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Alexis N. Chaves: (202) 606-9696

BEA 12-40

U.S. International Transactions: Second Quarter 2012

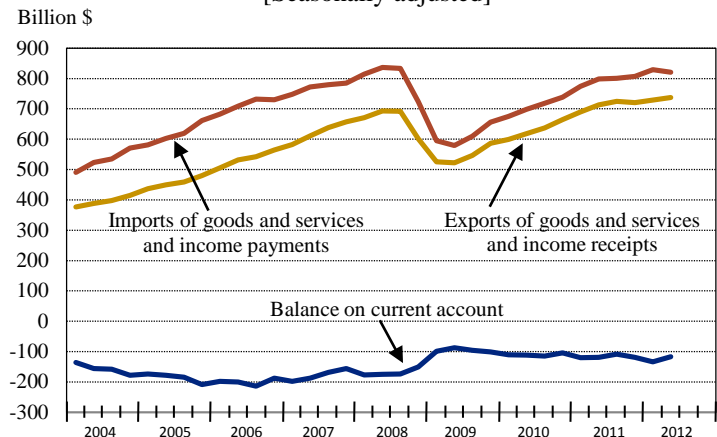
Current Account

The U.S. current-account deficit—the combined balances on trade in goods and services, income, and net unilateral current transfers—decreased to \$117.4 billion (preliminary) in the second quarter from \$133.6 billion (revised) in the first quarter. The decrease in the current-account deficit was accounted for by a decrease in the deficit on goods and an increase in the surplus on income.

Goods and services

The deficit on goods and services decreased to \$139.3 billion in the second quarter from \$148.4 billion in the first.

U.S. Current-Account Transactions
[Seasonally adjusted]



NOTE: This news release is available on [BEA's Web site <www.bea.gov>](http://www.bea.gov) along with Highlights related to this release, the latest detailed statistics for U.S. international transactions, and a description of the estimation methods used to compile them. The second quarter statistics in this release are preliminary and will be revised on December 18, 2012. All links in the text of this release—including archived versions of this release—refer to the latest available revised statistics.

Goods The deficit on goods decreased to \$185.8 billion in the second quarter from \$194.3 billion in the first.

Goods exports increased to \$394.1 billion from \$388.5 billion. Exports of five of the six major end-use categories increased. The largest increases were in foods, feeds, and beverages; consumer goods; and automotive vehicles, parts, and engines. The increase in foods, feeds, and beverages was mostly due to an increase in soybeans. The increase in consumer goods was mostly due to an increase in medicinal, dental, and pharmaceutical products. Industrial supplies and materials decreased; the decrease was more than accounted for by a decrease in nonmonetary gold (Table 2a).

Goods imports decreased to \$579.9 billion from \$582.8 billion, though imports of only two of the six major end-use categories decreased. The decrease was more than accounted for by a decrease in imports of industrial supplies and materials that was, in turn, more than accounted for by a decrease in petroleum and products. The major end-use categories with the largest increases were capital goods, consumer goods, and automotive vehicles, parts, and engines. The increase in capital goods was largely due to an increase in machinery and equipment, and the increase in consumer goods reflected increases in both nondurable and durable goods (Table 2a).

Services The surplus on services increased to \$46.5 billion in the second quarter from \$45.9 billion in the first.

Services receipts increased to \$157.0 billion from \$155.5 billion. Five of the seven major services categories increased. The largest increases were in other private services, which includes items such as financial services, insurance services, and business, professional, and technical services; royalties and license fees; and travel.

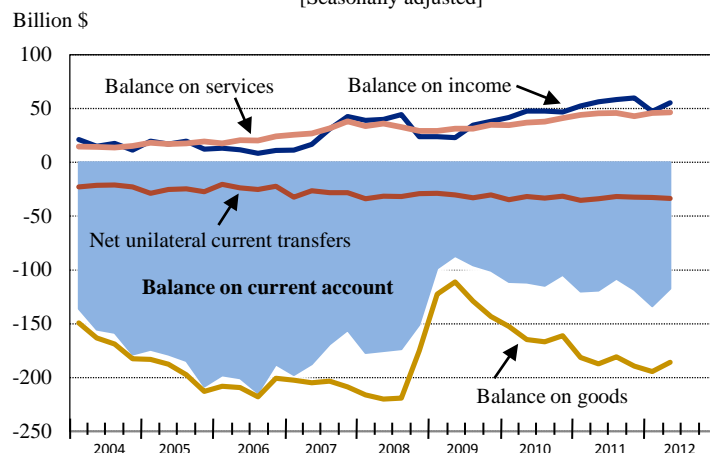
Services payments increased to \$110.5 billion from \$109.6 billion. Six of the seven major services categories increased; the increase mainly reflected an increase in other private services.

Income

The surplus on income increased to \$55.5 billion in the second quarter from \$47.4 billion in the first.

Investment income Income receipts on U.S.-owned assets abroad increased to \$184.6 billion from \$183.2 billion. The increase was more than accounted for by an increase in other private receipts, which consists of interest and dividends. Direct investment receipts decreased.

U.S. Current-Account Balance and Its Components
[Seasonally adjusted]



Income payments on foreign-owned assets in the United States decreased to \$127.2 billion from \$133.9 billion. The decrease was more than accounted for by a decrease in direct investment payments. Other private payments increased.

Compensation of employees Receipts for compensation of U.S. residents paid by nonresidents remained at \$1.5 billion in the second quarter. Payments for compensation of foreign residents paid by U.S. residents remained at \$3.4 billion.

Unilateral current transfers

Net unilateral current transfers to foreigners were \$33.6 billion in the second quarter, up from \$32.7 billion in the first. The increase was more than accounted for by an increase in the category of private remittances and other transfers.

Capital Account

Net capital account transactions are not available for the second quarter because source data are not yet available. Net payments were near zero in the first quarter.

Financial Account

Net financial inflows were \$88.5 billion in the second quarter, down from \$164.7 billion in the first. U.S.-owned assets abroad decreased more in the second quarter than in the first, and foreign-owned assets in the United States decreased in the second quarter after increasing in the first.

U.S.-owned assets abroad

U.S.-owned assets abroad decreased \$206.8 billion in the second quarter, following a decrease of \$106.5 billion in the first.

U.S. claims on foreigners reported by U.S. banks and securities brokers decreased \$266.7 billion in the second quarter, after a decrease of \$218.4 billion in the first. Examples of these claims are U.S. banks' deposits at foreign banks and U.S. banks' loans to foreigners. The second-quarter decrease was largely due to a \$245.7 billion decrease in claims for own accounts ([Table 10a](#)).

U.S. sales of foreign securities exceeded purchases by \$5.5 billion in the second quarter, following net sales of \$3.6 billion in the first. Net purchases of foreign stocks were \$21.0 billion, up from \$14.8 billion. Net sales of foreign bonds were \$26.5 billion, up from \$18.4 billion ([Table 8a](#)).

U.S. direct investment abroad was \$79.2 billion in the second quarter, down from \$116.1 billion in the first. The decrease was more than accounted for by a shift to net inflows from net outflows of intercompany debt investment ([Table 7a](#)).

U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns decreased \$0.4 billion in the second quarter after an increase of \$49.2 billion in the first.

U.S. official reserve assets increased \$3.3 billion in the second quarter, following an increase of \$1.2 billion in the first. The second-quarter increase reflected an increase in the U.S. reserve position in the International Monetary Fund (IMF) associated with U.S. loans to the IMF under New Arrangements to Borrow.

U.S. government assets other than official reserve assets decreased \$16.7 billion in the second quarter, following a decrease of \$51.1 billion in the first. The decreases reflected a reduction of central bank liquidity swaps between the U.S. Federal Reserve System and foreign central banks.

Foreign-owned assets in the United States

Foreign-owned assets in the United States decreased \$118.7 billion in the second quarter, following an increase of \$59.6 billion in the first.

U.S. liabilities to foreigners reported by U.S. banks and securities brokers, other than those recorded under foreign official assets, decreased \$197.8 billion in the second quarter, after a decrease of \$122.1 billion in the first. Examples of these liabilities are deposits of foreign residents at banks in the United States and loans by banks abroad to banks in the United States. The decrease was more than accounted for by a \$204.7 billion decrease in liabilities for own accounts ([Table 11a](#)).

Foreign private purchases of U.S. Treasury securities exceeded sales by \$7.4 billion in the second quarter, slowing from net purchases of \$43.8 billion in the first.

Foreign private sales of U.S. securities other than U.S. Treasury securities exceeded purchases by \$43.2 billion in the second quarter, a shift from foreign net purchases of \$3.7 billion in the first. Net sales of U.S. stocks were \$8.6 billion, shifting from net purchases of \$18.9 billion. Net sales of U.S. corporate bonds increased to \$33.3 billion from \$14.8 billion. Net sales of U.S. federally sponsored agency bonds increased to \$1.3 billion from \$0.4 billion. ([Table 8a](#)).

Foreign direct investment in the United States was \$33.5 billion in the second quarter, up from \$22.2 billion in the first. The increase was accounted for by a shift to inflows from outflows of intercompany debt investment and an increase in equity investment. These increases were partly offset by a decrease in reinvested earnings ([Table 7a](#)).

U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns decreased \$8.8 billion in the second quarter, following an increase of \$24.2 billion in the first.

Foreign official assets in the United States increased \$83.0 billion in the second quarter, after increasing \$69.7 billion in the first. The second-quarter increase, like the first-quarter increase, was due to an increase in foreign-owned U.S. Treasury securities.

Net shipments of U.S. currency to foreign countries were \$7.1 billion in the second quarter, down from \$18.1 billion in the first.

The statistical discrepancy—the amount that balances the sum of the recorded credits and debits across all the accounts in the international transactions accounts—was \$28.9 billion in the second quarter compared with -\$31.1 billion in the first.

In the second quarter, the U.S. dollar appreciated 1.5 percent on a trade-weighted quarterly average basis against a group of 7 major currencies. Data are based on Federal Reserve Statistical Release H.10.

Revisions

The first-quarter 2012 international transactions are revised from previously published statistics. The current-account deficit was revised down to \$133.6 billion from \$137.3 billion. The goods deficit was revised down to \$194.3 billion from \$194.5 billion; the services surplus was revised up to \$45.9 billion from \$43.5 billion; the income surplus was revised down to \$47.4 billion from \$47.6 billion; and net outflows of unilateral current transfers were revised down to \$32.7 billion from \$33.9 billion. Net financial inflows were revised up to \$164.7 billion from \$156.7 billion.

* * *

Release dates in 2012:

Fourth quarter and year 2011.....	March 14, 2012 (Wednesday)
First quarter 2012.....	June 14, 2012 (Thursday)
Second quarter 2012.....	September 18, 2012 (Tuesday)
Third quarter 2012.....	December 18, 2012 (Tuesday)

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Table 1. U.S. International Transactions

[Millions of dollars, quarters seasonally adjusted]

	(Credits +, debits -) ¹	2011	2011				2012		Change: 2012:I - 2012:II
			I	II	III	IV	I ^r	II ^p	
Current account									
1	Exports of goods and services and income receipts.....	2,847,988	689,593	713,499	724,800	720,095	728,724	737,144	8,420
2	Exports of goods and services.....	2,103,367	508,811	524,000	537,351	533,204	544,016	551,065	7,049
3	Goods, balance of payments basis.....	1,497,406	360,917	372,160	382,161	382,167	388,523	394,110	5,587
4	Services.....	605,961	147,894	151,839	155,190	151,037	155,493	156,956	1,463
5	Transfers under U.S. military agency sales contracts.....	17,946	4,122	4,545	4,664	4,615	4,406	4,253	-153
6	Travel.....	116,115	27,407	29,260	30,194	29,254	30,900	31,264	364
7	Passenger fares.....	36,631	8,374	9,080	9,889	9,287	9,734	9,776	42
8	Other transportation.....	43,064	10,520	10,760	10,956	10,827	10,863	10,931	68
9	Royalties and license fees.....	120,836	29,405	30,343	31,055	30,033	30,429	30,935	506
10	Other private services.....	270,193	67,749	67,585	68,123	66,736	68,833	69,476	643
11	U.S. government miscellaneous services.....	1,176	317	267	309	284	327	320	-7
12	Income receipts.....	744,621	180,781	189,499	187,449	186,891	184,708	186,079	1,371
13	Income receipts on U.S.-owned assets abroad.....	738,810	179,328	188,047	185,994	185,441	183,230	184,595	1,365
14	Direct investment receipts.....	480,238	118,621	123,417	119,106	119,094	116,321	114,293	-2,028
15	Other private receipts.....	256,649	60,262	64,123	66,361	65,903	66,146	69,803	3,657
16	U.S. government receipts.....	1,923	445	506	527	444	763	499	-264
17	Compensation of employees.....	5,811	1,453	1,452	1,455	1,450	1,479	1,484	5
18	Imports of goods and services and income payments.....	-3,180,861	-774,367	-798,839	-801,143	-806,512	-829,657	-820,965	8,692
19	Imports of goods and services.....	-2,663,247	-646,036	-665,549	-672,173	-679,489	-692,380	-690,386	1,994
20	Goods, balance of payments basis.....	-2,235,819	-542,276	-559,344	-562,778	-571,421	-582,821	-579,899	2,922
21	Services.....	-427,428	-103,761	-106,205	-109,395	-108,068	-109,559	-110,487	-928
22	Direct defense expenditures.....	-29,510	-7,570	-7,545	-7,343	-7,052	-6,838	-6,850	-12
23	Travel.....	-78,651	-19,257	-19,628	-19,895	-19,871	-21,228	-21,387	-159
24	Passenger fares.....	-31,109	-7,542	-7,698	-7,946	-7,923	-8,936	-8,821	115
25	Other transportation.....	-54,711	-13,439	-13,736	-13,767	-13,769	-13,716	-13,842	-126
26	Royalties and license fees.....	-36,620	-8,921	-8,543	-9,503	-9,652	-9,859	-10,040	-181
27	Other private services.....	-191,973	-45,825	-47,916	-49,656	-48,576	-47,866	-48,404	-538
28	U.S. government miscellaneous services.....	-4,854	-1,207	-1,138	-1,284	-1,225	-1,115	-1,143	-28
29	Income payments.....	-517,614	-128,330	-133,290	-128,971	-127,022	-137,277	-130,578	6,699
30	Income payments on foreign-owned assets in the United States.....	-503,796	-124,863	-129,835	-125,508	-123,590	-133,885	-127,173	6,712
31	Direct investment payments.....	-158,559	-39,891	-43,855	-38,261	-36,552	-45,585	-37,919	7,666
32	Other private payments.....	-212,506	-51,501	-53,193	-54,157	-53,655	-55,396	-56,528	-1,132
33	U.S. government payments.....	-132,731	-33,471	-32,787	-33,090	-33,383	-32,904	-32,726	178
34	Compensation of employees.....	-13,817	-3,467	-3,455	-3,463	-3,433	-3,392	-3,406	-14
35	Unilateral current transfers, net.....	-133,053	-35,223	-33,777	-31,815	-32,240	-32,692	-33,586	-894
36	U.S. government grants.....	-47,350	-11,136	-13,486	-11,176	-11,551	-11,910	-11,657	253
37	U.S. government pensions and other transfers.....	-8,947	-2,202	-2,227	-2,250	-2,269	-2,541	-2,574	-33
38	Private remittances and other transfers.....	-76,756	-21,884	-18,064	-18,389	-18,419	-18,241	-19,355	-1,114

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

[Millions of dollars, quarters seasonally adjusted]

	(Credits +, debits -) ¹	2011	2011				2012		Change: 2012:I - 2012:II
			I	II	III	IV	I ^r	II ^p	
Capital account									
39	Capital account transactions, net.....	-1,212	-29	-829	-300	-55	-1	n.a.	n.a.
Financial account									
40	U.S.-owned assets abroad, excluding financial derivatives (increase/financial outflow (-)).....	-483,653	-372,944	7,418	-91,896	-26,231	106,549	206,800	100,251
41	U.S. official reserve assets.....	-15,877	-3,619	-6,267	-4,079	-1,912	-1,233	-3,289	-2,056
42	Gold.....	0	0	0	0	0	0	0	0
43	Special drawing rights.....	1,752	1,961	-159	-27	-23	-11	-10	1
44	Reserve position in the International Monetary Fund.....	-18,079	-6,428	-5,974	-3,909	-1,768	-1,078	-3,179	-2,101
45	Foreign currencies.....	450	848	-134	-143	-121	-144	-100	44
46	U.S. government assets, other than official reserve assets.....	-103,666	-547	-1,358	-1,137	-100,624	51,076	16,725	-34,351
47	U.S. credits and other long-term assets.....	-7,307	-1,307	-2,337	-1,396	-2,267	-2,631	-2,393	238
48	Repayments on U.S. credits and other long-term assets.....	3,333	610	1,259	812	653	352	630	278
49	U.S. foreign currency holdings and U.S. short-term assets.....	-99,692	150	-279	-553	-99,010	53,356	18,489	-34,867
50	U.S. private assets.....	-364,110	-368,778	15,042	-86,679	76,305	56,706	193,364	136,658
51	Direct investment.....	-419,332	-104,404	-133,397	-70,323	-111,208	-116,094	-79,229	36,865
52	Foreign securities.....	-146,797	-85,472	-57,195	-40,110	35,980	3,604	5,537	1,933
53	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns.....	-11,608	-92,203	6,147	9,326	65,122	-49,183	396	49,579
54	U.S. claims reported by U.S. banks and securities brokers.....	213,627	-86,699	199,487	14,428	86,411	218,379	266,660	48,281
55	Foreign-owned assets in the United States, excluding financial derivatives (increase/financial inflow (+)).....	1,000,990	578,972	98,554	266,397	57,067	59,564	-118,727	-178,291
56	Foreign official assets in the United States.....	211,826	72,974	121,822	19,889	-2,859	69,711	83,010	13,299
57	U.S. government securities.....	158,735	67,719	97,184	11,249	-17,417	85,431	70,725	-14,706
58	U.S. Treasury securities.....	171,179	56,274	104,363	28,115	-17,573	85,068	84,870	-198
59	Other.....	-12,444	11,445	-7,179	-16,866	156	363	-14,145	-14,508
60	Other U.S. government liabilities.....	9,063	2,714	2,236	2,287	1,826	2,833	2,682	-151
61	U.S. liabilities reported by U.S. banks and securities brokers.....	30,010	-3,090	15,764	5,121	12,215	-19,305	5,982	25,287
62	Other foreign official assets.....	14,018	5,631	6,638	1,232	517	752	3,621	2,869
63	Other foreign assets in the United States.....	789,164	505,998	-23,268	246,508	59,926	-10,147	-201,737	-191,590
64	Direct investment.....	233,988	33,365	61,281	63,222	76,120	22,202	33,479	11,277
65	U.S. Treasury securities.....	240,878	55,054	-17,613	120,918	82,519	43,834	7,365	-36,469
66	U.S. securities other than U.S. Treasury securities.....	-56,442	4,338	-5,108	-20,396	-35,276	3,654	-43,174	-46,828
67	U.S. currency.....	54,996	12,576	13,989	9,614	18,817	18,057	7,116	-10,941
68	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns.....	6,567	40,688	25,538	-19,670	-39,989	24,212	-8,754	-32,966
69	U.S. liabilities reported by U.S. banks and securities brokers.....	309,177	359,977	-101,355	92,820	-42,265	-122,106	-197,769	-75,663
70	Financial derivatives, net.....	39,010	2,927	7,419	-3,949	32,613	-1,396	464	1,860
71	Statistical discrepancy (lines 1, 18, 35, 39, 40, 55, and 70 with sign reversed).....	-89,208	-88,930	6,555	-62,094	55,263	-31,092	² 28,870	³ 59,962
Memoranda:									
72	Balance on goods (lines 3 and 20).....	-738,413	-181,358	-187,184	-180,617	-189,254	-194,298	-185,790	8,508
73	Balance on services (lines 4 and 21).....	178,533	44,133	45,634	45,795	42,969	45,934	46,469	535
74	Balance on goods and services (lines 2 and 19).....	-559,880	-137,225	-141,549	-134,822	-146,286	-148,364	-139,321	9,043
75	Balance on income (lines 12 and 29).....	227,007	52,451	56,209	58,478	59,869	47,431	55,500	8,069
76	Unilateral current transfers, net (line 35).....	-133,053	-35,223	-33,777	-31,815	-32,240	-32,622	-33,586	-894
77	Balance on current account (lines 1, 18, and 35 or lines 74, 75, and 76).....	-465,926	-119,997	-119,117	-108,158	-118,656	-133,624	-117,407	16,217
78	Net financial flows (lines 40, 55, and 70).....	556,347	208,955	113,391	170,552	63,449	164,717	88,537	-76,180

p Preliminary r Revised n.a. Not available

¹ Credits, +: Exports of goods and services and income receipts; unilateral current transfers to the United States; capital account receipts; financial inflows—increase in foreign-owned assets (U.S. liabilities) or decrease in U.S.-owned assets (U.S. claims). Debits, -: Imports of goods and services and income payments; unilateral current transfers to foreigners; capital account payments; financial outflows—decrease in foreign-owned assets (U.S. liabilities) or increase in U.S.-owned assets (U.S. claims).

² Calculated excluding capital account transactions, net (line 39).

³ The change shown here is calculated as the change from the prior period, not as the sum of changes in the above items.

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