

U.S. International Transactions

Fourth Quarter and Year 2009

THE U.S. current-account deficit—the broadest measure of U.S. international trade in goods and services, receipts and payments of income, and net unilateral current transfers to foreigners—increased to \$115.6 billion (preliminary) in the fourth quarter of 2009 from \$102.3 billion (revised) in the third quarter (see pages 28–31 for the current account).¹ The increase resulted from an increase in the deficit on goods and, to a lesser extent, a decrease in the surplus on income; these were partly offset by a decrease in net unilateral current transfers to foreigners and an increase in the surplus on services. For the year 2009, the current-account deficit fell \$286.2 billion to \$419.9 billion, the smallest deficit since 2001 (see page 34 for annual current-account statistics).

In the financial account, net financial inflows to the United States—the result of combined transactions in U.S.-owned assets abroad, in foreign-owned assets in the United States, and in financial derivatives—decreased to \$45.7 billion in the fourth quarter from \$85.7 billion in the third quarter (see pages 32 and 33 for the financial account).² The slowdown resulted from a smaller increase in foreign-owned assets in the United States in the fourth quarter than in the third quarter (smaller inflow) that was almost entirely offset by a smaller increase in U.S.-owned assets abroad (smaller outflow). For the year 2009, net financial inflows to the United States fell \$307.3 billion to \$197.8 billion (see page 35 for annual financial-account statistics).

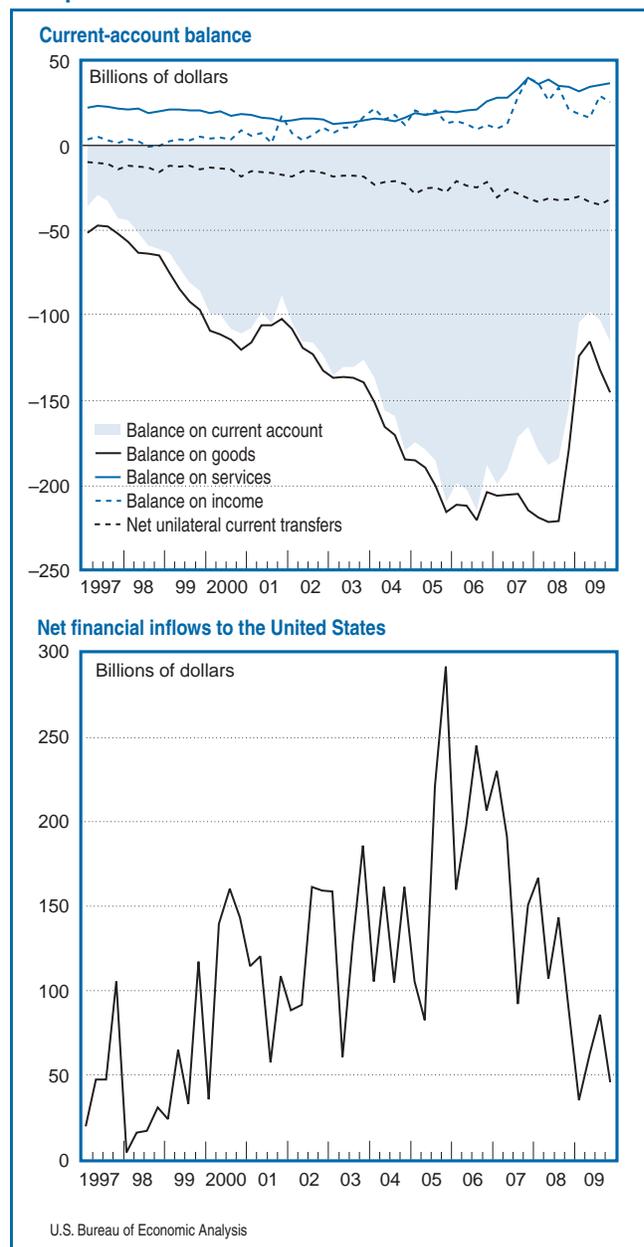
The statistical discrepancy—errors and omissions in recorded transactions—was \$70.6 billion in the fourth quarter, compared with \$17.4 billion in the third quarter. For the year 2009, the statistical discrepancy was \$224.9 billion, compared with \$200.1 billion in 2008.

1. Quarterly statistics for U.S. current-account and financial-account components are seasonally adjusted when series demonstrate statistically significant seasonal patterns. When available, seasonally adjusted statistics are cited in this article. The accompanying tables present both adjusted and unadjusted statistics.

2. Fourth-quarter net financial inflows exclude transactions in financial derivatives because data are not yet available. Third-quarter net financial inflows excluding these transactions were \$74.2 billion.

Douglas B. Weinberg and Erin M. Whitaker prepared this article.

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



Overview, Fourth Quarter

Table A. U.S. International Transactions
[Millions of dollars, seasonally adjusted]

(Credits +; debits -)	2009				Change 2009:III- 2009:IV
	I ^r	II ^r	III ^r	IV ^p	
Current account					
Exports of goods and services and income receipts	507,291	506,204	535,114	567,322	32,208
Goods, balance of payments basis	249,108	245,868	263,645	286,923	23,278
Services	122,917	125,349	129,155	131,756	2,601
Income receipts	135,267	134,987	142,315	148,642	6,327
Imports of goods and services and income payments	-581,287	-570,691	-602,438	-651,138	-48,700
Goods, balance of payments basis	-373,107	-361,318	-395,746	-432,418	-36,672
Services	-91,137	-90,975	-93,437	-95,209	-1,772
Income payments	-117,044	-118,399	-113,255	-123,511	-10,256
Unilateral current transfers, net	-30,185	-33,256	-35,025	-31,777	3,248
U.S. government grants	-8,342	-10,841	-12,743	-9,004	3,739
U.S. government pensions and other transfers	-2,300	-2,342	-2,353	-2,364	-11
Private remittances and other transfers	-19,543	-20,074	-19,929	-20,408	-479
Capital account					
Capital account transactions, net	-710	-719	-718	-713	5
Financial account					
U.S.-owned assets abroad (increase/financial outflow (-))¹	94,092	36,762	-269,192	-99,116	170,076
U.S. official reserve assets	-982	-3,632	-49,021	1,379	50,400
U.S. government assets, other than official reserve assets	244,102	193,750	57,736	46,187	-11,549
U.S. private assets	-149,028	-153,356	-277,907	-146,682	131,225
Direct investment	-40,903	-48,078	-68,537	-63,453	5,084
Foreign securities	-36,201	-92,589	-46,967	-45,782	1,185
U.S. claims on unaffiliated foreigners reported by nonbanking concerns	17,477	14,519	81,700	22,140	-59,560
U.S. claims reported by banks and brokers	-89,401	-27,208	-244,103	-59,587	184,516
Foreign-owned assets in the United States (increase/financial inflow (+))¹	-67,583	14,648	343,388	144,782	-198,606
Foreign official assets in the United States	70,892	124,299	123,786	128,598	4,812
Other foreign assets in the United States	-138,475	-109,651	219,602	16,184	-203,418
Direct investment	24,025	37,009	47,472	43,579	-3,893
U.S. Treasury securities	53,716	-22,755	-8,896	15,555	24,451
U.S. securities other than U.S. Treasury securities	-55,992	13,917	28,732	6,729	-22,003
U.S. currency	11,816	-1,935	4,179	-1,428	-5,607
U.S. liabilities to unaffiliated foreigners reported by nonbanking concerns	-8,270	43,003	13,880	-21,648	-35,528
U.S. liabilities reported by banks and brokers	-163,770	-178,890	134,235	-26,603	-160,838
Financial derivatives, net	8,407	11,265	11,496	n.a.	n.a.
Statistical discrepancy (sum of the bold lines above with sign reversed)	69,976	35,787	17,373	70,640	53,267
Memoranda:					
Balance on goods	-123,999	-115,450	-132,101	-145,495	-13,394
Balance on services	31,780	34,374	35,717	36,547	830
Balance on goods and services	-92,219	-81,076	-96,383	-108,948	-12,565
Balance on income	18,223	16,589	29,060	25,132	-3,928
Unilateral current transfers, net	-30,185	-33,256	-35,025	-31,777	3,248
Balance on current account	-104,182	-97,743	-102,348	-115,593	-13,245
Net financial flows ²	34,916	62,675	85,692	45,666	-40,026

p Preliminary r Revised n.a. Not available

1. Excludes transactions in financial derivatives.

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

NOTE: The statistics except for net financial flows are from table 1.

Data Availability

Statistics for U.S. international transactions are presented in tables 1–12 after this article. They are also available interactively on BEA's Web site at www.bea.gov. Users may view and download the statistics for an entire table, or they may select the period, frequency, and lines that they wish to view. The statistics are available in an HTML table, in a spreadsheet file (.xls format), or as comma-separated values.

Current-account highlights

- Goods exports and imports increased strongly for the second consecutive quarter.
- Services exports increased for the third straight quarter, and services imports increased for the second quarter in a row.
- Income receipts and payments increased mostly as a result of strong increases in direct investment receipts and payments.

Financial-account highlights

- U.S. government assets abroad other than official reserve assets decreased for the fourth straight quarter.
- U.S. claims reported by banks and securities brokers increased much less in the fourth quarter than in the third quarter, and U.S. liabilities reported by banks and brokers decreased after a substantial increase.
- U.S. direct investment abroad and foreign direct investment in the United States both slowed, despite strong increases in the reinvested earnings components of outward and inward direct investment.
- Net purchases of total U.S. securities by private foreigners remained far below their levels before the start of financial market difficulties.

Revisions

The preliminary statistics for U.S. international transactions for the third quarter that were published in the January 2010 SURVEY OF CURRENT BUSINESS have been revised to reflect new or revised source data. In addition, the statistics for the first, second, and third quarters have been revised to ensure that the seasonally adjusted statistics sum to the same annual totals as the unadjusted statistics. The revisions to the first and second quarters were small.

For the third quarter, the current-account deficit was revised to \$102.3 billion from \$108.0 billion. The goods deficit was virtually unrevised at \$132.1 billion; the services surplus was revised to \$35.7 billion from \$34.8 billion; the surplus on income was revised to \$29.1 billion from \$23.7 billion; and net unilateral current transfers to foreigners were revised to \$35.0 billion from \$34.4 billion. Net financial inflows were revised to \$85.7 billion from \$38.3 billion.

Current Account, Fourth Quarter—Goods

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

	2009				Change 2009:III- 2009:IV
	I ^r	II ^r	III ^r	IV ^p	
Exports, balance of payments basis	249,108	245,868	263,645	286,923	23,278
Agricultural products	23,641	25,280	24,798	27,400	2,602
Nonagricultural products.....	225,467	220,588	238,848	259,523	20,675
Foods, feeds, and beverages	21,651	23,671	23,079	25,573	2,494
Grains and preparations	5,629	6,521	6,473	5,969	-504
Other	16,022	17,150	16,606	19,604	2,998
Industrial supplies and materials	66,798	68,670	77,604	83,283	5,679
Petroleum and products.....	9,578	11,441	13,989	14,211	222
Nonpetroleum products.....	57,220	57,229	63,615	69,072	5,457
Chemicals, excluding medicinals	18,280	19,869	22,159	23,502	1,343
Metals and nonmetallic products.....	17,798	17,088	19,547	21,691	2,144
Nonferrous metals	8,634	8,482	9,503	10,957	1,454
Other	9,164	8,606	10,044	10,734	690
Other	21,142	20,272	21,909	23,879	1,970
Capital goods, except automotive	98,316	93,149	95,415	103,529	8,114
Electric generating machinery, apparatus, and parts	8,970	8,730	8,989	9,698	709
Oil drilling, mining, and construction machinery	6,785	5,858	5,971	5,828	-143
Industrial engines, pumps, and compressors	5,820	5,360	5,258	5,475	217
Industrial, agricultural, and service machinery, n.e.c.	21,370	20,019	20,990	23,985	2,995
Computers, peripherals, and parts.....	9,236	8,888	9,368	10,213	845
Semiconductors	8,353	8,758	9,623	10,719	1,096
Telecommunications equipment.....	7,246	6,959	7,218	7,291	73
Scientific, hospital, and medical equipment	8,773	8,560	8,861	9,384	523
Civilian aircraft, engines, and parts.....	19,708	18,303	17,544	19,173	1,629
Other	2,055	1,714	1,593	1,763	170
Automotive vehicles, parts, and engines	17,468	16,608	21,529	26,022	4,493
Passenger cars	5,977	5,530	6,881	9,117	2,236
Trucks, buses, and special purpose vehicles	2,670	2,426	3,507	3,862	355
Engines, parts, and accessories	8,819	8,651	11,140	13,042	1,902
Consumer goods, except automotive	36,474	36,026	37,480	40,051	2,571
Nondurable goods.....	18,345	18,328	18,120	19,216	1,096
Medicinal, dental, and pharmaceutical products....	11,708	11,671	10,990	11,771	781
Other	6,637	6,657	7,130	7,445	315
Durable goods.....	18,129	17,698	19,360	20,835	1,475
Household appliances and other household goods	6,846	6,653	6,936	7,418	482
Other	11,283	11,045	12,424	13,417	993
Other exports	8,401	7,744	8,538	8,465	-73

p Preliminary r Revised
NOTE: The statistics are from table 2. For additional statistics on goods exports, see BEA's Web site.

Goods exports increased \$23.3 billion, or 8.8 percent, after increasing 7.2 percent in the third quarter. Real exports increased 7.3 percent (table C). The growth in exports over the last two quarters, which followed a brief period of sharp contraction, was the strongest percentage growth over two consecutive quarters in more than 20 years. In the fourth quarter, nearly all major end-use categories of exports increased strongly.

Foods, feeds, and beverages increased mostly as a result of a 60 percent rise in soybeans.

Industrial supplies and materials were boosted by considerable increases in chemicals for the third consecutive quarter and in many other types of industrial supplies and materials for the second straight quarter.

Capital goods, except automotive increased at the highest percentage rate in nearly 20 years. Nearly all major types of capital goods increased substantially. Exports of industrial, agricultural, and service industry machinery, of semiconductors, and of computers, peripherals, and parts grew strongly for the second quarter in a row.

Automotive vehicles, parts, and engines increased very strongly for the second straight quarter. The cumulative 57 percent rise over the third and fourth quarters mostly resulted from increases in engines, parts, and accessories and in passenger cars.

Consumer goods strengthened, as nondurable goods turned up and durable goods increased strongly for the second quarter in a row.

Table C. Real Goods Exports and Imports

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

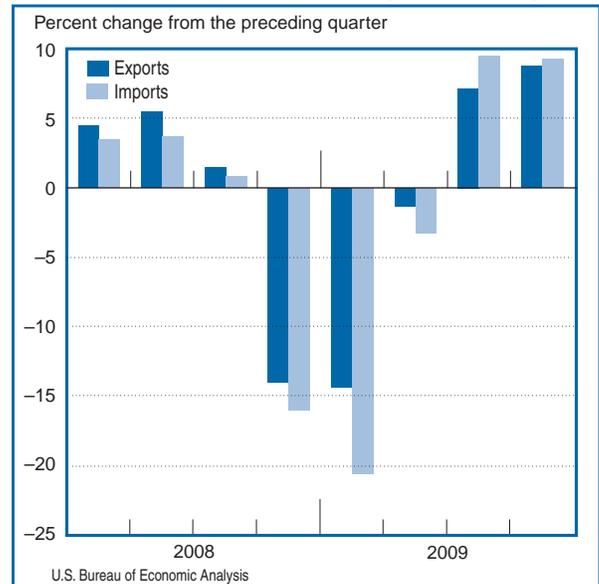
	2008		2009			
	III	IV	I ^r	II ^r	III ^r	IV ^p
Exports, balance of payments basis	0.1	-7.5	-10.8	-1.8	6.0	7.3
Imports, balance of payments basis	-0.9	-5.8	-12.6	-4.4	6.3	4.8

p Preliminary r Revised

Trends in the Balance on Goods

After decreasing sharply from the third quarter of 2008 to the second quarter of 2009, the goods deficit increased substantially in the last two quarters. In these quarters, current-dollar exports and imports both grew strongly, but imports increased more than exports both in dollar and percentage terms. In the fourth quarter, real exports grew at a considerably faster rate than real imports.

Chart 2. Current-Dollar Goods Exports and Imports



Current Account, Fourth Quarter—Goods

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

	2009				Change 2009:III- 2009:IV
	I ^p	II ^r	III ^r	IV ^p	
Imports, balance of payments basis.....	373,107	361,318	395,746	432,418	36,672
Petroleum and products.....	52,259	56,981	68,904	75,460	6,556
Nonpetroleum products.....	320,848	304,337	326,841	356,958	30,117
Foods, feeds, and beverages.....	20,367	20,317	20,200	20,705	505
Industrial supplies and materials.....	107,323	103,776	118,740	131,934	13,194
Petroleum and products.....	52,259	56,981	68,904	75,460	6,556
Nonpetroleum products.....	55,064	46,795	49,836	56,474	6,638
Natural gas.....	4,826	3,408	2,997	3,594	597
Chemicals, excluding medicinals.....	11,838	10,397	11,355	12,487	1,132
Building materials, except metals.....	4,233	4,083	4,198	4,376	178
Metals and nonmetallic products.....	18,918	15,073	16,598	20,308	3,710
Iron and steel products.....	6,587	4,131	4,036	5,338	1,302
Nonferrous metals.....	7,199	7,036	8,288	9,965	1,677
Other.....	5,132	3,906	4,274	5,005	731
Other.....	15,249	13,834	14,688	15,709	1,021
Capital goods, except automotive.....	91,825	86,567	91,190	100,220	9,030
Electric generating machinery, apparatus, and parts.....	11,194	10,238	10,887	12,045	1,158
Oil drilling, mining, and construction machinery.....	4,989	2,742	2,417	2,193	-224
Industrial engines, pumps, and compressors.....	3,738	3,302	3,314	3,278	-36
Industrial, agricultural, and service machinery, n.e.c.....	21,776	19,186	20,006	20,941	935
Computers, peripherals, and parts.....	20,238	21,184	23,846	28,644	4,798
Semiconductors.....	4,750	5,106	5,561	5,907	346
Telecommunications equipment.....	8,719	8,677	9,331	10,539	1,208
Scientific, hospital, and medical equipment.....	7,055	6,707	7,025	7,198	173
Civilian aircraft, engines, and parts.....	7,543	7,854	7,275	7,800	525
Other.....	1,823	1,571	1,528	1,675	147
Automotive vehicles, parts, and engines.....	32,210	31,566	44,358	51,838	7,480
Passenger cars.....	14,912	15,695	23,423	26,915	3,492
Trucks, buses, and special purpose vehicles.....	3,084	2,232	2,833	3,868	1,035
Engines, parts, and accessories.....	14,213	13,639	18,102	21,055	2,953
Consumer goods, except automotive.....	106,327	105,184	106,236	112,937	6,701
Nondurable goods.....	50,957	49,487	50,943	53,889	2,946
Apparel, footwear, and household goods.....	25,971	24,695	24,882	25,860	978
Medicinal, dental, and pharmaceutical products.....	19,188	19,412	20,501	22,346	1,845
Other.....	5,798	5,380	5,560	5,683	123
Durable goods.....	55,369	55,697	55,293	59,048	3,755
Televisions and other video equipment.....	8,859	8,890	8,921	9,431	510
Toys and sporting goods, including bicycles.....	9,173	8,210	8,391	8,123	-268
Household appliances and other household goods.....	26,157	26,876	25,117	27,197	2,080
Other.....	11,180	11,721	12,864	14,297	1,433
Other imports and U.S. goods returned.....	15,055	13,907	15,021	14,785	-236

^p Preliminary ^r Revised
Note: The statistics are from table 2. For additional statistics on goods imports, see BEA's Web site.

Goods imports increased \$36.7 billion, or 9.3 percent, after increasing 9.5 percent in the third quarter. Real imports increased 4.8 percent (table C). The growth in imports over the last two quarters, which followed a brief period of sharp contraction, was the strongest percentage growth over two consecutive quarters in nearly 30 years. In the fourth quarter, most major end-use categories of imports rose strongly.

Industrial supplies and materials rose substantially for the second consecutive quarter. Half of the fourth-quarter increase was due to petroleum and products, mostly as a result of higher average prices for those imports. Growth in imports of nonferrous metals and chemicals accelerated, and iron and steel products rebounded strongly, partly reflecting higher prices.

Capital goods increased at the highest percentage rate in 26 years. Computers, peripherals, and parts grew very strongly, and the cumulative increase over the last three quarters reached 42 percent. Telecommunications equipment and electric generating machinery, apparatus, and parts also increased substantially.

After rebounding sharply in the third quarter, automotive vehicles, parts, and engines continued to increase robustly in the fourth quarter. Imports of passenger cars and of engines, parts, and accessories were the highest since the third quarter of 2008.

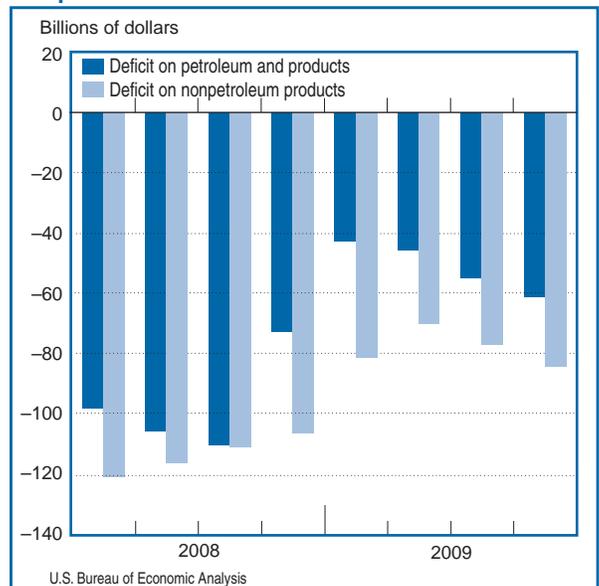
Consumer goods increased substantially as a result of a strong rebound in durable goods, mostly due to an upturn in household appliances and other household goods, and a pickup in nondurable goods.

Goods Deficit by Area and Type of Product

The goods deficit increased \$13.4 billion. The deficit with Canada increased \$4.0 billion as a result of a much larger increase in imports than in exports. The deficit with Africa increased \$3.3 billion, mostly because of higher U.S. petroleum imports. The deficit with Latin America and Other Western Hemisphere increased \$3.0 billion as the deficit with Mexico rose \$5.0 billion. The deficit with Europe increased \$2.1 billion, partly due to a higher deficit with Germany. The deficit with Asia and Pacific increased \$1.7 billion.

Total petroleum and nonpetroleum products. The deficit on petroleum and products increased \$6.3 billion, the third consecutive increase as a result of rising prices. The deficit on nonpetroleum products increased \$7.1 billion, the second straight increase after 11 quarters of decreases.

Chart 3. Deficits on Total Petroleum and Nonpetroleum Products



Current Account, Fourth Quarter—Services

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

	2009				Change 2009:III- 2009:IV
	I ^r	II ^r	III ^r	IV ^p	
Services exports	122,917	125,349	129,155	131,756	2,601
Travel.....	23,454	22,766	23,782	24,192	410
Passenger fares.....	7,114	6,629	6,509	6,625	116
Other transportation.....	10,777	10,638	11,241	12,279	1,038
Freight.....	4,403	4,249	4,485	4,796	311
Port services.....	6,374	6,388	6,756	7,483	727
Royalties and license fees.....	20,075	20,829	21,585	21,930	345
Other private services.....	55,748	57,193	58,607	59,790	1,183
Education.....	4,648	4,725	4,815	4,821	6
Financial services.....	13,290	13,672	14,141	14,625	484
Insurance services.....	2,942	3,070	2,962	2,994	32
Telecommunications.....	2,048	2,156	2,323	2,378	55
Business, professional, and technical services.....	27,593	28,343	29,078	29,538	460
Other services.....	5,225	5,226	5,289	5,434	145
Transfers under U.S. military agency sales contracts.....	5,437	6,976	7,076	6,562	-514
U.S. government miscellaneous services.....	312	319	355	377	22
Services imports	91,137	90,975	93,437	95,209	1,772
Travel.....	18,516	17,466	18,560	18,535	-25
Passenger fares.....	6,948	6,095	6,350	6,603	253
Other transportation.....	13,898	12,972	13,458	14,360	902
Freight.....	8,871	8,203	8,518	8,938	420
Port services.....	5,027	4,769	4,940	5,422	482
Royalties and license fees.....	5,689	6,133	5,954	6,081	127
Other private services.....	36,527	38,292	38,665	39,090	425
Education.....	1,386	1,412	1,426	1,434	8
Financial services.....	3,505	3,988	3,730	3,890	160
Insurance services.....	11,293	12,440	12,130	12,129	-1
Telecommunications.....	1,645	1,652	1,816	1,849	33
Business, professional, and technical services.....	18,184	18,153	18,910	19,118	208
Other services.....	513	647	652	670	18
Direct defense expenditures.....	8,454	8,831	9,215	9,177	-38
U.S. government miscellaneous services.....	1,105	1,186	1,235	1,364	129

p Preliminary r Revised

NOTE: The statistics are from tables 1 and 3. For additional information on services, including definitions, see Jennifer Konz-Bruner and Anne Flatness, "U.S. International Services: Cross-Border Trade in 2008 and Services Supplied Through Affiliates in 2007" SURVEY OF CURRENT BUSINESS 89 (October 2009); 22-64.

Travel receipts—purchases of goods and services by foreign travelers to the United States—increased for the second consecutive quarter after decreasing 21 percent over the previous three quarters.

Passenger fare receipts edged up after falling for four quarters.

“Other” transportation receipts increased for the second quarter in a row after declining 32 percent over the previous three quarters. The increases resulted both from higher fuel prices, which boosted expenditures by foreign carriers in U.S. ports, and from higher volumes of U.S. goods trade, which boosted both freight and port services receipts.

“Other” private services receipts increased, mostly because of higher receipts for financial services and for business, professional, and technical services.

Travel payments—purchases of goods and services by U.S. travelers abroad—edged down as a result of a decline in the number of U.S. travelers abroad.

Passenger fare payments increased for the second quarter in a row.

“Other” transportation payments increased for the second consecutive quarter after declining substantially over the previous three quarters. The increases resulted from higher fuel prices and higher volumes of U.S. goods trade.

“Other” private services payments increased slightly. Most types of services increased by small amounts.

Chart 4. Foreign Currency Price of the U.S. Dollar

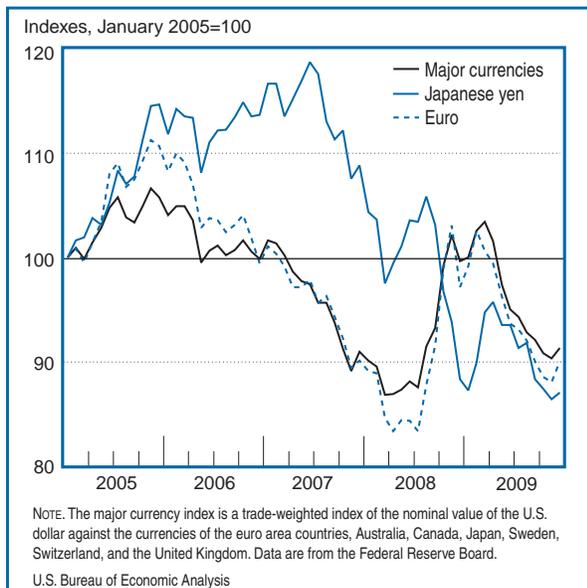
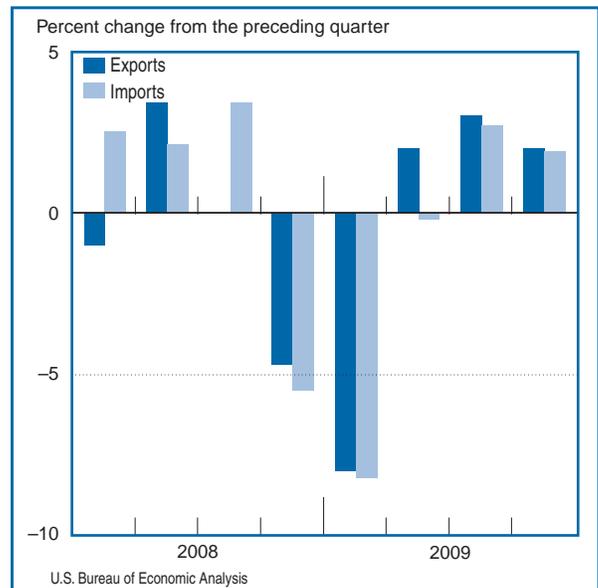


Chart 5. Services Exports and Imports



Current Account, Fourth Quarter—Income

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

	2009				Change 2009:III– 2009:IV
	I ^r	II ^r	III ^r	IV ^p	
Income receipts	135,267	134,987	142,315	148,642	6,327
Income on U.S.-owned assets abroad	134,526	134,249	141,584	147,896	6,312
Direct investment receipts	63,079	71,476	80,810	86,477	5,667
Earnings	61,293	69,812	79,051	85,038	5,987
Interest	1,786	1,665	1,760	1,439	-321
Other private receipts	68,995	61,673	60,021	60,934	913
Income on foreign securities	53,814	48,117	49,650	51,719	2,069
Dividends	31,734	26,869	27,200	28,074	874
Interest	22,080	21,247	22,449	23,645	1,196
Interest on claims reported by banks and brokers	9,622	8,429	6,227	5,260	-967
For own claims	7,104	6,320	4,915	4,242	-673
For customers' claims	2,518	2,108	1,312	1,019	-293
Interest on claims reported by nonbanking concerns	5,559	5,128	4,145	3,955	-190
U.S. government receipts	2,452	1,100	753	485	-268
Compensation of employees	741	738	731	746	15
Income payments	117,044	118,399	113,255	123,511	10,256
Income on foreign-owned assets in the United States	114,496	115,911	110,757	121,000	10,243
Direct investment payments	11,965	23,834	24,045	35,202	11,157
Earnings	6,524	17,495	17,466	28,485	11,019
Interest	5,441	6,339	6,579	6,718	139
Other private payments	66,038	58,782	55,223	54,972	-251
Income on U.S. corporate securities	54,871	49,697	48,922	49,725	803
Dividends	16,922	14,051	13,417	13,350	-67
Interest	37,949	35,646	35,506	36,375	869
Interest on liabilities reported by banks and brokers	7,811	6,291	4,196	3,473	-723
For own liabilities	5,407	4,338	2,394	1,766	-628
For customers' liabilities	2,405	1,953	1,803	1,706	-97
Interest on liabilities reported by nonbanking concerns	3,356	2,795	2,104	1,775	-329
U.S. government payments	36,493	33,295	31,489	30,826	-663
Compensation of employees	2,548	2,488	2,498	2,510	12

^p Preliminary ^r Revised
NOTE: The statistics are from tables 1, 4, and 7.

Income receipts on U.S. direct investment abroad increased for the third consecutive quarter after falling 37 percent over the previous three quarters. Foreign affiliates' earnings continued to rebound. Fourth-quarter earnings were boosted by higher earnings of affiliates of U.S. petroleum companies.

"Other" private income receipts turned up. A second consecutive quarterly increase in income receipts on U.S. holdings of foreign securities was partly offset by continued declines in interest receipts on claims reported by banks, brokers, and nonbanking concerns. Interest receipts on these claims fell to \$9.2 billion in the fourth quarter after peaking at \$66.8 billion in the third quarter of 2007.

Income payments on foreign direct investment in the United States increased strongly. Earnings of U.S. affiliates in "other" industries, notably those in information, and in finance and insurance rebounded strongly, and earnings of manufacturing affiliates increased considerably for the second quarter in a row.

"Other" private income payments decreased for the eighth time in the last nine quarters. Interest payments on liabilities reported by banks, brokers, and nonbanking concerns fell to \$5.2 billion in the fourth quarter after peaking at \$61.2 billion in the third quarter of 2007.

U.S. government income payments fell for the sixth consecutive quarter.

Trends in Income

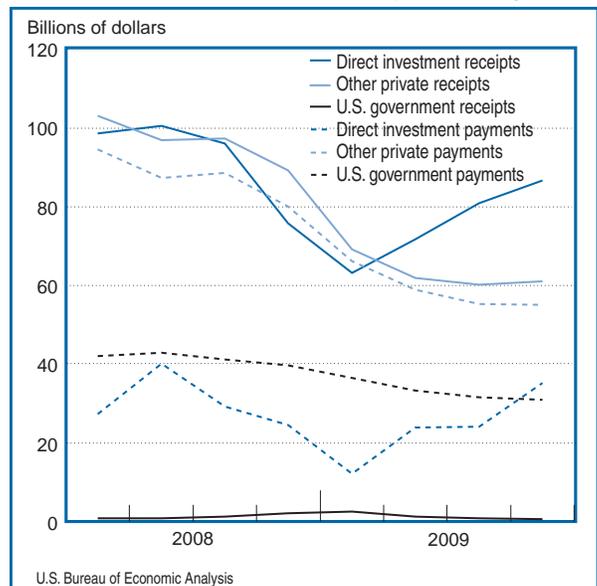
Income receipts increased 4.4 percent in the fourth quarter and 5.4 percent in the third quarter after decreasing for six consecutive quarters. Income payments increased 9.1 percent in the fourth quarter after decreasing for seven out of the previous nine quarters.

Direct investment income receipts and payments swung widely in recent quarters, reflecting the changing conditions in U.S. and foreign economies and, for foreign affiliates, changes in the value of foreign currencies against the U.S. dollar.

Other private income receipts and payments changed little in the last two quarters after falling substantially from their peaks in 2007 as a result of sharp declines in income receipts and payments on deposits and short-term instruments, largely due to falling short-term interest rates.

U.S. government income receipts were affected by changes in receipts on central bank liquidity swaps in recent quarters. U.S. government income payments decreased in the last six quarters, mostly because of declines in yields and in foreign holdings of agency bonds.

Chart 6. Investment Income Receipts and Payments



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

Table G. U.S.-Owned Assets Abroad

[Millions of dollars, seasonally adjusted]

(Increase/financial outflow (-), decrease/financial inflow (+))	2009				Change 2009:III- 2009:IV
	I ^r	II ^r	III ^r	IV ^p	
U.S.-owned assets abroad¹	94,092	36,762	-269,192	-99,116	170,076
U.S. official reserve assets	-982	-3,632	-49,021	1,379	50,400
U.S. government assets, other than official reserve assets	244,102	193,750	57,736	46,187	-11,549
U.S. private assets	-149,028	-153,356	-277,907	-146,682	131,225
Direct investment	-40,903	-48,078	-68,537	-63,453	5,084
Equity capital	-3,705	1,386	-10,106	-12,517	-2,411
Reinvested earnings	-37,765	-51,016	-50,102	-64,563	-14,461
Intercompany debt	567	1,553	-8,330	13,627	21,957
Foreign securities	-36,201	-92,589	-46,967	-45,782	1,185
Stocks	-1,833	-37,727	-26,205	-2,840	23,365
Bonds	-34,368	-54,862	-20,762	-42,942	-22,180
U.S. claims on unaffiliated foreigners reported by nonbanking concerns	17,477	14,519	81,700	22,140	-59,560
U.S. claims reported by banks and brokers	-89,401	-27,208	-244,103	-59,587	184,516
For own accounts	-102,592	-14,389	-112,202	19,976	132,178
For customers' accounts	13,191	-12,819	-131,901	-79,563	52,338

^p Preliminary ^r Revised

¹ Excludes transactions in financial derivatives, which are not available separately for U.S.-owned assets abroad.

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 from tables 1, 7, 8, and 10.

U.S. official reserve assets decreased after a record increase in the third quarter. The third-quarter increase mostly resulted from the allocation of special drawing rights to the United States by the International Monetary Fund.

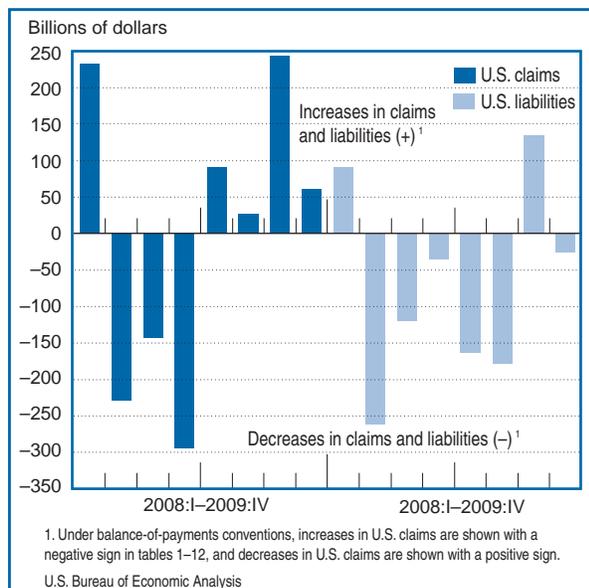
U.S. government assets other than official reserve assets decreased for the fourth straight quarter. The decreases resulted from the reversal of swaps initiated in previous quarters under temporary reciprocal currency arrangements between the U.S. Federal Reserve System and foreign central banks.

U.S. direct investment abroad slowed as a result of a shift from an increase to a decrease in net intercompany debt investment abroad. In contrast, both reinvested earnings and, to a lesser extent, net equity capital investment abroad picked up. Reinvested earnings strengthened in the last three quarters, mostly as a result of a rebound in foreign affiliates' earnings.

Net U.S. purchases of foreign securities fell slightly. Net U.S. purchases of foreign stocks slowed considerably, as foreign stock prices increased much less than in the previous two quarters. In contrast, net U.S. purchases of foreign bonds more than doubled. Conditions in global bond markets continued to improve as evidenced in part by further declines in some credit spreads.

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—increased much less in the fourth quarter than in the third quarter. The slowdown mostly resulted from a shift from an increase to a decrease in claims for own accounts. Brokers and dealers and foreign-owned banks located in the United States reduced their claims on foreigners, as lending standards remained tight and bank lending to support business activity remained weak. Claims for customers' accounts increased strongly for the second quarter in a row, though they increased less in the fourth quarter than in the third quarter. The increases in both quarters mostly resulted from increases in customers' holdings of foreign short-term instruments, which offered higher yields than U.S. short-term instruments.

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



Financial Account, Fourth Quarter—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 (-))	2009				Change 2009:II-2009:IV
	I ^r	II ^r	III ^r	IV ^p	
Foreign-owned assets in the United States¹	-67,583	14,648	343,388	144,782	-198,606
Foreign official assets	70,892	124,299	123,786	128,598	4,812
U.S. government securities	118,565	120,661	94,067	117,815	23,748
U.S. Treasury securities	118,309	123,713	123,675	124,428	753
Other	256	-3,052	-29,608	-6,613	22,995
Other U.S. government liabilities	2,720	1,228	53,304	1,209	-52,095
U.S. liabilities reported by banks and brokers	-51,891	-732	-27,188	8,223	35,411
Other foreign official assets	1,498	3,142	3,603	1,351	-2,252
Other foreign assets	-138,475	-109,651	219,602	16,184	-203,418
Direct investment	24,025	37,009	47,472	43,579	-3,893
Equity capital	19,903	22,089	26,230	24,293	-1,937
Reinvested earnings	-11,549	7,604	10,663	18,848	8,185
Intercompany debt	15,671	7,316	10,580	438	-10,142
U.S. Treasury securities	53,716	-22,755	-8,896	15,555	24,451
U.S. securities other than U.S. Treasury securities	-55,992	13,917	28,732	6,729	-22,003
Stocks	6,103	35,556	51,141	37,384	-13,757
Corporate bonds	-12,355	-21,987	-28,834	-23,469	5,365
Federally sponsored agency bonds	-49,740	348	6,425	-7,186	-13,611
U.S. currency	11,816	-1,935	4,179	-1,428	-5,607
U.S. liabilities to unaffiliated foreigners reported by nonbanking concerns	-8,270	43,003	13,880	-21,648	-35,528
U.S. liabilities reported by banks and brokers	-163,770	-178,890	134,235	-26,603	-160,838
For own accounts	-175,997	-123,627	160,728	2,839	-157,889
For customers' accounts	12,227	-55,263	-26,493	-29,442	-2,949

^p Preliminary ^r Revised

¹ Excludes transactions in financial derivatives, which are not available separately for foreign-owned assets in the United States.

NOTE: The statistics are from tables 1, 7, 8, and 11.

Foreign official assets in the United States increased somewhat more in the fourth quarter than in the previous two quarters.

Foreign direct investment in the United States slowed as a result of a far smaller increase in net intercompany debt investment and a smaller rise in net equity capital investment. In contrast, reinvested earnings were much higher, as U.S. affiliates' earnings strengthened.

Private foreigners were net purchasers of U.S. Treasury securities after being net sellers in the previous two quarters. The shift resulted from a surge in net purchases of long-term securities that was partly offset by a strong rise in net sales of short-term securities.

Net purchases of other U.S. securities by private foreigners decreased. Net purchases of U.S. stocks fell, but they were substantial for the third quarter in a row, as U.S. stock prices continued to rise after reaching multiyear lows in the first quarter. Net sales of U.S. corporate bonds by foreigners decreased. Net sales in the last six quarters partly reflected the higher yields available on foreign bonds than on U.S. bonds. Private foreigners were net sellers of U.S. agency bonds, as foreign demand for these securities remained very weak.

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 previous quarter for the first time in six quarters. The shift almost completely resulted from a much smaller increase in liabilities for own accounts, as borrowing by banks in the United States from banks abroad slowed sharply.

Trends in the Financial Account

Transactions in total U.S.-owned assets abroad were net outflows for the second consecutive quarter, and transactions in total foreign-owned assets in the United States were net inflows for the third straight quarter. The direction of these flows was more typical of the direction of flows before the recent financial market difficulties. However, the direction and size of flows for some asset categories have not fully returned to previous patterns.

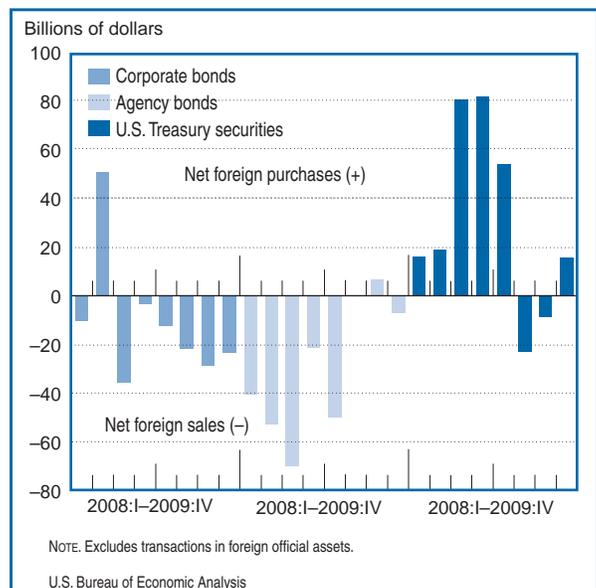
Transactions by private foreigners in U.S. securities other than U.S. Treasury securities have been net sales or weak net purchases since the first quarter of 2008. These transactions were large net purchases in the recently preceding quarters.

Transactions by private foreigners in U.S. liabilities reported by banks and securities brokers have been net outflows (foreign disinvestment) in six of the last seven quarters rather than net inflows that were typical in earlier quarters.

Transactions in U.S. claims reported by nonbanking concerns have been net inflows (U.S. disinvestment) in the last 10 quarters. Before that, they were mostly net outflows.

Transactions in U.S. government assets other than official reserve assets have exhibited very unusual patterns in the last nine quarters, as large increases in the fourth quarter of 2007 and in 2008 and large decreases in 2009 arose from the initiation and subsequent reversal of temporary liquidity swaps between U.S. and foreign central banks.

Chart 8. Transactions in U.S. Debt Securities



Current and Capital Accounts, Year

Table I. Current and Capital Accounts

[Millions of dollars]

(Credits +; debits -)	2006	2007	2008	2009 ^p	Change 2008- 2009
Current account					
Exports of goods and services and income receipts.....	2,133,905	2,462,099	2,591,233	2,115,929	-475,304
Goods, balance of payments basis.....	1,015,812	1,138,384	1,276,994	1,045,543	-231,451
Foods, feeds, and beverages.....	65,962	84,264	108,349	93,974	-14,375
Industrial supplies and materials.....	276,081	316,403	388,073	296,355	-91,718
Capital goods, except automotive.....	404,026	433,019	457,655	390,408	-67,247
Automotive vehicles, parts, and engines.....	107,263	121,264	121,451	81,627	-39,824
Consumer goods, except automotive.....	129,081	145,975	161,292	150,031	-11,261
Other exports.....	33,398	37,459	40,174	33,148	-7,026
Services.....	435,873	504,784	549,602	509,175	-40,427
Travel.....	85,789	97,050	110,090	94,194	-15,896
Passenger fares.....	22,036	25,636	31,623	26,878	-4,745
Other transportation.....	46,225	51,550	58,945	44,935	-14,010
Royalties and license fees.....	70,727	83,824	91,599	84,418	-7,181
Other private services.....	186,028	220,077	233,529	231,336	-2,193
Transfers under U.S. military agency sales contracts.....	23,913	25,436	22,571	26,051	3,480
U.S. government misc. services.....	1,155	1,212	1,245	1,364	119
Income receipts.....	682,221	818,931	764,637	561,211	-203,426
Income on U.S.-owned assets abroad.....	679,338	815,960	761,593	558,256	-203,337
Direct investment receipts.....	324,816	363,247	370,747	301,842	-68,905
Other private receipts.....	352,122	450,480	385,940	251,623	-134,317
U.S. government receipts.....	2,400	2,233	4,906	4,790	-116
Compensation of employees.....	2,883	2,971	3,044	2,956	-88
Imports of goods and services and income payments.....	-2,846,179	-3,072,675	-3,168,938	-2,405,555	763,383
Goods, balance of payments basis.....	-1,863,072	-1,969,375	-2,117,245	-1,562,588	554,657
Foods, feeds, and beverages.....	-74,938	-81,683	-88,997	-81,590	7,407
Industrial supplies and materials.....	-602,538	-639,353	-786,394	-461,773	324,621
Capital goods, except automotive.....	-419,951	-446,030	-455,187	-369,802	85,385
Automotive vehicles, parts, and engines.....	-256,627	-259,239	-233,764	-159,971	73,793
Consumer goods, except automotive.....	-446,146	-478,201	-484,727	-430,684	54,043
Other imports and U.S. goods returned.....	-62,872	-64,870	-68,177	-58,768	9,409
Services.....	-348,972	-375,215	-405,287	-370,759	34,528
Travel.....	-72,104	-76,354	-79,743	-73,077	6,666
Passenger fares.....	-27,501	-28,437	-32,597	-25,996	6,601
Other transportation.....	-65,318	-67,100	-72,143	-54,688	17,455
Royalties and license fees.....	-23,518	-24,656	-26,616	-23,858	2,758
Other private services.....	-125,478	-141,664	-153,267	-152,574	693
Direct defense expenditures.....	-31,032	-32,820	-36,452	-35,677	775
U.S. government misc. services.....	-4,021	-4,184	-4,469	-4,889	-420
Income payments.....	-634,136	-728,085	-646,406	-472,208	174,198
Income on foreign-owned assets in the United States.....	-624,646	-718,019	-636,043	-462,163	173,880
Direct investment payments.....	-150,770	-126,532	-120,862	-95,045	25,817
Other private payments.....	-338,897	-427,159	-349,871	-235,015	114,856
U.S. government payments.....	-134,979	-164,328	-165,310	-132,103	33,207
Compensation of employees.....	-9,490	-10,066	-10,364	-10,045	319
Unilateral current transfers, net.....	-91,273	-115,996	-128,363	-130,243	-1,880
U.S. government grants.....	-27,733	-34,437	-36,003	-40,930	-4,927
U.S. government pensions and other transfers.....	-6,508	-7,323	-8,390	-9,359	-969
Private remittances and other transfers.....	-57,032	-74,236	-83,970	-79,955	4,015
Capital account					
Capital account transactions, net.....	-3,906	-1,895	953	-2,859	-3,812
Memoranda:					
Balance on goods.....	-847,260	-830,992	-840,252	-517,045	323,207
Balance on services.....	86,901	129,569	144,316	138,416	-5,900
Balance on goods and services.....	-760,359	-701,422	-695,936	-378,628	317,308
Balance on income.....	48,085	90,845	118,231	89,003	-29,228
Unilateral current transfers, net.....	-91,273	-115,996	-128,363	-130,243	-1,880
Balance on current account.....	-803,547	-726,573	-706,068	-419,868	286,200

^p Preliminary

NOTE: The statistics are from tables 1 and 2.

The current-account deficit fell sharply in 2009, to the lowest level since 2001, as a result of a sharp decline in the deficit on goods. The current-account deficit also fell in 2008 and 2007 after peaking in 2006. The decreases in those years mostly resulted from increases in the surpluses on income and services.

Goods exports tumbled 18.1 percent in 2009 after increasing strongly in the previous 5 years. Exports rebounded in the last half of 2009 after a brief period of sharp contraction. For the year, industrial supplies and materials fell 23.6 percent, capital goods fell 14.7 percent, and automotive vehicles, parts, and engines fell 32.8 percent.

Services exports decreased 7.4 percent. Exports fell substantially in the first quarter and increased modestly in the next three quarters. Nearly three-fourths of the decrease for the year was accounted for by travel and "other" transportation. Royalties and license fees and passenger fares also fell substantially.

Income receipts plunged 26.6 percent after a 6.6 percent decline in 2008. "Other" private receipts accounted for much of the decrease over the past 2 years, falling 34.8 percent in 2009 and 14.3 percent in 2008. Direct investment receipts contributed to the drop in total receipts in 2009.

Goods imports plunged 26.2 percent after increasing moderately in the previous two years. Imports rebounded in the last half of 2009 after a brief period of sharp contraction. For the year, industrial supplies and materials fell 41.3 percent, including a 44.1 percent drop in petroleum and products. Capital goods fell 18.8 percent, and automotive vehicles, parts, and engines fell 31.6 percent.

Services imports decreased 8.5 percent. Imports fell substantially in the first quarter, edged lower in the second quarter, and increased modestly in the final two quarters. "Other" transportation accounted for half of the decrease for the year. The next largest decreases were in travel and passenger fares.

Income payments plunged 26.9 percent after an 11.2 percent decline in 2008. Other private payments accounted for much of the decrease over the past 2 years, falling 32.8 percent in 2009 and 18.1 percent in 2008. U.S. government payments contributed to the drop in total payments in 2009, and direct investment payments fell for the third straight year.

Financial Account, Year

Table J. Financial Account and the Statistical Discrepancy

[Millions of dollars]

	2006	2007	2008	2009 ^P	Change 2008-2009
Financial account					
U.S.-owned assets abroad (increase/ financial outflow (-))¹	-1,285,729	-1,472,126	-106	-237,454	-237,348
U.S. official reserve assets.....	2,374	-122	-4,848	-52,256	-47,408
U.S. government assets, other than official reserve assets.....	5,346	-22,273	-529,615	541,776	1,071,391
U.S. private assets.....	-1,293,449	-1,449,731	534,357	-726,974	-1,261,331
Direct investment.....	-244,922	-398,597	-332,012	-220,972	111,040
Equity capital.....	-48,970	-174,890	-90,246	-24,942	65,304
Reinvested earnings.....	-217,342	-238,986	-251,506	-203,446	48,060
Intercompany debt.....	21,390	15,279	9,740	7,416	-2,324
Foreign securities.....	-365,129	-366,524	60,761	-221,539	-282,300
Stocks.....	-137,332	-147,791	-1,334	-68,605	-67,271
Bonds.....	-227,797	-218,733	62,095	-152,934	-215,029
U.S. claims on unaffiliated foreigners reported by nonbanking concerns..	-181,299	-40,517	372,229	135,836	-236,393
U.S. claims reported by banks and brokers.....	-502,099	-644,093	433,379	-420,299	-853,678
For own accounts.....	-348,782	-526,550	365,243	-209,207	-574,450
For customers' accounts.....	-153,317	-117,543	68,136	-211,092	-279,228
Foreign-owned assets in the United States (increase/financial inflow (+))¹	2,065,169	2,129,460	534,071	435,236	-98,835
Foreign official assets.....	487,939	480,949	487,021	447,575	-39,446
U.S. government securities.....	428,401	269,897	543,498	451,108	-92,390
U.S. Treasury securities.....	208,564	98,432	477,652	490,125	12,473
Other.....	219,837	171,465	65,846	-39,017	-104,863
Other U.S. government liabilities....	2,816	5,342	8,626	58,461	49,835
U.S. liabilities reported by banks and brokers.....	22,365	109,019	-153,443	-71,588	81,855
Other foreign official assets.....	34,357	96,691	88,340	9,594	-78,746
Other foreign assets.....	1,577,230	1,648,511	47,050	-12,339	-59,389
Direct investment.....	243,151	275,758	319,737	152,086	-167,651
Equity capital.....	115,027	155,379	250,183	92,516	-157,667
Reinvested earnings.....	69,116	49,376	54,599	25,566	-29,033
Intercompany debt.....	59,008	71,002	14,954	34,004	19,050
U.S. Treasury securities.....	-58,229	66,807	196,619	37,620	-158,999
U.S. securities other than U.S. Treasury securities.....	683,245	605,652	-126,737	-6,614	120,123
Stocks.....	139,716	230,528	57,085	130,184	73,099
Corporate bonds.....	517,753	383,703	970	-86,645	-87,615
Federally sponsored agency bonds	25,776	-8,579	-184,792	-50,153	134,639
U.S. currency.....	2,227	-10,675	29,187	12,632	-16,555
U.S. liabilities to unaffiliated foreigners reported by nonbanking concerns	244,793	201,681	-45,167	26,965	72,132
U.S. liabilities reported by banks and brokers.....	462,043	509,288	-326,589	-235,028	91,561
For own accounts.....	302,173	433,424	-234,002	-136,057	97,945
For customers' accounts.....	159,870	75,864	-92,587	-98,971	-6,384
Financial derivatives, net.....	29,710	6,222	-28,905	n.a.	n.a.
Statistical discrepancy (sum of the bold lines in tables I and J with sign reversed)	-1,698	64,912	200,055	224,946	24,891
Memorandum:					
Net financial flows ²	809,150	663,556	505,060	197,782	-307,278

^p Preliminary n.a. Not available

¹ Excludes transactions in financial derivatives.

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

NOTE: The statistics except for net financial flows are from tables 1, 7, 8, 10, and 11.

U.S. official reserve assets were boosted by the allocation of special drawing rights to the United States by the International Monetary Fund in 2009.

U.S. government assets other than official reserve assets decreased sharply after a sharp increase. The large and nearly offsetting annual transactions resulted from the initiation and subsequent reversal of swaps under temporary reciprocal currency arrangements between the U.S. and foreign central banks.

U.S. direct investment abroad slowed for the second year in a row. Net equity capital investment abroad was the lowest since 1993, partly reflecting a low level of U.S. acquisitions of foreign companies. In addition, reinvested earnings turned down, mostly because of a drop in foreign affiliates' earnings.

U.S. residents were net purchasers of foreign securities in 2009 after being net sellers in 2008. The shift mostly resulted from a shift to net U.S. purchases of foreign bonds. In addition, net U.S. purchases of foreign stocks were much stronger.

U.S. claims on foreigners reported by U.S. banks and securities brokers increased in 2009 after decreasing in 2008. The shift resulted from shifts from decreases to increases in claims for own accounts and for customers' accounts.

Foreign official assets in the United States increased less in 2009 than in 2008. Net purchases of U.S. Treasury securities were very strong in both years.

Foreign direct investment in the United States slowed substantially. Net equity capital investment was much lower after the strongest investment in 2008 since 2000. Reinvested earnings also fell.

Net purchases of U.S. Treasury securities by private foreigners were much lower in 2009 than in 2008.

Net sales of other U.S. securities by private foreigners were much lower in 2009 than in 2008. A decrease in net sales of federally sponsored agency bonds and an increase in net purchases of U.S. stocks were partly offset by a shift from net purchases to net sales of U.S. corporate bonds by foreigners.

U.S. liabilities to foreigners reported by U.S. banks and securities brokers decreased less in 2009 than in 2008 as a result of a smaller decrease in liabilities for own accounts. Liabilities for customers' accounts decreased a little more in 2009 than in 2008.