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U.S. International Transactions: Second Quarter 2003

Current Account

The U.S. current-account deficit--the combined balances on trade in goods and services, income, and net unilateral current transfers--was virtually unchanged at \$138.7 billion (preliminary) in the second quarter of 2003. An increase in the deficit on goods was offset by increases in the surpluses on income and on services and a decrease in net outflows for unilateral current transfers.

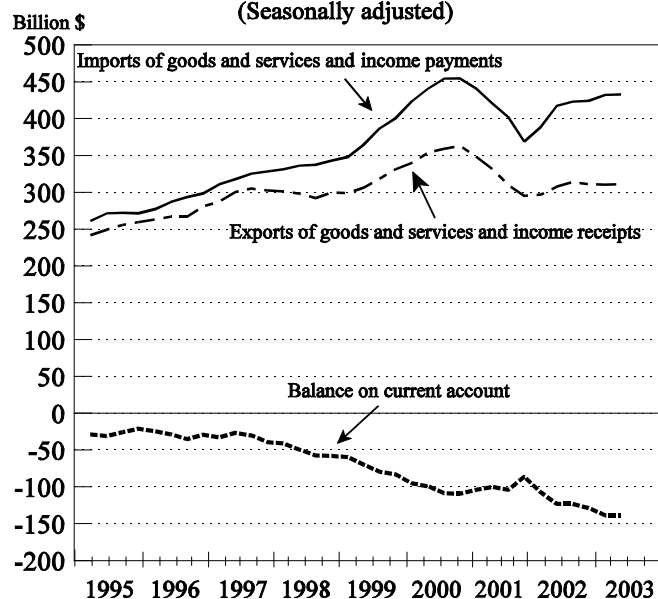
Goods and services

The deficit on goods and services increased to \$123.4 billion in the second quarter from \$121.6 billion in the first.

Goods The deficit on goods increased to \$138.0 billion in the second quarter from \$136.0 billion in the first.

Goods exports increased to \$174.0 billion from \$173.3 billion. Small increases in industrial supplies and materials and in consumer goods were partly offset by a small decrease in capital goods.

U.S. Current-Account Transactions
(Seasonally adjusted)



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

Goods imports increased to \$312.0 billion from \$309.4 billion. An increase in nonpetroleum products more than offset a decrease in petroleum and petroleum products. The increase in nonpetroleum products was largely accounted for by increases in capital goods and in automotive vehicles, parts, and engines.

Services The surplus on services increased to \$14.6 billion in the second quarter from \$14.4 billion in the first.

Services receipts were virtually unchanged at \$74.0 billion. A decrease in travel was almost entirely offset by increases in all other services categories combined. Services payments decreased to \$59.4 billion from \$59.6 billion. Decreases in travel and in passenger fares were mostly offset by increases in all other services categories combined.

Income

The surplus on income increased to \$1.7 billion in the second quarter from \$0.2 billion in the first.

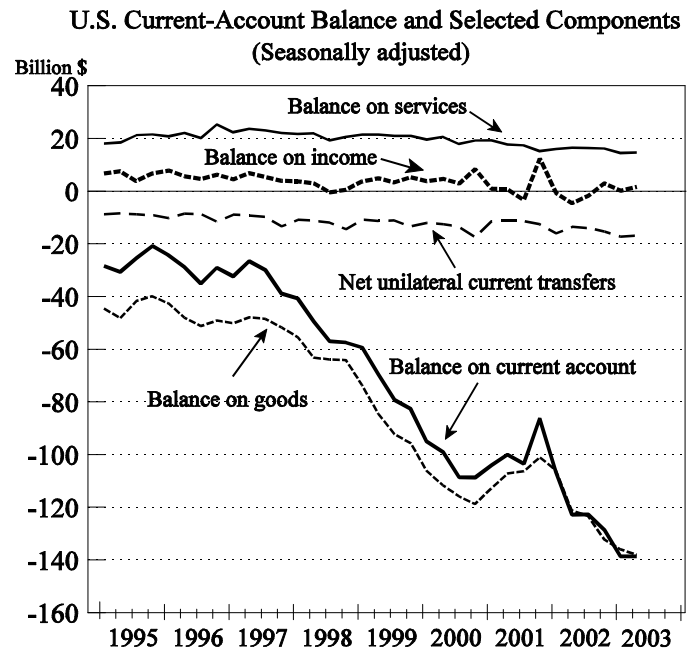
Investment income Income receipts on U.S.-owned assets abroad increased slightly to \$62.2 billion from \$62.1 billion. An increase in direct investment receipts more than offset decreases in “other” private receipts (which consists of interest and dividends) and in U.S. Government receipts.

Income payments on foreign-owned assets in the United States decreased to \$59.2 billion from \$60.5 billion. Decreases in “other” private payments (which consists of interest and dividends) and in U.S. Government payments more than offset an increase in direct investment payments.

Compensation of employees Receipts for compensation of U.S. workers abroad were virtually unchanged at \$0.8 billion. Payments for compensation of foreign workers in the United States decreased slightly to \$2.1 billion from \$2.2 billion.

Unilateral current transfers

Unilateral current transfers were net outflows of \$16.9 billion in the second quarter, down from net outflows of \$17.3 billion in the first.



Capital and Financial Account

Capital Account

Capital account transactions were net outflows of \$0.3 billion in the second quarter, down slightly from net outflows of \$0.4 billion in the first.

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 \$148.6 billion in the second quarter, up from \$140.7 billion in the first. Financial inflows for foreign-owned assets in the United States strengthened more than financial outflows for U.S.-owned assets abroad.

U.S.-owned assets abroad

U.S.-owned assets abroad increased \$106.7 billion in the second quarter, compared with an increase of \$101.3 billion in the first.

U.S. claims on foreigners reported by U.S. banks increased \$60.6 billion in the second quarter, following an increase of \$27.8 billion in the first.

Transactions in foreign securities shifted to net U.S. sales of \$9.2 billion in the second quarter from net U.S. purchases of \$27.1 billion in the first. Net U.S. purchases of foreign stocks were \$16.9 billion, down from \$34.4 billion. Net U.S. sales of foreign bonds were \$26.2 billion, up from \$7.2 billion.

Net financial outflows for U.S. direct investment abroad were \$32.0 billion in the second quarter, down from \$34.4 billion in the first. A shift in intercompany debt to net inflows from net outflows and a decrease in reinvested earnings more than offset an increase in net equity capital outflows.

U.S. official reserve assets increased \$0.2 billion in the second quarter, in contrast to a decrease of \$0.1 billion in the first.

Foreign-owned assets in the United States

Foreign-owned assets in the United States increased \$255.3 billion in the second quarter, compared with an increase of \$242.0 billion in the first.

U.S. liabilities to foreigners reported by U.S. banks increased \$33.2 billion in the second quarter, following an increase of \$16.7 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, up from \$55.6 billion in the first. Transactions in U.S. stocks shifted to net foreign purchases of \$20.6 billion from net foreign sales of \$2.6 billion. Net foreign purchases of U.S. corporate bonds increased to \$67.2 billion from \$60.4 billion, and net foreign sales of federally sponsored agency bonds decreased to \$1.3 billion from \$2.2 billion.

Net foreign purchases of U.S. Treasury securities were \$61.1 billion in the second quarter, up from \$14.6 billion in the first.

Net financial inflows for foreign direct investment in the United States were \$12.1 billion in the second quarter, down from \$34.4 billion in the first. The decrease was more than accounted for by a large decrease in net equity capital inflows. Reinvested earnings also declined. In contrast, intercompany debt shifted to net inflows from net outflows.

Foreign official assets in the United States increased \$57.6 billion in the second quarter, following an increase of \$41.0 billion in the first.

Net U.S. currency shipments were \$1.5 billion in the second quarter, down from \$4.9 billion in the first.

The statistical discrepancy--errors and omissions in recorded transactions--was a negative \$9.6 billion in the second quarter, compared with a negative \$1.6 billion in the first.

In the second quarter, the U.S. dollar depreciated 5 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 was revised to \$138.7 billion from \$136.1 billion. The goods deficit was virtually unchanged at \$136.0 billion; the services surplus was virtually unchanged at \$14.4 billion; the income surplus was revised to \$0.2 billion from \$2.6 billion; and unilateral current transfers were revised to net outflows of \$17.3 billion from net outflows of \$17.1 billion. Net recorded financial inflows were revised to \$140.7 billion from \$112.8 billion.

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Release dates in 2003:

Third quarter 2003.....December 16, 2003 (Tuesday)

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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 -)	2002	2002				2003		Change: 2003 I-II
		I	II	III	IV	I ^a	II ^a	
Current account								
1 Exports of goods and services and income receipts.....	1,229,649	297,074	307,616	313,939	311,015	310,278	311,002	724
2 Exports of goods and services.....	974,107	236,442	243,696	247,815	246,151	247,377	247,991	614
3 Goods, balance of payments basis.....	681,874	165,298	171,421	174,315	170,840	173,346	174,034	688
4 Services.....	292,233	71,144	72,275	73,500	75,311	74,031	73,957	-74
5 Transfers under U.S. military agency sales contracts.....	11,943	2,785	2,751	3,418	2,989	2,827	3,023	196
6 Travel.....	66,547	16,295	16,030	16,217	18,005	16,089	14,902	-1,187
7 Passenger fares.....	17,046	4,224	4,279	4,288	4,255	3,736	3,768	32
8 Other transportation.....	29,166	7,102	7,075	7,307	7,682	7,837	7,910	73
9 Royalties and license fees.....	44,142	10,373	11,221	11,389	11,157	11,630	11,643	13
10 Other private services.....	122,594	30,170	30,720	30,681	31,022	31,710	32,509	799
11 U.S. Government miscellaneous services.....	795	195	199	200	201	202	202
12 Income receipts.....	255,542	60,632	63,920	66,124	64,864	62,901	63,011	110
13 Income receipts on U.S.-owned assets abroad.....	252,379	59,821	63,140	65,339	64,077	62,094	62,197	103
14 Direct investment receipts.....	142,933	32,058	34,874	37,264	38,735	37,508	39,131	1,623
15 Other private receipts.....	106,143	26,950	27,560	27,225	24,408	23,700	22,321	-1,379
16 U.S. Government receipts.....	3,303	813	706	850	934	886	745	-141
17 Compensation of employees.....	3,163	811	780	785	787	807	814	7
18 Imports of goods and services and income payments.....	-1,651,657	-387,864	-416,962	-422,666	-424,165	-431,716	-432,731	-1,015
19 Imports of goods and services.....	-1,392,145	-326,499	-348,584	-354,795	-362,267	-369,006	-371,399	-2,393
20 Goods, balance of payments basis.....	-1,164,746	-271,331	-292,707	-297,627	-303,081	-309,364	-312,013	-2,649
21 Services.....	-227,399	-55,168	-55,877	-57,168	-59,186	-59,642	-59,386	256
22 Direct defense expenditures.....	-19,245	-4,394	-4,668	-4,990	-5,193	-5,674	-6,000	-326
23 Travel.....	-58,044	-14,453	-14,252	-14,314	-15,025	-14,168	-13,014	1,154
24 Passenger fares.....	-19,969	-4,874	-4,874	-4,829	-5,392	-4,960	-4,920	40
25 Other transportation.....	-38,527	-8,891	-9,580	-9,787	-10,271	-10,873	-11,182	-309
26 Royalties and license fees.....	-19,258	-4,728	-4,902	-5,036	-4,592	-4,698	-4,835	-137
27 Other private services.....	-69,436	-17,087	-16,876	-17,487	-17,984	-18,524	-18,686	-162
28 U.S. Government miscellaneous services.....	-2,920	-741	-725	-725	-729	-745	-749	-4
29 Income payments.....	-259,512	-61,365	-68,378	-67,871	-61,898	-62,710	-61,332	1,378
30 Income payments on foreign-owned assets in the United States.....	-251,108	-59,271	-66,246	-65,820	-59,771	-60,527	-59,213	1,314
31 Direct investment payments.....	-49,458	-8,134	-13,464	-15,350	-12,510	-15,431	-16,308	-877
32 Other private payments.....	-127,735	-32,512	-33,773	-31,802	-29,648	-28,245	-26,638	1,607
33 U.S. Government payments.....	-73,915	-18,625	-19,009	-18,668	-17,613	-16,851	-16,267	584
34 Compensation of employees.....	-8,404	-2,094	-2,132	-2,051	-2,127	-2,183	-2,119	64
35 Unilateral current transfers, net.....	-58,853	-15,938	-13,481	-13,997	-15,436	-17,269	-16,942	327
36 U.S. Government grants.....	-17,097	-6,397	-3,287	-3,075	-4,338	-5,813	-5,620	193
37 U.S. Government pensions and other transfers.....	-5,125	-1,271	-1,279	-1,282	-1,292	-1,320	-1,335	-15
38 Private remittances and other transfers.....	-36,631	-8,270	-8,915	-9,640	-9,806	-10,136	-9,987	149

Table 1.--U.S. International Transactions (Continued)

(Millions of dollars, quarters seasonally adjusted)

(Credits +, debits -)	2002	2002				2003		Change: 2003 I-II
		I	II	III	IV	I ^r	II ^p	
Capital and financial account								
Capital account								
39 Capital account transactions, net.....	-1,285	-277	-286	-364	-358	-388	-325	63
Financial account								
40 U.S.-owned assets abroad, net (increase/financial outflow (-)).....	-178,985	-35,227	-128,567	29,712	-44,902	-101,331	-106,665	-5,334
41 U.S. official reserve assets, net.....	-3,681	390	-1,843	-1,416	-812	83	-170	-253
42 Gold.....
43 Special drawing rights.....	-475	-109	-107	-132	-127	897	-102	-999
44 Reserve position in the International Monetary Fund.....	-2,632	652	-1,607	-1,136	-541	-644	86	730
45 Foreign currencies.....	-574	-153	-129	-148	-144	-170	-154	16
46 U.S. Government assets, other than official reserve assets, net.....	-32	133	42	-27	-180	-70	-323	-253
47 U.S. credits and other long-term assets.....	-5,611	-853	-565	-1,375	-2,818	-2,578	-928	1,650
48 Repayments on U.S. credits and other long-term assets.....	5,684	994	566	1,452	2,672	2,472	674	-1,798
49 U.S. foreign currency holdings and U.S. short-term assets, net.....	-105	-8	41	-104	-34	36	-69	-105
50 U.S. private assets, net.....	-175,272	-35,750	-126,766	31,155	-43,910	-101,344	-106,172	-4,828
51 Direct investment.....	-137,836	-39,083	-35,459	-31,623	-31,670	-34,405	-32,020	2,385
52 Foreign securities.....	15,801	5,367	-5,843	21,641	-5,364	-27,146	9,240	36,386
53 U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns.....	-31,880	-1,886	-16,210	-11,862	-1,922	-11,998	-22,789	-10,791
54 U.S. claims reported by U.S. banks, not included elsewhere.....	-21,357	-148	-69,254	52,999	-4,954	-27,795	-60,603	-32,808
55 Foreign-owned assets in the United States, net (increase/financial inflow (+)).....	706,983	146,813	221,242	141,478	197,448	242,004	255,273	13,269
56 Foreign official assets in the United States, net.....	94,860	6,106	47,552	8,992	32,210	40,978	57,580	16,602
57 U.S. Government securities.....	73,521	6,257	21,706	12,300	33,258	31,768	36,522	4,754
58 U.S. Treasury securities.....	43,144	-1,039	15,138	1,415	27,630	22,288	33,232	10,944
59 Other.....	30,377	7,296	6,568	10,885	5,628	9,480	3,290	-6,190
60 Other U.S. Government liabilities.....	137	-597	365	464	-95	-437	-32	405
61 U.S. liabilities reported by U.S. banks, not included elsewhere.....	17,594	-280	24,575	-4,607	-2,094	8,321	20,385	12,064
62 Other foreign official assets.....	3,608	726	906	835	1,141	1,326	705	-621
63 Other foreign assets in the United States, net.....	612,123	140,707	173,690	132,486	165,238	201,026	197,693	-3,333
64 Direct investment.....	39,633	10,607	-456	14,199	15,281	34,386	12,137	-22,249
65 U.S. Treasury securities.....	96,217	11,789	14,218	57,505	12,705	14,568	61,139	46,571
66 U.S. securities other than U.S. Treasury securities.....	291,492	74,461	104,187	45,880	66,964	55,574	86,525	30,951
67 U.S. currency.....	21,513	4,525	7,183	2,556	7,249	4,927	1,458	-3,469
68 U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns.....	72,142	46,771	24,610	-8,102	8,863	74,848	3,189	-71,659
69 U.S. liabilities reported by U.S. banks, not included elsewhere.....	91,126	-7,446	23,948	20,448	54,176	16,723	33,245	16,522
70 Statistical discrepancy (sum of above items with sign reversed).....	-45,852	-4,581	30,438	-48,102	-23,602	-1,578	-9,612	-8,034
Memoranda:								
71 Balance on goods (lines 3 and 20).....	-482,872	-106,033	-121,286	-123,312	-132,241	-136,018	-137,979	-1,961
72 Balance on services (lines 4 and 21).....	64,834	15,976	16,398	16,332	16,125	14,389	14,571	182
73 Balance on goods and services (lines 2 and 19).....	-418,038	-90,057	-104,888	-106,980	-116,116	-121,629	-123,408	-1,779
74 Balance on income (lines 12 and 29).....	-3,970	-733	-4,458	-1,747	2,966	191	1,679	1,488
75 Unilateral current transfers, net (line 35).....	-58,853	-15,938	-13,481	-13,997	-15,436	-17,269	-16,942	327
76 Balance on current account (lines 1, 18, and 35 or lines 73, 74, and 75).....	-480,861	-106,728	-122,827	-122,724	-128,586	-138,707	-138,671	36

^r Revised. ^p Preliminary.

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