +5,500 | +10,436 | +12,513 | +2,966 | +2,693 | +2,183 | +4,019 | +3,788 | +2,523 | +1,503 | |
| Domestic deposit liabilities(b) | | | | | | | | | | | | | |
| Sterling sight | -1,264 | -3,395 | -2,640 | - 1,766 | - 701 | - 484 | - 465 | + 216 | - 576 | + 444 | - 785 | -1,279 | |
| Sterling time | -1,589 | + 203 | -2,782 | - 4,052 | - 9,487 | -1,099 | -1,062 | -1,611 | -2,564 | -3,095 | -2,217 | + 76 | |
| Foreign currency | - 382 | - 775 | - 895 | - 802 | - 1,380 | + 35 | - 660 | - 299 | - 119 | - 408 | - 554 | -1,341 | |
| | -3,235 | -3,967 | -6,317 | - 6,620 | -11,568 | -1,548 | -2,187 | -1,694 | -3,259 | -3,059 | -3,556 | -2,544 | |
| Net external claims | + 648 | -2,654 | +1,936 | - 2,912 | + 605 | -1,109 | - 447 | + 246 | - 435 | + 31 | + 763 | +1,931 | |
| Capital issues, accruals, etc. | - 445 | - 260 | - 474 | - 473 | - 320 | - 68 | - 312 | + 1 | - 131 | - 92 | - 98 | - 328 | |
| Net financial transactions(a) | + 643 | + 204 | + 645 | + 431 | + 1,230 | + 241 | - 253 | + 736 | + 194 | + 668 | - 368 | + 562 | |

(a) Excluding securities issued by banks in the United Kingdom.

(b) The treatment of funds oversubscribed in the offer for sale of shares in British Petroleum Limited in 1977 is described in the additional notes to Table 6 in the statistical annex.

Table H
Financial institutions other than banks

£ millions; *seasonally adjusted*

| | 1976 | 1977 | 1978 | 1979 | 1980 | 1979 | | 1980 | | | | 1981 |
|---|--------|---------|---------|---------|---------|--------|--------|--------|--------|--------|--------|-------|
| | | | | | | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| Financial liabilities (increase -) | | | | | | | | | | | | |
| Building society shares and deposits | -3,405 | - 6,099 | - 4,814 | - 5,762 | - 7,010 | -1,589 | -1,489 | -1,445 | -1,512 | -1,967 | -2,086 | |
| Other deposits | - 362 | - 582 | - 301 | - 689 | - 813 | - 266 | - 6 | - 226 | - 171 | - 142 | - 274 | |
| Foreign currency borrowing | - 51 | - 305 | - 468 | - 131 | + 104 | + 102 | + 280 | + 177 | - 106 | - 10 | + 43 | - 273 |
| Sterling bank borrowing | - 336 | - 111 | - 630 | - 1,236 | - 732 | - 372 | - 375 | - 242 | - 446 | - 107 | + 63 | - 236 |
| Unit trust units | - 79 | - 25 | - 117 | + 35 | + 7 | - 16 | + 16 | + 16 | + 16 | - 2 | - 23 | |
| Capital issues | - 131 | - 138 | - 82 | - 90 | - 91 | - 26 | - 13 | - 25 | - 9 | + 9 | - 66 | - 47 |
| Life assurance and pension funds | -5,253 | - 5,890 | - 7,088 | - 8,969 | -10,425 | -2,298 | -2,397 | -2,210 | -2,553 | -2,962 | -2,700 | |
| Other | - 243 | - 57 | - 446 | - 654 | - 911 | - 384 | - 105 | - 331 | - 159 | - 246 | - 175 | |
| | -9,860 | -13,207 | -13,946 | -17,496 | -19,871 | -4,849 | -4,089 | -4,286 | -4,940 | -5,427 | -5,218 | |
| Financial assets (increase +) | | | | | | | | | | | | |
| Notes and coin | - | - | - | - | - | - | - | - | - | - | - | - |
| Bank deposits | + 651 | + 839 | + 1,257 | - 36 | + 1,641 | + 201 | - 83 | + 731 | - 56 | + 642 | + 324 | + 570 |
| Local authority temporary debt | - 358 | + 129 | + 111 | + 763 | + 226 | + 406 | - 1 | - 71 | + 418 | + 78 | - 199 | |
| Other short-term assets(a) | + 237 | + 402 | - 218 | + 125 | - 479 | + 188 | - 256 | - 399 | + 76 | - 211 | + 55 | |
| Government securities | +3,330 | + 4,701 | + 4,773 | + 6,262 | + 5,247 | +1,450 | +1,454 | +1,278 | + 996 | +2,059 | + 914 | |
| Local authority securities | + 93 | + 70 | - 33 | - 29 | - 62 | + 20 | - 91 | - 22 | - 9 | + 28 | - 59 | |
| UK company securities | +1,210 | + 1,786 | + 1,579 | + 1,761 | + 2,079 | + 336 | + 347 | + 323 | + 450 | + 568 | + 738 | |
| Overseas securities | + 1 | + 191 | + 540 | + 668 | + 2,162 | + 158 | + 363 | + 463 | + 392 | + 594 | + 713 | |
| Loans for house purchase | +3,632 | + 4,124 | + 5,192 | + 5,532 | + 5,766 | +1,409 | +1,318 | +1,319 | +1,269 | +1,443 | +1,735 | |
| Long-term lending to local authorities | + 4 | + 779 | - 372 | - 130 | + 326 | + 15 | - 23 | + 198 | + 95 | + 19 | + 14 | |
| Other | + 117 | + 631 | + 1,046 | + 1,733 | + 1,237 | + 458 | + 662 | + 437 | + 370 | + 115 | + 315 | |
| | +8,917 | +13,652 | +13,875 | +16,649 | +18,143 | +4,641 | +3,690 | +4,257 | +4,001 | +5,335 | +4,550 | |
| Net financial transactions | - 943 | + 445 | - 71 | - 847 | - 1,728 | - 208 | - 399 | - 29 | - 939 | - 92 | - 668 | |

(a) Includes tax instruments and Treasury bills.

Table J
Financial institutions other than banks: detail by institutional group, 1980

£ millions

| | Total | Insurance companies | Pension funds and property unit trusts | Building societies | Finance houses | Savings banks' investment accounts | Investment and unit trusts | Others and unallocated |
|--|---------------|---------------------|--|--------------------|----------------|------------------------------------|----------------------------|------------------------|
| Increase in financial liabilities (-) | | | | | | | | |
| Inflow to life assurance and pension funds | -10,425 | | -10,425 | | | | | |
| Deposits | -7,823 | | | -7,004 | -56 | -755 | | 8 |
| Capital issues | -91 | +6 | | | +1 | | -30 | -68 |
| Sales of units | -172 | | -95 ^(a) | | | | -77 | |
| Bank borrowing | -511 | +34 | +4 | | -254 | | +47 | -342 |
| Other borrowing | -1,028 | | +6 | -701 | -105 | | -38 | -190 |
| | -20,050 | -10,470 | | -7,705 | -414 | -755 | -98 | -608 |
| Increase in financial assets (+) | | | | | | | | |
| Bank deposits, notes and coin | +1,641 | +278 | +106 | +829 | +4 | +47 | -32 | +409 |
| Deposits with other financial institutions | | -4 | +1 | | | +83 | -7 | -73 |
| Local authority temporary debt | +226 | -6 | -63 | +396 | | +12 | -31 | -82 |
| Treasury bills and tax instruments | +35 | | +1 | | | +43 | -1 | -8 ^(b) |
| Government stocks | +5,247 | +2,654 | +1,711 | +893 | | +76 | -35 | -52 |
| UK company securities: | | | | | | | | |
| Ordinary shares | +2,019 | +858 | +1,641 | | | | -270 | -210 ^(b) |
| Fixed-interest | +60 | +60 | +22 | | | | -7 | -15 ^(b) |
| Overseas securities: | | | | | | | | |
| Ordinary shares | +1,970 | +512 | +1,120 | | | | +420 | -82 |
| Fixed-interest | +192 | +81 | +63 | | | | +46 | +2 |
| Investment in units | +179 | +63 | +119 ^(a) | | | | | -3 |
| Loans for house purchase | +5,766 | +252 | +2 | +5,418 | | +93 | | +1 |
| Long-term lending to local authorities | +326 | +102 | -13 | +36 | | +208 | -2 | -5 ^(b) |
| Other lending | +661 | +166 | +53 | -27 | +476 | -6 | +5 | -6 |
| | +18,322 | +5,016 | +4,763 | +7,545 | +480 | +556 | +86 | -124 |
| Net identified financial transactions | -1,728 | -691 | -160 | +66 | -199 | -12 | -732 | |

Note: Differences from Table H arise through the inclusion here of intra-sector transactions (mainly involving deposits, and property and other unit trust units) netted out when the sector is considered as a whole.

- nil or less than £½ million.

(a) Pension funds bought £95 million of property unit trust units.

(b) These figures include adjustments for the cost of transactions (the institutions generally record sales net of costs and purchases including costs). The amounts are £46 million for government stocks, £220 million for UK ordinary shares, £17 million for UK fixed-interest securities and £3 million for long-term lending to local authorities.

Table K
All financial institutions

£ millions; seasonally adjusted

| | 1976 | 1977 | 1978 | 1979 | 1980 | 1979 | | 1980 | | | | 1981 |
|--|-------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|-------------|---------------|------|
| | | | | | | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| Saving | +1,981 | +2,413 | +2,571 | +3,864 | +5,757 | +1,042 | +880 | +1,184 | +1,604 | +1,563 | +1,406 | |
| Taxes on capital | -97 | -101 | -65 | -193 | -198 | -59 | -57 | -18 | -58 | -59 | -63 | |
| less gross fixed-capital formation | -1,896 | -2,204 | -3,109 | -3,807 | -4,676 | -857 | -979 | -1,125 | -1,194 | -1,025 | -1,332 | |
| less stocks | -24 | +22 | +13 | +27 | +45 | -5 | | +62 | +8 | -22 | -3 | |
| Financial surplus +/deficit - | -36 | +130 | -590 | -109 | +928 | +121 | -156 | +103 | +360 | +457 | +8 | |
| Net identified financial transactions: | | | | | | | | | | | | |
| Banks | +643 | +204 | +645 | +431 | +1,230 | +241 | -253 | +736 | +194 | +668 | -368 | +562 |
| Other financial institutions | -943 | +445 | -71 | -847 | -1,728 | -208 | -399 | -29 | -939 | -92 | -668 | |
| Total | -300 | +649 | +574 | -416 | -498 | +33 | -652 | +707 | -745 | +576 | -1,036 | |
| Unidentified | +264 | -519 | -1,164 | +307 | +1,426 | +88 | +496 | -604 | +1,105 | -119 | +1,044 | |

Table L
Industrial and commercial companies

£ millions; *seasonally adjusted*

| | 1976 | 1977 | 1978 | 1979 | 1980 | 1979 | | 1980 | | | | 1981 |
|---|----------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|--------------|--------|
| | | | | | | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| Saving | +13,259 | +14,103 | +15,489 | +17,359 | +13,210 | +4,596 | +4,204 | +4,765 | +3,562 | +2,432 | +2,451 | |
| Capital transfers (net) | + 357 | + 251 | + 370 | + 320 | + 387 | + 102 | + 62 | + 32 | + 80 | + 135 | + 140 | |
| Gross fixed-capital formation | - 8,111 | - 9,703 | -11,793 | -13,013 | -14,503 | -3,401 | -3,547 | -3,538 | -3,596 | -3,709 | -3,660 | |
| Increase in value of stocks | - 5,659 | - 5,406 | - 4,124 | - 9,057 | - 1,866 | -2,416 | -2,450 | -1,720 | -1,228 | + 67 | +1,015 | |
| Financial surplus + /deficit – | - 154 | - 755 | - 58 | - 4,391 | - 2,772 | -1,119 | -1,731 | - 461 | -1,182 | -1,075 | - 54 | |
| less Unremitted profits (net) | - 1,136 | + 65 | - 56 | + 1,138 | + 1,614 | + 438 | + 231 | + 420 | + 363 | + 420 | + 411 | |
| Adjusted financial surplus + /deficit – | - 1,290 | - 690 | - 114 | - 3,253 | - 1,158 | - 681 | -1,500 | - 41 | - 819 | - 655 | + 357 | |
| <i>Assets: increase + /decrease –</i> | | | | | | | | | | | | |
| <i>Liabilities: increase – /decrease +</i> | | | | | | | | | | | | |
| Retail credit granted | + 132 | + 109 | + 149 | + 233 | + 77 | + 36 | + 70 | + 64 | - 15 | + 11 | + 17 | |
| Net identified trade credit | + 429 | - 4 | + 507 | + 127 | + 797 | + 7 | - 214 | +1,056 | - 168 | + 217 | - 308 | |
| Trade investments, mergers, etc. at home | + 857 | + 687 | + 766 | + 1,054 | + 903 | + 261 | + 353 | + 169 | + 174 | + 423 | + 137 | |
| Long-term investment abroad | + 602 | + 696 | + 1,726 | + 3,536 | + 2,161 | + 995 | + 853 | + 900 | + 812 | + 28 | + 421 | |
| Import deposits | | | | | | | | | | | | |
| Accruals adjustments | - 166 | - 55 | - 701 | - 2,363 | + 103 | - 812 | - 538 | + 161 | - 3 | + 83 | - 138 | |
| Financial transactions requiring financing | + 1,854 | + 1,433 | +2,447 | + 2,587 | + 4,041 | + 487 | + 524 | +2,350 | + 800 | + 762 | + 129 | |
| Unidentified | - 706 | - 569 | - 454 | - 430 | - 553 | - 499 | - 611 | +1,230 | - 877 | - 389 | - 517 | |
| Net borrowing requirement(-)(a) | - 2,438 | - 1,554 | - 2,107 | - 5,410 | - 4,646 | - 669 | -1,413 | -3,621 | - 742 | -1,028 | + 745 | |
| Financing | | | | | | | | | | | | |
| Bank borrowing | + 2,397 | + 2,967 | + 2,890 | + 4,903 | + 6,640 | +1,085 | + 752 | +2,114 | +2,107 | +2,430 | - 11 | |
| Other borrowing(b) | + 371 | + 115 | + 253 | + 774 | + 468 | + 316 | + 161 | + 624 | - 59 | - 536 | + 439 | |
| Capital issues | + 853 | + 744 | + 683 | + 798 | + 1,277 | - 20 | + 215 | + 165 | + 301 | + 374 | + 437 | + 226 |
| Overseas investment inflow | + 1,356 | + 1,456 | + 1,341 | + 80 | - 508 | - 340 | - 77 | - 319 | - 355 | + 131 | + 35 | |
| Notes and coin | - 285 | - 483 | - 595 | - 531 | - 354 | - 154 | - 91 | - 56 | - 76 | - 70 | - 152 | - 11 |
| Bank deposits: | | | | | | | | | | | | |
| Sterling sight | - 551 | - 1,107 | - 598 | + 10 | + 304 | + 17 | - 55 | + 564 | - 276 | + 104 | - 88 | - 322 |
| Sterling time | - 817 | - 466 | - 872 | + 238 | - 2,538 | + 354 | + 292 | + 297 | - 838 | - 919 | -1,078 | + 651 |
| Foreign currency | + 89 | - 543 | - 493 | - 309 | - 695 | + 54 | - 359 | - 184 | - 78 | - 220 | - 213 | -1,025 |
| Other liquid assets(c) | - 269 | - 461 | - 321 | - 251 | - 419 | + 57 | + 342 | + 146 | + 364 | - 265 | - 664 | |
| Other domestic assets(d) | - 82 | - 33 | - 113 | - 41 | - 50 | - 11 | - 15 | - 67 | - 46 | + 108 | - 45 | |
| Miscellaneous overseas instruments | - 624 | - 635 | - 68 | - 261 | + 521 | - 689 | + 248 | + 337 | - 302 | - 109 | + 595 | |
| Total | + 2,438 | + 1,554 | + 2,107 | + 5,410 | + 4,646 | + 669 | +1,413 | +3,621 | + 742 | +1,028 | - 745 | |

(a) Adjusted financial surplus/deficit, less financial transactions requiring financing, less unidentified.

(b) Includes transactions in commercial bills by the Issue Department of the Bank of England.

(c) Tax instruments, Treasury bills, British government stocks, local authority temporary debt. The figures for government stocks relate only to transactions by those large companies covered by the Department of Industry's survey of company liquidity.

(d) Includes deposits with other financial institutions and long-term local authority debt.

Table M
Personal sector

£ millions; seasonally adjusted

| | 1976 | 1977 | 1978 | 1979 | 1980 | 1979 | | 1980 | | | | 1981 |
|--|----------------|----------------|----------------|-----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------|
| | | | | | | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| | | | | | | | | | | | | |
| Saving | +10,048 | +10,324 | +14,370 | +18,953 | +24,243 | +5,081 | +6,161 | +4,531 | +5,953 | +6,947 | +6,812 | |
| Capital transfers (net) | - 57 | + 82 | + 296 | + 175 | + 297 | + 35 | + 51 | + 67 | + 94 | + 119 | + 17 | |
| Capital expenditure | - 4,304 | - 5,216 | - 5,935 | - 7,529 | - 7,935 | -1,862 | -2,318 | -2,169 | -1,951 | -2,023 | -1,792 | |
| Financial surplus + /deficit - | + 5,687 | + 5,190 | + 8,731 | + 11,599 | + 16,605 | + 3,254 | + 3,894 | + 2,429 | + 4,096 | + 5,043 | + 5,037 | |
| <i>Assets: increase + /decrease -</i> | | | | | | | | | | | | |
| <i>Liabilities: increase - /decrease +</i> | | | | | | | | | | | | |
| Borrowing | | | | | | | | | | | | |
| For house purchase | - 3,872 | - 4,285 | - 5,363 | - 6,385 | - 6,794 | -1,702 | -1,609 | -1,617 | -1,580 | -1,668 | -1,929 | |
| Bank borrowing(a) | - 519 | - 1,164 | - 1,597 | - 2,629 | - 3,099 | - 750 | - 611 | - 848 | - 765 | -1,072 | - 414 | -1,141 |
| Credit extended by retailers | - 141 | - 125 | - 190 | - 250 | - 74 | - 41 | - 73 | - 64 | + 18 | - 7 | - 21 | |
| Other(b) | - 383 | - 313 | - 685 | - 1,232 | + 229 | - 434 | - 101 | + 442 | - 396 | + 289 | - 106 | |
| | - 4,915 | - 5,887 | - 7,835 | -10,496 | - 9,738 | -2,927 | -2,394 | -2,087 | -2,723 | -2,458 | -2,470 | |
| Financial assets | | | | | | | | | | | | |
| Notes and coin | + 288 | + 487 | + 597 | + 532 | + 356 | + 154 | + 91 | + 56 | + 77 | + 70 | + 153 | + 12 |
| Government securities | + 1,754 | + 804 | + 269 | + 2,417 | + 2,298 | + 485 | + 809 | + 428 | + 822 | + 458 | + 590 | |
| National savings | + 592 | + 1,290 | + 1,525 | + 1,063 | + 1,377 | + 141 | + 315 | + 314 | + 270 | + 223 | + 570 | +1,104 |
| Tax instruments | + 1 | + 7 | + 15 | + 29 | - 8 | + 8 | + 5 | - 5 | - 2 | + 3 | + 2 | |
| Local authority debt: | | | | | | | | | | | | |
| Temporary | + 50 | - 342 | - 143 | + 320 | + 173 | + 132 | + 74 | - 92 | + 53 | + 99 | + 113 | |
| Long-term | + 195 | + 322 | - 1 | - 217 | - 172 | - 226 | + 188 | + 25 | + 163 | - 309 | - 51 | |
| Bank deposits: | | | | | | | | | | | | |
| Sterling sight | + 672 | + 1,727 | + 1,638 | + 1,182 | + 728 | + 392 | + 148 | + 294 | + 114 | - 85 | + 405 | + 851 |
| Sterling time | + 583 | - 1,170 | + 1,518 | + 4,978 | + 5,536 | +1,357 | +1,774 | +1,407 | +1,833 | +1,309 | + 987 | + 319 |
| Foreign currency | + 66 | + 5 | + 82 | + 202 | + 366 | + 20 | + 126 | + 5 | + 72 | + 99 | + 190 | + 70 |
| Deposits with building societies | + 3,301 | + 5,932 | + 4,849 | + 5,833 | + 7,018 | +1,606 | +1,522 | +1,409 | +1,515 | +1,943 | +2,151 | |
| Deposits with other financial institutions | + 237 | + 570 | + 572 | + 952 | + 825 | + 250 | + 147 | + 246 | + 171 | + 196 | + 212 | |
| Unit trust units | + 79 | + 25 | + 117 | - 35 | - 7 | + 16 | - 16 | - 16 | - 16 | + 2 | + 23 | |
| UK company securities | - 1,341 | - 1,488 | - 1,684 | - 1,631 | - 1,622 | - 603 | - 395 | - 297 | - 459 | - 548 | - 318 | |
| Overseas securities | - 213 | - 386 | + 341 | - 421 | - 281 | - 43 | - | - 107 | - 331 | + 221 | - 64 | |
| Life assurance and pension funds | + 5,568 | + 6,138 | + 7,333 | + 9,320 | +10,688 | +2,348 | +2,481 | +2,159 | +2,611 | +3,016 | +2,902 | |
| Other | - 15 | + 87 | + 64 | + 143 | + 96 | + 28 | + 25 | + 40 | + 38 | + 5 | + 13 | |
| | +11,817 | +14,008 | +17,092 | +24,667 | +27,371 | +6,065 | +7,294 | +5,866 | +6,931 | +6,696 | +7,878 | |
| Total financial transactions | + 6,902 | + 8,121 | + 9,257 | + 14,171 | + 17,633 | + 3,138 | + 4,900 | + 3,779 | + 4,208 | + 4,238 | + 5,408 | |
| Unidentified | - 1,215 | - 2,931 | - 526 | - 2,572 | - 1,028 | + 116 | -1,006 | -1,350 | - 112 | + 805 | - 371 | |

(a) Other than for house purchase.

(b) Includes accruals adjustments, instalment borrowing from finance houses and trade credit received from public corporations.

Table N
Overseas sector^(a)

£ millions; seasonally adjusted

Claims on UK: increase + /decrease -
Liabilities to UK: increase - /decrease +

| | 1976 | 1977 | 1978 | 1979 | 1980 | 1979 | | 1980 | | | | 1981 |
|---------------------------------------|---------------|--------------|--------------|---------------|---------------|--------------|-------------|-------------|-------------|-------------|---------------|--------|
| | | | | | | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| | | | | | | | | | | | | |
| Financial surplus + /deficit - | +1,060 | + 206 | - 707 | +1,630 | -2,737 | + 189 | +557 | - 70 | + 88 | -870 | -1,885 | |
| UK private sector transactions | | | | | | | | | | | | |
| Investments: | | | | | | | | | | | | |
| Securities | + 177 | + 229 | -1,486 | -1,546 | -3,242 | - 284 | -335 | -506 | -913 | -811 | -1,012 | |
| Other(b) | - 219 | + 822 | - 168 | -2,315 | -1,249 | -1,008 | -831 | -916 | -282 | +273 | - 324 | |
| Deposits, loans, etc. | | | | | | | | | | | | |
| UK banks(c) | - 440 | +2,932 | -1,658 | +3,665 | + 534 | +1,355 | +416 | - 36 | +770 | +179 | - 379 | -1,458 |
| Miscellaneous | - 891 | - 427 | - 427 | - 767 | + 238 | - 664 | + 33 | +493 | -311 | -458 | + 514 | |
| | -1,373 | +3,556 | -3,739 | - 963 | -3,719 | - 601 | -717 | -965 | -736 | -817 | -1,201 | |
| UK public sector transactions | | | | | | | | | | | | |
| Lending abroad(d) | - 127 | - 225 | - 250 | - 253 | + 13 | + 1 | -158 | + 22 | - 8 | + 1 | - 2 | |
| External finance(e) | | | | | | | | | | | | |
| Central government | +1,282 | -7,130 | +1,396 | - 238 | +1,002 | + 589 | + 62 | - 57 | +704 | + 582 | - 227 | - 132 |
| Local authorities | - 160 | - 76 | + 26 | - 42 | + 2 | - 15 | - 28 | + 6 | - 27 | + 35 | - 12 | + 24 |
| Public corporations | +1,469 | +1,078 | - 41 | + 239 | - 197 | + 75 | + 70 | - 56 | -102 | - 12 | - 27 | - 65 |
| Miscellaneous | - 600 | - 105 | + 217 | + 529 | + 217 | - 37 | +536 | - 16 | + 30 | + 41 | + 162 | |
| Unidentified | + 569 | +3,108 | +1,684 | +2,358 | - 55 | + 177 | +792 | +996 | +227 | -700 | - 578 | |

(a) It has not been possible to include in this table the balance of payments estimates for the first quarter of 1981, and revisions to previous quarters, which were released early in June.

(b) Private long-term direct, oil and miscellaneous investment abroad (-) and overseas investment in the United Kingdom (+), excluding securities.

(c) Other than net purchases of securities. Includes foreign currency borrowing from abroad to finance lending to the UK public sector.

(d) These overseas transactions of the public sector increase its borrowing requirement.

(e) These overseas transactions of the public sector are among the items financing its borrowing requirement (see Table F).

Table P
UK company and overseas securities

£ millions

| | Capital issues(a) (issues -) | | | | Other transactions(a)(b) (purchases + / sales -) | | | | | |
|--------------------------|------------------------------|-------------------------------------|----------------|------------------------------|--|-----------------|-----------------|-------------------------------------|----------------|------------------------------|
| | Overseas sector | Industrial and commercial companies | Banking sector | Other financial institutions | Public sector | Overseas sector | Personal sector | Industrial and commercial companies | Banking sector | Other financial institutions |
| UK ordinary shares | | - 808 | - 218 | - 142 | + 262 | + 398 | - 1,122 | + 455 | + 2 | + 1,173 |
| UK fixed-interest | | - 45 | - 150 | + 11 | | + 144 | - 219 | + 205 | + 17 | + 37 |
| 1976 Total | | - 853 | - 368 | - 131 | + 262 | + 542 | - 1,341 | + 660 | + 19 | + 1,210 |
| UK ordinary shares | | - 746 | - 68 | - 70 | - 440 | + 366 | - 1,394 | + 388 | + 66 | + 1,898 |
| UK fixed-interest | | + 2 | - 168 | - 68 | | + 240 | - 94 | + 165 | + 35 | - 112 |
| 1977 Total | | - 744 | - 236 | - 138 | - 440 | + 606 | - 1,488 | + 553 | + 101 | + 1,786 |
| UK ordinary shares | | - 798 | - 154 | - 14 | + 464 | + 76 | - 1,450 | + 399 | - 114 | + 1,591 |
| UK fixed-interest | | + 115 | - 211 | - 68 | | + 168 | - 234 | + 183 | + 59 | - 12 |
| 1978 Total | | - 683 | - 365 | - 82 | + 464 | + 244 | - 1,684 | + 582 | - 55 | + 1,579 |
| UK ordinary shares | | - 879 | - 150 | - 90 | + 140 | + 366 | - 1,365 | + 124 | - 17 | + 1,781 |
| UK fixed-interest | | + 81 | - 215 | - 90 | | + 234 | - 266 | + 228 | + 48 | - 20 |
| 1979 Total | | - 798 | - 365 | - 90 | + 140 | + 600 | - 1,631 | + 352 | + 31 | + 1,761 |
| UK ordinary shares | | - 1,267 | - 251 | - 39 | + 232 | + 844 | - 1,529 | - 102 | + 93 | + 2,019 |
| UK fixed-interest | | - 10 | - 151 | - 52 | | - 5 | - 93 | + 185 | + 66 | + 60 |
| 1980 Total | | - 1,277 | - 402 | - 91 | + 232 | + 839 | - 1,622 | + 83 | + 159 | + 2,079 |
| Overseas ordinary shares | - 2 | | | | | - 515 | + 73 | + 437 | + 48 | - 41 |
| Overseas fixed-interest | + 76 | | | | | + 76 | - 286 | + 23 | + 69 | + 42 |
| 1976 Total | + 74 | | | | | - 439 | - 213 | + 460 | + 117 | + 1 |
| Overseas ordinary shares | - | | | | | - 297 | - 216 | + 363 | + 34 | + 116 |
| Overseas fixed-interest | + 42 | | | | | - 122 | - 170 | + 19 | + 156 | + 75 |
| 1977 Total | + 42 | | | | | - 419 | - 386 | + 382 | + 190 | + 191 |
| Overseas ordinary shares | - | | | | | - 1,298 | + 315 | + 634 | + 64 | + 285 |
| Overseas fixed-interest | + 61 | | | | | - 493 | + 26 | + 33 | + 118 | + 255 |
| 1978 Total | + 61 | | | | | - 1,791 | + 341 | + 667 | + 182 | + 540 |
| Overseas ordinary shares | - 1 | | | | | - 1,947 | - 329 | + 1,195 | + 474 | + 608 |
| Overseas fixed-interest | + 26 | | | | | - 224 | - 92 | + 63 | + 167 | + 60 |
| 1979 Total | + 25 | | | | | - 2,171 | - 421 | + 1,258 | + 641 | + 668 |
| Overseas ordinary shares | - | | | | | - 2,006 | - 1,474 | + 1,240 | + 270 | + 1,970 |
| Overseas fixed-interest | - 6 | | | | | - 2,069 | + 1,193 | + 65 | + 625 | + 192 |
| 1980 Total | - 6 | | | | | - 4,075 | - 281 | + 1,305 | + 895 | + 2,162 |

(a) The sum of capital issues and other transactions equals line 31 in Table D for UK securities and line 32 for overseas securities.

(b) The breakdown by type of security has been partly estimated and some of the figures are very rough, particularly those for the personal sector, which are residuals. See also footnote (b) to Table J.

Notes on sources, definitions and seasonal adjustment

Introduction

The format of the financial transactions matrix (Tables D and E), which, for the convenience of users, has been virtually unaltered for the last fifteen years, has now been substantially changed. The main reason for the changes is to meet the requirements of analysts and forecasters by providing additional detail. Thus, for example, the categories of financial transactions now enable the user to trace the financing of the public sector borrowing requirement (lines 6 to 20) and they can be reshuffled to produce a matrix of the general type used by the official short-term forecasters in the Treasury and Bank (see the June 1977 *Bulletin*, page 196). Additional lines give useful breakdowns which have become available in recent years, notably the division of bank deposits between sterling sight, sterling time and foreign currency (line 21), and the identification of transactions in overseas securities (line 32). Separate columns are also now provided for the three sub-divisions of the public sector—central government, local authorities and public corporations.

It was considered that it would be less confusing and more convenient to users if the matrix presentations published by the Bank and the CSO were the same. The CSO has therefore changed its presentation too, with effect from the April issue of *Financial Statistics*. Thus the classification of financial transactions, while meeting the Bank's objectives for users, has also been drawn up in line with the criteria broadly followed by the CSO—the institutional sector upon which the asset is a claim and the relative degree of liquidity of the assets. (See the 1981 edition of the *Financial Statistics Explanatory Handbook*, page 11.) The line numbering in the *Bulletin* and in *Financial Statistics* is the same.

It should be noted that the Bank series are seasonally adjusted.

As a further small convenience to users, terminology has been changed in two respects. The Bank has dropped 'flow of funds accounts' in favour of 'financial transactions accounts', while the CSO has moved from 'net acquisition of financial assets' to 'financial surplus or deficit' (line 5).

The format of the Bank's alternative presentation of the financial transactions accounts (Tables F to N) has also been changed, but not as greatly. The tables are still drawn up in a form which is useful for analysis, rather than being mere time series of the lines in the matrix. The CSO provides time series for the matrix lines in *Financial Statistics*, and also various other presentations of the sector figures, including, for instance, detailed tables for each sub-division of the public sector; but by no means all of their tables are seasonally adjusted.

The complete set of financial transactions accounts tables will continue to appear in the *Bulletin* in this annual article each June, while the March, September and December issues will include only the financial transactions matrix and the alternative presentation of the public, personal, and industrial and commercial companies' sectors.

An explanation of the Bank of England's seasonal adjustment process is given in *United Kingdom flow of funds accounts: 1963–1976* (published by the Bank in May 1978) which also describes the objectives and coverage of financial transactions accounts generally, and discusses the various presentations, including those used by international organisations. This publication is now offered at a reduced price; see the announcement on the reverse of the contents page.

Sources

The main statistical series used in compiling the tables appear in the statistical annex or in *Financial Statistics* or *Economic Trends*.

Definitions

Central government

Government departments and associated bodies and accounts, including the Northern Ireland Government, national insurance and other social security funds, the Exchange Equalisation Account and the Issue Department of the Bank of England.

Local authorities

Public authorities and bodies making returns under the Local Government Acts.

Public corporations

Public enterprises having a substantial degree of independence, including the nationalised industries, other public corporations and their subsidiaries (except for those of the National Enterprise Board), government trading funds and companies which are publicly owned and controlled.

Overseas sector

Non-residents as defined for the balance of payments estimates.

Personal sector

Individuals, unincorporated businesses, and private non-profit-making bodies.

Industrial and commercial companies

All corporate bodies other than public enterprises, banks and other financial institutions.

Banking sector

As in Table 6 in the statistical annex.

Other financial institutions

Insurance companies, pension funds, building societies, finance houses and other consumer credit companies, trustee savings banks, investment trust companies, authorised unit trusts, property unit trusts, special finance agencies and the Central Trustee Savings Bank. The trustee savings banks ordinary department was treated as a central government account until the end of the third quarter of 1979. The Crown Agents for Oversea Governments and Administrations were treated as a financial institution until the end of 1979, when they were reconstituted as two public corporations. The National Savings Bank investment account was treated as a financial institution until the end of 1980, when it became a central government account.

Lines 1–4⁽¹⁾

As defined in the national income and expenditure accounts.

Line 5

The sum of the financial surpluses/deficits for all sectors equals the residual error in the national accounts. For the overseas sector, the entry is the counterpart of the UK balance of payments on current account.

Line 6

Changes in Bank of England notes (treated as liabilities of the central government), in banks' liabilities on account of issues of Scottish and Northern Irish notes, and in coin (treated as liabilities of the central government).

Lines 7 and 8

The entries for Treasury bills under industrial and commercial companies are residuals and include any changes in personal and unidentified overseas holdings. Likewise, the entries for government securities under persons are residuals and include unidentified changes in holdings by industrial and commercial companies—see footnote (c) to Table L—and by overseas residents.

Line 9

As in Table 7 in the statistical annex.

Line 10

Certificates of tax deposit, tax reserve certificates and tax deposit accounts.

Line 11

See footnote (c) to Table 7.

Line 12

Northern Ireland government securities, Northern Ireland Treasury bills, Ulster savings certificates and Ulster development bonds (including accrued interest outstanding), and advances from banks (including trustee savings banks). Northern Ireland borrowing from the European Investment Bank is in line 16.

(1) Line numbers refer only to Tables D and E.

Line 13

Entries here represent differences between the sterling originally obtained by local authorities and public corporations through foreign currency borrowings under the exchange cover scheme and the cost to the reserves of repayments at current market rates, which are treated as reductions in central government liabilities to local authorities and public corporations.

Line 14

Ways and means advances by the National Coal Board and (up to the fourth quarter of 1980) the National Savings Bank investment account, repayments by the Fund for Banks for Savings to the trustee savings banks, and deposits by the British Gas Corporation with the National Loans Fund.

Line 15

Market transactions in commercial bills by the Issue Department of the Bank of England are treated as lending by the central government to industrial and commercial companies.

Line 16

Foreign currency borrowing by the central government from banks in the United Kingdom or from overseas under eurodollar facilities and from central monetary institutions abroad (including foreign currency deposits), transactions in British government foreign currency bonds, drawings from the IMF, and borrowing by the Northern Ireland Government from the European Investment Bank under the exchange cover scheme.

Line 17

All transactions with overseas which finance the central government borrowing requirement and which are not included elsewhere. This line includes sterling borrowing from governments or central monetary institutions with a sterling counterpart invested in Treasury bills, changes in IMF holdings of non-interest-bearing notes (other than those arising from drawings or subscriptions), allocations of special drawing rights, and part of official short-term transactions not included elsewhere in the balance of payments.

Line 18

The sterling equivalent of changes in the gold and convertible currencies and special drawing rights held in the Exchange Equalisation Account together with changes in the UK reserve position in the IMF.

Line 19

Borrowing from the central government largely comprises loans from the Public Works Loan Board but also includes the take-up of local authority debt by the Issue Department of the Bank of England and by the National Insurance Fund. Sterling securities comprise local authority listed stocks and bonds. The banks' returns do not provide a breakdown of market loans between temporary debt and other; figures for temporary debt are from local authorities' returns and are thus suspect, for they may include transactions by the banks as agents. Figures for industrial and commercial companies exclude any transactions in sterling securities. Transactions by the personal sector are residuals.

Line 20

Figures for the central government include public corporations' payments for the redemption of government-guaranteed stocks as well as central government lending to public corporations.

Public sector borrowing requirement

Lines 6 to 20 are transactions financing the public sector borrowing requirement, so their total is equal to the PSBR.

Line 21

Changes in sterling sight and time deposits and in foreign currency deposits of UK and overseas residents. The entries for the banking sector and industrial and commercial companies have been adjusted for 60% of transit items (see additional notes to Table 6 in the statistical annex). Changes in holdings of certificates of deposit are included here.

Line 22

This covers shares, deposits, and receipts of SAYE by building societies, and represents receipts by the societies, together with interest credited, less withdrawals.

Line 23

Deposits with finance houses and other consumer credit companies (except deposits from banks, which are in line 24), with savings banks and with the Central Trustee Savings Bank.

Line 24

Advances and overdrafts, market loans and transactions in commercial bills; it excludes loans for house purchase (included in line 27), lending to the Northern Ireland Government (line 12), to local authorities (line 19), and to public corporations (line 20). Recorded advances to industrial and commercial companies are adjusted for 40% of the change in transit items (see also line 21).

Line 25

Changes in hire purchase and certain other forms of credit granted by department stores, durable goods retailers, general mail-order houses and other general stores. The figures exclude what are probably large amounts of unpaid bills (trade credit) and credit extended by other types of retailer.

Line 26

Public corporations' trade credit includes amounts owing on unpaid gas and electricity accounts and telephone bills. Import and export credit comprises suppliers' trade credit and advance and progress payments on exports and imports and that part of export credit extended by UK banks which is refinanced by the central government, the trustee savings banks and the Central Trustee Savings Bank.

Line 27

New loans less repayments by building societies (line 27.1), by local authorities for house purchase and improvements, by the central government to housing associations, by insurance companies and pension funds, by trustee savings banks and by banks.

Line 28

Net lending by the central government to building societies, industrial and commercial companies, persons and international lending bodies. It also includes net lending by public corporations to the private sector (other than for house purchase) and inter-government loans (net).

Line 29

Includes instalment credit and other loans and advances by finance houses and other consumer credit companies, loans made to their parent organisation by private sector superannuation funds, and loans by insurance companies and special finance agencies.

Line 30

Net sales of units to persons by authorised unit trusts.

Line 31

All transactions in UK securities, including capital issues and inward direct investment in the form of securities. The figures for the personal sector are residuals.

Line 32

All transactions in overseas securities, including outward direct investment in the form of securities. The figures for the personal sector are residuals.

Line 33

In the national accounts, the life assurance and pension funds are listed as belonging to the personal sector, and these transactions represent increases in policyholders' and contributors' net claims on the funds. The entry under central government represents government receipts under certain public sector schemes which are contributory but where no separate fund is maintained.

Line 34

Transactions in domestic instruments not elsewhere included. For the public sector this comprises advance payments for oil to the British National Oil Corporation. For financial institutions the entries include amounts due to and from stockbrokers, borrowing by finance houses (except in the form of deposits), finance houses' special deposits with the Banking Department of the Bank of England, property unit trust units sold to charities, and assets and liabilities not separately identified in the reporting forms. Sales of shares in retail co-operative societies are recorded as transactions between persons and companies.

Line 35

Private direct investment abroad (other than in the form of securities—line 32) and oil and miscellaneous investment as in the balance of payments (less identified transactions in securities), less public corporations' investment abroad (line 37).

Line 36

Private direct investment in the United Kingdom, other than in the form of securities (line 31), and oil and miscellaneous investment in the United Kingdom as in the balance of payments, less UK oil company issues (also line 31).

Line 37

Miscellaneous transactions in the balance of payments which are not allocated elsewhere.

Line 38

The differences between the figures entered in the national income accounts on an accruals basis (such as local authority rates, various royalties and taxes, subsidies and other public sector receipts and expenditure, and interest charges) and the corresponding cash payments.

Line 39

The sum of lines 6 to 38.

Line 40

The net total for all sectors is the counterpart to the residual error in the national income and expenditure accounts.

Money stock

In the matrix:

the change in M_1 = line 6 (persons and industrial and commercial companies) plus line 21.1 (persons, other financial institutions, and industrial and commercial companies)

the change in sterling M_3 = M_1 plus line 21.1 and 21.2 (public sector) plus line 21.2 (persons, other financial institutions, and industrial and commercial companies)

the change in M_3

= sterling M_3 plus line 21.3 (public sector, other financial institutions, persons, and industrial and commercial companies).

Seasonal adjustments

The adjustments allow for purely seasonal adjustments and certain other factors, taking full account of the data up to the end of 1979.

Purely seasonal adjustments

For each item which displays seasonality, preliminary seasonal adjustments are obtained which sum to zero over the four quarters in each calendar year. Consistent adjustments are then estimated by a system of balancing under which, in any quarter, the sum of the adjustments for all sectors in any line entry is zero, and the sum of the adjustments for all line entries in any sector is zero.

Other adjustments

These are made to certain series (such as notes and coin) in order to remove recurrent variations not adequately measured by moving average seasonal adjustments (for example, the half-yearly crediting of interest on some bank deposits), distortions due to the calendar (such as the effect of the particular days of the week on which a quarter begins and ends, and of the proximity of Easter to the last working day in March), and distortions due to tax changes. Unlike the purely seasonal adjustments, the other adjustments may not add to zero over a calendar year.