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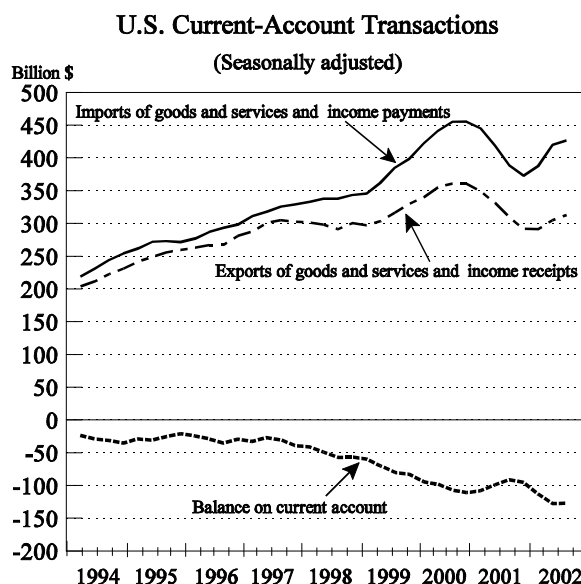
BEA 02-37

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U.S. International Transactions: Third Quarter 2002

Current Account

The U.S. current-account deficit--the combined balances on trade in goods and services, income, and net unilateral current transfers--was \$127.0 billion (preliminary) in the third quarter of 2002, little changed from \$127.6 billion (revised) in the second quarter, according to the U.S. Bureau of Economic Analysis. A decrease in the deficit on income more than offset increases in the deficit on goods and services and in net outflows for unilateral current transfers.



NOTE: This news release is available on BEA's Web site at <www.bea.gov/bea/rels.htm>.

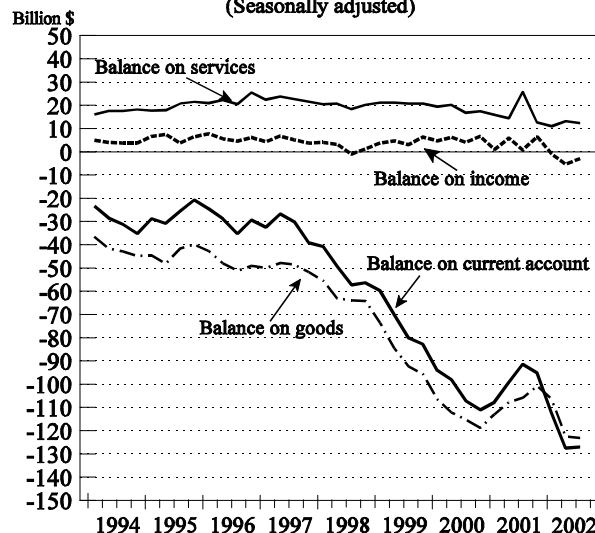
Goods and services

The deficit on goods and services increased to \$110.9 billion in the third quarter from \$109.3 billion in the second, as imports of goods and services increased more than exports of goods and services.

Goods The deficit on goods increased to \$123.2 billion in the third quarter from \$122.5 billion in the second.

Goods exports increased to \$175.7 billion from \$172.4 billion. The increase was largely accounted for by increases in civilian aircraft, in automotive products, and in consumer goods.

U.S. Current-Account Balance and Selected Components
(Seasonally adjusted)



Goods imports increased to \$298.9 billion from \$294.9 billion. Nonpetroleum products increased, largely as a result of increases in consumer goods, in nonpetroleum industrial supplies and materials, and in automotive products. Petroleum and products also increased.

Services The surplus on services decreased to \$12.3 billion in the third quarter from \$13.2 billion in the second.

Services receipts increased to \$73.7 billion from \$72.1 billion. The largest increase was in "other" private services (which includes items such as business, professional, and technical services; insurance services; and financial services).

Services payments increased to \$61.4 billion from \$59.0 billion. Most services categories increased, and the largest increase was in "other" private services.

Income

The balance on income was a deficit of \$3.0 billion in the third quarter, compared to a deficit of \$5.3 billion in the second. Major contributors to the reduction in the deficit were an increase in direct investment receipts and a decrease in "other" private payments (income on banking and nonbanking balances and on securities holdings); these contributors were partly offset by an increase in direct investment payments.

Investment income Income receipts on U.S.-owned assets abroad increased to \$62.9 billion from \$60.1 billion. The increase was more than accounted for by a large increase in direct investment receipts.

Income payments on foreign-owned assets in the United States increased to \$64.2 billion from \$63.7 billion. A large increase in direct investment payments was mostly offset by decreases in U.S. Government payments and in "other" private payments.

Compensation of employees Receipts for compensation of U.S. workers abroad were virtually unchanged at \$0.6 billion. Payments for compensation of foreign workers in the United States edged down to \$2.2 billion.

Unilateral current transfers

Unilateral current transfers (which includes items such as U.S. Government grants and institutional remittances) were net outflows of \$13.2 billion in the third quarter, up from net outflows of \$13.0 billion in the second.

Capital and Financial Account

Capital Account

Capital account transactions were net inflows of \$0.2 billion in the third quarter, virtually unchanged from the second.

Financial Account

Net recorded financial inflows--net acquisitions by foreign residents of assets in the United States less net acquisitions by U.S. residents of assets abroad--were \$172.4 billion in the third quarter, compared with \$73.2 billion (revised) in the second.

U.S.-owned assets abroad

U.S.-owned assets abroad decreased \$23.9 billion in the third quarter, in contrast to an increase of \$131.1 billion in the second.

U.S. claims on foreigners reported by U.S. banks decreased \$46.4 billion in the third quarter, in contrast to an increase of \$68.7 billion in the second. Interbank claims fell sharply.

Transactions in foreign securities shifted to net U.S. sales of \$18.3 billion in the third quarter from net U.S. purchases of \$9.7 billion in the second. Transactions in foreign stocks shifted to net U.S. sales of \$12.7 billion from net U.S. purchases of \$19.9 billion; transactions with most foreign countries shifted to net U.S. sales. Net U.S. sales of foreign bonds were \$5.6 billion, down from \$10.2 billion.

Net financial outflows for U.S. direct investment abroad were \$27.5 billion in the third quarter, down from \$34.3 billion in the second. A shift in intercompany debt to net inflows from net outflows more than offset increases in net equity capital outflows and in reinvested earnings.

U.S. official reserve assets increased \$1.4 billion in the third quarter, following an increase of \$1.8 billion in the second.

Foreign-owned assets in the United States

Foreign-owned assets in the United States increased \$148.5 billion in the third quarter, following an increase of \$204.3 billion in the second.

U.S. liabilities to foreigners reported by U.S. banks, excluding U.S. Treasury securities, increased \$8.3 billion in the third quarter, following an increase of \$32.2 billion in the second.

Net foreign purchases of U.S. securities other than U.S. Treasury securities were \$46.6 billion in the third quarter, down from \$104.4 billion in the second. Net foreign purchases of U.S. bonds were \$39.2 billion, down from \$93.0 billion; net foreign purchases of U.S. corporate bonds fell sharply, and net foreign purchases of U.S. agency bonds also declined. Net foreign purchases of U.S. stocks were \$7.4 billion, down from \$11.4 billion.

Transactions in U.S. Treasury securities shifted to net foreign purchases of \$54.7 billion in the third quarter from net foreign sales of \$5.1 billion in the second. Third-quarter net foreign purchases were the second highest on record.

Financial flows for foreign direct investment in the United States shifted to net inflows of \$11.0 billion in the third quarter from net outflows of \$2.7 billion in the second. Reinvested earnings and net equity capital inflows both increased, and net outflows for intercompany debt decreased.

Net U.S. currency shipments to foreigners were \$2.6 billion in the third quarter, down from \$7.2 billion in the second.

Foreign official assets in the United States increased \$9.3 billion in the third quarter, following an increase of \$47.3 billion in the second.

The statistical discrepancy--errors and omissions in recorded transactions--was a negative \$45.6 billion in the third quarter, in contrast to a positive \$54.2 billion in the second.

In the third quarter, the U.S. dollar depreciated 4 percent on a trade-weighted quarterly average basis against a group of 7 major currencies.

Revisions

The second-quarter international transactions are revised from previously published estimates. The current-account deficit was revised to \$127.6 billion from \$130.0 billion. The goods deficit was revised to \$122.5 billion from \$122.6 billion; the services surplus was revised to \$13.2 billion from \$12.0 billion; the deficit on income was revised to \$5.3 billion from \$6.3 billion; and unilateral current transfers were revised to net outflows of \$13.0 billion from net outflows of \$13.1 billion. Net recorded financial inflows were revised to \$73.2 billion from \$80.4 billion.

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Release dates in 2003:

Fourth quarter and year 2002.....	March 14, 2003 (Friday)
First quarter 2003.....	June 19, 2003 (Thursday)
Second quarter 2003.....	September 15, 2003 (Monday)
Third quarter 2003.....	December 16, 2003 (Tuesday)

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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.gov>

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 are published in the Survey of Current Business, BEA's monthly journal. Subscriptions and single copies of the printed Survey are for sale by the Superintendent of Documents, U.S. Government Printing Office. Internet: <bookstore.gpo.gov>; phone: 202-512-1800; fax: 202-512-2250; mail: Stop SSOP, Washington, DC 20402-0001.

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

(Credits +, debits -)	2001	2001				2002			Change: 2002 II-III
		I	II	III	IV	I	II ^r	III ^p	
Current account									
1 Exports of goods and services and income receipts.....	1,281,793	349,040	331,612	309,477	291,667	291,348	305,262	312,881	7,619
2 Exports of goods and services.....	998,022	266,004	256,766	242,325	232,930	233,252	244,540	249,409	4,869
3 Goods, balance of payments basis.....	718,762	193,284	184,846	173,274	167,358	164,649	172,426	175,727	3,301
4 Services.....	279,260	72,720	71,920	69,051	65,572	68,603	72,114	73,682	1,568
5 Transfers under U.S. military agency sales contracts.....	12,220	2,806	3,227	3,079	3,108	2,990	3,087	2,922	-165
6 Travel.....	73,119	20,735	19,803	17,845	14,736	17,038	17,200	17,586	386
7 Passenger fares.....	18,007	5,007	4,849	4,522	3,629	4,171	4,172	4,503	331
8 Other transportation.....	28,306	7,495	7,170	6,968	6,674	6,805	6,986	7,159	173
9 Royalties and license fees.....	38,668	9,717	9,743	9,537	9,672	9,931	11,085	11,020	-65
10 Other private services.....	108,109	26,738	26,927	26,886	27,559	27,473	29,385	30,292	907
11 U.S. Government miscellaneous services.....	831	222	201	214	194	195	199	200	1
12 Income receipts.....	283,771	83,036	74,846	67,152	58,737	58,096	60,722	63,472	2,750
13 Income receipts on U.S.-owned assets abroad.....	281,389	82,444	74,253	66,555	58,137	57,485	60,108	62,854	2,746
14 Direct investment receipts.....	125,996	35,270	33,078	30,211	27,436	28,679	30,958	33,763	2,805
15 Other private receipts.....	151,832	46,281	40,398	35,494	29,659	27,994	28,486	28,231	-255
16 U.S. Government receipts.....	3,561	893	777	850	1,042	812	664	860	196
17 Compensation of employees.....	2,382	592	593	597	600	611	614	618	4
18 Imports of goods and services and income payments.....	-1,625,701	-445,154	-418,930	-388,448	-373,174	-387,786	-419,862	-426,701	-6,839
19 Imports of goods and services.....	-1,356,312	-363,164	-350,090	-322,103	-320,958	-328,744	-353,853	-360,270	-6,417
20 Goods, balance of payments basis.....	-1,145,927	-306,316	-292,565	-279,025	-268,021	-271,073	-294,893	-298,903	-4,010
21 Services.....	-210,385	-56,848	-57,525	-43,078	-52,937	-57,671	-58,960	-61,367	-2,407
22 Direct defense expenditures.....	-15,198	-3,548	-3,512	-3,785	-4,353	-4,488	-4,766	-5,005	-239
23 Travel.....	-60,117	-16,003	-16,698	-14,468	-12,948	-14,587	-14,454	-14,995	-541
24 Passenger fares.....	-22,418	-5,810	-6,213	-5,944	-4,451	-5,113	-5,028	-5,352	-324
25 Other transportation.....	-38,823	-10,521	-10,130	-9,178	-8,997	-8,858	-9,739	-9,709	30
26 Royalties and license fees.....	-16,359	-4,097	-4,038	-4,113	-4,110	-4,764	-4,951	-5,264	-313
27 Other private services.....	-54,588	-16,146	-16,208	-4,864	-17,371	-19,120	-19,297	-20,317	-1,020
28 U.S. Government miscellaneous services.....	-2,882	-723	-726	-726	-707	-741	-725	-725	....
29 Income payments.....	-269,389	-81,990	-68,840	-66,345	-52,216	-59,042	-66,009	-66,431	-422
30 Income payments on foreign-owned assets in the United States.....	-260,850	-79,881	-66,727	-64,210	-50,035	-56,803	-63,737	-64,229	-492
31 Direct investment payments.....	-23,401	-13,021	-5,246	-6,303	1,166	-6,610	-12,163	-14,942	-2,779
32 Other private payments.....	-156,784	-45,512	-40,886	-38,156	-32,230	-31,679	-32,943	-31,114	1,829
33 U.S. Government payments.....	-80,665	-21,348	-20,595	-19,751	-18,971	-18,514	-18,631	-18,173	458
34 Compensation of employees.....	-8,539	-2,109	-2,113	-2,135	-2,181	-2,239	-2,272	-2,202	70
35 Unilateral current transfers, net.....	-49,463	-11,608	-11,916	-12,360	-13,579	-16,016	-13,011	-13,221	-210
36 U.S. Government grants.....	-11,628	-2,419	-2,522	-2,905	-3,782	-6,273	-3,312	-3,147	165
37 U.S. Government pensions and other transfers.....	-5,798	-1,316	-1,291	-1,305	-1,886	-1,348	-1,356	-1,368	-12
38 Private remittances and other transfers.....	-32,037	-7,873	-8,103	-8,150	-7,911	-8,395	-8,343	-8,706	-363

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

(Credits +, debits -)	2001	2001				2002			Change: 2002 II-III
		I	II	III	IV	I	II ^r	III ^p	
Capital and financial account									
Capital account									
39 Capital account transactions, net.....	826	208	207	206	205	208	200	223	23
Financial account									
40 U.S.-owned assets abroad, net (increase/financial outflow (-)).....	-370,962	-215,815	-80,036	24,978	-100,088	-25,918	-131,079	23,920	154,999
41 U.S. official reserve assets, net.....	-4,911	190	-1,343	-3,559	-199	390	-1,843	-1,416	427
42 Gold.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
43 Special drawing rights.....	-630	-189	-156	-145	-140	-109	-107	-132	-25
44 Reserve position in the International Monetary Fund.....	-3,600	574	-1,015	-3,242	83	652	-1,607	-1,136	471
45 Foreign currencies.....	-681	-195	-172	-172	-142	-153	-129	-148	-19
46 U.S. Government assets, other than official reserve assets, net.....	-486	77	-783	77	143	133	42	172	130
47 U.S. credits and other long-term assets.....	-4,431	-1,094	-1,330	-1,011	-996	-853	-565	-897	-332
48 Repayments on U.S. credits and other long-term assets.....	3,873	1,071	573	1,118	1,111	994	566	1,190	624
49 U.S. foreign currency holdings and U.S. short-term assets, net.....	72	100	-26	-30	28	-8	41	-121	-162
50 U.S. private assets, net.....	-365,565	-216,082	-77,910	28,460	-100,032	-26,441	-129,278	25,164	154,442
51 Direct investment.....	-127,840	-23,514	-35,131	-41,724	-27,470	-29,280	-34,255	-27,463	6,792
52 Foreign securities.....	-94,662	-26,895	-51,764	10,087	-26,090	2,047	-9,675	18,295	27,970
53 U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns.....	-14,358	-51,759	9,670	-9,479	37,210	65	-16,693	-12,087	4,606
54 U.S. claims reported by U.S. banks, not included elsewhere.....	-128,705	-113,914	-685	69,576	-83,682	727	-68,655	46,419	115,074
55 Foreign-owned assets in the United States, net (increase/financial inflow (+)).....	752,806	302,510	181,610	17,889	250,797	113,496	204,307	148,510	-55,797
56 Foreign official assets in the United States, net.....	5,224	4,087	-20,831	16,882	5,086	7,641	47,252	9,319	-37,933
57 U.S. Government securities.....	31,665	2,547	-10,866	15,594	24,390	6,714	21,741	12,309	-9,432
58 U.S. Treasury securities.....	10,745	-1,027	-20,798	15,810	16,760	-582	15,193	1,424	-13,769
59 Other.....	20,920	3,574	9,932	-216	7,630	7,296	6,548	10,885	4,337
60 Other U.S. Government liabilities.....	-1,882	-676	-791	89	-504	-790	54	999	945
61 U.S. liabilities reported by U.S. banks, not included elsewhere.....	-30,278	1,213	-10,202	-782	-20,507	991	24,531	-4,824	-29,355
62 Other foreign official assets.....	5,719	1,003	1,028	1,981	1,707	726	926	835	-91
63 Other foreign assets in the United States, net.....	747,582	298,423	202,441	1,007	245,711	105,855	157,055	139,191	-17,864
64 Direct investment.....	130,796	43,589	51,102	14,208	21,897	16,223	-2,704	11,037	13,741
65 U.S. Treasury securities.....	-7,670	-4,744	-14,685	-15,470	27,229	-7,282	-5,124	54,691	59,815
66 U.S. securities other than U.S. Treasury securities.....	407,653	129,990	113,556	64,787	99,320	71,095	104,404	46,647	-57,757
67 U.S. currency.....	23,783	2,311	2,772	8,203	10,497	4,525	7,183	2,556	-4,627
68 U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns.....	82,353	111,644	-5,307	-25,154	1,170	32,345	21,056	15,961	-5,095
69 U.S. liabilities reported by U.S. banks, not included elsewhere.....	110,667	15,633	55,003	-45,567	85,598	-11,051	32,240	8,299	-23,941
70 Statistical discrepancy (sum of above items with sign reversed).....	10,701	20,819	-2,547	48,258	-55,828	24,668	54,183	-45,612	-99,795
Memoranda:									
71 Balance on goods (lines 3 and 20).....	-427,165	-113,032	-107,719	-105,751	-100,663	-106,424	-122,467	-123,176	-709
72 Balance on services (lines 4 and 21).....	68,875	15,872	14,395	25,973	12,635	10,932	13,154	12,315	-839
73 Balance on goods and services (lines 2 and 19).....	-358,290	-97,160	-93,324	-79,778	-88,028	-95,492	-109,313	-110,861	-1,548
74 Balance on income (lines 12 and 29).....	14,382	1,046	6,006	807	6,521	-946	5,287	-2,959	2,328
75 Unilateral current transfers, net (line 35).....	-49,463	-11,608	-11,916	-12,360	-13,579	-16,016	-13,011	-13,221	-210
76 Balance on current account (lines 1, 18, and 35 or lines 73, 74, and 75).....	-393,371	-107,722	-99,234	-91,331	-95,086	-112,454	-127,611	-127,041	570

^r Revised. ^p Preliminary.

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