

FOR WIRE TRANSMISSION: 8:30 A.M. EST, TUESDAY, December 17, 2013

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BEA 13-60

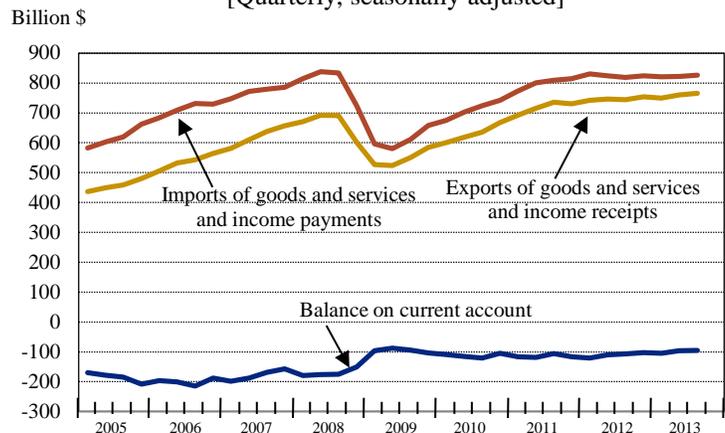
### U.S. International Transactions: Third Quarter 2013

#### 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 \$94.8 billion (preliminary) in the third quarter from \$96.6 billion (revised) in the second quarter. The deficit decreased to 2.2 percent of current-dollar gross domestic product (GDP) from 2.3 percent in the second quarter. The decrease in the current-account deficit was more than accounted for by an increase in the surplus on income. A decrease in net outflows of unilateral current transfers—such as government grants, government pensions and other transfers, and private remittances—and an increase in the surplus on services also contributed to the decrease. These changes were partly offset by an increase in the deficit on goods.

#### U.S. Current-Account Transactions

[Quarterly, 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 third-quarter statistics in this release are preliminary and will be revised on March 19, 2014. All links in the text of this release—including archived versions of this release—refer to the latest available statistics.

Goods and services

The deficit on goods and services increased to \$120.7 billion in the third quarter from \$118.1 billion in the second.

Goods The deficit on goods increased to \$178.6 billion in the third quarter from \$175.7 billion in the second.

Goods exports increased to \$397.6 billion from \$394.7 billion. Four of the six major end-use export categories increased. The largest increases in exports were in industrial supplies and materials and in foods, feeds, and beverages. The increase in industrial supplies and materials was more than accounted for by an increase in petroleum and products. The increase in foods, feeds, and beverages was largely due to increases in grains and preparations exports and in soybean exports. The largest decrease was in consumer goods and was mostly due to a decrease in exports of gems, jewelry, and collectibles, which is a component of durable goods ([table 2a](#)).

Goods imports increased to \$576.2 billion from \$570.4 billion. Three of the six major end-use import categories increased; the increases in each of these three categories were larger than the combined decrease of the other three categories. The largest increase in imports was in automotive vehicles, parts, and engines; much of that increase was in trucks, buses, and special purpose vehicles. An increase in imports of industrial supplies and materials was more than accounted for by increased imports of petroleum and products. An increase in capital goods imports partly reflected an increase in computers, peripherals, and parts ([table 2a](#)).

Services The surplus on services increased to \$57.9 billion in the third quarter from \$57.6 billion in the second.

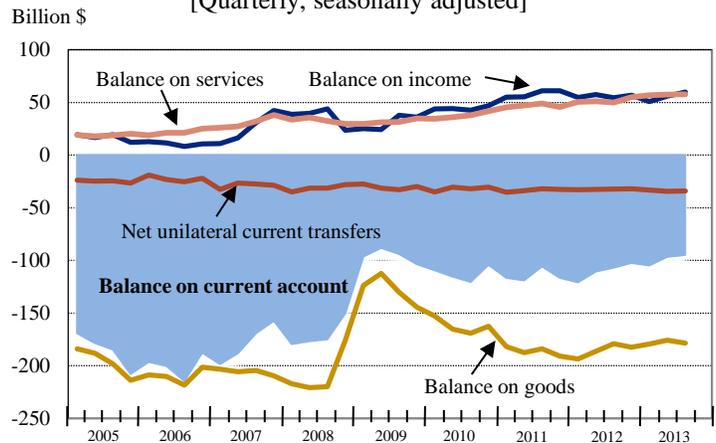
Services exports increased to \$170.9 billion from \$170.1 billion. Exports increased in five of the seven major services categories. The largest increases were in travel and in royalties and license fees ([table 3a](#)).

Services imports increased to \$113.0 billion from \$112.5 billion. Imports increased in four of the seven major services categories. The largest increases were in other private services, primarily in business, professional, and technical services, and in other transportation, which includes freight and port services ([table 3a](#)).

Income

The surplus on income increased to \$60.0 billion in the third quarter from \$56.0 billion in the second.

**U.S. Current-Account Balance and Its Components**  
[Quarterly, seasonally adjusted]



Investment income Income receipts on U.S.-owned assets abroad increased to \$194.9 billion from \$193.8 billion. The increase was accounted for by increases in other private receipts, which consists of interest and dividends, and direct investment receipts. U.S. government receipts decreased ([table 4](#)).

Income payments on foreign-owned assets in the United States decreased to \$132.8 billion from \$135.6 billion. The decrease was more than accounted for by a decrease in direct investment payments. Other private payments increased ([table 4](#)).

Compensation of employees Receipts for compensation of U.S. residents paid by nonresidents remained at \$1.7 billion in the third quarter. Payments for compensation of foreign residents paid by U.S. residents remained at \$3.8 billion in the third quarter.

#### Unilateral current transfers

Net unilateral current transfers to foreigners were \$34.1 billion in the third quarter, down from \$34.5 billion in the second. The decrease reflected decreases in private remittances and other transfers and in U.S. government pensions and other transfers that more than offset an increase in U.S. government grants.

#### Capital Account

Net capital-account transactions are not available for the third quarter because source data are not yet available. In the second quarter, net payments were \$0.2 billion.

#### Financial Account

Net financial inflows were \$67.3 billion in the third quarter, up from \$65.5 billion in the second. U.S.-owned assets abroad and foreign-owned assets in the United States both increased less than in the second quarter; outflows of U.S.-owned assets abroad declined more than inflows of foreign-owned assets in the United States. Financial derivatives shifted to net outflows in the third quarter from net inflows in the second quarter.

#### U.S.-owned assets abroad

U.S.-owned assets abroad increased \$74.3 billion in the third quarter after increasing \$106.2 billion in the second.

U.S. official reserve assets decreased \$1.0 billion in the third quarter after decreasing \$0.2 billion in the second. The third-quarter decrease reflected a decrease in the U.S. reserve position in the International Monetary Fund.

U.S. government assets other than official reserve assets decreased \$0.9 billion in the third quarter after decreasing \$3.1 billion in the second.

Outflows of U.S. direct investment abroad were \$95.8 billion in the third quarter, down from \$97.0 billion in the second. The decrease was more than accounted for by a shift to net inflows of intercompany debt in the third quarter from net outflows in the second quarter. This shift was partly offset by increases in equity investment and reinvested earnings ([table 7a](#)).

U.S. purchases of foreign securities exceeded sales (net purchases) by \$47.4 billion in the third quarter, down from \$79.4 billion in the second. Net purchases of foreign stocks were \$23.0 billion, down from \$78.4 billion. Net purchases of foreign bonds were \$24.4 billion, up from \$1.0 billion ([table 8a](#)).

U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns decreased \$4.3 billion in the third quarter after increasing \$59.7 billion in the second. An example of these claims is deposits of U.S. nonbanks at foreign banks ([table 9a](#)).

U.S. claims on foreigners reported by U.S. banks and securities brokers decreased \$62.8 billion in the third quarter after decreasing \$126.6 billion in the second. Examples of these claims are deposits of U.S. banks at foreign banks and loans by U.S. banks to foreigners ([table 10a](#)).

#### Foreign-owned assets in the United States

Foreign-owned assets in the United States increased \$148.2 billion in the third quarter after increasing \$168.2 billion in the second.

Foreign official assets in the United States increased \$68.5 billion in the third quarter after decreasing \$6.6 billion in the second. The third-quarter shift reflected shifts to net purchases of U.S. government securities from net sales and an increase in U.S. liabilities reported by U.S. banks and securities brokers following a decrease.

Inflows of foreign direct investment in the United States were \$44.2 billion in the third quarter, up from \$40.6 billion in the second. The increase was more than accounted for by higher equity investment; reinvested earnings were lower and net outflows of intercompany debt investment were higher than in the second quarter ([table 7a](#)).

Foreign private purchases of U.S. Treasury securities exceeded sales (net purchases) by \$63.4 billion in the third quarter, a shift from net sales of \$6.1 billion in the second quarter. The shift to net purchases reflected a shift to net purchases of U.S. Treasury bonds and notes that was partly offset by an increase in net sales of U.S. Treasury bills and certificates ([table 8a](#) and [table 11a](#)).

Foreign private purchases of U.S. securities other than U.S. Treasury securities exceeded sales (net purchases) by \$131.6 billion in the third quarter, a shift from net sales of \$43.2 billion in the second. Net purchases of U.S. stocks were \$58.6 billion, a shift from net sales of \$47.1 billion. Net purchases of U.S. corporate bonds were \$71.7 billion, up from \$28.8 billion. Net purchases of U.S. federally sponsored agency bonds were \$1.3 billion, a shift from net sales of \$24.9 billion ([table 8a](#)).

Net shipments of U.S. currency to foreign countries were \$12.7 billion in the third quarter following net shipments of \$9.5 billion in the second.

U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns decreased \$60.8 billion in the third quarter after increasing \$18.9 billion in the second. An example of these liabilities is loans by foreign banks to U.S. nonbanks ([table 9a](#)).

U.S. liabilities to foreigners reported by U.S. banks and securities brokers, other than those recorded under foreign official assets, decreased \$111.5 billion in the third quarter after increasing \$155.1 billion in the second. Examples of these liabilities are deposits of foreign residents at U.S. banks and loans by foreign banks to U.S. banks ([table 11a](#)).

### Financial derivatives

Net outflows of financial derivatives were \$6.6 billion in the third quarter after net inflows of \$3.5 billion in the second.

\* \* \*

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 \$27.6 billion in the third quarter compared with \$31.3 billion in the second.

In the third quarter, the U.S. dollar appreciated 0.1 percent on a trade-weighted quarterly average basis against a group of 7 major currencies, after appreciating 2.2 percent in the second quarter. Exchange rate data are based on Federal Reserve Statistical Release H.10.

### **Revisions**

The second-quarter 2013 international transactions are revised from previously published statistics. The current-account deficit was revised downward to \$96.6 billion from \$98.9 billion. The goods deficit remained at \$175.7 billion; the services surplus was revised downward to \$57.6 billion from \$57.9 billion; the income surplus was revised upward to \$56.0 billion from \$53.1 billion; and net outflows of unilateral current transfers were revised upward to \$34.5 billion from \$34.2 billion. Net financial inflows were revised downward to \$65.5 billion from \$73.1 billion, reflecting a larger downward revision to inflows of foreign-owned assets in the United States than the downward revision to outflows of U.S.-owned assets abroad.

\* \* \*

Release dates in 2014:

Fourth Quarter and Year 2013.....March 19, 2014 (Wednesday)  
First Quarter 2014 and Annual Revisions.....June 18, 2014 (Wednesday)  
Second Quarter 2014.....September 17, 2014 (Wednesday)  
Third Quarter 2014.....December 17, 2014 (Wednesday)

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**Table 1. U.S. International Transactions**

[Millions of dollars, quarters seasonally adjusted]

	(Credits +, debits -) <sup>1</sup>	2012	2012				2013			Change: 2013:II to 2013:III
			I	II	III	IV	I	II <sup>r</sup>	III <sup>p</sup>	
<b>Current account</b>										
<b>1</b>	<b>Exports of goods and services and income receipts.....</b>	<b>2,986,949</b>	<b>742,117</b>	<b>746,799</b>	<b>744,602</b>	<b>753,430</b>	<b>749,493</b>	<b>760,170</b>	<b>765,110</b>	<b>4,940</b>
2	Exports of goods and services.....	2,210,585	548,046	553,702	552,275	556,561	557,883	564,728	568,522	3,794
3	Goods, balance of payments basis.....	1,561,239	387,559	391,867	391,474	390,339	390,705	394,653	397,602	2,949
4	Services.....	649,346	160,487	161,835	160,802	166,222	167,178	170,074	170,920	846
5	Transfers under U.S. military agency sales contracts.....	18,520	4,578	4,429	4,529	4,984	4,870	4,797	4,908	111
6	Travel.....	126,214	30,243	31,369	32,079	32,523	33,911	34,632	35,165	533
7	Passenger fares.....	39,360	9,649	10,069	9,846	9,796	10,223	10,306	10,174	-132
8	Other transportation.....	43,855	11,031	11,108	10,856	10,860	11,504	11,382	11,052	-330
9	Royalties and license fees.....	124,182	31,293	30,726	30,827	31,336	31,666	32,256	32,666	410
10	Other private services.....	294,527	73,059	73,459	71,969	76,041	74,344	75,983	76,210	227
11	U.S. government miscellaneous services.....	2,688	634	676	695	683	661	719	745	26
12	Income receipts.....	776,364	194,071	193,097	192,327	196,869	191,610	195,443	196,588	1,145
13	Income receipts on U.S.-owned assets abroad.....	770,079	192,550	191,551	190,748	195,230	189,968	193,789	194,928	1,139
14	Direct investment receipts.....	470,233	119,118	115,731	115,735	119,649	113,783	115,953	116,391	438
15	Other private receipts.....	297,891	72,752	75,384	74,554	75,201	75,704	77,418	78,168	750
16	U.S. government receipts.....	1,954	680	436	459	380	481	418	369	-49
17	Compensation of employees.....	6,286	1,521	1,546	1,579	1,639	1,642	1,653	1,660	7
<b>18</b>	<b>Imports of goods and services and income payments.....</b>	<b>-3,297,677</b>	<b>-830,188</b>	<b>-824,644</b>	<b>-819,001</b>	<b>-823,844</b>	<b>-821,245</b>	<b>-822,295</b>	<b>-825,850</b>	<b>-3,555</b>
19	Imports of goods and services.....	-2,745,240	-690,993	-689,004	-681,304	-683,939	-680,516	-682,850	-689,260	-6,410
20	Goods, balance of payments basis.....	-2,302,714	-581,163	-578,355	-570,454	-572,742	-570,162	-570,390	-576,232	-5,842
21	Services.....	-442,527	-109,830	-110,649	-110,850	-111,197	-110,354	-112,460	-113,028	-568
22	Direct defense expenditures.....	-24,734	-6,479	-6,253	-6,120	-5,882	-5,696	-5,699	-5,525	174
23	Travel.....	-83,451	-20,960	-21,139	-20,709	-20,643	-21,122	-21,531	-21,547	-16
24	Passenger fares.....	-34,654	-8,466	-8,784	-8,735	-8,669	-9,138	-9,241	-9,185	56
25	Other transportation.....	-55,445	-13,614	-13,864	-13,978	-13,989	-14,421	-14,640	-14,899	-259
26	Royalties and license fees.....	-39,889	-9,742	-9,978	-10,314	-9,854	-10,454	-10,249	-10,450	-201
27	Other private services.....	-201,227	-49,769	-49,832	-50,249	-51,378	-48,864	-50,387	-50,717	-330
28	U.S. government miscellaneous services.....	-3,127	-800	-799	-745	-782	-659	-714	-706	8
29	Income payments.....	-552,437	-139,195	-135,639	-137,697	-139,905	-140,730	-139,445	-136,590	2,855
30	Income payments on foreign-owned assets in the United States.....	-537,815	-135,665	-131,898	-133,996	-136,256	-137,070	-135,607	-132,753	2,854
31	Direct investment payments.....	-176,747	-46,476	-41,436	-44,874	-43,961	-44,629	-43,305	-40,250	3,055
32	Other private payments.....	-233,336	-56,638	-58,311	-57,394	-60,993	-61,403	-62,083	-62,355	-272
33	U.S. government payments.....	-127,732	-32,551	-32,151	-31,728	-31,302	-31,038	-30,219	-30,148	71
34	Compensation of employees.....	-14,622	-3,530	-3,742	-3,701	-3,649	-3,660	-3,838	-3,837	1
<b>35</b>	<b>Unilateral current transfers, net.....</b>	<b>-129,688</b>	<b>-32,771</b>	<b>-32,668</b>	<b>-32,343</b>	<b>-31,906</b>	<b>-33,143</b>	<b>-34,488</b>	<b>-34,100</b>	<b>388</b>
36	U.S. government grants.....	-46,090	-11,912	-11,473	-11,823	-10,882	-11,061	-11,361	-12,260	-899
37	U.S. government pensions and other transfers.....	-3,685	-1,649	-1,435	-1,270	668	-756	-1,619	-984	635
38	Private remittances and other transfers.....	-79,913	-19,210	-19,761	-19,250	-21,692	-21,327	-21,508	-20,856	652

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

[Millions of dollars, quarters seasonally adjusted]

	(Credits +, debits -) <sup>1</sup>	2012	2012				2013			Change: 2013:II to 2013:III
			I	II	III	IV	I	II <sup>r</sup>	III <sup>p</sup>	
<b>Capital account</b>										
<b>39</b>	<b>Capital account transactions, net.....</b>	<b>6,956</b>	<b>-1</b>	<b>-241</b>	<b>-470</b>	<b>7,668</b>	<b>-40</b>	<b>-227</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Financial account</b>										
<b>40</b>	<b>U.S.-owned assets abroad, excluding financial derivatives (increase/financial outflow (-)).....</b>	<b>-97,469</b>	<b>93,519</b>	<b>192,062</b>	<b>-267,054</b>	<b>-115,996</b>	<b>-229,070</b>	<b>-106,201</b>	<b>-74,295</b>	<b>31,906</b>
41	U.S. official reserve assets.....	-4,460	-1,233	-3,289	-833	895	-876	191	1,001	810
42	Gold.....	0	0	0	0	0	0	0	0	0
43	Special drawing rights.....	-37	-11	-10	-10	-6	-5	-6	-5	1
44	Reserve position in the International Monetary Fund.....	-4,032	-1,078	-3,179	-744	969	-755	287	1,071	784
45	Foreign currencies.....	-391	-144	-100	-79	-68	-116	-90	-65	25
46	U.S. government assets, other than official reserve assets.....	85,331	51,087	16,650	15,206	2,388	-446	3,115	850	-2,265
47	U.S. credits and other long-term assets.....	-8,202	-2,655	-2,538	-1,038	-1,971	-1,865	-3,934	-876	3,058
48	Repayments on U.S. credits and other long-term assets.....	2,546	386	680	847	633	461	731	579	-152
49	U.S. foreign currency holdings and U.S. short-term assets.....	90,987	53,356	18,508	15,397	3,726	958	6,318	1,146	-5,172
50	U.S. private assets.....	-178,341	43,665	178,701	-281,428	-119,279	-227,748	-109,507	-76,146	33,361
51	Direct investment.....	-388,293	-113,038	-86,202	-93,635	-95,418	-84,122	-97,004	-95,813	1,191
52	Foreign securities.....	-144,823	2,276	-22,920	-51,183	-72,996	-133,783	-79,359	-47,391	31,968
53	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns.....	-25,723	-67,175	16,793	6,325	18,334	-22,437	-59,730	4,290	64,020
54	U.S. claims reported by U.S. banks and securities brokers.....	380,498	221,602	271,030	-142,935	30,801	12,594	126,586	62,768	-63,818
<b>55</b>	<b>Foreign-owned assets in the United States, excluding financial derivatives (increase/financial inflow (+)).....</b>	<b>543,884</b>	<b>177,381</b>	<b>-176,468</b>	<b>300,570</b>	<b>242,401</b>	<b>265,544</b>	<b>168,191</b>	<b>148,154</b>	<b>-20,037</b>
56	Foreign official assets in the United States.....	393,922	144,468	57,374	107,684	84,396	126,871	-6,577	68,514	75,091
57	U.S. government securities.....	314,660	124,225	42,927	87,309	60,199	96,603	-23,558	35,193	58,751
58	U.S. Treasury securities.....	433,155	143,100	96,213	100,571	93,271	118,533	-11,974	15,972	27,946
59	Other.....	-118,495	-18,875	-53,286	-13,262	-33,072	-21,930	-11,584	19,221	30,805
60	Other U.S. government liabilities.....	8,241	2,939	2,773	1,722	807	1,608	3,546	3,105	-441
61	U.S. liabilities reported by U.S. banks and securities brokers.....	-1,572	-14,458	406	7,066	5,414	20,061	-9,354	30,052	39,406
62	Other foreign official assets.....	72,593	31,762	11,268	11,587	17,976	8,599	22,789	164	-22,625
63	Other foreign assets in the United States.....	149,962	32,913	-233,842	192,886	158,005	138,673	174,768	79,640	-95,128
64	Direct investment.....	166,411	35,756	49,524	38,839	42,292	28,624	40,556	44,177	3,621
65	U.S. Treasury securities.....	156,385	64,974	-4,652	62,548	33,515	50,780	-6,065	63,414	69,479
66	U.S. securities other than U.S. Treasury securities.....	196,908	28,297	-39,577	64,694	143,494	-10,970	-43,203	131,648	174,851
67	U.S. currency.....	57,141	18,057	7,116	16,156	15,812	4,957	9,486	12,664	3,178
68	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns.....	-39,505	13,279	-25,581	-4,763	-22,440	-20,872	18,850	-60,786	-79,636
69	U.S. liabilities reported by U.S. banks and securities brokers.....	-387,378	-127,450	-220,672	15,412	-54,668	86,154	155,144	-111,477	-266,621
<b>70</b>	<b>Financial derivatives, net.....</b>	<b>-7,064</b>	<b>-7,339</b>	<b>2,419</b>	<b>-5,129</b>	<b>2,985</b>	<b>3,948</b>	<b>3,511</b>	<b>-6,569</b>	<b>-10,080</b>
<b>71</b>	<b>Statistical discrepancy (lines 1, 18, 35, 39, 40, 55, and 70 with sign reversed).....</b>	<b>-5,891</b>	<b>-142,718</b>	<b>92,741</b>	<b>78,825</b>	<b>-34,738</b>	<b>64,513</b>	<b>31,339</b>	<b><sup>2</sup> 27,550</b>	<b><sup>3</sup> -3,789</b>
<b>Memoranda:</b>										
72	Balance on goods (lines 3 and 20).....	-741,475	-193,604	-186,487	-178,980	-182,403	-179,457	-175,736	-178,630	-2,894
73	Balance on services (lines 4 and 21).....	206,819	50,657	51,186	49,952	55,025	56,824	57,614	57,892	278
74	Balance on goods and services (lines 2 and 19).....	-534,656	-142,947	-135,302	-129,029	-127,378	-122,633	-118,122	-120,738	-2,616
75	Balance on income (lines 12 and 29).....	223,928	54,876	57,457	54,630	56,965	50,881	55,997	59,998	4,001
76	Unilateral current transfers, net (line 35).....	-129,688	-32,771	-32,668	-32,343	-31,906	-33,143	-34,488	-34,100	388
77	Balance on current account (lines 1, 18, and 35 or lines 74, 75, and 76).....	-440,416	-120,842	-110,513	-106,742	-102,320	-104,895	-96,613	-94,840	1,773
78	Net financial flows (lines 40, 55, and 70).....	439,351	263,561	18,013	28,387	129,390	40,422	65,501	67,290	1,789

<sup>p</sup> Preliminary <sup>r</sup> Revised <sup>n.a.</sup> Not available

<sup>1</sup> **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).

<sup>2</sup> Calculated excluding capital account transactions, net (line 39).

<sup>3</sup> 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