
Domestic non-financial debt level now \$36.3 trillion

By Editor Test *Wed, Mar 23, 2011*

The bad news: America's households owe even more than the federal government does. The good news: U.S. household net worth—assets minus liabilities—is almost \$57 trillion.

Debt of the domestic nonfinancial sectors expanded at a seasonally adjusted annual rate of about 5% in the fourth quarter of 2010, after an increase of 4.25% in the previous quarter, according to the Federal Reserve's Flow of Funds Accounts of the U.S., Fourth Quarter 2010.

Private debt edged up 1.25% at an annual rate in the fourth quarter, while government debt increased 12.75% percent.

Household debt, which declined 0.5% in the fourth quarter, has contracted each quarter since the first quarter of 2008. Home mortgage debt fell at an annual rate of 1.25% in the fourth quarter, compared to an average decline of more than 2.5% percent during the previous four quarters. Consumer credit rose at an annual rate of 2%, retracing the previous quarter's decline.

Nonfinancial business debt rose 3.5% in the fourth quarter, on the heels of a 2.25% increase in the third quarter. Corporate bonds outstanding posted strong increases in both the third and fourth quarters, more than offsetting declines in commercial mortgages and commercial paper outstanding.

State and local government debt rose about 8% at an annual rate in the fourth quarter, after a 5.5% increase in the third quarter. Federal government debt increased at an annual rate of 14.5% percent in the fourth quarter. For 2010 as a whole, federal government debt grew a bit more than 20%.

At the end of the fourth quarter of 2010, the level of domestic nonfinancial debt outstanding was \$36.3 trillion; household debt was \$13.4 trillion, nonfinancial business debt was \$11.1 trillion, and total government debt was \$11.9 trillion.

Household net worth was an estimated \$56.8 trillion at the end of the fourth quarter, up about \$2.1 trillion from the end of the previous quarter.