

# U.S. International Transactions

## Second Quarter of 2013

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 \$98.9 billion (preliminary) in the second quarter from \$104.9 billion (revised) in the first quarter (see pages 70–73).<sup>1</sup> The deficit decreased to 2.4 percent of current-dollar gross domestic product (GDP)—its lowest percentage since the second quarter of 1998—from 2.5 percent in the first quarter.<sup>2</sup> The decrease in the deficit reflected a decrease in the deficit on goods, an increase in the surplus on income, and an increase in the surplus on services. These changes were partly offset by an increase in net outflows of unilateral current transfers.

In the financial account, net financial inflows to the United States increased to \$73.1 billion in the second quarter from \$40.4 billion in the first quarter (see pages 74–75). Net financial flows reflect combined transactions in U.S.-owned assets abroad, foreign-owned assets in the United States, and financial derivatives. U.S.-owned assets abroad and foreign-owned assets in the United States both increased, but by less than in the first quarter. Net inflows of financial derivatives decreased in the second quarter.

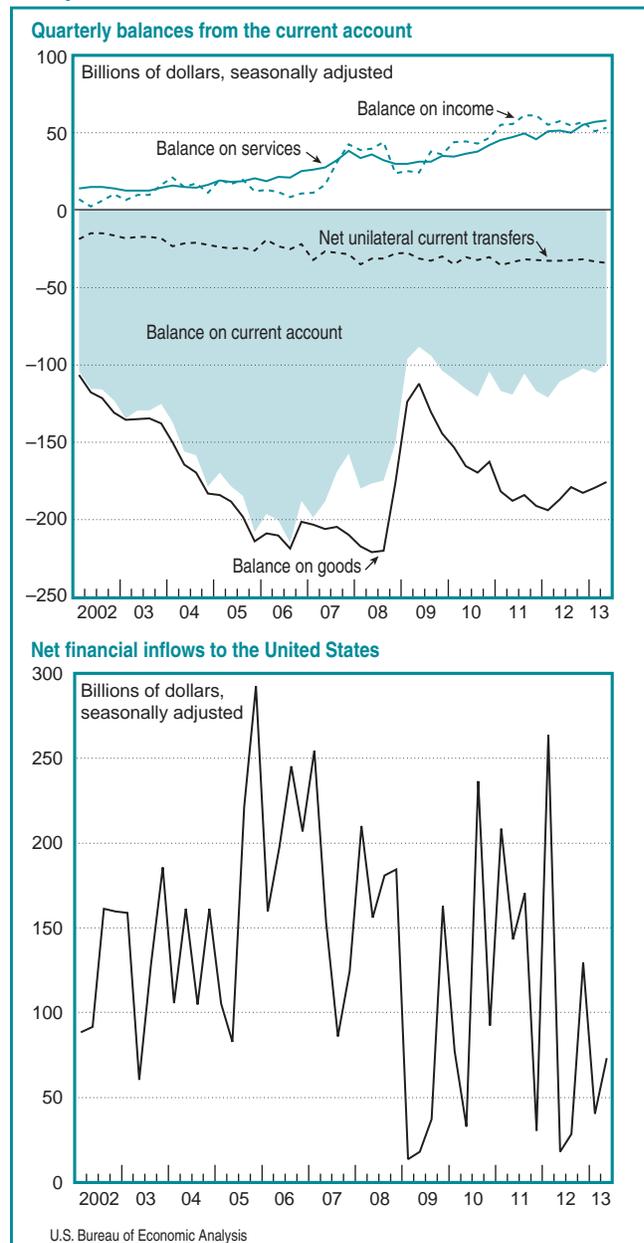
The statistical discrepancy—the amount that balances the sum of the recorded credits and debits across all the accounts in the international transactions accounts—was \$25.8 billion in the second quarter, compared with \$64.5 billion in the first quarter.

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

2. 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 and Thomas Anderson prepared this article.*

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



## Overview

Table A. U.S. International Transactions

[Millions of dollars, seasonally adjusted]

(Credits +; debits -)	2012		2013		Change 2013:I to 2013:II
	III	IV	I <sup>r</sup>	II <sup>p</sup>	
<b>Current account</b>					
<b>Exports of goods and services and income receipts</b>	<b>744,602</b>	<b>753,430</b>	<b>749,493</b>	<b>756,453</b>	<b>6,960</b>
Goods, balance of payments basis	391,474	390,339	390,705	394,747	4,042
Services	160,802	166,222	167,178	169,210	2,032
Income receipts	192,327	196,869	191,610	192,497	887
<b>Imports of goods and services and income payments</b>	<b>-819,001</b>	<b>-823,844</b>	<b>-821,245</b>	<b>-821,155</b>	<b>90</b>
Goods, balance of payments basis	-570,454	-572,742	-570,162	-570,399	-237
Services	-110,850	-111,197	-110,354	-111,344	-990
Income payments	-137,697	-139,905	-140,730	-139,411	1,319
<b>Unilateral current transfers, net</b>	<b>-32,343</b>	<b>-31,906</b>	<b>-33,143</b>	<b>-34,192</b>	<b>-1,049</b>
U.S. government grants	-11,823	-10,882	-11,061	-11,363	-302
U.S. government pensions and other transfers	-1,270	668	-756	-1,648	-892
Private remittances and other transfers	-19,250	-21,692	-21,327	-21,181	146
<b>Capital account</b>					
<b>Capital account transactions, net</b>	<b>-470</b>	<b>7,668</b>	<b>-40</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Financial account</b>					
<b>U.S.-owned assets abroad (increase/financial outflow (-))<sup>1</sup></b>	<b>-267,054</b>	<b>-115,996</b>	<b>-229,070</b>	<b>-109,648</b>	<b>119,422</b>
U.S. official reserve assets	-833	895	-876	191	1,067
U.S. government assets, other than official reserve assets	15,206	2,388	-446	3,900	4,346
U.S. private assets	-281,428	-119,279	-227,748	-113,739	114,009
Direct investment	-93,635	-95,418	-84,122	-95,538	-11,416
Foreign securities	-51,183	-72,996	-133,783	-80,139	53,644
U.S. claims on unaffiliated foreigners reported by nonbanking concerns	6,325	18,334	-22,437	-67,058	-44,621
U.S. claims reported by banks and brokers	-142,935	30,801	12,594	128,996	116,402
<b>Foreign-owned assets in the United States (increase/financial inflow (+))<sup>1</sup></b>	<b>300,570</b>	<b>242,401</b>	<b>265,544</b>	<b>179,260</b>	<b>-86,284</b>
Foreign official assets in the United States	107,684	84,396	126,871	-9,654	-136,525
Other foreign assets in the United States	192,886	158,005	138,673	188,914	50,241
Direct investment	38,839	42,292	28,624	37,869	9,245
U.S. Treasury securities	62,548	33,515	50,780	-312	-51,092
U.S. securities other than U.S. Treasury securities	64,694	143,494	-10,970	-30,015	-19,045
U.S. currency	16,156	15,812	4,957	9,486	4,529
U.S. liabilities to unaffiliated foreigners reported by nonbanking concerns	-4,763	-22,440	-20,872	18,671	39,543
U.S. liabilities reported by banks and brokers	15,412	-54,668	86,154	153,215	67,061
<b>Financial derivatives, net</b>	<b>-5,129</b>	<b>2,985</b>	<b>3,948</b>	<b>3,511</b>	<b>-437</b>
<b>Statistical discrepancy (sum of the bold lines above with sign reversed)</b>	<b>78,825</b>	<b>-34,738</b>	<b>64,513</b>	<b>25,772</b>	<b>3-38,742</b>
<b>Memoranda:</b>					
Balance on goods	-178,980	-182,403	-179,457	-175,652	3,805
Balance on services	49,952	55,025	56,824	57,865	1,041
Balance on goods and services	-129,029	-127,378	-122,633	-117,787	4,846
Balance on income	54,630	56,965	50,881	53,086	2,205
Unilateral current transfers, net	-32,343	-31,906	-33,143	-34,192	-1,049
Balance on current account	-106,742	-102,320	-104,895	-98,893	6,002
Net financial flows <sup>4</sup>	28,387	129,390	40,422	73,123	32,701

p Preliminary r Revised n.a. Not available

1. Excludes transactions in financial derivatives.

2. Excludes capital account transactions.

3. Change from prior period, not the sum of changes in components.

4. 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 presented in table 1 in this article and on BEAs Web site.

## Current-account highlights

- The deficit on goods decreased more than in the first quarter. In the second quarter, goods exports increased more than goods imports.
- The surplus on services increased less than in the previous two quarters. The second-quarter increase reflected a larger increase in services exports than in services imports.
- The surplus on income increased after decreasing in the first quarter. In the second quarter, income receipts increased and income payments decreased.

## Financial-account highlights

- Both U.S.-owned assets abroad and foreign-owned assets in the United States increased for the fourth straight quarter. In the second quarter, both increased less than in the first quarter. Outflows of U.S.-owned assets abroad were down more than inflows of foreign-owned assets in the United States.
- The smaller increase in U.S.-owned assets abroad mostly reflected a larger decrease in U.S. claims reported by U.S. banks and securities brokers than in the first quarter.
- The smaller increase in foreign-owned assets in the United States reflected shifts to net official and private sales of U.S. Treasury securities after net purchases in the first quarter. These were partly offset by increased inflows of U.S. liabilities reported by U.S. banks and securities brokers.
- Net inflows of financial derivatives were smaller than in the first quarter.

## Revisions

The preliminary statistics for U.S. international transactions for the first quarter that were published in the July 2013 SURVEY OF CURRENT BUSINESS have been revised to reflect new or revised source data.

## Preliminary and Revised First-Quarter 2013 Statistics

[Millions of dollars, seasonally adjusted]

	Preliminary	Revised
Balance on goods	-179,137	-179,457
Balance on services	55,479	56,824
Balance on income	51,976	50,881
Unilateral current transfers, net	-34,463	-33,143
Current-account balance	-106,145	-104,895
Net financial flows	80,671	40,422

## 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](http://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—Goods Exports

**Table B. Goods Exports**  
(Millions of dollars, seasonally adjusted)

	2012		2013		Change 2013:I to 2013:II
	III	IV	I <sup>r</sup>	II <sup>p</sup>	
<b>Exports, balance of payments basis</b> .....	<b>391,474</b>	<b>390,339</b>	<b>390,705</b>	<b>394,747</b>	<b>4,042</b>
Agricultural products .....	39,701	36,122	36,188	33,146	-3,042
Nonagricultural products .....	351,772	354,216	354,517	361,600	7,083
<b>Foods, feeds, and beverages</b> .....	<b>36,674</b>	<b>33,264</b>	<b>33,108</b>	<b>29,882</b>	<b>-3,226</b>
Grains and preparations .....	7,688	7,096	7,667	6,823	-844
Soybeans .....	9,563	6,379	5,163	2,795	-2,368
Other .....	19,423	19,789	20,278	20,264	-14
<b>Industrial supplies and materials</b> .....	<b>126,530</b>	<b>128,564</b>	<b>131,186</b>	<b>129,122</b>	<b>-2,064</b>
Petroleum and products .....	34,664	37,011	34,251	35,816	1,565
Nonpetroleum products .....	91,866	91,553	96,935	93,306	-3,629
Chemicals, excluding medicinals .....	29,142	29,085	30,685	29,961	-724
Metals and nonmetallic products .....	30,388	31,318	33,810	30,817	-2,993
Steelmaking materials .....	3,002	2,774	3,341	2,312	-1,029
Nonferrous metals .....	16,084	17,453	19,261	17,326	-1,935
Other .....	11,302	11,091	11,208	11,179	-29
Other .....	32,336	31,150	32,440	32,528	88
<b>Capital goods, except automotive</b> .....	<b>132,997</b>	<b>131,599</b>	<b>130,935</b>	<b>135,003</b>	<b>4,068</b>
Electric generating machinery, apparatus, and parts .....	13,317	13,443	13,688	13,560	-128
Oil drilling, mining, and construction machinery .....	9,103	8,619	8,686	8,131	-555
Industrial engines, pumps, and compressors .....	7,658	7,423	7,014	7,278	264
Industrial, agricultural, and service machinery, n.e.c. ....	32,925	31,711	31,847	32,528	681
Computers, peripherals, and parts .....	12,006	11,813	12,108	12,092	-16
Semiconductors .....	10,523	10,492	10,422	10,721	299
Telecommunications equipment .....	9,499	9,896	9,801	10,175	374
Civilian aircraft, engines, and parts .....	24,416	24,507	23,925	26,881	2,956
Other .....	13,550	13,695	13,444	13,637	193
<b>Automotive vehicles, parts, and engines</b> .....	<b>36,467</b>	<b>36,189</b>	<b>36,645</b>	<b>38,420</b>	<b>1,775</b>
Passenger cars .....	13,183	13,620	13,703	14,352	649
Trucks, buses, and special purpose vehicles .....	4,944	4,762	5,196	5,352	156
Engines, parts, and accessories .....	18,340	17,808	17,746	18,716	970
<b>Consumer goods, except automotive</b> .....	<b>45,560</b>	<b>46,024</b>	<b>45,674</b>	<b>49,047</b>	<b>3,373</b>
Nondurable goods .....	20,976	21,194	20,720	21,402	682
Medicinal, dental, and pharmaceutical products .....	12,343	12,480	11,909	12,515	606
Other .....	8,633	8,714	8,811	8,887	76
Durable goods .....	24,585	24,830	24,954	27,645	2,691
Household appliances and other household goods .....	9,072	9,121	9,322	9,567	245
Other .....	15,513	15,709	15,632	18,078	2,446
<b>Other exports</b> .....	<b>13,246</b>	<b>14,699</b>	<b>13,157</b>	<b>13,272</b>	<b>115</b>

p Preliminary r Revised  
n.e.c. Not elsewhere classified

NOTE: The statistics are presented in table 2 after 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)

	2012				2013	
	I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>r</sup>	I <sup>r</sup>	II <sup>p</sup>
Exports, balance of payments basis .....	0.6	1.1	-0.1	-0.6	-0.2	2.2
Imports, balance of payments basis .....	0.1	0.7	0.1	-0.7	-0.6	1.6

p Preliminary r Revised

NOTE: Real goods exports and imports are calculated using price indexes from "Table 4.2.4. 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 has decreased \$18.0 billion since its recent peak in the first quarter of 2012. During this period, goods exports increased 1.9 percent and goods imports decreased 1.9 percent. As a percentage of current-dollar GDP, the goods deficit decreased to 4.2 percent from 4.8 percent.

Both real exports and real imports shifted to growth in the second quarter after decreasing in recent quarters. Real exports grew more rapidly than real imports (table C).

Exports of goods increased more than in the first quarter. Among major commodity categories, the largest increases were in capital goods and in consumer goods. The largest decrease was in foods, feeds, and beverages.

Foods, feeds, and beverages decreased for the third straight quarter after increasing for two straight quarters. The changes over this period mostly reflected changes in the exports of soybeans.

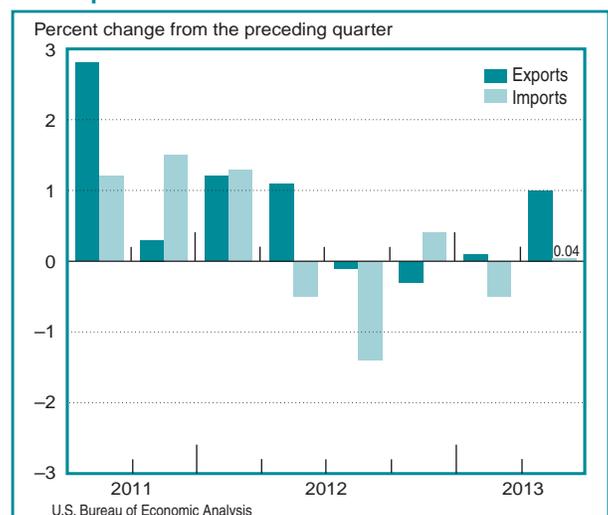
Industrial supplies and materials decreased after increasing for two straight quarters. The decrease was more than accounted for by a decrease in metals and nonmetallic products, mostly in nonmonetary gold and steelmaking materials. The decrease was partly offset by an increase in petroleum and products.

Capital goods exports increased after decreasing for two straight quarters. The increase was largely due to an increase in civilian aircraft, engines, and parts.

Automotive vehicles, parts, and engines increased more than in the first quarter. All major subcategories increased in the second quarter; the largest increase was in engines, parts, and accessories.

Consumer goods exports increased after decreasing slightly in the first quarter. The increase was mostly accounted for by an increase in durable goods. More than half of the increase in durable goods was in gems, jewelry, and collectibles, a component of "other" durable goods. Nondurable goods also increased, reflecting an increase in medicinal, dental, and pharmaceutical products.

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



**Current Account—Goods Imports**

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

	2012		2013		Change 2013:I to 2013:II
	III	IV	I <sup>r</sup>	II <sup>p</sup>	
<b>Imports, balance of payments basis</b> .....	<b>570,454</b>	<b>572,742</b>	<b>570,162</b>	<b>570,399</b>	<b>237</b>
Petroleum and products.....	102,020	103,536	100,983	93,666	-7,317
Nonpetroleum products.....	468,435	469,206	469,179	476,733	7,554
<b>Foods, feeds, and beverages</b> .....	<b>27,744</b>	<b>27,863</b>	<b>28,698</b>	<b>29,249</b>	<b>551</b>
<b>Industrial supplies and materials</b> .....	<b>182,130</b>	<b>183,226</b>	<b>181,751</b>	<b>173,164</b>	<b>-8,587</b>
Petroleum and products.....	102,020	103,536	100,983	93,666	-7,317
Nonpetroleum products.....	80,110	79,690	80,768	79,498	-1,270
Natural gas.....	2,504	2,830	3,189	3,410	221
Chemicals, excluding medicinals.....	19,554	18,871	19,907	19,293	-614
Building materials, except metals.....	5,663	5,867	6,387	6,459	72
Metals and nonmetallic products.....	30,955	31,699	31,523	29,725	-1,798
Iron and steel products.....	9,785	9,705	9,277	9,014	-263
Nonferrous metals.....	13,799	14,670	15,026	13,644	-1,382
Other.....	7,371	7,324	7,220	7,067	-153
Other.....	21,434	20,423	19,762	20,611	849
<b>Capital goods, except automotive</b> .....	<b>137,130</b>	<b>137,683</b>	<b>137,197</b>	<b>137,445</b>	<b>248</b>
Electric generating machinery, apparatus, and parts.....	16,450	16,067	16,562	16,641	79
Oil drilling, mining, and construction machinery.....	7,099	6,556	5,888	5,635	-253
Industrial engines, pumps, and compressors.....	6,042	5,740	5,310	5,441	131
Industrial, agricultural, and service machinery, n.e.c.....	33,271	32,237	33,047	33,222	175
Computers, peripherals, and parts.....	29,157	30,966	30,096	29,133	-963
Semiconductors.....	9,945	9,677	9,759	10,520	761
Telecommunications equipment.....	13,455	13,307	13,714	13,704	-10
Scientific, hospital, and medical equipment.....	9,259	9,357	9,449	9,500	51
Civilian aircraft, engines, and parts.....	9,906	11,296	11,022	11,177	155
Other.....	2,546	2,480	2,350	2,472	122
<b>Automotive vehicles, parts, and engines</b> .....	<b>75,748</b>	<b>75,297</b>	<b>73,003</b>	<b>77,024</b>	<b>4,021</b>
Passenger cars.....	36,998	37,551	36,013	38,576	2,563
Trucks, buses, and special purpose vehicles.....	6,376	5,829	5,547	6,022	475
Engines, parts, and accessories.....	32,373	31,918	31,443	32,426	983
<b>Consumer goods, except automotive</b> .....	<b>130,248</b>	<b>131,693</b>	<b>131,764</b>	<b>134,434</b>	<b>2,670</b>
Nondurable goods.....	60,620	59,739	61,430	61,081	-349
Apparel, footwear, and household goods.....	31,689	32,056	33,351	32,497	-854
Medicinal, dental, and pharmaceutical products.....	22,066	20,668	20,977	21,363	386
Other.....	6,865	7,015	7,102	7,221	119
Durable goods.....	69,628	71,954	70,334	73,353	3,019
Televisions and other video equipment.....	8,073	8,181	8,065	7,303	-762
Toys and sporting goods, including bicycles.....	8,893	9,200	9,524	8,412	-1,112
Household appliances and other household goods.....	36,318	37,567	35,533	39,571	4,038
Other.....	16,344	17,006	17,212	18,067	855
<b>Other imports and U.S. goods returned</b> .....	<b>17,455</b>	<b>16,980</b>	<b>17,749</b>	<b>19,083</b>	<b>1,334</b>

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 slightly after decreasing in the first quarter. Most of the major commodity categories increased. The largest increase was in automotive vehicles, parts, and engines. The increases were nearly offset by a substantial decrease in industrial supplies and materials.

Imports of foods, feeds, and beverages increased for the fourth straight quarter. The largest second-quarter increases were in green coffee and in fish and shellfish.

Industrial supplies and materials decreased more than in the first quarter; the second-quarter decrease was the sixth decrease in the last eight quarters. The second-quarter decrease was largely the result of a decrease in petroleum and products.

Capital goods imports increased slightly. The small increase reflected nearly offsetting changes across sub-categories. The largest increase was in semiconductors and the largest decrease was in computers, peripherals, and parts.

Automotive vehicles, parts, and engines increased in the second quarter after decreasing in the first quarter. More than half the increase reflected an increase in passenger cars.

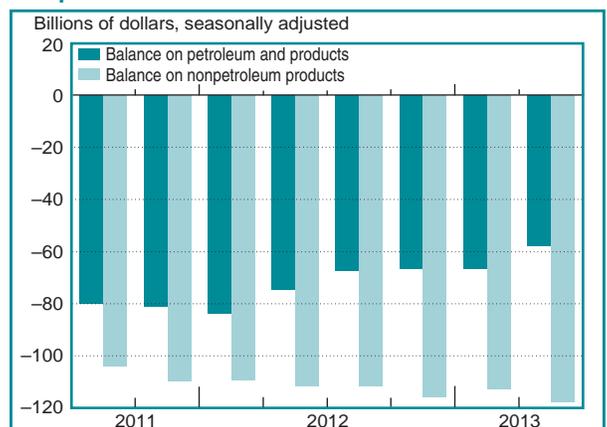
Consumer goods increased for the fifth straight quarter; the second-quarter increase was larger than the previous four. The second-quarter increase was more than accounted for by an increase in durable goods. In durable goods, the increase was more than accounted for by an increase in cell phones, which is a component of "other" household goods. Nondurable goods were down slightly.

**Goods Deficit by Area and Type of Product**

The goods deficit decreased \$3.8 billion in the second quarter after decreasing \$2.9 billion in the first quarter. The second-quarter decrease was more than accounted for by a substantial decrease in the deficit with Canada. Deficits with Europe and Latin America and Other Western Hemisphere also decreased. In contrast, deficits increased with Asia and Pacific—reflecting a substantial increase in the deficit with China—with Africa, and with the Middle East.

**Petroleum products.** The deficit on petroleum products decreased after increasing slightly in the first quarter (chart 3). The decrease resulted mainly from a drop in imports, but an increase in exports also contributed. The second-quarter deficit was \$28.7 billion—or 33 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.  
U.S. Bureau of Economic Analysis

## Current Account—Services

**Table E. Services Exports and Imports**

[Millions of dollars, seasonally adjusted]

	2012		2013		Change 2013:I to 2013:II
	III	IV	I <sup>r</sup>	II <sup>p</sup>	
<b>Services exports</b> .....	<b>160,802</b>	<b>166,222</b>	<b>167,178</b>	<b>169,210</b>	<b>2,032</b>
Travel.....	32,079	32,523	33,911	34,335	424
Passenger fares .....	9,846	9,796	10,223	10,181	-42
Other transportation.....	10,856	10,860	11,504	11,445	-59
Freight.....	5,581	5,412	5,698	5,684	-14
Port services.....	5,275	5,448	5,806	5,761	-45
Royalties and license fees .....	30,827	31,336	31,666	32,051	385
Other private services.....	71,969	76,041	74,344	75,404	1,060
Education.....	6,264	6,321	6,425	6,530	105
Financial services .....	18,720	19,972	19,733	20,216	483
Insurance services.....	4,115	4,080	3,825	3,789	-36
Telecommunications.....	3,521	3,572	3,517	3,484	-33
Business, professional, and technical services.....	36,773	39,540	38,279	38,751	472
Other services.....	2,576	2,556	2,564	2,634	70
Transfers under U.S. military agency sales contracts	4,529	4,984	4,870	5,070	200
U.S. government miscellaneous services.....	695	683	661	724	63
<b>Services imports</b> .....	<b>110,850</b>	<b>111,197</b>	<b>110,354</b>	<b>111,344</b>	<b>990</b>
Travel.....	20,709	20,643	21,122	21,443	321
Passenger fares .....	8,735	8,669	9,138	9,241	103
Other transportation.....	13,978	13,989	14,421	14,704	283
Freight.....	10,609	10,551	10,975	11,198	223
Port services.....	3,369	3,438	3,446	3,506	60
Royalties and license fees .....	10,314	9,854	10,454	10,651	197
Other private services.....	50,249	51,378	48,864	49,022	158
Education.....	1,520	1,536	1,566	1,593	27
Financial services .....	4,028	4,653	4,317	4,396	79
Insurance services.....	13,212	13,625	12,435	12,326	-109
Telecommunications.....	2,075	2,035	1,870	1,905	35
Business, professional, and technical services.....	29,048	29,166	28,304	28,431	127
Other services.....	365	362	371	372	1
Direct defense expenditures .....	6,120	5,882	5,696	5,568	-128
U.S. government miscellaneous services.....	745	782	659	715	56

<sup>p</sup> Preliminary    <sup>r</sup> 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 Alexis Grimm and Charu Sharma, "U.S. International Services: Cross-Border Trade in 2012 and Services Supplied Through Affiliates in 2011" in this issue of the SURVEY OF CURRENT BUSINESS.

Exports of services increased for the third straight quarter. The largest increase was in "other" private services, primarily in financial services and business, professional, and technical services.

Travel exports—purchases of goods and services by foreign travelers in the United States—increased for the sixth straight quarter.

Passenger fares decreased slightly after increasing in the first quarter.

"Other" transportation exports decreased slightly after increasing in the first quarter. Port services accounted for most of the decrease.

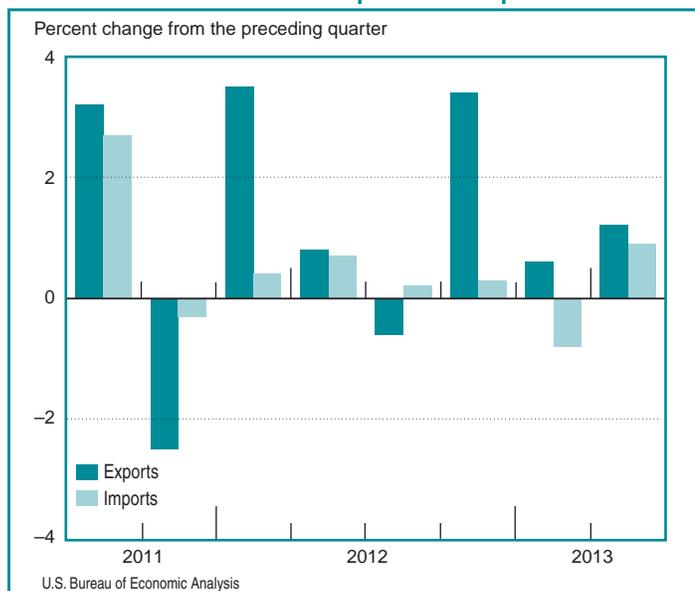
Imports of services increased after decreasing in the first quarter. The largest increases were in travel and other transportation.

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

Passenger fares increased less than in the first quarter.

"Other" transportation imports increased for the sixth straight quarter. The second-quarter increase was mostly accounted for by an increase in freight services.

**Chart 4. Growth in Services Exports and Imports**



### Trends in the Trade in Services

The surplus on services increased to \$57.9 billion in the second quarter from \$56.8 billion in the first quarter. The increase is the fifth increase in the last six quarters. The second-quarter increase was smaller than the increases in the two previous quarters.

Services exports increased 1.2 percent in the second quarter; services imports increased 0.9 percent. In dollar-terms, the second-quarter increase in services exports was twice that of services imports. Both exports and imports of services have increased in five of the last six quarters (chart 4).

The services surplus was 1.4 percent of current-dollar GDP in both the first and second quarters, higher than any other percentage on record.

Current Account—Income

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

	2012		2013		Change 2013:II to 2013:I
	III	IV	I <sup>r</sup>	II <sup>p</sup>	
<b>Income receipts</b> .....	<b>192,327</b>	<b>196,869</b>	<b>191,610</b>	<b>192,497</b>	<b>887</b>
Income on U.S.-owned assets abroad .....	190,748	195,230	189,968	190,844	876
Direct investment receipts .....	115,735	119,649	113,783	112,925	-858
Earnings .....	113,768	117,669	111,865	110,936	-929
Interest .....	1,967	1,980	1,917	1,989	72
Other private receipts .....	74,554	75,201	75,704	77,569	1,865
Income on foreign securities .....	66,188	67,390	68,056	70,031	1,975
Dividends .....	42,652	42,747	42,180	43,379	1,199
Interest .....	23,536	24,643	25,876	26,652	776
Interest on claims reported by banks and brokers	5,139	4,646	4,456	4,244	-212
For own claims .....	4,595	4,127	4,009	3,828	-181
For customers' claims .....	544	519	447	416	-31
Interest on claims reported by nonbanking concerns .....	3,226	3,165	3,193	3,294	101
U.S. government receipts .....	459	380	481	350	-131
Compensation of employees .....	1,579	1,639	1,642	1,653	11
<b>Income payments</b> .....	<b>137,697</b>	<b>139,905</b>	<b>140,730</b>	<b>139,411</b>	<b>-1,319</b>
Income on foreign-owned assets in the United States	133,996	136,256	137,070	135,574	-1,496
Direct investment payments .....	44,874	43,961	44,629	42,940	-1,689
Earnings .....	38,343	37,589	38,378	37,120	-1,258
Interest .....	6,530	6,372	6,251	5,819	-432
Other private payments .....	57,394	60,993	61,403	62,373	970
Income on U.S. corporate securities .....	52,198	56,347	57,060	58,322	1,262
Dividends .....	23,777	27,147	26,979	27,401	422
Interest .....	28,422	29,200	30,081	30,921	840
Interest on liabilities reported by banks and brokers .....	3,351	3,056	2,869	2,625	-244
For own liabilities .....	2,080	1,883	1,725	1,602	-123
For customers' liabilities .....	1,271	1,173	1,144	1,024	-120
Interest on liabilities reported by nonbanking concerns .....	1,845	1,590	1,474	1,426	-48
U.S. government payments .....	31,728	31,302	31,038	30,261	-777
Compensation of employees .....	3,701	3,649	3,660	3,838	178

<sup>p</sup> Preliminary <sup>r</sup> 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 decreased less than in the first quarter. The decrease was more than accounted for by lower foreign affiliate earnings in wholesale trade.

“Other” private income receipts increased for the third straight quarter. The second-quarter increase reflected larger U.S. holdings of foreign stocks and higher average interest yields on foreign bonds.

U.S. government receipts decreased in the second quarter after increasing in the first quarter.

Income payments on foreign direct investment in the United States decreased after increasing. The decrease reflected decreased earnings that were widespread across industry groups, including information, banking, and manufacturing.

“Other” private income payments increased more than in the first quarter. The second-quarter increase reflected higher average interest yields on U.S. corporate bonds and higher foreign holdings of U.S. corporate stocks.

U.S. government payments decreased for the seventh straight quarter. The second-quarter decrease was the largest since the first quarter of 2011 and was mostly due to a decrease in foreign holdings of U.S. agency bonds.

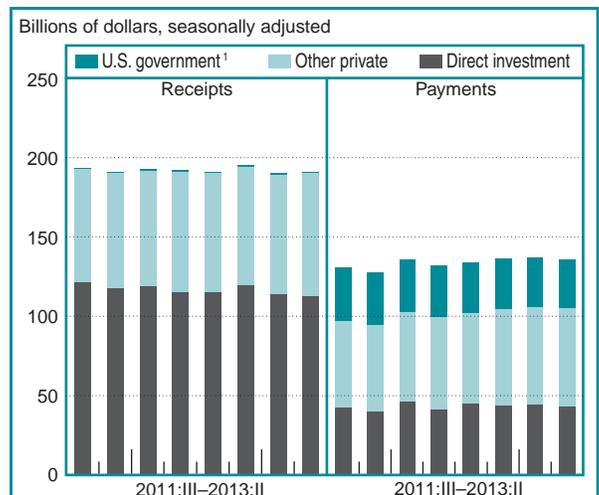
**Trends in Income**

The surplus on income increased to \$53.1 billion in the second quarter from \$50.9 billion. Since its historic peak in the third quarter of 2011, the surplus on income has decreased \$8.0 billion, but the trend has not been stable over the last six quarters. As a percentage of U.S. current-dollar GDP, the surplus was 1.3 percent in the second quarter of 2013, up from 1.2 percent in the first quarter, but down from 1.6 percent in the third quarter of 2011.

As shown in chart 5, income receipts on U.S.-owned assets abroad increased in the second quarter, representing the third increase in seven quarters. The slight second-quarter increase was more than accounted for by an increase in “other” private receipts, mostly from higher income on U.S. holdings of foreign securities.

Income payments on foreign-owned assets in the United States decreased in the second quarter after increasing for three straight quarters. The decrease reflected decreases in direct investment payments and U.S. government payments. An increase in “other” private payments reflected higher income on foreign holdings of U.S. corporate securities.

**Chart 5. Investment Income Receipts and Payments**



1. U.S. government receipts are relatively small and may not be clearly visible above. See table F for these statistics.

U.S. Bureau of Economic Analysis

## 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		2013		Change 2013:I to 2013:II
	III	IV	I <sup>p</sup>	II <sup>p</sup>	
<b>U.S.-owned assets abroad<sup>1</sup></b> .....	<b>-267,054</b>	<b>-115,996</b>	<b>-229,070</b>	<b>-109,648</b>	<b>119,422</b>
U.S. official reserve assets .....	-833	895	-876	191	1,067
U.S. government assets, other than official reserve assets .....	15,206	2,388	-446	3,900	4,346
U.S. private assets .....	-281,428	-119,279	-227,748	-113,739	114,009
Direct investment .....	-93,635	-95,418	-84,122	-95,538	-11,416
Equity .....	-12,389	-3,039	852	-11,508	-12,360
Reinvested earnings .....	-79,786	-90,904	-79,739	-82,464	-2,725
Intercompany debt .....	-1,460	-1,474	-5,235	-1,566	3,669
Foreign securities .....	-51,183	-72,996	-133,783	-80,139	53,644
Stocks .....	-17,881	-10,379	-73,830	-76,336	-2,506
Bonds .....	-33,302	-62,617	-59,953	-3,803	56,150
U.S. claims on unaffiliated foreigners reported by nonbanking concerns .....	6,325	18,334	-22,437	-67,058	-44,621
U.S. claims reported by banks and brokers .....	-142,935	30,801	12,594	128,996	116,402
For own accounts .....	-61,619	16,481	31,313	165,904	134,591
For customer accounts .....	-81,316	14,320	-18,719	-36,908	-18,189

<sup>p</sup> Preliminary    <sup>r</sup> Revised

<sup>1</sup> 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.

U.S. official reserve assets decreased after increasing in the first quarter. The decrease was more than accounted for by a decrease in the U.S. reserve position in the International Monetary Fund.

U.S. government assets other than official reserve assets decreased after increasing in the first quarter. The decrease reflects a decrease in central bank liquidity swaps between the U.S. Federal Reserve System and foreign central banks.

U.S. direct investment abroad was higher than in the first quarter. The rise in the second quarter was more than accounted for by an increase in equity investment, reflecting increased acquisitions and reduced divestitures by U.S. companies.

U.S. purchases of foreign securities exceeded U.S. sales, but by less than in the first quarter. Net purchases of foreign bonds fell significantly. Net purchases of foreign stocks were up slightly and were the largest since the fourth quarter of 1998.

U.S. claims on foreigners reported by nonbanks increased. The increase was more than accounted for by an increase in deposits of U.S. nonbanks at foreign banks.

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 more than in the previous two quarters. The second-quarter decrease reflected a decrease in claims for own accounts—particularly in deposits and loans by U.S.-owned banks with foreign banks and private nonbanks in the United Kingdom, Caribbean, and Japan—which more than offset an increase in claims for customer accounts.

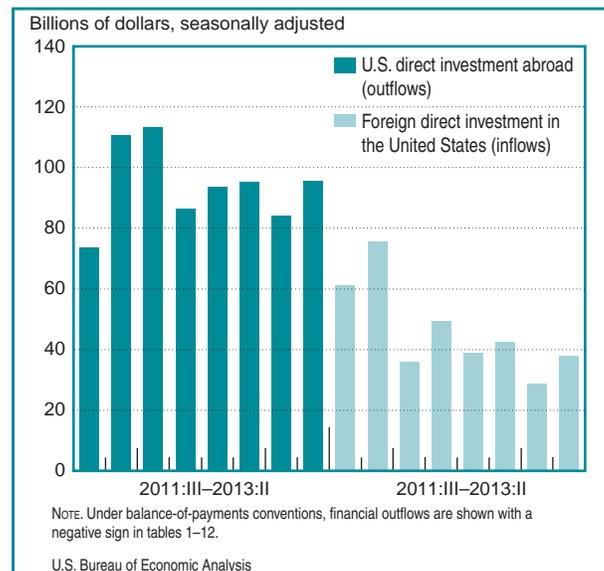
### Developments in the Financial Account

U.S.-owned assets abroad increased for the fourth straight quarter after decreasing in the first two quarters of 2012 (tables A and G). The second-quarter increase was smaller than in the first quarter mostly as a result of a substantially larger decrease in U.S. claims reported by U.S. banks and securities brokers. Lower U.S. private net purchases of foreign bonds also contributed to the smaller increase in U.S.-owned assets abroad.

Foreign-owned assets in the United States also increased for the fourth consecutive quarter (tables A and H). The second-quarter increase was smaller than in the first quarter, reflecting a shift to a decrease in foreign official assets in the United States—the first decrease since the second quarter of 2001—that was partly offset by a larger increase (relative to the first quarter) in foreign private assets in the United States. The larger increase in foreign private assets was due to a larger increase in U.S. liabilities reported by U.S. banks and securities dealers and a shift from a decrease to an increase in U.S. liabilities reported by U.S. nonbanking concerns.

Indications that the U.S. Federal Reserve would slow its purchases of U.S. Treasury and agency debt in the future caused prices of U.S. debt to fall in the second quarter. In this environment, foreign official agencies and foreign private investors shifted to net sales of U.S. Treasury securities; private foreign investors also increased net sales of other U.S. securities.

**Chart 6. Direct Investment Financial Flows**



## 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		2013		Change 2013:I to 2013:II
	III	IV	I <sup>p</sup>	II <sup>p</sup>	
<b>Foreign-owned assets in the United States<sup>1</sup></b>	<b>300,570</b>	<b>242,401</b>	<b>265,544</b>	<b>179,260</b>	<b>-86,284</b>
Foreign official assets	107,684	84,396	126,871	-9,654	-136,525
U.S. government securities	87,309	60,199	96,603	-23,535	-120,138
U.S. Treasury securities	100,571	93,271	118,533	-11,962	-130,495
Other	-13,262	-33,072	-21,930	-11,573	10,357
Other U.S. government liabilities	1,722	807	1,608	3,243	1,635
U.S. liabilities reported by banks and brokers	7,066	5,414	20,061	-9,301	-29,362
Other foreign official assets	11,587	17,976	8,599	19,939	11,340
Other foreign assets	192,886	158,005	138,673	188,914	50,241
Direct investment	38,839	42,292	28,624	37,869	9,245
Equity	8,644	36,083	13,090	9,132	-3,958
Reinvested earnings	27,830	28,306	25,591	31,045	5,454
Intercompany debt	2,366	-22,096	-10,057	-2,308	7,749
U.S. Treasury securities	62,548	33,515	50,780	-312	-51,092
U.S. securities other than U.S. Treasury securities	64,694	143,494	-10,970	-30,015	-19,045
Stocks	19,603	94,701	-23,439	-29,731	-6,292
Corporate bonds	19,962	43,828	32,254	19,842	-12,412
Federally sponsored agency bonds	25,129	4,965	-19,785	-20,126	-341
U.S. currency	16,156	15,812	4,957	9,486	4,529
U.S. liabilities to unaffiliated foreigners reported by nonbanking concerns	-4,763	-22,440	-20,872	18,671	39,543
U.S. liabilities reported by banks and brokers	15,412	-54,668	86,154	153,215	67,061
For own accounts	10,944	-68,090	89,152	173,199	84,047
For customer accounts	4,468	13,422	-2,998	-19,984	-16,986

<sup>p</sup> Preliminary <sup>r</sup> Revised

<sup>1</sup> 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 decreased for the first time since the second quarter of 2001. The decrease was more than accounted for by net sales of U.S. government securities.

Foreign direct investment in the United States was higher than in the first quarter, reflecting lower net outflows of intercompany debt investment and increased reinvested earnings.

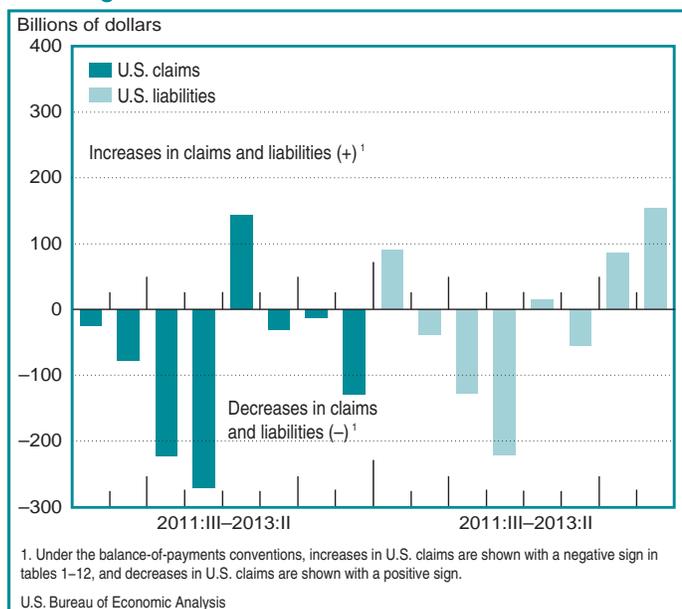
Sales of U.S. Treasury securities by private foreigners exceeded purchases by a slight margin after net purchases in the first quarter. The shift to net sales was due to a shift to net sales of U.S. Treasury bills and certificates and lower net purchases of U.S. Treasury bonds and notes.

Sales of other U.S. securities by private foreigners exceeded purchases more than in the first quarter. The increase in net sales reflected a decrease in net purchases of U.S. corporate bonds and an increase in net sales of U.S. stocks.

U.S. liabilities to foreigners reported by nonbanks increased after four consecutive quarters of decrease. The increase reflected increases in "other" liabilities, such as loans.

U.S. liabilities to foreigners reported by U.S. banks and securities brokers increased more than in the first quarter. The second-quarter increase was more than accounted for by an increase in liabilities for own accounts. The increase in own accounts reflected increases in deposits and brokerage balances and "other" liabilities (loans).

**Chart 7. Transactions in U.S. Claims and Liabilities Reported by Banks and Brokers, Excluding Transactions in Foreign Official Assets**



**Chart 8. Transactions in U.S. Debt Securities, Excluding Transactions in Foreign Official Assets**

