

FOR WIRE TRANSMISSION: 10:00 A.M. EDT, WEDNESDAY, SEPTEMBER 13, 2000

Harlan W. King: (202) 606-9571

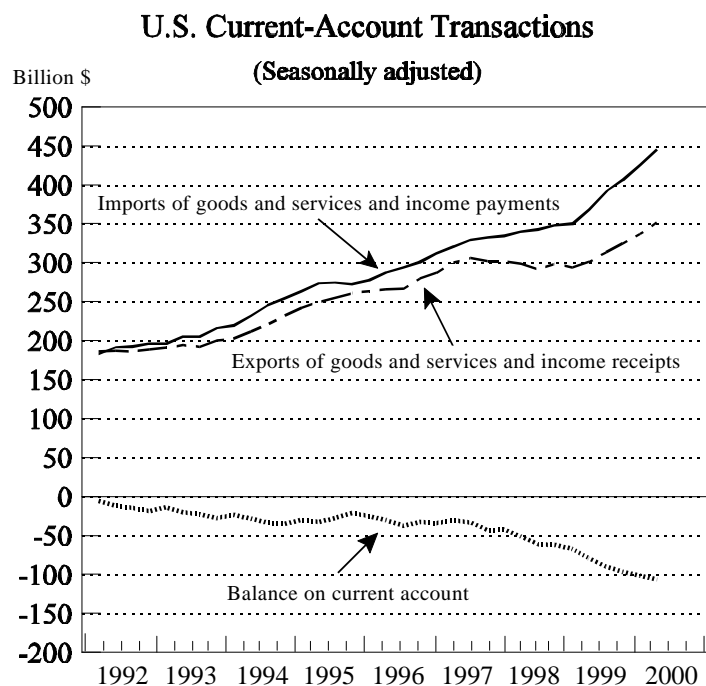
BEA 00-28

Recorded Message: 606-5362

U.S. International Transactions: Second Quarter 2000

Current Account

The U.S. current-account deficit--the combined balances on trade in goods and services, income, and net unilateral current transfers--increased to \$106.1 billion in the second quarter from \$101.5 billion (revised) in the first, according to preliminary estimates of the Bureau of Economic Analysis. The increase was nearly all accounted for by an increase in the deficit on goods.



Goods and services

The deficit on goods and services increased to \$89.3 billion in the second quarter from \$85.1 billion in the first.

Goods The deficit on goods increased to \$110.2 billion in the second quarter from \$105.8 billion in the first.

Goods exports increased to \$191.8 billion from \$183.7 billion. The increase was mostly accounted for by an increase in capital goods, especially computers, semiconductors, telecommunications equipment, and civilian aircraft.

Goods imports increased to \$302.0 billion from \$289.6 billion. The increase was largely accounted for by increases in capital goods, especially computers and telecommunications equipment, and in consumer goods. The increase in petroleum products slowed, as petroleum prices rose considerably less than in recent quarters.

Services The surplus on services increased to \$21.0 billion in the second quarter from \$20.7 billion in the first.

Service receipts increased to \$73.3 billion from \$72.2 billion. The increase was accounted for by increases in royalties and license fees and in travel.

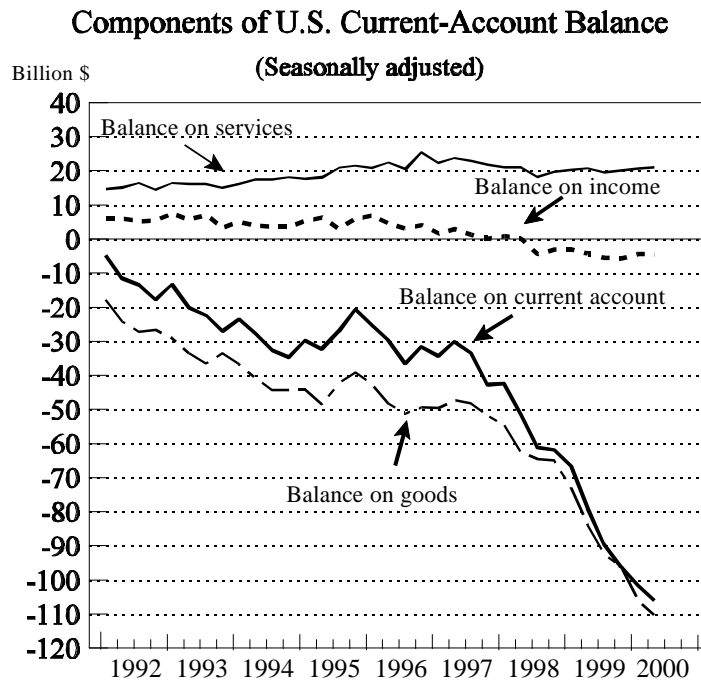
Service payments increased to \$52.4 billion from \$51.5 billion. The increase was mostly accounted for by increases in travel, in “other” transportation, and in passenger fares.

Income

The deficit on income increased to \$4.5 billion in the second quarter from \$4.4 billion in the first.

Investment income Income receipts on U.S.-owned assets abroad increased to \$86.4 billion from \$80.3 billion. The increase was mainly accounted for by increases in direct investment receipts and in “other” private receipts.

Income payments on foreign-owned assets in the United States increased to \$89.5 billion from \$83.3 billion. The increase was mainly accounted for by increases in “other” private payments and in direct investment payments.



Compensation of employees Receipts for compensation of U.S. workers abroad were unchanged at \$0.6 billion. Payments for compensation of foreign workers in the United States were unchanged at \$2.0 billion.

Unilateral current transfers

Net unilateral current transfers increased slightly to \$12.3 billion from \$12.0 billion, mostly as a result of an increase in U.S. Government grants.

Capital and Financial Account

Capital Account

Net capital account transactions were unchanged at \$0.2 billion.

Financial Account

Net recorded financial inflows--the difference between changes in U.S.-owned assets abroad and changes in foreign-owned assets in the United States--were \$149.1 billion in the second quarter, up from \$57.6 billion (revised) in the first.

U.S.-owned assets abroad

U.S.-owned assets abroad increased \$73.6 billion in the second quarter, following an increase of \$179.0 billion in the first.

U.S. claims on foreigners reported by U.S. banks decreased \$14.9 billion in the second quarter, in contrast to an increase of \$55.5 billion in the first. The decrease in second-quarter lending reflected little lending to banks abroad and a large decrease in banks' domestic customers' claims, both of which were in response to unsettled conditions in world financial markets.

Net U.S. purchases of foreign securities were \$26.4 billion in second quarter, down from \$27.2 billion in the first. Net U.S. purchases of foreign stocks doubled to \$33.7 billion, primarily as a result of exchanges of stock related to acquisitions of U.S. companies by foreign companies; non-merger related transactions resulted in net sales of other stocks, reflecting a sharp decline in equity prices abroad. Transactions in foreign bonds shifted to net U.S. sales of \$7.4 billion from net U.S. purchases of \$11.4 billion, partly in response to the sharp increase in U.S. bond yields in May.

Net financial outflows for U.S. direct investment abroad were \$37.5 billion in the second quarter, down from \$43.0 billion in the first. Net intercompany debt shifted to inflows, while net equity capital outflows nearly doubled, and reinvested earnings edged up.

U.S. official reserve assets decreased \$2.0 billion in the second quarter, following an increase of \$0.6 billion in the first.

Foreign-owned assets in the United States

Foreign-owned assets in the United States increased \$222.7 billion in the second quarter, following an increase of \$236.5 billion in the first.

Net foreign purchases of U.S. securities other than U.S. Treasury securities were \$86.5 billion in the second quarter, down from record net purchases of \$132.4 billion in the first. In the second quarter, net foreign purchases of U.S. stocks were \$26.1 billion, down from \$61.2 billion, partly in response to the sharp decline in U.S. equity prices early in the quarter, and net foreign purchases of U.S. corporate and other bonds were \$60.5 billion, down from \$71.2 billion.

U.S. liabilities to foreigners reported by U.S. banks, excluding U.S. Treasury securities, increased \$48.7 billion in the second quarter, following a decrease of \$8.8 billion in the first. Most of the second-quarter increase was attributable to a sharp rise in banks' own liabilities, mostly to own foreign offices, as U.S. banks borrowed heavily from abroad to meet the higher demand for short-term funds in U.S. banking and securities markets.

Net financial inflows for foreign direct investment in the United States were \$79.7 billion in the second quarter, up sharply from \$49.0 billion in the first. Net equity capital inflows rose sharply as a result of increased acquisitions of U.S. companies by foreign companies. Reinvested earnings increased slightly, and net intercompany debt inflows decreased.

Net foreign sales of U.S. Treasury securities were \$20.7 billion in the second quarter, up from net sales of \$9.2 billion in the first. The step-up in net sales was partly attributable to lower yields on longer-term Treasury bonds.

Net U.S. currency shipments to foreign countries were \$1.0 billion in the second quarter, in contrast to net shipments from foreign countries to the United States of \$6.8 billion in the first.

Foreign official assets in the United States increased \$5.9 billion in the second quarter, following an increase of \$22.0 billion in the first. There were net sales of U.S. Treasury securities in the second quarter.

The statistical discrepancy--errors and omissions in recorded transactions--was a negative \$43.1 billion in the second quarter, compared with a positive \$43.8 billion in the first.

In the second quarter, the U.S. dollar appreciated 3 percent on a trade-weighted quarterly average basis against a group of 7 major currencies.

Revisions

The first-quarter international transactions are revised from previously published estimates. The current-account deficit for the first quarter was revised to \$101.5 billion from \$102.3 billion. The goods deficit was unchanged at \$105.8 billion; the services surplus was revised to \$20.7 billion from \$19.7 billion; the deficit on income was revised to \$4.4 billion from \$4.2 billion; and net unilateral current transfers was revised to \$12.0 billion from \$11.9 billion. Net recorded financial inflows were revised to \$57.6 billion from \$71.7 billion.

* * *

Next release:

Third quarter 2000.....December 14, 2000 (Thursday)

* * *

BEA's major national, regional, international, and industry estimates, the Survey of Current Business, and BEA news releases are available on BEA's web site:

<www.bea.doc.gov>

STAT-USA maintains an Internet site that contains BEA estimates, the Survey of Current Business, and BEA news releases. The information available through STAT-USA is often more detailed and more timely than that available from other sources. To subscribe to STAT-USA's World Wide Web system, go to <www.stat-usa.gov>, or call (202) 482-1986. Subscriptions for single-user unlimited access to STAT-USA's Internet information are \$75.00 for 3 months or \$175.00 for 1 year.

Summary BEA estimates are available on recorded messages at the time of public release at the following telephone numbers:

(202) 606-5362 U.S. international transactions
-5306 Gross domestic product
-5303 Personal income and outlays

Most of BEA's estimates and analyses appear in the Survey of Current Business, BEA's monthly journal. The printed Survey of Current Business is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. First class mail: Annual subscription \$120.00 domestic. Second class mail: Annual subscription \$48.00 domestic, \$60.00 foreign; single issue \$17.25 domestic, \$21.56 foreign.

Table 1.--U.S. International Transactions
[Millions of dollars, quarters seasonally adjusted]

(Credits +, debits -)		1999		2000				Change:	
		1999	I	II	III	IV	Ir	IIP	I-II
Current account									
1	Exports of goods and services and income receipts.....	1,232,407	293,717	300,994	313,084	324,612	336,854	352,085	15,231
2	Exports of goods and services.....	956,242	230,321	234,297	241,969	249,653	255,977	265,133	9,156
3	Goods, balance of payments basis1.....	684,358	163,949	166,443	173,881	180,085	183,728	191,810	8,082
4	Services2.....	271,884	66,372	67,854	68,088	69,568	72,249	73,323	1,074
5	Transfers under U.S. military agency sales contracts.....	16,334	4,240	4,561	3,944	3,589	3,574	3,722	148
6	Travel.....	74,881	18,140	18,564	18,695	19,482	20,431	20,749	318
7	Passenger fares.....	19,776	4,814	4,902	5,105	4,955	5,062	5,088	26
8	Other transportation.....	27,033	6,515	6,692	6,728	7,097	7,252	7,397	145
9	Royalties and license fees.....	36,467	9,114	9,140	9,106	9,107	9,353	9,685	332
10	Other private services.....	96,508	23,346	23,772	24,271	25,118	26,373	26,469	96
11	U.S. Government miscellaneous services.....	885	203	223	239	220	204	213	9
12	Income receipts.....	276,165	63,396	66,697	71,115	74,959	80,877	86,952	6,075
13	Income receipts on U.S.-owned assets abroad.....	273,957	62,861	66,149	70,556	74,393	80,302	86,370	6,068
14	Direct investment receipts.....	118,802	26,946	28,804	31,361	31,691	34,116	37,192	3,076
15	Other private receipts.....	151,958	35,004	36,535	38,449	41,970	45,091	47,932	2,841
16	U.S. Government receipts.....	3,197	911	810	746	732	1,095	1,246	151
17	Compensation of employees.....	2,208	535	548	559	566	575	582	7
18	Imports of goods and services and income payments.....	-1,515,861	-349,513	-368,439	-391,337	-406,575	-426,335	-445,887	-19,552
19	Imports of goods and services.....	-1,221,213	-282,997	-297,597	-314,687	-325,933	-341,094	-354,392	-13,298
20	Goods, balance of payments basis1.....	-1,029,917	-236,973	-250,427	-266,199	-276,318	-289,566	-302,026	-12,460
21	Services2.....	-191,296	-46,024	-47,170	-48,488	-49,615	-51,528	-52,366	-838
22	Direct defense expenditures.....	-13,650	-3,293	-3,373	-3,626	-3,358	-3,322	-3,350	-28
23	Travel.....	-59,351	-14,560	-14,718	-14,799	-15,274	-15,837	-16,107	-270
24	Passenger fares.....	-21,405	-5,215	-5,274	-5,348	-5,568	-5,777	-5,964	-187
25	Other transportation.....	-34,137	-7,784	-8,187	-8,953	-9,214	-9,582	-9,791	-209
26	Royalties and license fees.....	-13,275	-3,081	-3,224	-3,314	-3,656	-3,590	-3,702	-112
27	Other private services.....	-46,657	-11,401	-11,719	-11,682	-11,855	-12,706	-12,738	-32
28	U.S. Government miscellaneous services.....	-2,821	-690	-675	-766	-690	-714	-714	...
29	Income payments.....	-294,648	-66,516	-70,842	-76,650	-80,642	-85,241	-91,495	-6,254
30	Income payments on foreign-owned assets in the United States.....	-287,059	-64,636	-68,962	-74,749	-78,712	-83,289	-89,515	-6,226
31	Direct investment payments.....	-56,098	-10,916	-14,106	-15,660	-15,416	-17,048	-18,771	-1,723
32	Other private payments.....	-135,830	-31,051	-31,701	-34,942	-38,136	-40,167	-43,843	-3,676
33	U.S. Government payments.....	-95,131	-22,669	-23,155	-24,147	-25,160	-26,074	-26,901	-827
34	Compensation of employees.....	-7,589	-1,880	-1,880	-1,901	-1,930	-1,952	-1,980	-28
35	Unilateral current transfers, net.....	-48,025	-10,831	-11,537	-11,396	-14,260	-12,024	-12,336	-312
36	U.S. Government grants.....	-13,774	-2,574	-3,097	-2,847	-5,256	-2,912	-3,180	-268
37	U.S. Government pensions and other transfers.....	-4,401	-1,066	-1,074	-1,080	-1,181	-1,114	-1,113	1
38	Private remittances and other transfers.....	-29,850	-7,191	-7,366	-7,469	-7,823	-7,998	-8,043	-45

Table 1.--U.S. International Transactions (Continued)
[Millions of dollars, quarters seasonally adjusted]

September 13, 2000

(Credits +, debits -)		1999	1999				2000		Change: 2000 I-II
			I	II	III	IV	Ir	IIP	
Capital and financial account									
Capital account									
39	Capital account transactions, net.....	-3,500	157	165	171	-3,993	166	163	-3
Financial account									
40	U.S.-owned assets abroad, net (increase/financial outflow (-)).....	-430,187	-21,555	-170,842	-122,909	-114,882	-178,958	-73,648	105,310
41	U.S. official reserve assets, net.....	8,747	4,068	1,159	1,951	1,569	-554	2,020	2,574
42	Gold.....
43	Special drawing rights.....	10	562	-190	-184	-178	-180	-180
44	Reserve position in the International Monetary Fund.....	5,484	3	1,413	2,268	1,800	-237	2,328	2,565
45	Foreign currencies.....	3,253	3,503	-64	-133	-53	-137	-128	9
46	U.S. Government assets, other than official reserve assets, net.....	2,751	118	-392	-686	3,711	-131	-572	-441
47	U.S. credits and other long-term assets.....	-6,175	-1,314	-2,167	-1,595	-1,099	-1,750	-1,229	521
48	Repayments on U.S. credits and other long-term assets.....	9,560	1,554	1,887	1,026	5,093	1,328	715	-613
49	U.S. foreign currency holdings and U.S. short-term assets, net.....	-634	-122	-112	-117	-283	291	-58	-349
50	U.S. private assets, net.....	-441,685	-25,741	-171,609	-124,174	-120,162	-178,273	-75,096	103,177
51	Direct investment.....	-150,901	-41,112	-32,958	-43,552	-33,280	-42,963	-37,495	5,468
52	Foreign securities.....	-128,594	1,107	-71,131	-41,420	-17,150	-27,236	-26,350	886
53	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns.....	-92,328	-14,223	-25,734	-27,943	-24,428	-52,563	-26,112	26,451
54	U.S. claims reported by U.S. banks, not included elsewhere.....	-69,862	28,487	-41,786	-11,259	-45,304	-55,511	14,861	70,372
55	Foreign-owned assets in the United States, net (increase/financial inflow (+)).....	753,564	102,780	272,008	194,210	184,567	236,535	222,736	-13,799
56	Foreign official assets in the United States, net.....	42,864	4,274	-1,096	12,191	27,495	22,015	5,905	-16,110
57	U.S. Government securities.....	32,527	6,793	-916	14,798	11,852	24,305	6,334	-17,971
58	U.S. Treasury securities.....	12,177	800	-6,708	12,963	5,122	16,198	-4,000	-20,198
59	Other.....	20,350	5,993	5,792	1,835	6,730	8,107	10,334	2,227
60	Other U.S. Government liabilities.....	-3,255	-1,485	-1,099	-760	89	-644	-772	-128
61	U.S. liabilities reported by U.S. banks, not included elsewhere.....	12,692	-1,139	1,436	-2,032	14,427	-2,577	-561	2,016
62	Other foreign official assets.....	900	105	-517	185	1,127	931	904	-27
63	Other foreign assets in the United States, net.....	710,700	98,506	273,104	182,019	157,072	214,520	216,831	2,311
64	Direct investment.....	275,533	26,779	143,802	55,563	49,390	48,962	79,699	30,737
65	U.S. Treasury securities.....	-20,464	-7,505	-5,407	9,639	-17,191	-9,248	-20,661	-11,413
66	U.S. securities other than U.S. Treasury securities.....	331,523	62,815	80,838	95,620	92,250	132,416	86,547	-45,869
67	U.S. currency.....	22,407	2,440	3,057	4,697	12,213	-6,847	989	7,836
68	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns.....	34,298	27,928	13,663	-8,085	792	58,061	21,597	-36,464
69	U.S. liabilities reported by U.S. banks, not included elsewhere.....	67,403	-13,951	37,151	24,585	19,618	-8,824	48,660	57,484
70	Statistical discrepancy (sum of above items with sign reversed).....	11,602	-14,755	-22,349	18,177	30,531	43,762	-43,113	-86,875
Memoranda:									
71	Balance on goods (lines 3 and 20).....	-345,559	-73,024	-83,984	-92,318	-96,233	-105,838	-110,216	-4,378
72	Balance on services (lines 4 and 21).....	80,588	20,348	20,684	19,600	19,953	20,721	20,957	236
73	Balance on goods and services (lines 2 and 19).....	-264,971	-52,676	-63,300	-72,718	-76,280	-85,117	-89,259	-4,142
74	Balance on income (lines 12 and 29).....	-18,483	-3,120	-4,145	-5,535	-5,683	-4,364	-4,543	-179
75	Unilateral current transfers, net (line 35).....	-48,025	-10,831	-11,537	-11,396	-14,260	-12,024	-12,336	-312
76	Balance on current account (lines 1, 18, and 35 or lines 73, 74, and 75).....	-331,479	-66,627	-78,982	-89,649	-96,223	-101,505	-106,138	-4,633

r Revised. p Preliminary.

1. Adjusted for timing, valuation, and coverage to balance of payments basis; excludes exports under U. S. military agency sales contracts and imports of U. S. military agencies.

2. Includes some goods that cannot be separately identified from services.

NOTE:--Details may not add to totals because of rounding. Source: U. S. Department of Commerce, Bureau of Economic Analysis