

FPPx Glossary

Term	Sector	Definition	Acronym
Absorption	Real	The sum of domestic expenditures on consumption and investment.	A
Consumer price index (CPI)	Real	A measure of the general level of prices based on the cost of a typical basket of consumer goods and services.	
Consumption, final	Real	The use of goods and services by individuals, households, and communities to satisfy individual or collective needs.	C
Consumption, government	Real	Government final consumption expenditure. Expenditures incurred by the government for the final use of goods and services and the collective use of services. Because the consumption of government services cannot be allocated among those who benefit from them, it is attributed to the government.	
Consumption, household	Real	Household final consumption expenditure. Expenditures incurred by resident households for goods and services, including imputed expenditures (own-account consumption).	
Consumption, private	Real	See Consumption, Household.	
Consumption, public	Real	See Consumption, Government.	
Crowding out	Real	The process whereby increased government sector borrowing reduces private sector spending, especially investment expenditure. Generally this occurs when an increased deficit is financed by issuing bonds, leading to higher interest rates, which price some private borrowers out of the financial market.	
GDP (in constant prices)	Real	Gross Domestic Product of the current year valued at the prices of a base year. This measure reflects the changes in volume from one period to another.	
GDP (in current prices)	Real	Gross Domestic Product of the current year valued at this year's prices. This measure reflects the changes in prices and volume from one period to another.	GDP
GDP deflator	Real	An implicit or explicit price index of total domestic production. It reflects the changes in prices from one period to another. When combined with GDP in constant prices it yields GDP in current prices.	PGDP
Gross domestic product (GDP)	Real	the market value of all final goods and services produced within a country in a given period. The GDP is determined using data for production, expenditures, or income and is presented in current or constant prices.	

Gross fixed capital formation	Real	The value of producers' acquisition less disposal of fixed assets. Gross fixed capital formation includes major improvements to existing fixed assets but excludes expenditures for small tools and military equipment.	GFCF
Gross national disposable income (GNDI)	Real	It equals GNI plus current net transfers from abroad. GNDI measures the money available in the country for final consumption and gross savings.	GNDI
Gross national income (GNI)	Real	The sum of GDP and net foreign income generated by production activities abroad. GNI was GNP in pre-1993 versions of the SNA.	GNI
Gross National Investment (I)	Real	The total value of gross fixed capital formation, change in inventories and acquisitions less disposals of valuables.	I
Gross National Saving (S)	Real	The difference between GNDI and final consumption.	S
Households	Real	The consuming population of an economy. They buy goods and services in the market for products, and sell labor, land and capital on various factor markets. Households make decisions about how much to spend on consumer goods and services, and how much to save, and how to allocate their savings as holdings of alternative financial and real assets (cash on hand, bank savings deposits, bonds, home ownership, and so forth.)	
Income, disposable	Real	Money received in the form of income and transfers that can be used for final consumption expenditures and savings.	
Inflation	Real	A sustained increase in the general price level. The rate of inflation is the percentage change in the price level in a given period (usually one year).	
Interest rate	Real	The annual return on a fixed-priced financial asset expressed as a percentage of the price of the asset.	
Inventories, change in	Real	The value of goods added to inventories, minus any goods withdrawn. Changes in inventories are measured at the prices prevailing when the goods are withdrawn.	
National accounts	Real	Also called national income and product accounts. A set of integrated, consistent macroeconomic accounts designed for a variety of analytical purposes. Aggregates derived from national accounts are used to evaluate an economy's overall performance.	
National Income and Product Accounts (NIPA)	Real	An accounting framework within which real economic transactions data are compiled, quantified and presented. It provides an internationally recognized system for organizing a continuous flow of inflation related to a country's economic performance.	NIPA

Output	Real	Goods and services produced by enterprises and made available to other enterprises and consumers. Output is calculated as the sum of total sales and net changes in inventories. Several different types of output can be distinguished: (i) products that are sold; (ii) products that are bartered; (iii) products that are destined for own-account uses; and (iv) products that are added to inventories.	
Output gap	Real	The difference between the level of actual output and potential output, usually expressed as a percentage of the level of potential output: $\text{Output gap} = (\text{Actual output} - \text{Potential output}) / \text{Potential output} * 100$	
Potential output	Real	The level of output that can be produced if all of the factors of production are employed at its "natural rate".	
Real GDP	Real	Gross Domestic Product of the current year valued at the prices of a base year. This measure reflects the changes in volume from one period to another. See also GDP (in constant prices).	RGDP
Real interest rate	Real	The annual return, corrected for inflation, on a financial asset (such as a bond), expressed as a percentage of the price of the asset.	r
Real sector	Real	Real economic transactions of an economy	
Saving-investment gap	Real	$(\text{saving} - \text{investment}) / \text{GDP}$	
Savings	Real	Disposable income that is not spent on the consumption of goods or services.	S
Savings, government	Real	Income the general government does not use for consumption. Government savings are calculated either as total government income and grants minus government final consumption or as the difference between government revenue and grants minus current expenditures.	Sg
Value added, gross	Real	A measure that calculates the value of output, less the value of intermediate consumption. Gross value added is used to measure production and is equivalent to GDP.	
Broad money (M2)	Monetary	A measure of the money supply that includes both money (currency and checking deposits) and quasi-money (time, saving deposits and money market fund accounts).	
Cash in vault	Monetary	Currency that is owned by other depository corporations and forms part of the banks' reserves. It is equal to the difference between the currency issued by the central bank and the currency in the hands of the public.	
Checking accounts	Monetary	See Demand Deposits.	
Claims on the central government	Monetary	The central government's debt to the banking sector, including treasury bills and securities issued by, and loans and advances to, the national government. Net claims on the central government equal the total of all claims less government deposits with the banking system.	

Claims on the private sector	Monetary	Outstanding claims by the banking system on nonfinancial private enterprises, households, and private nonprofit organizations.
Commercial banks	Monetary	Financial institutions that accept demand deposits. See also Other Depository Corporations.
Credit to banks	Monetary	Outstanding claims by the Central Bank on Other Depository Corporations.
Credit to private sector	Monetary	See Claims on the Private Sector.
Credit to public enterprises	Monetary	Outstanding claims by the banking system on public enterprises, including holdings of bills, securities, and bonds issued by, and loans and advances to, these enterprises.
Currency in circulation	Monetary	Currency that is in the hands of the public, or currency outside banks. It is measured by subtracting cash held by Other Depository Corporations from the amount of currency that has been issued by the central bank.
Demand deposits	Monetary	Also called checking accounts. Funds held in an account with a bank that are transferable by check.
Demand for money	Monetary	Economic agents, individuals as well as companies, have a need to hold money for a number of reasons, the most important being to be able to finance economic transactions when they occur. Thus, the demand for money varies with economic activity. It also varies (inversely) with the cost of holding money, usually represented by the interest rate or the inflation rate.
Other Depository Corporations	Monetary	Financial institutions, such as commercial banks, that accept deposits excluding the Central Bank.
Depository corporations (DCs)	Monetary	Financial institutions, such as commercial banks, that accept deposits.
Domestic credit	Monetary	All outstanding claims by the banking system on the government, official entities, and the private sector. Net domestic credit equals domestic credit less government deposits with the banking system.
Excess reserves	Monetary	Voluntary reserves the ODCs hold in excess of mandatory minimum requirements
Foreign assets (Other Depository Corporations)	Monetary	Claims of Other Depository Corporations on nonresidents (banks, corporations, and individuals) mostly in the form of deposits in foreign exchange held abroad.
Foreign assets (Central Bank)	Monetary	Claims of the Central Bank on nonresidents; include gold held by the central bank, SDRs, foreign exchange, deposits in foreign exchange held abroad, investments in debt instruments of other countries, and the country's reserve position in the IMF.
Foreign currency deposits	Monetary	Banking system deposits denominated in foreign currency and owned by residents.

Government deposits	Monetary	Funds the central government places with Other Depository Corporations, including demand, time, and foreign currency deposits.
Gross reserves	Monetary	See Foreign Assets of the Central Bank.
High-powered money	Monetary	See Monetary Base.
Liquidity	Monetary	Liquidity of an asset is the degree to which an asset or security can be bought or sold in the market without affecting the asset's price. Liquidity is characterized by a high level of trading activity. Assets that can be easily bought or sold are known as liquid assets
M1	Monetary	See Narrow Money.
M2	Monetary	See Broad money.
Monetary and financial sector	Monetary	The sector of the economy that intermediates financial resources.
Central Bank	Monetary	The central bank is the national financial institution (or institutions) that exercises the control over key aspects of the financial system and carries out such activities as issuing the currency, managing international reserves, transacting with the IMF, and providing credit to Other Depository Corporations.
Monetary base	Monetary	The main financial liabilities of the central bank, consisting of currency issued by the central bank and held by the public and by banks, and the reserves of the banks held in deposit with the central bank.
Monetary gold and SDRs	Monetary	Monetary Gold and SDRs are issued by the IMF and are financial assets for which there are no corresponding financial liabilities. Monetary gold consists only of gold held by the central banks or the government(or by others) subject to the effective part of the official reserves. Gold holdings that are not part of official reserves are classified as nonfinancial assets.
Monetary policy	Monetary	The actions of a central bank, currency board or other regulatory committee that determine the rate of growth of the money supply, which in turn affects interest rates. Monetary policy is maintained through actions such as increasing the interest rate, or changing the amount of money banks need to keep in the vault (bank reserves) or targeting the monetary base.
Depository Corporations Sector	Monetary	The central bank , the commercial banks, savings and loans institutions, microfinance institutions credit unions, rural and agricultural banks etc. The Depository Corporation Sector provides financial intermediation by accepting deposits from private sector agents and lending to other private sector agents and to the public sector.
Depository Corporations Survey	Monetary	The consolidated balance sheet of the central banks and the other depository corporations. The survey provides a statistical measure of money and credit in the economy.

Narrow Money (1)	Monetary	A stock of wealth that includes currency in circulation and all the deposits of the private sector and nonfinancial public enterprises that can be used to make payments (transferable). Narrow money is considered a liability of the Depository Corporations Survey
Money multiplier	Monetary	The expansion of a country's money supply that results from banks being able to lend. The size of the multiplier effect depends on the percentage of deposits that banks are required to hold as reserves. In other words, it is money used to create more money and is calculated by dividing total bank deposits by the reserve requirement
Net domestic assets (NDA)	Monetary	The sum of net domestic credit and other items, net (OIN).
Net foreign assets (NFA)	Monetary	The sum of the foreign assets of the central bank and the other depository corporations, less any foreign liabilities.
Net international reserves (NIR)	Monetary	Foreign assets of the central bank, less any foreign liabilities.
NFA	Monetary	Net Foreign Assets.
Non-bank financial institutions	Monetary	See Other Financial Institutions
Non-monetary financial institutions	Monetary	See Other Financial Institutions
Open market operations	Monetary	The buying and selling of government securities in the open market in order to expand or contract the amount of money in the banking system. Purchases inject money into the banking system and stimulate growth while sales of securities do the opposite
Other Financial Corporations	Monetary	All Financial Corporations other than Depository Corporations, including insurance corporations, pension funds, and other financial intermediaries which fund themselves issuing securities or long term deposits and specialize in lending to particular type of borrowers.
Other depository corporations (ODCs)	Monetary	The Other Depository Corporations are resident financial corporations (except the central bank) and quasi-corporations that are mainly engaged in financial intermediation and that issue liabilities included in the national definition of broad money.
Other items, net (OIN)	Monetary	A residual category in the monetary survey combining all the balance sheet items that are not reflected in net foreign assets, domestic credit, and money and quasi-money. Other items include profit and loss accounts, real estate holdings, other tangible assets, net intrasector float, and items to be classified.
Private sector deposits	Monetary	Bank deposits owned by nonfinancial private enterprises, households, and private nonprofit organizations.

Quantity Theory of Money	Monetary	An economic theory which proposes a positive relationship between changes in the money supply and the long-term price of goods. It states that increasing the amount of money in the economy will eventually lead to an equal percentage rise in the prices of products and services.
Quasi-money	Monetary	Quasi-money cannot be used as a direct means of payment but in practice can be readily converted into money with little delay or financial penalty. Quasi-money includes savings, time, and foreign currency deposits.
Required reserves	Monetary	Mandatory Reserves in compliance with Regulatory Requirements regarding the amount of funds that banks must hold in reserve against deposits made by their customers.
Reserves (banks)	Monetary	Other Depository Corporations' cash and deposits with the central bank. The sum of required reserves and excess reserves.
Savings deposits	Monetary	Interest-bearing bank accounts from which funds can be withdrawn at any time without penalty. Checks cannot be written on savings deposits.
Seigniorage	Monetary	The difference between the value of money and the cost to produce it - in other words, the economic cost of producing a currency within a given economy or country.
Sterilization	Monetary	The reduction or expansion of Net Domestic Assets by the central bank intended to offset an equivalent inflow or outflow, respectively, of foreign assets, and so stabilize the total money supply.
Time deposits	Monetary	Bank savings deposits with scheduled maturity dates. If funds are withdrawn prior to maturity dates, some interest is lost as a penalty.
Velocity	Monetary	The ratio of GDP to the stock of money in circulation. Velocity is not always constant over time; changes in velocity are related to changes in the cost of holding money, usually represented by the interest rate or the inflation rate. Typically, velocity increases when inflation accelerates, and decreases during periods of stabilization.
Accrual basis	External	An accounting method that records transactions when the ownership of a good or of an asset changes hand, or when the provision of a service and factor of production takes place, regardless of when payment is made or received. See also Cash Basis.
Cash basis	External	An accounting method that records transactions when payment is made or received. See also Accrual Basis.

Residents	External	Economic agents (enterprises, individuals, non-profit organization, the government, etc.) for whom the economy constitutes the center of predominant economic interest. An enterprise is a resident if it engages in production or owns land or buildings. An individual is a resident, regardless of citizenship, if he or she has resided in the country for a year or more. All agencies of the government are residents, even embassies located abroad.
Non-resident	External	Economic agents (enterprises, individuals, non-profit organization, the government, etc.) that are not resident of the economy. See also, residents, rest of the world, and external sector.
External sector	External	All nonresidents who engage in economic transactions with the residents of an economy.
Rest of the world sector	External	All nonresident units that enter into transactions with residents or have claims on residents (see also External Sector)
Transaction	External	A transaction is an interaction between two economic agents that occurs by mutual agreement or through the operation of the law and involves an exchange of value or a transfer.
One-sided transaction	External	See Transfer.
Exchange	External	The provision of something of economic value in return for a corresponding item of economic value. Also known as two-sided transaction.
Two-sided transaction	External	See Exchange.
Analytic presentation	External	A reorganization of the standard presentation of balance of payments statistics to facilitate a basic distinction between (a) reserves and closely related items and (b) other transactions, designed to focus on management of reserves and closely related items. This presentation shows how reserves, along with the related items of IMF credit and loans, and exceptional financing are used to finance other autonomous" international transactions (see also Standard Presentation)."
Standard presentation	External	A presentation of the Balance of Payments that separates current account entries from entries that reflect the accumulation/decrease of assets/liabilities (see also Analytic Presentation).
Arrears	External	A payment "falls into arrears" if it is not made when due. Arrears constitute a stock of outstanding debt.
Maturity, implied average	External	The ratio between the stock of debt at the beginning of the period and the repayments of debt during the period.
Interest rate, Implicit average	External	The ratio between interest payments and the average stock of debt between the beginning and the end of the period.

Balance of payments	External	A statement that summarizes the transactions between the residents of an economy and nonresidents during a specific period, usually a year. Transactions recorded in the BOP include the exchange of goods, provision of services and factor of production, donations and transfers, exchange of assets, incurrence and extinction of liabilities. The BOP is recorded on a accrual basis.	BOP
Flows	External	Formally, the difference between the value of a stock between the end and the beginning of a period. A flow can be explained by transactions, valuation changes, and other changes in volumes. Commonly, flows and transactions are used interchangeably.	
Stocks	External	Holdings of physical and financial assets and liabilities at a point in time. Stocks are reflected in a balance sheet. Transactions during a period change the size of a stock.	
Double-entry accounting	External	A system of maintaining accounts that records every transaction as both a credit (+) and a debit (-). Because the credit and debit entries cancel each other out, the sum of the two sides of an account using double-entry bookkeeping is equal to zero.	
Credit entry (+)	External	An entry in the BOP that reflects a reduction in physical and financial assets. Includes a reduction in the stock of goods in an economy (exports) or a reduction in the stock of a residents' foreign financial assets (repatriation of capital). It also reflects an increase in foreign financial liabilities (debt resulting from foreign borrowing) and transfers received.	
Debit entry (-)	External	An entry in the BOP that reflects an increase in physical and financial assets. Includes an increase in the stock of goods in an economy (imports), an increase in holdings of foreign financial assets (capital outflow), or a reduction in foreign financial liabilities (amortization of foreign debt), or transfers made.	
Current Account	External	The portion of the BOP that records transactions in goods, services, return accrued or payable for providing or using factors of productions, and current transfers.	CA
Current account balance	External	The balance on the current account of the BOP, that is the difference between the credit and the debit entries of the current account. If the balance is positive, the current account is in surplus-that is, credit entries exceed debit entries. If the balance is negative, the current account is in deficit.	CAB
Goods	External	Physical objects for which consumption and production can be clearly separated.	

Services	External	Heterogeneous output which is the result of a production activity that changes the conditions of the consuming units, or facilitates the exchange of products or financial assets. Services are not generally separate items over which ownership rights can be established and cannot generally be separated from their production.	
C.I.F.	External	Cost, insurance, and freight, or charged in full. The charges for delivering a good to the place where it will be consumed. Sometimes imports are measured on the basis of these costs (see also F.O.B.)	
Free on board (F.O.B.)	External	A means of valuing goods that includes the costs of manufacturing, loading, and shipping to a national border but not the costs of transporting the goods beyond the border. In the BOP, imports and exports are generally valued f.o.b. (see also C.I.F.)	
Exports	External	Goods and services produced in the domestic economy and sold to the rest of the world. Exports include both physical goods, and services. Exports are valued at the market price at the time of the transaction and are recorded f.o.b.	X
Imports	External	Goods and services that the domestic economy purchases from the rest of the world. Includes physical goods and services. Imports are valued at the market price at the time of the transaction. They are generally recorded f.o.b.	M
Elasticity	External	The ratio of the percentage change of a dependent variable to the percentage change of an independent variable. For example, the price elasticity of the supply of exports is the percentage change in exports that results from a 1 percent increase in the (relative) price of exports.	
Terms of trade	External	The ratio of a country's export to its import prices. An increase in the ratio produces a gain for the country, and a fall in the ratio a loss.	
Primary income account	External	The primary income account shows primary income flows between residents and nonresidents. Primary income represents the return that accrues for their contribution to the production process or for the provision of financial assets and renting natural resources.	
Primary income balance	External	The balance on the primary income account, that is the difference between the primary income credit and the debt entries.	PIB
Secondary income account	External	The secondary income account shows current transfers between residents and nonresidents.	
Secondary income balance	External	The balance on the secondary income account, that is the difference between the secondary income credit and the debt entries.	SIB
Remittances	External	Transfers of savings from individuals who have been residing abroad for a year or more to residents of the economy.	

Capital Account	External	The capital account in the international accounts shows (a) capital transfers receivable and payable between residents and nonresidents and (b) the acquisition and disposal of nonproduced, nonfinancial assets between residents and nonresidents.	
Capital account balance	External	The balance on the capital account, that is capital account credit entries minus capital account debit entries.	KAB
Transfers capital	External	Capital transfers are transfers in which the ownership of an asset (other than cash or inventories) changes from one party to another; or that oblige one or both parties to acquire or dispose of an asset (other than cash or inventories--for example, because of a court order, or because of an international agreement); or where a liability is forgiven by the creditor. Cash transfers involving disposals of noncash assets (other than inventories) or acquisition of noncash assets (other than inventories) are also capital transfers. A capital transfer results in a commensurate change in the stocks of assets of one or both parties to the transaction without affecting the saving of either party.	
Transfer	External	Transactions in which a good, service, or asset is provided without receiving anything in return. Transfers may be in cash or in kind; public or private; domestic or external; and current or capital. Also known as one-sided transaction.	
Transfer, current	External	Current transfers consist of all transfers that are not capital transfers. Current transfers directly affect the level of disposable income and influence the consumption of goods or services. That is, current transfers reduce the income and consumption possibilities of the donor and increase the income and consumption possibilities of the recipient.	
Financial account	External	The portion of the BOP that records transactions in assets and liabilities. The financial account records transactions in direct investments, portfolio investments, financial derivatives and employee stock options, other investments, and reserves.	
Financial account balance	External	The balance on the financial account, that is net acquisition of assets minus net incurrence of liabilities.	FAB
Direct investment	External	A type of investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is resident in another economy; examples are the acquisition of equity capital by nonresident investors or lending between a parent company and its subsidiary abroad. Direct investment involves a lasting interest in the management of an enterprise and includes reinvestment of profits.	

Portfolio investment	External	Investments involving debt or equity securities, other than those included in direct investment or reserve assets.
Other investment	External	All investments that are not classified as direct or portfolio investments, or reserve assets, or financial derivatives and stock options. Other investments typically include currency and deposits, loans, and trade credit and advancements.
Amortization	External	Reimbursement of the principal of a debt. Amortization is distinguished from interest, which is a charge for the use of borrowed money. Amortization and interest are recorded in the BOP at the time they are due.
Disbursement	External	Gross lending.
Interests	External	Interest payments are periodic payments associated to borrowing, conceptually reflecting the cost for using someone else's financial assets.
Reserve assets	External	Reserve assets are those external assets that are readily available to and controlled by monetary authorities for meeting balance of payments financing needs, for intervention in exchange markets to affect the currency exchange rate, and for other related purposes (such as maintaining confidence in the currency and the economy, and serving as a basis for foreign borrowing). These include Reserve assets consist of monetary gold, SDR holdings, reserve position in the IMF, currency and deposits, securities (including debt and equity securities), financial derivatives, and other claims (loans and other financial instruments). RES
International reserves	External	See Reserve Assets
Errors and omissions, net	External	Inaccuracies and gaps in data resulting from incomplete information and mistakes in recording current and financial account transactions. Errors and omissions are a balancing item ensuring that debit and credit entries are equal to each other.
Overall balance	External	The sum of the current and capital account balances and net errors and omissions, minus the financial account balance. If the overall balance is positive, the BOP is in surplus - that is, receipts in respect of all transactions covered exceed payments, and foreign reserves increase. If the balance is negative, the BOP is in deficit, and foreign reserves fall.
International investment position	External	A statement that summarizes the value and composition of the stock of assets that residents of the economy hold on nonresidents, and of the liabilities that residents hold towards nonresidents, at a certain point in time.
Asset	External	Economic assets are resources over which ownership rights are enforced and from which future economic benefits may flow to the owner.
Assets, external	External	Assets owned by residents and from which they can derive future economic benefits from non-residents.

Financial instrument	External	Financial instruments consist of financial contracts made between institutional units.	
Claim, financial	External	A claim is a financial instrument that gives rise to an economic asset that has a counterpart liability.	
Liability	External	The counterpart of a financial claim. A liability generate the obligation to current of future transfers of economic benefits.	
Liabilities, external	External	Financial claims of non-residents to residents.	
Assets, financial	External	Financial assets consist of claims and the gold bullion component of monetary gold.	
Exchange rate, nominal	External	The price of one currency in terms of another. By common convention, the amount of domestic currency that will purchase one unit of foreign currency; in other words, the price of foreign currency in terms of domestic currency. It may also be defined as the inverse: the amount of foreign currency that will buy one unit of domestic currency.	E
Exchange rate, real	External	The price of a basket of goods in one country relative to the price of the same basket in another country, with both prices expressed in the same currency using the nominal exchange rate.	RER
Exchange rate, bilateral	External	The exchange rate (nominal or real) between the currencies of two countries (see also Exchange rate, nominal)	
Exchange rate, period average	External	The simple average of observed exchange rates during a given period (for example, the average for all business days during a month).	
Exchange rate, end-of-period	External	The exchange rate observed on the last day of a period.	
Exchange rate, real effective	External	An index of the price of a basket of goods in one country relative to the price of the same basket in that country's major trading partners. The prices of these baskets should be expressed in the same currency using the nominal exchange rate with each trading partner. The price of each trading partner's basket is weighted by its share in imports, exports, or total foreign trade.	
Exchange rate, fixed	External	An exchange rate that is fixed, in terms of another currency or of a basket of currencies, and guaranteed by the central bank.	
Exchange rate, flexible	External	An exchange rate that is determined in the currency exchange market (also called a floating exchange rate).	
Appreciation, nominal	External	An increase in the value of the domestic currency due to a shift in market conditions, as a result of which more units of foreign currency are required to obtain one unit of domestic currency (or, vice-versa, one unit of the domestic currency purchases more units of foreign currency). In case of nominal appreciation, the nominal exchange rate, defined as the amount of foreign currency needed to obtain one unit of domestic currency, increases.	

Appreciation, real	External	An increase in the real exchange rate, due to changes in domestic prices, foreign prices, or the nominal exchange rate. As a result of a real appreciation, the price of domestic goods increases relative to the price of foreign goods, once both are expressed in the same currency.
Depreciation, nominal	External	A decrease in the value of the domestic currency due to a shift in market conditions, as a result of which fewer units of foreign currency are required to obtain one unit of domestic currency (or, vice-versa, one unit of the domestic currency purchases less units of foreign currency). In case of nominal depreciation, the nominal exchange rate, defined as the amount of foreign currency needed to obtain one unit of domestic currency, decreases.
Depreciation, real	External	A decrease in the real exchange rate, due to changes in domestic prices, foreign prices, or the nominal exchange rate. As a result of a real depreciation, the price of domestic goods decreases relative to the price of foreign goods, once both are expressed in the same currency.
Bond	External	Any security issued by the government or a private entity that promises the holder a fixed interest payment at regular intervals and the amount of principal at maturity.
Debt, external	External	Debt is a type of liability that requires the payment of principal and/or interest at some point(s) in the future.
Debt forgiveness	External	Debt forgiveness is the voluntary cancellation of all or part of a debt obligation within a contractual agreement between a creditor and a debtor.
Debt refinancing	External	Debt refinancing refers to the replacement of an existing debt instrument or instruments including any arrears, with a new debt instrument or instruments.
Debt rescheduling	External	Debt rescheduling refers to the formal deferment of debt service payments and the application of new and generally extended maturities to the deferred amounts.
Debt service	External	Interest and amortization on debt. In the BOP, the interest due is recorded in the current account as a debit entry, under primary income, while amortization is recorded as a debit entry in the financial account.
Exceptional financing	External	Exceptional financing includes all those financial arrangements made by the authorities (or by other sectors fostered by authorities) of an economy to meet balance of payments needs. Most typically this includes: debt forgiveness, rescheduling, or refinancing, and accumulation or repayment of arrears.
Roll-over rate	External	The ratio between gross disbursement of debt and gross amortization.

SDR (special drawing right)	External	A monetary unit of account whose value is determined by the combined value of a basket of major currencies: the U.S. dollar, the euro, the pound sterling, and the yen.
Sector, institutional	External	Divisions of the economy that group units engaged in similar economic activities together. In the System of National Accounts, the total economy is made up of five resident institutional sectors: nonfinancial corporations; financial corporations (banks); the general government; households; and nonprofit institutions serving households. Nonresident transactors are grouped together under the "rest of the world."
Ad valorem tax	Government	A tax that is calculated according to the market value of the tax base and usually expressed as a percentage of the tax base.
Automatic stabilizers	Government	A feature of an economic system that automatically cools an overheated economy or slows the fall of an economy in recession. For example, unemployment benefits partly maintain the purchasing power of the private sector when the economy is in recession.
Balance sheet	Government	A summary of the stock of assets and liabilities of an economic unit on a given date.
Bank borrowing (government)	Government	Loans the government obtains from the central bank and deposit money banks in the form of a purchase of government paper or an overdraft facility. Also includes any reduction in government deposits with the banks. "Net borrowing" is borrowing less both amortization and any increase in deposits.
Budget deficit	Government	See Net lending/borrowing.
Buoyancy	Government	The ratio of the percentage change in tax revenue collections to the percentage change in the tax base. The change in tax revenue could be due both to changes induced by the state of the economy and to changes in tax laws and tax administration. Contrast with elasticity (tax).
Capital expenditures (government)	Government	Purchases of land, intangible assets, government stocks, and nonmilitary equipment that will be used for more than one year. Capital expenditures are sometimes recorded in a separate capital account.
Capital grants (government)	Government	Grants designed to finance the acquisition or construction of durable goods that will be used for nonmilitary purposes. Capital grants do not include debts cancelled by creditors, as no payment occurs.
Cash surplus/deficit	Government	Net cash inflow from operating activities minus the net cash flow from investments in nonfinancial assets. It is essentially the cash equivalent concept of net lending/borrowing.

Central government	Government	All government departments, offices, and other bodies that function as agents of a country's central authority, including departmental enterprises and social security funds operating at the national level. The operations of the central government include all activities financed through the budget and extrabudgetary accounts.	
Compensation of employees	Government	Total remuneration, in cash and in kind, payable to government employees in return for work done during the accounting period, except for work connected with own-account capital formation. Includes both wages and salaries and social contributions made on behalf on employees to social insurance schemes.	
Consolidation	Government	The summation of transactions by all units in the same institutional sector and the elimination of any transactions among the units within the sector.	
Consumption of fixed capital	Government	The decline, during the accounting period, in the current value of producers' fixed assets as a result of normal obsolescence, physical deterioration, or accidental damage. The consumption of fixed capital differs from depreciation in business accounting primarily because the assumptions governing the valuation of assets, taxation, and inflation accounting differ.	
Contingent contracts (assets or liabilities)	Government	Contracts that create a conditional financial claim on a unit, meaning that the claim only becomes effective if a stipulated condition or conditions arise. By conferring rights or obligations that may affect future decisions, contingent contracts produce an economic impact on the parties involved, and should therefore be recorded as a memo item in the government balance sheet.	
Current expenditures (government)	Government	Spending on wages and salaries, goods and services, interest payments on the public debt, transfers, and subsidies.	
Discretionary expenditure	Government	Government expenditure that may be changed from year to year at the discretion of policy-makers.	
Domestic bank financing	Government	See bank borrowing.	
Domestic non-bank financing	Government	Financing of the government sector deficit by the domestic non-bank private sector.	
Effective tax rate	Government	The amount of tax revenue actually collected divided by the actual tax base or by the proxy tax base.The amount of tax revenue actually collected divided by the actual tax base or by the proxy tax base.The amount of tax revenue actually collected divided by the actual tax base or by the proxy tax base.	
Expense	Government	A decrease in net worth resulting from a transaction. The major categories of expenses are: compensation of employees, use of goods and services, consumption of fixed capital, interest, subsidies, grants, social benefits, and other expenses.	E

Financial monetary public corporation	Government	Include the central bank plus all resident depository corporations controlled by central government units. Resident depository corporations are those whose principal activity is financial intermediation and who have liabilities in the form of deposits or financial instruments that are a close substitute for deposits.	
Financial nonmonetary public corporation	Government	Financial public corporations excluding the central bank and other public depository corporations.	
Financing (government)	Government	The means by which a government obtains funds to cover a budget deficit. Financing includes all transactions involving government liabilities (bonds, treasury bills) and assets (deposits and other financial assets) with other domestic sectors of the economy and the rest of the world.	
Fiscal Accounts	Government	Set of statistics that summarizes the activities and financial condition of the public sector, both at a point in time (stocks) and over a period of time (flows).	
Fiscal balance	Government	An indicator summarizing some aspect of public sector performance and financial/or situation. Generally refers to flow indicators, such as the Net Operating Balance, the Overall Balance, or Net Lending/Borrowing.	
Fiscal sustainability	Government	The ability of a government to continue its current spending, tax and other policies in the long run without threatening government solvency--by exhausting government net worth--or defaulting on a portion of its liabilities or expenses.	
Foreign borrowing (government)	Government	Borrowing from foreign governments, international organizations, banks and suppliers. Net borrowing is borrowing minus amortization.	
General government sector	Government	All government units operating in a country; is comprised of the central government; state (or provincial or regional), and local governments, including municipalities and school boards. Social security funds are part of the general government, but nonfinancial public enterprises and public financial institutions are not, as they are classified as public corporations.	
Grants (government)	Government	Noncompulsory current or capital transfers received by a government unit from either another government unit or an international organization.	
Gross debt position	Government	Equal to the stock of all liabilities except shares and other equity and financial derivatives.	
Gross investment	Government	Acquisition less disposal of nonfinancial assets (excluding valuables, if possible).	
Gross operating balance	Government	Equal revenue minus expense other than consumption of fixed capital. In other words, equals the net operating balance plus consumption of fixed capital.	GOB

Gross saving	Government	Equal to gross operating balance minus net capital transfers receivable, including net capital grants and capital taxes.	
Holding gains (or losses)	Government	Change in the monetary value of an asset or liability resulting from changes in the level and structure of prices, assuming that the asset or liability has not changed quantitatively or qualitatively. The term "holding gain" is used as a shorthand reference for either holding gains or losses.	
Local government	Government	Government units for which the legislative, judicial and executive authority is restricted to the smallest geographic areas distinguished for administrative and political purposes.	
Net acquisition of nonfinancial assets	Government	Equals the acquisition minus disposal of nonfinancial assets minus the consumption of fixed capital. The main categories of nonfinancial assets are: fixed assets, inventories, valuables, and nonproduced assets.	NANA
Net lending	Government	Government loans, and equity participation in enterprises that is undertaken in support of public policy. The amount is net of reimbursement of previous loans and sales of government shares in the equity of an enterprise and classified above the line. Any similar transactions undertaken for purposes of liquidity management are classified with financing. Net lending can benefit public and private enterprises, households, other levels of government, and international organizations. Included here are any interest payments the government makes to guarantee the debt of others.	
Net lending/borrowing	Government	Equal to revenue minus expenses and net acquisition of nonfinancial assets. The balance is generally referred to as the budget surplus or deficit of the given level of government. Also equal to the net acquisition of financial assets minus the net incurrence of liabilities.	NLB
Net operating balance	Government	The balance of transactions affecting net worth. Equal to Revenue minus Expense.	NOB
Net financial worth	Government	Also referred to as Net Financial Wealth Position, equal to the total stock of financial assets minus liabilities.	NFW
Net worth	Government	Also referred to as Net Wealth Position, equals the stock of assets minus liabilities.	NW
Nonbank Borrowing	Government	Government borrowing from the public, usually through the sale of bonds or treasury bills.	
Nonfinancial public corporations	Government	All resident nonfinancial corporations controlled by general government units.	

Other volume changes	Government	Changes in the volume of assets and liabilities other than from transactions. They arise from exceptional or unexpected events (for example, natural disasters or wars), normal events (such as the discovery of a subsoil asset or the registration of a patent), or reclassifications (such as a restructuring of public sector entities).
Overall balance	Government	Net lending/borrowing adjusted through the rearrangement of transactions in assets and liabilities that are deemed to be for public policy purposes. In particular, all proceeds under privatization (including fixed asset sales) would be deducted (treated as financial items) as well as subsidies given in the form of loans (treated as expense).
Primary deficit or surplus	Government	Total noninterest revenue minus total noninterest expense and net acquisition of nonfinancial assets. Also equal to Net lending/borrowing plus net interest expense minus net interest revenue.
Primary expense	Government	Equal to all noninterest expense.
Progressive tax	Government	A tax whose rate increases with the value of the tax base. For example, a progressive income tax imposes a low rate for low incomes and a higher rate for higher incomes.
Proxy tax base	Government	An economic variable that is related to and stands in the place of the actual tax base defined in the law.
Public corporations	Government	All resident corporations controlled by general government units. They often are dedicated to productive activities that operate much like private enterprises, although maximizing profits may not be their main objective. They hire input factors such as labor, land, and capital to produce goods and services, and in some cases, they compete directly with private firms. Examples of public corporations are the national rail company, the national airline, the public electric utility, and the public water supply company. Also included in this definition are publicly owned financial institutions (in particular, the central bank), which are classified as financial public corporations.
Public sector	Government	The public sector includes both general government and the public corporations.
Revenue (government)	Government	An increase in net worth resulting from a transaction. The main categories of revenues are: taxes, social contributions, grants, and other revenue.
Social benefits	Government	Payments given by the government to households and individuals to provide relief for the burden of social risks, which are events or circumstances that may adversely affect household welfare either by imposing additional demands on their resources or by reducing their incomes. Social benefits may be paid in cash or in kind.

Social contributions	Government	Revenue item equal to actual of imputed receipts from either employers on behalf of their employees or from their employees. Self-employed, or non-employed person on their own behalf that secure entitlement to social benefits for the contributors, their dependents, or their survivors.	
Specific tax	Government	A tax based on the real quantity of a good (for example, on the tonnage of wheat imported) rather than its monetary value.	
State government	Government	Government units for which the legislative, judicial and executive authority extends over a state, province, or region, but does not extend into another.	
Statement of Government Operations	Government	A summary of the transactions of the government in a given accounting period. Transactions in turn represent changes to stocks that arise from mutually agreed interactions between institutional units, such as the sale of a good or service by one unit and its purchase by another.	SGO
Statement of Other Economic Flows	Government	A summary of the changes in government net worth that are not the result of transactions, but of changes in value due to price effects (holding gains) or in volume (other volume changes).	SOEF
Structural fiscal balance	Government	Equal to the fiscal balance adjusted by the effects of the economic cycle on revenue and expenses. That is, it is the balance that would result if output were at its long-term level.	
Structural net operating balance	Government	Net operating balance adjusted by the effects of the economic cycle.	
Subsidies	Government	Current payments made by the government to enterprises. Subsidies are distributed on the basis of production levels, quotas, or the value of the goods or services produced, sold, or imported. Subsidies are not payable to final consumers. See also Transfers.	
Tax	Government	A compulsory contribution exacted by the government to pay for public goods. The major categories are taxes on income, profits and capital gains; on payroll and workforce; on property; on goods and services; on international trade and transactions; and other taxes.	
Tax base	Government	An economic event (income earned or the sale of goods) or condition (ownership of a house or other asset) that, as defined by law, generates a tax liability.	
Tax rate	Government	The amount of tax due divided by the value of the tax base.	
Tax elasticity	Government	The ratio of the percentage change in tax revenue collections to the percentage change in the tax base, adjusted for the effect of tax policy changes. That is, the elasticity is the expected percentage increase in revenue from a given increase in the tax base, in the absence of policy changes.	

Use of goods and services	Government	Expenses in goods and services used for the government production of market and non-market goods and services--except for own-account capital formation--plus goods purchased for resale less the net change in inventories of work in progress, finished goods, and goods held for resale.
Value-added tax	Government	A tax on goods and services levied at different stages of production. The tax is calculated not on the value of output but on the value added at that stage.
Wages and salaries	Government	All compensation of government employees, in cash or in kind, except for social contributions.