

U.S. International Transactions

Fourth Quarter and Year 2012

THE U.S. CURRENT-ACCOUNT deficit—a net measure of transactions between the United States and the rest of the world in goods, services, income, and unilateral current transfers—decreased to \$110.4 billion (preliminary) in the fourth quarter from \$112.4 billion (revised) in the third quarter (see chart 1 and pages 31–33).¹ The deficit remained at 2.8 percent of current-dollar gross domestic product (GDP) in the fourth quarter.² The decrease in the current-account deficit reflected increases in the surpluses on income and services. These changes were partly offset by an increase in the deficit on goods and a slight increase in net unilateral current transfers to foreign residents. In 2012, the annual current-account deficit increased to \$475.0 billion from \$465.9 billion in 2011 (see page 36). The 2012 deficit decreased to 3.0 percent of current-dollar GDP from 3.1 percent in 2011.

Net financial inflows to the United States were \$58.4 billion in the fourth quarter, down from \$68.3 billion in the third quarter (see chart 1 and pages 34–35). Net financial flows consists of transactions in U.S.-owned assets abroad, foreign-owned assets in the United States, and financial derivatives. In 2012, net financial inflows decreased to \$399.7 billion for 2012 from \$556.3 billion in 2011 (see chart 1 and page 37).

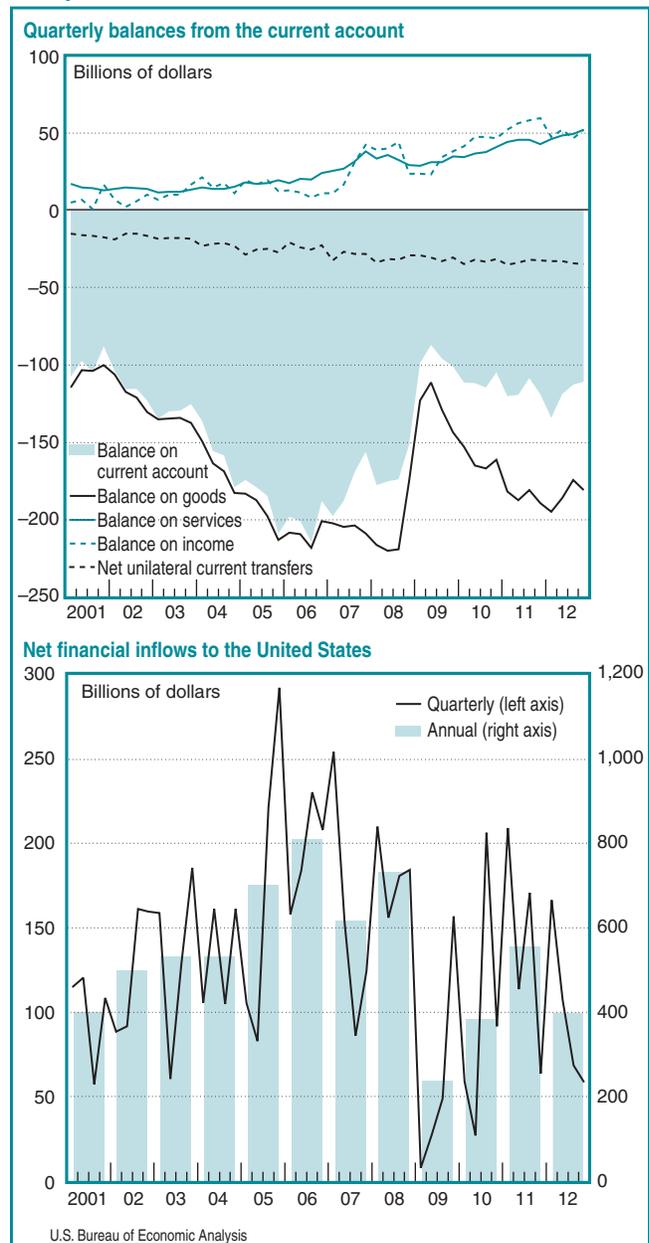
The statistical discrepancy—the amount that balances the sum of the recorded credits and debits across the accounts in the international transactions accounts—was \$44.8 billion in the fourth quarter, compared with \$44.6 billion in the third quarter. In 2012, the statistical discrepancy was \$68.8 billion, compared with –\$89.2 billion in 2011.

1. Quarterly statistics are seasonally adjusted when series demonstrate statistically significant seasonal patterns; seasonally adjusted statistics are cited in this article when available.

2. The current account deficit as a share of current-dollar GDP is used to provide a consistently scaled comparison across time. In this context, its use does not imply that these international transactions accounts statistics are components of GDP.

Sarah P. Scott prepared this article.

Chart 1. U.S. Current-Account Balance and Its Components and Net Financial Flows



Fourth-Quarter Overview

Table A. U.S. International Transactions

[Millions of dollars, seasonally adjusted]

(Credits +; debits -)	2012				Change 2012:III to 2012:IV
	I ^r	II ^r	III ^r	IV ^p	
Current account					
Exports of goods and services and income receipts	727,956	734,927	733,290	740,340	7,050
Goods, balance of payments basis	387,939	393,530	392,790	389,846	-2,944
Services	155,532	157,598	157,668	159,590	1,922
Income receipts	184,485	183,799	182,832	190,905	8,073
Imports of goods and services and income payments	-829,021	-820,500	-811,542	-816,358	-4,816
Goods, balance of payments basis	-582,503	-579,532	-566,943	-570,439	-3,496
Services	-109,567	-109,249	-108,359	-107,414	945
Income payments	-136,951	-131,719	-136,239	-138,505	-2,266
Unilateral current transfers, net	-32,703	-32,780	-34,194	-34,398	-204
U.S. government grants	-11,910	-11,471	-11,821	-10,943	878
U.S. government pensions and other transfers	-2,541	-2,574	-2,622	-2,617	5
Private remittances and other transfers	-18,253	-18,735	-19,751	-20,837	-1,086
Capital account					
Capital account transactions, net	-1	-291	-470	7,198	7,668
Financial account					
U.S.-owned assets abroad (increase/financial outflow (-))¹	107,001	248,566	-217,157	-120,493	96,664
U.S. official reserve assets	-1,233	-3,289	-833	895	1,728
U.S. government assets, other than official reserve assets	51,076	16,650	15,204	2,180	-13,024
U.S. private assets	57,159	235,206	-231,528	-123,568	107,960
Direct investment	-115,641	-62,967	-90,927	-81,910	9,017
Foreign securities	3,604	6,519	2,142	-64,783	-66,925
U.S. claims on unaffiliated foreigners reported by nonbanking concerns	-49,183	24,608	1,582	-7,642	-9,224
U.S. claims reported by banks and brokers	218,379	267,046	-144,325	30,767	175,092
Foreign-owned assets in the United States (increase/financial inflow (+))¹	60,501	-142,149	290,599	175,951	-114,648
Foreign official assets in the United States	69,711	79,772	131,111	93,048	-38,063
Other foreign assets in the United States	-9,210	-221,921	159,488	82,903	-76,585
Direct investment	23,139	49,476	41,808	60,257	18,449
U.S. Treasury securities	43,834	5,992	47,820	25,986	-21,834
U.S. securities other than U.S. Treasury securities	3,654	-43,065	47,556	68,536	20,980
U.S. currency	18,057	7,116	16,156	15,812	-344
U.S. liabilities to unaffiliated foreigners reported by nonbanking concerns	24,212	-27,008	-4,943	-17,213	-12,270
U.S. liabilities reported by banks and brokers	-122,106	-214,432	11,091	-70,475	-81,566
Financial derivatives, net	-1,396	464	-5,127	2,985	8,112
Statistical discrepancy (sum of the bold lines above with sign reversed)	-32,338	11,763	44,601	44,775	174
Memoranda:					
Balance on goods	-194,564	-186,002	-174,154	-180,593	-6,439
Balance on services	45,965	48,349	49,309	52,176	2,867
Balance on goods and services	-148,599	-137,653	-124,845	-128,417	-3,572
Balance on income	47,534	52,080	46,593	52,399	5,806
Unilateral current transfers, net	-32,703	-32,780	-34,194	-34,398	-204
Balance on current account	-133,768	-118,353	-112,446	-110,416	2,030
Net financial flows ²	166,106	106,881	68,315	58,443	-9,872

p Preliminary r Revised

1. Excludes transactions in financial derivatives.

2. Sum of U.S.-owned assets abroad, foreign-owned assets in the United States, and net financial derivatives.

NOTE: The statistics, except for net financial flows, are presented in table 1 in this article and on BEA's Web site.

Data Availability and Methodology

Detailed statistics for U.S. international transactions are presented in tables 1–12 in this article. The statistics and a description of the estimation methods used to compile them are available at www.bea.gov under “International.” For the statistics, click on “Detailed estimates.” For the methods, see “U.S. International Transactions Accounts: Concepts and Estimation Methods” under “Methodologies.”

Current-account highlights

- The deficit on goods increased after decreasing for two straight quarters. In the fourth quarter, imports increased and exports decreased.
- The surplus on services rose for the fourth consecutive quarter. In the fourth quarter, receipts increased and payments decreased.
- The surplus on income increased after decreasing in the third quarter as income receipts increased more than payments.

Capital-account highlights

- Net capital-account transactions shifted to net inflows from net outflows in the third quarter. The shift to net inflows was accounted for by receipts from foreign insurance companies for losses resulting from Superstorm Sandy.

Financial-account highlights

- U.S.-owned assets abroad and foreign-owned assets in the United States both increased for the second straight quarter.
- The increase in U.S.-owned assets abroad largely reflected direct investment outflows and purchases of foreign securities.
- The increase in foreign-owned assets in the United States reflected foreign official purchases of U.S. Treasury securities, foreign private net purchases of U.S. securities other than U.S. Treasury securities, and direct investment inflows.
- Financial derivatives shifted to net inflows from net outflows.

Revisions

The preliminary statistics for U.S. international transactions for the third quarter of 2012 that were published in the January 2013 SURVEY OF CURRENT BUSINESS have been revised to reflect new or revised source data. In addition, the statistics for the first three quarters of 2012 have been revised to align the seasonally adjusted statistics with annual totals.

Preliminary and Revised Third-Quarter 2012 Statistics

[Millions of dollars, seasonally adjusted]

	Preliminary	Revised
Balance on goods	-173,899	-174,154
Balance on services	49,411	49,309
Balance on income	50,820	46,593
Unilateral current transfers, net	-33,839	-34,194
Current-account balance	-107,507	-112,446
Net financial flows	45,780	68,315

Fourth-Quarter Current Account—Goods

Table B. Goods Exports
[Millions of dollars, seasonally adjusted]

	2012				Change 2012:III to 2012:IV
	I ^p	II ^r	III ^r	IV ^p	
Exports, balance of payments basis	387,939	393,530	392,790	389,846	-2,944
Agricultural products	33,123	36,049	39,971	35,856	-4,115
Nonagricultural products	354,816	357,480	352,819	353,990	1,171
Foods, feeds, and beverages	29,776	33,042	36,871	33,171	-3,700
Grains and preparations	7,056	7,756	7,670	7,102	-568
Soybeans	3,840	6,222	9,786	6,245	-3,541
Other	25,936	26,820	27,085	26,926	-159
Industrial supplies and materials	132,702	132,032	126,253	128,566	2,313
Petroleum and products	34,383	35,740	34,633	37,578	2,945
Nonpetroleum products	98,319	96,292	91,620	90,988	-632
Chemicals, excluding medicinals	30,399	30,309	29,071	29,994	-77
Metals and nonmetallic products	34,475	32,952	30,289	31,233	944
Nonferrous metals	19,223	18,222	15,958	17,470	1,512
Other	15,252	14,730	14,331	13,763	-568
Other	33,445	33,031	32,260	30,761	-1,499
Capital goods, except automotive	131,267	131,330	133,631	130,719	-2,912
Electric generating machinery, apparatus, and parts	12,729	13,439	13,281	13,369	88
Oil drilling, mining, and construction machinery	9,086	9,425	9,088	8,586	-502
Industrial engines, pumps, and compressors	7,774	7,256	7,782	7,329	-453
Industrial, agricultural, and service machinery, n.e.c.	32,523	32,743	33,019	31,629	-1,390
Computers, peripherals, and parts	12,935	12,553	12,057	11,711	-346
Semiconductors	10,699	10,694	10,526	10,449	-77
Telecommunications equipment	9,111	9,822	9,482	9,868	386
Civilian aircraft, engines, and parts	23,262	21,846	24,875	24,135	-740
Other	13,148	13,552	13,521	13,643	122
Automotive vehicles, parts, and engines	36,392	37,431	36,375	35,797	-578
Passenger cars	13,268	13,640	12,985	13,557	572
Trucks, buses, and special purpose vehicles	5,374	5,278	4,872	4,504	-368
Engines, parts, and accessories	17,751	18,515	18,518	17,734	-784
Consumer goods, except automotive	44,142	45,813	45,726	45,940	214
Nondurable goods	19,243	20,712	21,163	21,207	44
Medicinal, dental, and pharmaceutical products	10,742	12,057	12,558	12,556	-2
Other	8,501	8,655	8,605	8,651	46
Durable goods	24,899	25,101	24,563	24,734	171
Household appliances and other household goods	9,042	9,091	9,146	9,008	-138
Other	15,857	16,010	15,417	15,726	309
Other exports	13,661	13,881	13,934	15,652	1,718

^p Preliminary ^r Revised n.e.c. Not elsewhere classified
NOTE: The statistics are presented in table 2 in this article and on BEA's Web site.

Table C. Growth in Real Goods Exports and Imports

[Percent change from preceding period in chained-dollar exports and imports, seasonally adjusted]

	2011		2012			
	III	IV	I ^p	II ^r	III ^r	IV ^p
Exports, balance of payments basis	2.4	1.3	0.9	1.5	-0.2	-1.0
Imports, balance of payments basis	1.1	1.4	0.4	0.7	-0.2	-0.8

^p Preliminary ^r Revised

NOTE: Real exports and imports are calculated using data from "Table 4.2.4. Price Indexes for Exports and Imports of Goods and Services by Type of Product" in the national income and product accounts.

Trends in the Trade in Goods

The deficit on goods increased in the fourth quarter after decreasing in the third quarter. In the fourth quarter, current-dollar goods exports decreased 0.7 percent and imports increased 0.6 percent (chart 2). As a percentage of current-dollar GDP, the goods deficit increased to 4.6 percent in the fourth quarter from 4.4 percent in the third quarter.

Real exports and imports decreased for the second straight quarter (table C). Previously, real exports increased for 12 straight quarters and real imports increased for 4 straight quarters.

Exports of goods decreased for the second straight quarter after increasing for 12 consecutive quarters. The largest decreases were in foods, feeds, and beverages and in capital goods. The largest increase was in industrial supplies and materials.

The decrease in foods, feeds, and beverages followed an increase in the third quarter. The decrease was mostly from a drop in soybean exports. In grains and preparations, wheat and corn exports also decreased.

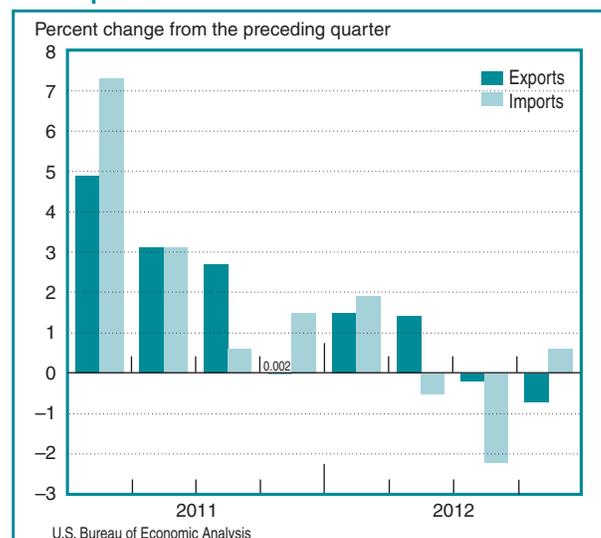
Industrial supplies and materials increased after decreasing for two straight quarters. The largest increases were in petroleum and products and in nonmonetary gold, a component of nonferrous metals.

Capital goods decreased for the first time since the second quarter of 2009. Civilian aircraft and most types of equipment and machinery decreased.

Automotive vehicles, parts, and engines decreased for the second straight quarter after increasing for 11 straight quarters. The fourth-quarter decrease reflected decreases in trucks, buses, and special purpose vehicles and in engines, parts, and accessories.

Exports of consumer goods increased after decreasing in the third quarter. The increase reflected increases in both durable and nondurable goods, mostly pleasure boats and motors, a component of "other" durable goods.

Chart 2. Growth in Current-Dollar Goods Exports and Imports



Fourth-Quarter Current Account—Goods

Table D. Goods Imports
[Millions of dollars, seasonally adjusted]

	2012				Change 2012:III to 2012:IV
	I ^r	II ^r	III ^r	IV ^p	
Imports, balance of payments basis	582,503	579,532	566,943	570,439	3,496
Petroleum and products.....	118,988	110,929	100,313	104,115	3,802
Nonpetroleum products.....	463,514	468,603	466,630	466,324	-306
Foods, feeds, and beverages	27,998	27,542	27,702	27,846	144
Industrial supplies and materials	198,471	190,599	180,321	183,744	3,423
Petroleum and products.....	118,988	110,929	100,313	104,115	3,802
Nonpetroleum products.....	79,483	79,670	80,008	79,629	-379
Natural gas.....	2,566	2,325	2,521	2,837	316
Chemicals, excluding medicinals.....	18,087	18,762	19,595	19,132	-463
Building materials, except metals.....	5,258	5,445	5,662	5,906	244
Metals and nonmetallic products.....	33,723	32,456	30,776	31,434	658
Iron and steel products.....	10,819	10,455	9,705	9,575	-130
Nonferrous metals.....	14,285	14,146	13,773	14,655	882
Other.....	8,619	7,855	7,298	7,204	-94
Other.....	19,849	20,682	21,454	20,320	-1,134
Capital goods, except automotive	137,852	140,036	136,706	136,769	63
Electric generating machinery, apparatus, and parts.....	16,096	16,545	16,541	15,863	-678
Oil drilling, mining, and construction machinery.....	6,858	7,381	7,083	6,443	-640
Industrial engines, pumps, and compressors.....	5,798	6,320	6,046	5,658	-388
Industrial, agricultural, and service machinery, n.e.c.....	32,695	33,703	33,331	32,113	-1,218
Computers, peripherals, and parts.....	31,676	31,306	28,527	30,746	2,219
Semiconductors.....	11,038	9,846	9,937	9,718	-219
Telecommunications equipment.....	12,824	13,311	13,559	13,124	-435
Scientific, hospital, and medical equipment.....	9,421	9,275	9,230	9,305	75
Civilian aircraft, engines, and parts.....	9,024	9,630	9,913	11,299	1,386
Other.....	2,422	2,719	2,539	2,500	-39
Automotive vehicles, parts, and engines	73,506	74,641	76,109	74,183	-1,926
Passenger cars.....	36,365	36,284	37,169	36,940	-229
Trucks, buses, and special purpose vehicles.....	5,723	5,484	6,498	5,724	-774
Engines, parts, and accessories.....	31,419	32,874	32,441	31,520	-921
Consumer goods, except automotive	128,070	130,015	129,546	132,030	2,484
Nondurable goods.....	60,131	61,132	60,691	59,668	-1,023
Apparel, footwear, and household goods.....	31,468	31,998	31,631	31,793	162
Medicinal, dental, and pharmaceutical products.....	22,006	22,185	22,198	20,857	-1,341
Other.....	6,658	6,949	6,862	7,018	156
Durable goods.....	67,939	68,883	68,854	72,362	3,508
Televisions and other video equipment.....	8,357	8,536	7,925	8,039	114
Toys and sporting goods, including bicycles.....	9,349	9,150	8,823	9,215	392
Household appliances and other household goods.....	33,263	33,921	35,908	38,251	2,343
Other.....	16,970	17,276	16,198	16,857	659
Other imports and U.S. goods returned	16,605	16,698	16,560	15,867	-693

^p Preliminary ^r Revised n.e.c. Not elsewhere classified
NOTE: The statistics are presented in table 2 in this article and on BEA's Web site.

Imports of goods increased after decreasing for two straight quarters. The largest increases were in industrial supplies and materials and in consumer goods. The largest decrease was in automotive vehicles, parts, and engines.

Import of foods, feeds, and beverages increased after increasing a similar amount in the third quarter. The fourth-quarter increase was mostly in "other" agricultural foods, feeds, and beverages, which includes feedstuff and food grains. This increase was partly offset by a decrease in imports of green coffee.

The increase in industrial supplies and materials followed decreases in two straight quarters. The increase was more than accounted for by an increase in imports of petroleum and products. Nonferrous metals also increased. These increases were partly offset by a decrease in "other nonpetroleum products," primarily in agricultural industrial supplies and materials.

Capital goods was nearly unchanged from the third quarter. Increases in computers, peripherals, and parts and in civilian aircraft, engines, and parts were mostly offset by decreases in most other types of machinery.

The decrease in automotive vehicles, parts, and engines followed increases in five straight quarters. All subcategories contributed to the decrease.

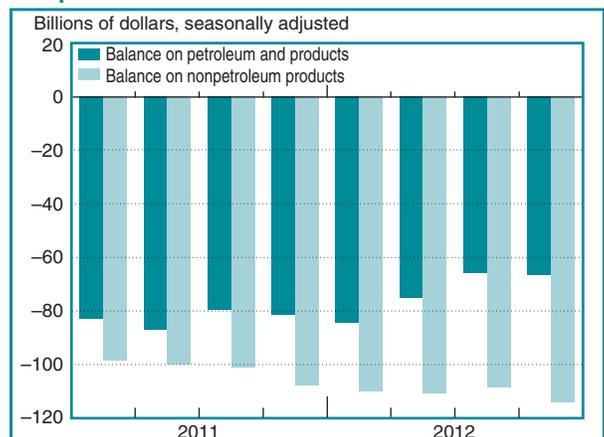
Imports of consumer goods increased after decreasing in the third quarter. The increase was more than accounted for by an increase in durables goods—led by household goods, mainly cell phones. Nondurable goods decreased, reflecting a decrease in medicinal, dental, and pharmaceutical products.

Goods Deficit by Area and Type of Product

The goods deficit increased \$6.4 billion in the fourth quarter after decreasing \$11.8 billion in the third quarter. The increase was more than accounted for by an increase in the deficit with Canada; the deficits with Europe, Latin America and Other Western Hemisphere, and Africa also increased. In contrast, the deficit with Asia and Pacific decreased, mostly reflecting decreases in the deficits with Hong Kong, China, and India.

Petroleum products. The deficit on petroleum products increased by less than \$1 billion after larger decreases in the previous two quarters (chart 3). The increase reflected higher prices, which increased the value of imports more than the value of exports. The fourth-quarter deficit was \$20.6 billion—or 24 percent—lower than the recent high in the second quarter of 2011.

Chart 3. Balance on Total Petroleum and Nonpetroleum Products



NOTE: The balance on petroleum and products equals exports of petroleum and products less imports of petroleum and products, which are components of the major end-use category of industrial supplies and materials. The balance on nonpetroleum products equals the balance on goods less the balance on petroleum and products.

Fourth-Quarter Current Account—Services

Table E. Services Exports and Imports
[Millions of dollars, seasonally adjusted]

	2012				Change 2012:III to 2012:IV
	I ^r	II ^r	III ^r	IV ^p	
Services exports	155,532	157,598	157,668	159,590	1,922
Travel.....	30,969	32,357	32,671	32,558	-113
Passenger fares	9,711	10,165	9,787	9,858	71
Other transportation.....	10,860	10,945	10,721	10,768	47
Freight	5,386	5,559	5,442	5,509	67
Port services	5,474	5,386	5,278	5,259	-19
Royalties and license fees	30,437	30,002	30,561	30,809	248
Other private services.....	68,821	69,548	69,154	70,452	1,298
Education	5,892	5,988	6,080	6,136	56
Financial services	17,712	17,406	17,903	18,225	322
Insurance services	3,895	4,243	4,444	4,529	85
Telecommunications.....	3,297	3,439	3,344	3,540	196
Business, professional, and technical services.....	35,325	35,757	34,618	35,217	599
Other services.....	2,700	2,716	2,766	2,806	40
Transfers under U.S. military agency sales contracts	4,406	4,267	4,461	4,843	382
U.S. government miscellaneous services	327	314	313	302	-11
Services imports	109,567	109,249	108,359	107,414	-945
Travel.....	21,244	21,402	20,782	20,223	-559
Passenger fares	8,931	8,817	8,432	8,263	-169
Other transportation.....	13,715	13,807	13,841	13,807	-34
Freight	10,238	10,418	10,569	10,548	-21
Port services	3,477	3,389	3,271	3,259	-12
Royalties and license fees	9,866	10,090	10,438	9,643	-795
Other private services.....	47,858	47,303	47,409	48,136	727
Education	1,525	1,543	1,560	1,581	21
Financial services	3,915	3,973	3,967	4,221	254
Insurance services	13,203	13,218	13,417	13,581	164
Telecommunications.....	1,806	1,813	1,853	1,919	66
Business, professional, and technical services.....	27,206	26,552	26,407	26,631	224
Other services.....	204	203	204	203	-1
Direct defense expenditures	6,838	6,726	6,349	6,205	-144
U.S. government miscellaneous services	1,115	1,104	1,107	1,137	30

p Preliminary r Revised

Note: The statistics are presented in tables 1 and 3 in this article and on BEA's Web site. For additional information on services, including definitions, see Marilyn Ibarra-Caton and Charu Sharma, "U.S. International Services: Cross-Border Trade in 2011 and Services Supplied Through Affiliates in 2010," SURVEY OF CURRENT BUSINESS 92 (OCTOBER 2012): 15-58.

Travel receipts—purchases of goods and services by foreign travelers in the United States—decreased after increasing for three straight quarters.

Passenger fare receipts increased after decreasing in the third quarter.

“Other” transportation receipts increased after decreasing in the third quarter. The increase resulted from an increase in freight services.

Travel payments—purchases of goods and services by U.S. travelers abroad—decreased for the second straight quarter.

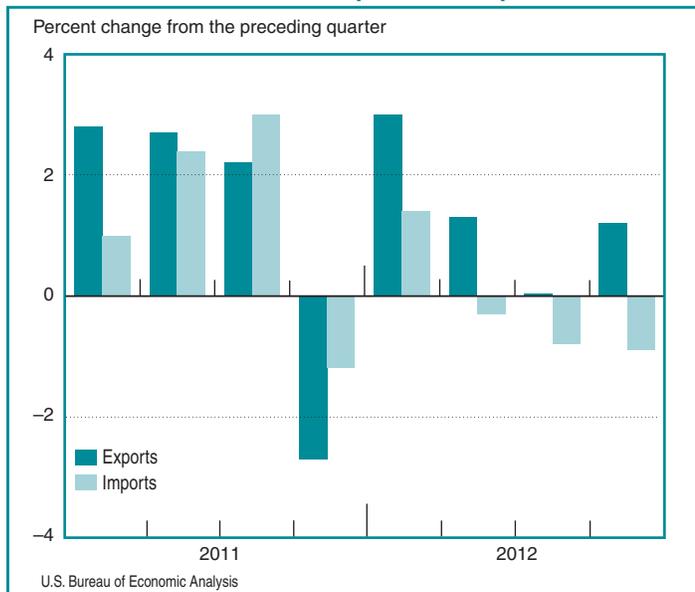
Passenger fare payments decreased for the third straight quarter.

“Other” transportation payments decreased after increasing for two straight quarters. More than half of the decrease was due to lower payments for freight services.

Royalty and license fee payments decreased in the fourth quarter. In the third quarter, royalties and license fees had increased as a result of payments to unaffiliated foreigners for the rights to broadcast the Summer Olympic Games in July and August.

“Other” private services payments increased for the second straight quarter. The fourth-quarter increase reflected increases in financial services and business, professional, and technical services.

Chart 4. Growth in Services Exports and Imports



Fourth-Quarter Current Account—Income

Table F. Income Receipts and Payments
[Millions of dollars, seasonally adjusted]

	2012				Change 2012:III to 2012:IV
	I ^r	II ^r	III ^r	IV ^p	
Income receipts	184,485	183,799	182,832	190,905	8,073
Income on U.S.-owned assets abroad	183,007	182,317	181,338	189,407	8,069
Direct investment receipts	116,116	111,953	112,463	121,136	8,673
Earnings	114,250	110,077	110,534	119,222	8,688
Interest	1,866	1,877	1,929	1,914	-15
Other private receipts	66,146	69,893	68,409	67,958	-451
Income on foreign securities	56,615	61,109	59,863	60,025	162
Dividends	36,670	41,254	40,434	40,619	185
Interest	19,945	19,855	19,429	19,405	-24
Interest on claims reported by banks and brokers	5,906	5,208	5,152	4,647	-505
For own claims	5,276	4,666	4,600	4,128	-472
For customers' claims	630	542	552	519	-33
Interest on claims reported by nonbanking concerns	3,625	3,576	3,395	3,287	-108
U.S. government receipts	745	470	466	313	-153
Compensation of employees	1,479	1,482	1,494	1,498	4
Income payments	136,951	131,719	136,239	138,505	2,266
Income on foreign-owned assets in the United States	133,561	128,314	132,822	135,129	2,307
Direct investment payments	45,261	39,005	44,662	44,170	-492
Earnings	38,249	31,806	37,390	37,167	-223
Interest	7,011	7,199	7,272	7,003	-269
Other private payments	55,396	56,568	55,586	58,660	3,074
Income on U.S. corporate securities	49,620	51,062	50,307	53,900	3,593
Dividends	20,551	21,994	21,941	25,063	3,122
Interest	29,069	29,068	28,366	28,837	471
Interest on liabilities reported by banks and brokers	3,742	3,502	3,383	3,086	-297
For own liabilities	2,453	2,320	2,089	1,902	-187
For customers' liabilities	1,288	1,182	1,294	1,184	-110
Interest on liabilities reported by nonbanking concerns	2,035	2,004	1,896	1,675	-221
U.S. government payments	32,904	32,741	32,574	32,299	-275
Compensation of employees	3,390	3,404	3,417	3,376	-41

^p Preliminary ^r Revised
NOTE: The statistics are presented in tables 1, 4, and 7 after this article and on BEA's Web site.

Income receipts on U.S. direct investment abroad increased for the second straight quarter. The fourth-quarter increase reflected higher foreign affiliate earnings that were widespread across industries but were largest in finance and insurance and in manufacturing.

“Other” private income receipts decreased for the second straight quarter. The decrease reflected lower average interest yields on bank and broker own claims.

U.S. government receipts decreased for the third straight quarter.

Income payments on foreign direct investment in the United States decreased slightly after increasing in the third quarter. The decrease resulted from decreases in interest and earnings. The largest decrease in earnings were for U.S. affiliates in mining and wholesale trade.

“Other” private income payments increased by the largest amount since the third quarter of 2007 after decreasing in the third quarter. The increase reflected accelerated and special dividends paid by many U.S. companies.

U.S. government payments decreased for a fourth consecutive quarter. The fourth-quarter decrease reflected a decrease in average yields on U.S. agency bonds and marketable U.S. Treasury bonds.

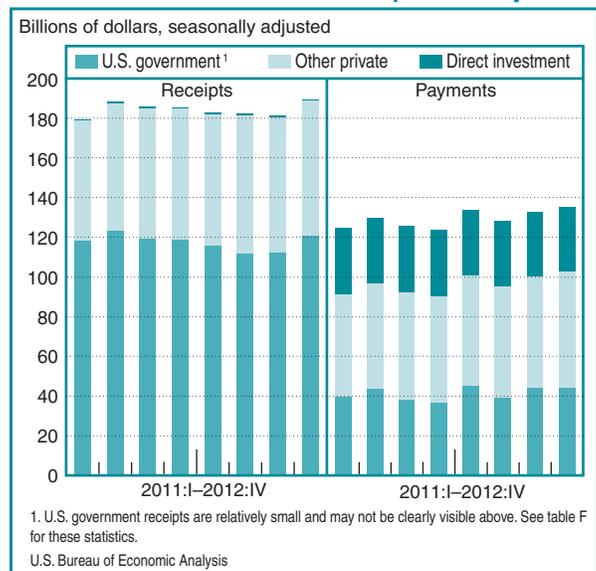
Trends in Income

The surplus on income increased to \$52.4 billion in the fourth quarter after decreasing in the third quarter. As a percentage of U.S. current-dollar GDP, the surplus increased to 1.3 percent from 1.2 percent in the third quarter.

As shown in chart 5, income receipts increased after decreasing by relatively small amounts for five straight quarters. The fourth-quarter increase was more than accounted for by a 7.7 percent increase in direct investment receipts. “Other” private receipts decreased, reflecting a decrease in interest income.

An increase in income payments was more than accounted for by an increase in other private payments, which have increased in three of the last four quarters. Direct investment payments decreased after fluctuating for several quarters; these payments increased in the first and third quarters and decreased in the second and fourth quarters.

Chart 5. Investment Income Receipts and Payments



Fourth-Quarter Financial Account—U.S.-Owned Assets Abroad

Table G. U.S.-Owned Assets Abroad

[Millions of dollars, seasonally adjusted]

(Increase/financial outflow (-), decrease/financial inflow (+))	2012				Change 2012:III to 2012:IV
	I ^r	II ^r	III ^r	IV ^p	
U.S.-owned assets abroad¹	107,001	248,566	-217,157	-120,493	96,664
U.S. official reserve assets	-1,233	-3,289	-833	895	1,728
U.S. government assets, other than official reserve assets	51,076	16,650	15,204	2,180	-13,024
U.S. private assets	57,159	235,206	-231,528	-123,568	107,960
Direct investment	-115,641	-62,967	-90,927	-81,910	9,017
Equity	-5,703	-14,722	-11,171	-6,663	4,508
Reinvested earnings	-81,135	-77,361	-71,761	-82,424	-10,663
Intercompany debt	-28,804	29,116	-7,995	7,176	15,171
Foreign securities	3,604	6,519	2,142	-64,783	-66,925
Stocks	-14,802	-20,956	2,138	-27,405	-29,543
Bonds	18,406	27,475	4	-37,378	-37,382
U.S. claims on unaffiliated foreigners reported by nonbanking concerns	-49,183	24,608	1,582	-7,642	-9,224
U.S. claims reported by banks and brokers	218,379	267,046	-144,325	30,767	175,092
For own accounts	129,026	246,558	-51,190	16,447	67,637
For customers' accounts	89,353	20,488	-93,135	14,320	107,455

^p Preliminary ^r Revised

¹ Excludes transactions in financial derivatives.

NOTE: Under balance-of-payments conventions, increases in U.S.-owned assets abroad are shown with a negative sign, and decreases are shown with a positive sign. The statistics are presented in tables 1, 7, 8, and 10 in this article and on BEA's Web site.

Developments in the Financial Account

U.S.-owned assets abroad increased for the second consecutive quarter after decreasing in the first and second quarters of 2012 (tables A and G). The increase was smaller than in the third quarter as U.S. claims reported by U.S. banks and securities brokers decreased after increasing in the third quarter. Direct investment outflows were lower than in the third quarter, while U.S. net purchases of foreign securities were stronger than in any quarter since the first quarter of 2011.

The decrease in claims reported by U.S. banks and securities brokers resulted from decreases in deposits of U.S.-owned banks abroad and in customer deposits abroad. Deposits of U.S. banks abroad have decreased in six of the last seven quarters, and total claims of banks and securities brokers decreased in five of those quarters. These decreases may reflect the continued impact of changes in banking regulations regarding these deposits.

Foreign-owned assets in the United States increased less than in the third quarter after decreasing in the second quarter (tables A and H). Foreign official and private assets both increased less than in the third quarter. The slowdown reflected a shift from increase to decrease in U.S. liabilities reported by U.S. banks and brokers and by a significant slowdown in foreign official and private investment in U.S. Treasury securities. These slowing influences were partly offset by an increase in inflows of direct investment to the highest level since the fourth quarter of 2011 and an increase in private foreign net purchases of U.S. securities other than Treasury securities to the highest level since the third quarter of 2010.

U.S. official reserve assets decreased after increasing for seven consecutive quarters. The decrease reflected a reduction in the U.S. reserve position in the International Monetary Fund.

U.S. government assets other than official reserve assets decreased less than in the previous three quarters. The decreases in the last four quarters reflect reductions of central bank liquidity swaps between the U.S. Federal Reserve System and foreign central banks.

U.S. direct investment abroad slowed as a result of a shift to net inflows of intercompany debt investment from net outflows in the third quarter and lower equity investment. In contrast, reinvested earnings increased.

U.S. purchases of foreign securities exceeded U.S. sales after four consecutive quarters in which sales exceeded purchases. The fourth-quarter net purchases reflected a shift from net sales to net purchases of both bonds and stocks.

U.S. claims on foreigners reported by nonbanks increased after decreasing for two straight quarters. In the fourth quarter, increases in financial intermediaries' accounts were partly offset by decreases in deposits and resale agreements.

U.S. claims on foreigners reported by U.S. banks and securities brokers—such as U.S. residents' deposits at foreign banks and loans to foreigners—decreased after increasing in the third quarter. The decrease reflected decreases in claims for both customer accounts and own accounts.

Chart 6. Direct Investment Financial Flows



Fourth-Quarter Financial Account—Foreign-Owned Assets in the United States

Table H. Foreign-Owned Assets in the United States
[Millions of dollars, seasonally adjusted]

(Increase/financial inflow (+), decrease/financial outflow (-))	2012				Change 2012:III to 2012:IV
	I ^r	II ^r	III ^r	IV ^p	
Foreign-owned assets in the United States¹	60,501	-142,149	290,599	175,951	-114,648
Foreign official assets	69,711	79,772	131,111	93,048	-38,063
U.S. government securities	85,431	71,093	115,425	75,923	-39,502
U.S. Treasury securities	85,068	85,239	104,914	79,560	-25,354
Other	363	-14,146	10,511	-3,637	-14,148
Other U.S. government liabilities	2,833	2,661	1,652	741	-911
U.S. liabilities reported by banks and brokers	-19,305	2,404	8,007	10,608	2,601
Other foreign official assets	752	3,614	6,027	5,776	-251
Other foreign assets	-9,210	-221,921	159,488	82,903	-76,585
Direct investment	23,139	49,476	41,808	60,257	18,449
Equity	2,019	12,152	9,436	34,487	25,051
Reinvested earnings	26,749	20,284	26,767	28,900	2,133
Intercompany debt	-5,628	17,040	5,604	-3,130	-8,734
U.S. Treasury securities	43,834	5,992	47,820	25,986	-21,834
U.S. securities other than U.S. Treasury securities	3,654	-43,065	47,556	68,536	20,980
Stocks	18,883	-8,460	37,271	42,544	5,273
Corporate bonds	-14,832	-38,163	-6,141	7,536	13,677
Federally sponsored agency bonds	-397	3,558	16,426	18,456	2,030
U.S. currency	18,057	7,116	16,156	15,812	-344
U.S. liabilities to unaffiliated foreigners reported by nonbanking concerns	24,212	-27,008	-4,943	-17,213	-12,270
U.S. liabilities reported by banks and brokers	-122,106	-214,432	11,091	-70,475	-81,566
For own accounts	-115,632	-220,685	4,148	-79,472	-83,620
For customers' accounts	-6,474	6,253	6,943	8,997	2,054

p Preliminary r Revised
1. Excludes transactions in financial derivatives.
NOTE: The statistics are presented in tables 1, 7, 8, and 11 in this article and on BEA's Web site.

Foreign official assets in the United States increased for the fourth straight quarter. The increases in each of the four quarters of 2012 primarily reflected foreign net purchases of U.S. Treasury securities.

Foreign direct investment in the United States increased. The increase was more than accounted for by higher equity investment, which was partly offset by a shift to net outflows of intercompany debt investment.

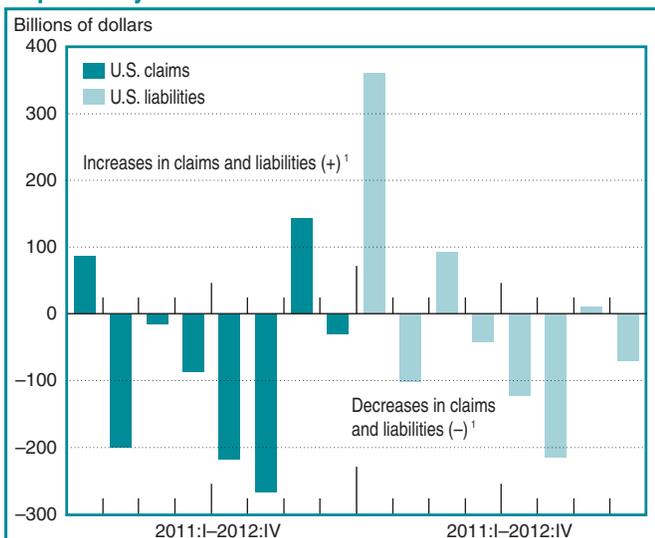
Purchases of U.S. Treasury securities by private foreigners exceeded sales by less than in the third quarter. The decrease in net purchases reflected a shift to net sales of U.S. Treasury bills.

Purchases of other U.S. securities by private foreigners exceeded sales more than in the third quarter. The increase in net purchases resulted from a shift to net purchases of U.S. corporate bonds and increases in net purchases of U.S. stocks and agency bonds.

U.S. liabilities to foreigners reported by nonbanks decreased for the third consecutive quarter. These decreases reflected decreases in "other" financial liabilities, such as loans.

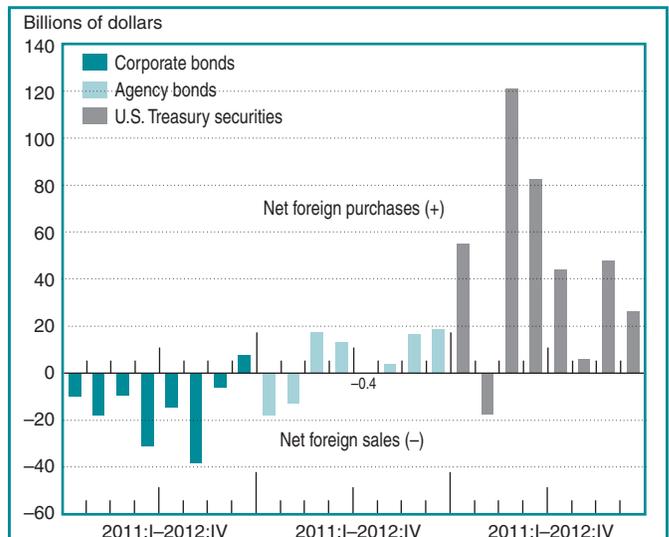
U.S. liabilities to foreigners reported by U.S. banks and securities brokers—such as foreign residents' deposits at U.S. banks and loans to U.S. residents—decreased after increasing in the third quarter. The decrease reflected decreases in liabilities for own accounts.

Chart 7. Transactions in U.S. Claims and Liabilities Reported by Banks and Brokers



1. Under balance-of-payments conventions, increases in U.S. claims are shown with a negative sign in tables 1–12, and decreases in U.S. claims are shown with a positive sign.
NOTE: Excludes transactions in foreign official assets.
U.S. Bureau of Economic Analysis

Chart 8. Transactions in U.S. Debt Securities



NOTE: Excludes transactions in foreign official assets.
U.S. Bureau of Economic Analysis

Current and Capital Accounts in 2012

Table I. Current and Capital Accounts

[Millions of dollars]

(Credits +; debits -)	2009	2010	2011	2012 ^p	Change 2011 to 2012
Current account					
Exports of goods and services and income receipts.....	2,180,553	2,518,767	2,847,988	2,936,512	88,524
Goods, balance of payments basis.....	1,069,733	1,288,882	1,497,406	1,564,104	66,698
Foods, feeds, and beverages.....	93,908	107,705	126,220	132,860	6,640
Industrial supplies and materials.....	307,473	406,015	518,676	519,553	877
Capital goods, except automotive.....	391,498	447,805	493,233	526,947	33,714
Automotive vehicles, parts, and engines.....	81,715	111,989	133,116	145,995	12,879
Consumer goods, except automotive.....	149,455	165,186	174,957	181,621	6,664
Other exports.....	45,685	50,183	51,205	57,128	5,923
Services.....	509,212	553,603	605,961	630,387	24,426
Travel.....	94,187	103,481	116,115	128,555	12,440
Passenger fares.....	26,103	30,983	36,631	39,521	2,890
Other transportation.....	36,087	40,817	43,064	43,294	230
Royalties and license fees.....	98,406	107,165	120,836	121,810	974
Other private services.....	237,348	255,293	270,193	277,975	7,782
Transfers under U.S. military agency sales contracts.....	16,013	14,752	17,946	17,976	30
U.S. government misc. services.....	1,069	1,112	1,176	1,255	79
Income receipts.....	601,609	676,282	744,621	742,021	-2,600
Income on U.S.-owned assets abroad.....	596,131	670,641	738,810	736,068	-2,742
Direct investment receipts.....	357,793	444,044	480,238	461,668	-18,570
Other private receipts.....	233,546	225,103	256,649	272,406	15,757
U.S. government receipts.....	4,792	1,494	1,923	1,994	71
Compensation of employees.....	5,478	5,641	5,811	5,952	141
Imports of goods and services and income payments.....	-2,439,990	-2,829,645	-3,180,861	-3,277,420	-96,559
Goods, balance of payments basis.....	-1,575,491	-1,934,006	-2,235,819	-2,299,417	-63,598
Foods, feeds, and beverages.....	-82,861	-92,487	-108,242	-111,088	-2,846
Industrial supplies and materials.....	-478,479	-622,931	-782,120	-753,135	28,985
Capital goods, except automotive.....	-374,054	-450,309	-513,368	-551,363	-37,995
Automotive vehicles, parts, and engines.....	-159,188	-225,637	-255,222	-298,440	-43,218
Consumer goods, except automotive.....	-431,406	-486,507	-517,394	-519,661	-2,267
Other imports and U.S. goods returned.....	-49,503	-56,135	-59,474	-65,730	-6,256
Services.....	-382,608	-403,216	-427,428	-434,589	-7,161
Travel.....	-74,132	-75,510	-78,651	-83,651	-5,000
Passenger fares.....	-25,117	-27,256	-31,109	-34,443	-3,334
Other transportation.....	-42,601	-51,258	-54,711	-55,170	-459
Royalties and license fees.....	-31,297	-33,434	-36,620	-40,037	-3,417
Other private services.....	-174,573	-180,586	-191,973	-190,706	1,267
Direct defense expenditures.....	-30,474	-30,391	-29,510	-26,118	3,392
U.S. government misc. services.....	-4,415	-4,781	-4,854	-4,464	390
Income payments.....	-481,891	-492,423	-517,614	-543,414	-25,800
Income on foreign-owned assets in the United States.....	-468,579	-479,624	-503,796	-529,826	-26,030
Direct investment payments.....	-104,828	-146,149	-158,559	-173,098	-14,539
Other private payments.....	-219,396	-196,354	-212,506	-226,210	-13,704
U.S. government payments.....	-144,355	-137,121	-132,731	-130,518	2,213
Compensation of employees.....	-13,312	-12,799	-13,817	-13,588	229
Unilateral current transfers, net.....	-122,459	-131,074	-133,053	-134,076	-1,023
U.S. government grants.....	-42,699	-42,736	-47,350	-46,145	1,205
U.S. government pensions and other transfers.....	-8,874	-9,581	-8,947	-10,354	-1,407
Private remittances and other transfers.....	-70,886	-78,757	-76,756	-77,576	-820
Capital account					
Capital account transactions, net.....	-140	-157	-1,212	6,436	7,648
Memoranda:					
Balance on goods.....	-505,758	-645,124	-738,413	-735,313	3,100
Balance on services.....	126,603	150,387	178,533	195,799	17,266
Balance on goods and services.....	-379,154	-494,737	-559,880	-539,514	20,366
Balance on income.....	119,717	183,859	227,007	198,606	-28,401
Unilateral current transfers, net.....	-122,459	-131,074	-133,053	-134,076	-1,023
Balance on current account.....	-381,896	-441,951	-465,926	-474,983	-9,057

^p Preliminary

NOTE: The statistics are presented in tables 1 and 2 in this article and on BEA's Web site.

Exports of goods increased for the third straight year, but by less than in the previous 2 years. Half of the 2012 increase was in capital goods. Exports of automotive vehicles, engines, and parts increased substantially.

Exports of services increased for the third straight year. The largest increases in 2012 were in travel and "other" private services. The increase in "other" private services was mostly in business, professional, and technical services.

Income receipts decreased slightly after increasing for 2 straight years. The decrease was more than accounted for by lower receipts on U.S. direct investment abroad, mostly from lower earnings of holding companies. An increase in "other" private receipts, which was more than accounted for by an increase in dividend income on foreign securities, mostly offset the lower direct investment receipts.

Imports of goods rose after 2 years of larger rises. The largest increases in 2012 were in automotive vehicles, parts, and engines and in capital goods. Industrial supplies and materials decreased, reflecting a decrease in imports of petroleum and products.

Imports of services increased for the third consecutive year. The largest increases in 2012 were in travel and in royalties and license fees that were partly offset by a decrease in direct defense expenditures.

Income payments increased about the same as in 2011 and larger than in 2010. The 2012 increase was accounted for by increases in payments on foreign direct investment in the United States and "other" private payments. The increase in direct investment payments was widespread across industries. The increase in "other" private payments was more than accounted for by dividend income on foreign private holdings of U.S. corporate securities.

Net capital account transactions shifted to net inflows, reflecting receipts from foreign insurance companies for losses resulting from Superstorm Sandy.

The current-account deficit increased for the third straight year, but the 2012 increase was smaller than the increases in 2010 and 2011. In 2012, a decrease in the surplus on income was partly offset by a decrease in the deficit on goods and services

Financial Account and Statistical Discrepancy in 2012

Table J. Financial Account and Statistical Discrepancy

[Millions of dollars]

	2009	2010	2011	2012 ^p	Change 2011 to 2012
Financial account					
U.S.-owned assets abroad (increase/ financial outflow (-))¹	-119,535	-939,484	-483,653	17,918	501,571
U.S. official reserve assets	-52,256	-1,834	-15,877	-4,460	11,417
U.S. government assets, other than official reserve assets	541,342	7,540	-103,666	85,110	188,776
U.S. private assets	-608,622	-945,189	-364,110	-62,732	301,378
Direct investment	-289,451	-327,877	-419,332	-351,446	67,886
Equity	-18,194	-41,124	-52,391	-38,259	14,132
Reinvested earnings	-229,295	-315,260	-348,639	-312,681	35,958
Intercompany debt	-41,961	28,507	-18,303	-506	17,797
Foreign securities	-227,024	-138,984	-146,797	-52,518	94,279
Stocks	-63,697	-79,076	-89,045	-61,025	28,020
Bonds	-163,327	-59,908	-57,752	8,507	66,259
U.S. claims on unaffiliated foreigners reported by nonbanking concerns	153,695	32,969	-11,608	-30,635	-19,027
U.S. claims reported by banks and brokers	-245,842	-511,297	213,627	371,867	158,240
For own accounts	-187,133	-437,863	79,139	340,841	261,702
For customers' accounts	-58,709	-73,434	134,488	31,026	-103,462
Foreign-owned assets in the United States (increase/financial inflow (+))¹	314,390	1,308,279	1,000,990	384,902	-616,088
Foreign official assets	480,286	398,188	211,826	373,642	161,816
U.S. government securities	437,324	353,294	158,735	347,872	189,137
U.S. Treasury securities	569,893	442,012	171,179	354,781	183,602
Other	-132,569	-88,718	-12,444	-6,909	5,535
Other U.S. government liabilities	58,206	12,321	9,063	7,887	-1,176
U.S. liabilities reported by banks and brokers	-68,848	-7,967	30,010	1,714	-28,296
Other foreign official assets	53,604	40,540	14,018	16,169	2,151
Other foreign assets	-165,896	910,091	789,164	11,260	-777,904
Direct investment	150,442	205,831	233,988	174,680	-59,308
Equity	126,814	131,610	93,224	58,094	-35,130
Reinvested earnings	21,652	67,544	87,389	102,699	15,310
Intercompany debt	1,977	6,677	53,374	13,887	-39,487
U.S. Treasury securities	-15,451	297,797	240,878	123,632	-117,246
U.S. securities other than U.S. Treasury securities	1,855	139,316	-56,442	76,681	133,123
Stocks	163,374	137,834	12,398	90,238	77,840
Corporate bonds	-117,255	-24,683	-68,840	-51,600	17,240
Federally sponsored agency bonds	-44,264	26,165	(*)	38,043	38,043
U.S. currency	12,632	28,319	54,996	57,141	2,145
U.S. liabilities to unaffiliated foreigners reported by nonbanking concerns	8,956	62,957	6,567	-24,952	-31,519
U.S. liabilities reported by banks and brokers	-324,330	175,871	309,177	-395,922	-705,099
For own accounts	-233,939	222,392	322,677	-411,641	-734,318
For customers' accounts	-90,391	-46,521	-13,500	15,719	29,219
Financial derivatives, net	44,816	14,076	39,010	-3,074	-42,084
Statistical discrepancy (sum of the bold lines in tables I and J with sign reversed)	142,365	59,237	-89,208	68,801	158,009
Memorandum:					
Net financial flows ²	239,671	382,871	556,347	399,746	-156,601

^p Preliminary (*) Transactions are less than \$500,000(±)

1. Excludes transactions in financial derivatives.

2. Sum of U.S.-owned assets abroad, foreign-owned assets in the United States, and financial derivatives.

3. Equals the sum of financial derivatives for the first, second, and third quarters of the year.

NOTE: The statistics, except for net financial flows, are presented in tables 1, 7, 8, 10, and 11 in this article and on BEA's Web site.

U.S. official reserve assets increased less than in 2011 because of a smaller increase in the U.S. reserve position at the International Monetary Fund (IMF) as the IMF disbursed less in U.S. funds to other IMF members.

U.S. government assets other than official reserve assets decreased after increasing in 2011. The shift resulted from an increase in liquidity swaps between foreign central banks and the U.S. Federal Reserve at the end of 2011 that were mostly reversed in 2012.

U.S. direct investment abroad slowed after accelerating for 2 straight years. The slowing reflected contractions in reinvested earnings, intercompany debt investment, and net equity investment.

U.S. purchases of foreign securities exceeded sales by less in 2012 than in 2011. The decrease in net purchases mostly reflected a shift to net sales of foreign bonds. Net purchases of foreign stocks also decreased.

U.S. claims on foreigners reported by U.S. banks and securities brokers decreased more than in 2011. The 2012 decrease was mostly accounted for by decreasing deposits of U.S. banks abroad due to the restructuring of bank balance sheets in reaction to changing economic and regulatory conditions.

Foreign official assets in the United States increased more than in 2011. An increase in net purchases of U.S. Treasury securities more than accounted for the larger increase in 2012.

Foreign direct investment in the United States slowed. Net intercompany debt investment and equity investment were lower, while reinvested earnings were higher.

Purchases of U.S. Treasury securities by private foreigners exceeded sales, but by less than in 2011. The 2012 decrease in net purchases reflected lower net purchases of long-term Treasury bonds and notes and a shift to net sales of Treasury bills.

Purchases of other U.S. securities by private foreigners exceeded sales in 2012, a shift from net sales in 2011 that was mostly due to increases in net purchases of U.S. stocks and agency bonds by foreigners. Net sales of U.S. corporate bonds exceeded purchases for the fifth consecutive year.

U.S. liabilities to foreigners reported by U.S. banks and securities brokers decreased after increasing for 2 straight years. The decrease was mostly accounted for by decreasing deposits from foreign banks due to the restructuring of bank balance sheets in reaction to changing economic and regulatory conditions.