

Stocks and flows

“Economics, business, accounting, and related fields often distinguish between quantities that are stocks and those that are flows. These differ in their units of measurement. A stock variable is measured at one specific time, and represents a quantity existing at that point in time (say, December 31, 2004), which may have accumulated in the past. A flow variable is measured over an interval of time. Therefore a flow would be measured per unit of time (say a year). Flow is roughly analogous to rate or speed in this sense.

For example, U.S. nominal gross domestic product refers to a total number of dollars spent over a time period, such as a year. Therefore it is a flow variable, and has units of dollars/ year. In contrast, the U.S. nominal capital stock is the total value, in dollars, of equipment, buildings, inventories, and other real assets in the U.S. economy, and has units of dollars. The diagram provides an intuitive illustration of how the stock of capital currently available is increased by the flow of new investment and depleted by the flow of depreciation.”

Wikipedia. *Stock and flow*. [online] Available at:
<http://en.wikipedia.org/wiki/Stock_and_flow> [Accessed 16 September 2014].

Related information about this topic can also be found in the following links:

<http://www.bbc.co.uk/news/business-15748696>

http://www.economist.com/content/global_debt_clock