

# U.S. International Transactions

## Third 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 \$94.8 billion (preliminary) in the third quarter from \$96.6 billion (revised) in the second quarter (see pages 36–39).<sup>1</sup> The deficit decreased to 2.2 percent of current-dollar gross domestic product (GDP)—its lowest percentage since the first quarter of 1998—from 2.3 percent in the second quarter.<sup>2</sup> The decrease in the current-account deficit was more than accounted for by an increase in the surplus on income, but a decrease in net outflows of unilateral current transfers and an increase in the surplus on services also contributed. These changes were partly offset by an increase in the deficit on goods.

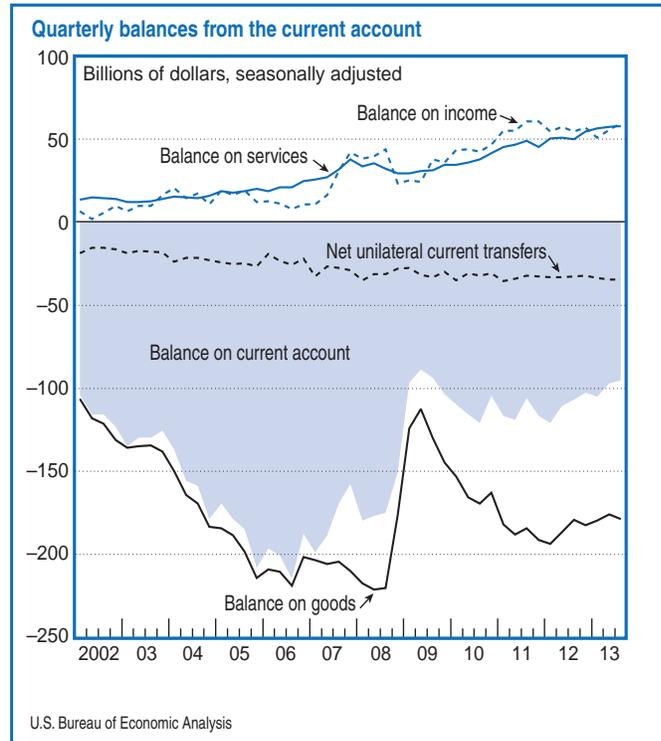
In the financial account, net financial inflows to the United States increased to \$67.3 billion in the third quarter from \$65.5 billion in the second quarter (see pages 40–41). Net financial flows reflect combined transactions in U.S.-owned assets abroad, in foreign-owned assets in the United States, and in financial derivatives. U.S.-owned assets abroad and foreign-owned assets in the United States both increased less than in the second quarter. Transactions in financial derivatives shifted to net outflows in the third quarter from net inflows 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 \$27.6 billion in the third quarter, compared with \$31.3 billion in the second 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.

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



### 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 “Interactive Tables: Detailed estimates.” For the methods, see “U.S. International Transactions Accounts: Concepts and Estimation Methods” under “Methodologies.”

*Sarah P. Scott prepared this article.*

## Overview

Table A. U.S. International Transactions

[Millions of dollars, seasonally adjusted]

| (Credits +; debits -)  | 2012            |                 | 2013            |                            | Change<br>2013:II to<br>2013:III |
|--|-----------------|-----------------|-----------------|----------------------------|----------------------------------|
|  | IV              | I               | II <sup>r</sup> | III <sup>p</sup>           |                                  |
| <b>Current account</b>   |                 |                 |                 |                            |                                  |
| <b>Exports of goods and services and income receipts</b>                                     | <b>753,430</b>  | <b>749,493</b>  | <b>760,170</b>  | <b>765,110</b>             | <b>4,940</b>                     |
| Goods, balance of payments basis   | 390,339         | 390,705         | 394,653         | 397,602                    | 2,949                            |
| Services   | 166,222         | 167,178         | 170,074         | 170,920                    | 846                              |
| Income receipts  | 196,869         | 191,610         | 195,443         | 196,588                    | 1,145                            |
| <b>Imports of goods and services and income payments</b>                                     | <b>-823,844</b> | <b>-821,245</b> | <b>-822,295</b> | <b>-825,850</b>            | <b>-3,555</b>                    |
| Goods, balance of payments basis   | -572,742        | -570,162        | -570,390        | -576,232                   | -5,842                           |
| Services   | -111,197        | -110,354        | -112,460        | -113,028                   | -568                             |
| Income payments  | -139,905        | -140,730        | -139,445        | -136,590                   | 2,855                            |
| <b>Unilateral current transfers, net</b>   | <b>-31,906</b>  | <b>-33,143</b>  | <b>-34,488</b>  | <b>-34,100</b>             | <b>388</b>                       |
| U.S. government grants   | -10,882         | -11,061         | -11,361         | -12,260                    | -899                             |
| U.S. government pensions and other transfers   | 668             | -756            | -1,619          | -984                       | 635                              |
| Private remittances and other transfers  | -21,692         | -21,327         | -21,508         | -20,856                    | 652                              |
| <b>Capital account</b>   |                 |                 |                 |                            |                                  |
| <b>Capital account transactions, net</b>   | <b>7,668</b>    | <b>-40</b>      | <b>-227</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>-115,996</b> | <b>-229,070</b> | <b>-106,201</b> | <b>-74,295</b>             | <b>31,906</b>                    |
| U.S. official reserve assets   | 895             | -876            | 191             | 1,001                      | 810                              |
| U.S. government assets, other than official reserve assets                                   | 2,388           | -446            | 3,115           | 850                        | -2,265                           |
| U.S. private assets  | -119,279        | -227,748        | -109,507        | -76,146                    | 33,361                           |
| Direct investment  | -95,418         | -84,122         | -97,004         | -95,813                    | 1,191                            |
| Foreign securities   | -72,996         | -133,783        | -79,359         | -47,391                    | 31,968                           |
| U.S. claims on unaffiliated foreigners reported by nonbanking concerns                       | 18,334          | -22,437         | -59,730         | 4,290                      | 64,020                           |
| U.S. claims reported by banks and brokers  | 30,801          | 12,594          | 126,586         | 62,768                     | -63,818                          |
| <b>Foreign-owned assets in the United States (increase/financial inflow (+))<sup>1</sup></b> | <b>242,401</b>  | <b>265,544</b>  | <b>168,191</b>  | <b>148,154</b>             | <b>-20,037</b>                   |
| Foreign official assets in the United States   | 84,396          | 126,871         | -6,577          | 68,514                     | 75,091                           |
| Other foreign assets in the United States  | 158,005         | 138,673         | 174,768         | 79,640                     | -95,128                          |
| Direct investment  | 42,292          | 28,624          | 40,556          | 44,177                     | 3,621                            |
| U.S. Treasury securities   | 33,515          | 50,780          | -6,065          | 63,414                     | 69,479                           |
| U.S. securities other than U.S. Treasury securities  | 143,494         | -10,970         | -43,203         | 131,648                    | 174,851                          |
| U.S. currency  | 15,812          | 4,957           | 9,486           | 12,664                     | 3,178                            |
| U.S. liabilities to unaffiliated foreigners reported by nonbanking concerns                  | -22,440         | -20,872         | 18,850          | -60,786                    | -79,636                          |
| U.S. liabilities reported by banks and brokers   | -54,668         | 86,154          | 155,144         | -111,477                   | -266,621                         |
| <b>Financial derivatives, net</b>  | <b>2,985</b>    | <b>3,948</b>    | <b>3,511</b>    | <b>-6,569</b>              | <b>-10,080</b>                   |
| <b>Statistical discrepancy (sum of the bold lines above with sign reversed)</b>              | <b>-34,738</b>  | <b>64,513</b>   | <b>31,339</b>   | <b><sup>2</sup> 27,550</b> | <b><sup>3</sup> -38,742</b>      |
| <b>Memoranda:</b>  |                 |                 |                 |                            |                                  |
| Balance on goods   | -182,403        | -179,457        | -175,736        | -178,630                   | -2,894                           |
| Balance on services  | 55,025          | 56,824          | 57,614          | 57,892                     | 278                              |
| Balance on goods and services  | -127,378        | -122,633        | -118,122        | -120,738                   | -2,616                           |
| Balance on income  | 56,965          | 50,881          | 55,997          | 59,998                     | 4,001                            |
| Unilateral current transfers, net  | -31,906         | -33,143         | -34,488         | -34,100                    | 388                              |
| Balance on current account   | -102,320        | -104,895        | -96,613         | -94,840                    | 1,773                            |
| Net financial flows <sup>4</sup>   | 129,390         | 40,422          | 65,501          | 67,290                     | 1,789                            |

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 BEA's Web site.

## Current-account highlights

- The deficit on goods increased after decreasing in the previous two quarters. The increase reflected a larger increase in goods imports than in goods exports.
- The surplus on services rose for the fourth straight quarter. The third-quarter increase reflected a larger increase in services exports than in services imports.
- The surplus on income rose for the second straight quarter as 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 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.
- The smaller outflows of U.S.-owned assets abroad reflected a shift to a decrease in U.S. claims on unaffiliated foreigners reported by nonbanking concerns and lower U.S. net purchases of foreign securities. These changes were partly offset by a smaller decrease in U.S. claims reported by U.S. banks and securities brokers.
- The smaller inflows of foreign-owned assets in the United States reflected shifts to decreases in U.S. liabilities reported by banks and brokers and in U.S. liabilities to unaffiliated foreigners reported by nonbanking concerns. These shifts were partly offset by shifts to foreign private and foreign official net purchases of U.S. securities after net sales in the second quarter.

## Revisions

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

## Preliminary and Revised Third-Quarter 2013 Statistics

[Millions of dollars, seasonally adjusted]

|                                   | Preliminary | Revised  |
|-----------------------------------|-------------|----------|
| Balance on goods                  | -175,652    | -175,736 |
| Balance on services               | 57,865      | 57,614   |
| Balance on income                 | 53,086      | 55,997   |
| Unilateral current transfers, net | -34,192     | -34,488  |
| Balance on current account        | -98,893     | -96,613  |
| Net financial flows               | 73,123      | 65,501   |

## Current Account—Goods

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

|  | 2012           | 2013           |                 |                  | Change<br>2013:II to<br>2013:III |
|--|----------------|----------------|-----------------|------------------|----------------------------------|
|  | IV             | I              | II <sup>r</sup> | III <sup>p</sup> |                                  |
| <b>Exports, balance of payments basis</b> .....              | <b>390,339</b> | <b>390,705</b> | <b>394,653</b>  | <b>397,602</b>   | <b>2,949</b>                     |
| Agricultural products .....                                  | 36,122         | 36,188         | 33,146          | 35,344           | 2,198                            |
| Nonagricultural products .....                               | 354,216        | 354,517        | 361,507         | 362,258          | 751                              |
| <b>Foods, feeds, and beverages</b> .....                     | <b>33,264</b>  | <b>33,108</b>  | <b>29,882</b>   | <b>32,302</b>    | <b>2,420</b>                     |
| Grains and preparations .....                                | 7,096          | 7,667          | 6,823           | 7,612            | 789                              |
| Soybeans .....   | 6,379          | 5,163          | 2,795           | 3,525            | 730                              |
| Other .....  | 19,789         | 20,278         | 20,264          | 21,165           | 901                              |
| <b>Industrial supplies and materials</b> .....               | <b>128,564</b> | <b>131,186</b> | <b>129,059</b>  | <b>132,388</b>   | <b>3,329</b>                     |
| Petroleum and products .....                                 | 37,011         | 34,251         | 35,750          | 40,779           | 5,029                            |
| Nonpetroleum products .....                                  | 91,553         | 96,935         | 93,309          | 91,609           | -1,700                           |
| Chemicals, excluding medicinals .....                        | 29,085         | 30,685         | 29,961          | 30,069           | 108                              |
| Metals and nonmetallic products .....                        | 31,318         | 33,810         | 30,817          | 29,393           | -1,424                           |
| Steelmaking materials .....                                  | 2,774          | 3,341          | 2,312           | 2,404            | 92                               |
| Nonferrous metals .....                                      | 17,453         | 19,261         | 17,326          | 15,714           | -1,612                           |
| Other .....  | 11,091         | 11,208         | 11,179          | 11,275           | 96                               |
| Other .....  | 31,150         | 32,440         | 32,531          | 32,147           | -384                             |
| <b>Capital goods, except automotive</b> .....                | <b>131,599</b> | <b>130,935</b> | <b>135,003</b>  | <b>134,263</b>   | <b>-740</b>                      |
| Electric generating machinery, apparatus, and parts .....    | 13,443         | 13,688         | 13,560          | 13,466           | -94                              |
| Oil drilling, mining, and construction machinery .....       | 8,619          | 8,686          | 8,131           | 7,405            | -726                             |
| Industrial engines, pumps, and compressors .....             | 7,423          | 7,014          | 7,278           | 7,457            | 179                              |
| Industrial, agricultural, and service machinery, n.e.c. .... | 31,711         | 31,847         | 32,528          | 31,477           | -1,051                           |
| Computers, peripherals, and parts .....                      | 11,813         | 12,108         | 12,092          | 11,916           | -176                             |
| Semiconductors .....   | 10,492         | 10,422         | 10,721          | 10,862           | 141                              |
| Telecommunications equipment .....                           | 9,896          | 9,801          | 10,175          | 9,712            | -463                             |
| Civilian aircraft, engines, and parts .....                  | 24,507         | 23,925         | 26,881          | 28,306           | 1,425                            |
| Other .....  | 13,695         | 13,444         | 13,637          | 13,662           | 25                               |
| <b>Automotive vehicles, parts, and engines</b> .....         | <b>36,189</b>  | <b>36,645</b>  | <b>38,420</b>   | <b>38,722</b>    | <b>302</b>                       |
| Passenger cars .....   | 13,620         | 13,703         | 14,352          | 14,046           | -306                             |
| Trucks, buses, and special purpose vehicles .....            | 4,762          | 5,196          | 5,352           | 5,286            | -66                              |
| Engines, parts, and accessories .....                        | 17,808         | 17,746         | 18,716          | 19,391           | 675                              |
| <b>Consumer goods, except automotive</b> .....               | <b>46,024</b>  | <b>45,674</b>  | <b>49,047</b>   | <b>46,310</b>    | <b>-2,737</b>                    |
| Nondurable goods .....                                       | 21,194         | 20,720         | 21,402          | 20,936           | -466                             |
| Medicinal, dental, and pharmaceutical products .....         | 12,480         | 11,909         | 12,515          | 12,020           | -495                             |
| Other .....  | 8,714          | 8,811          | 8,887           | 8,916            | 29                               |
| Durable goods .....  | 24,830         | 24,954         | 27,645          | 25,374           | -2,271                           |
| Gems, jewelry, and collectibles .....                        | 4,725          | 4,501          | 6,288           | 4,502            | -1,786                           |
| Other .....  | 20,105         | 20,453         | 21,357          | 20,872           | -485                             |
| <b>Other exports</b> .....                                   | <b>14,699</b>  | <b>13,157</b>  | <b>13,242</b>   | <b>13,617</b>    | <b>375</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 |                 |                  |
|--|------|------|------|------|-----------------|------------------|
|  | II   | III  | IV   | I    | II <sup>r</sup> | III <sup>p</sup> |
| Exports, balance of payments basis ..... | 1.1  | -0.1 | -0.6 | -0.2 | 2.2             | 0.6              |
| Imports, balance of payments basis ..... | 0.7  | 0.1  | -0.7 | -0.6 | 1.6             | 0.9              |

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" of the national income and product accounts.

### Trends in the Trade in Goods

After hitting a recent high in the first quarter of 2012, the deficit has decreased \$15.0 billion, or 7.7 percent, as exports rose 2.6 percent and imports declined 0.8 percent. Exports rose in four of the last six quarters and imports rose in three (chart 2). The goods deficit, which increased \$2.9 billion in the third quarter, remained at 4.2 percent of current-dollar GDP.

Both real exports and real imports grew for the second straight quarter (table C).

Exports of goods increased for the third straight quarter. The largest third-quarter increases in exports were in industrial supplies and materials and in foods, feeds, and beverages.

Foods, feeds, and beverages exports increased after decreasing for three straight quarters. The increase was largely due to increases in grains and preparations and in soybeans.

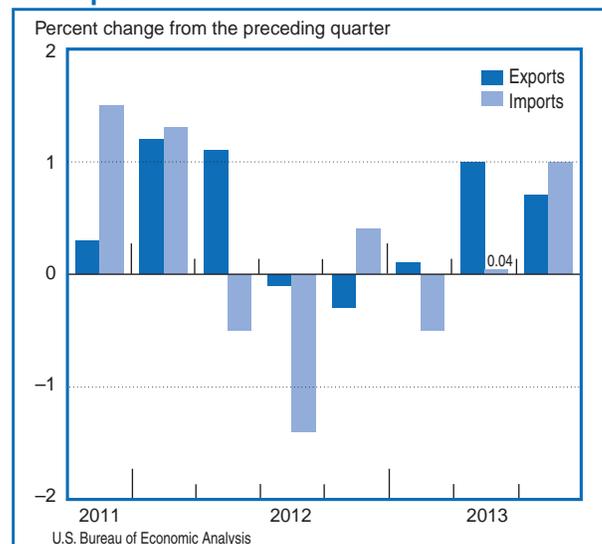
Industrial supplies and materials increased after decreasing. The increase was more than accounted for by an increase in petroleum and products that was partly offset by a decrease in nonmonetary gold, a component of nonferrous metals.

Capital goods exports decreased after increasing. The decrease reflected decreases in industrial, agricultural, and service machinery, n.e.c.—primarily materials handling equipment—and in oil drilling, mining, and construction machinery. These decreases were partly offset by an increase in civilian aircraft, engines, and parts.

Automotive vehicles, parts, and engines increased for the third straight quarter. The third-quarter increase reflected an increase in engines, parts, and accessories that was partly offset by a decrease in passenger cars.

Consumer goods exports decreased after increasing. The decrease was mostly accounted for by a decrease in durable goods, primarily in exports of gems, jewelry, and collectibles. Nondurable goods also decreased, reflecting a decrease in medicinal, dental, and pharmaceutical products.

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



Current Account—Goods

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

|   | 2012           |                | 2013            |                  | Change<br>2013:II to<br>2013:III |
|---|----------------|----------------|-----------------|------------------|----------------------------------|
|   | IV             | I              | II <sup>r</sup> | III <sup>p</sup> |                                  |
| <b>Imports, balance of payments basis.....</b>              | <b>572,742</b> | <b>570,162</b> | <b>570,390</b>  | <b>576,232</b>   | <b>5,842</b>                     |
| Petroleum and products.....                                 | 103,536        | 100,983        | 93,687          | 98,088           | 4,401                            |
| Nonpetroleum products.....                                  | 469,206        | 469,179        | 476,702         | 478,144          | 1,442                            |
| <b>Foods, feeds, and beverages.....</b>                     | <b>27,863</b>  | <b>28,698</b>  | <b>29,249</b>   | <b>28,999</b>    | <b>-250</b>                      |
| <b>Industrial supplies and materials.....</b>               | <b>183,226</b> | <b>181,751</b> | <b>173,182</b>  | <b>175,689</b>   | <b>2,507</b>                     |
| Petroleum and products.....                                 | 103,536        | 100,983        | 93,687          | 98,088           | 4,401                            |
| Nonpetroleum products.....                                  | 79,690         | 80,768         | 79,495          | 77,601           | -1,894                           |
| Natural gas.....  | 2,830          | 3,189          | 3,410           | 2,945            | -465                             |
| Chemicals, excluding medicinals.....                        | 18,871         | 19,907         | 19,293          | 18,591           | -702                             |
| Building materials, except metals.....                      | 5,867          | 6,387          | 6,459           | 6,345            | -114                             |
| Metals and nonmetallic products.....                        | 31,699         | 31,523         | 29,725          | 28,925           | -800                             |
| Iron and steel products.....                                | 9,705          | 9,277          | 9,014           | 9,133            | 119                              |
| Nonferrous metals.....                                      | 14,670         | 15,026         | 13,644          | 12,714           | -930                             |
| Other.....  | 7,324          | 7,220          | 7,067           | 7,078            | 11                               |
| Other.....  | 20,423         | 19,762         | 20,608          | 20,795           | 187                              |
| <b>Capital goods, except automotive.....</b>                | <b>137,683</b> | <b>137,197</b> | <b>137,423</b>  | <b>139,725</b>   | <b>2,302</b>                     |
| Electric generating machinery, apparatus, and parts.....    | 16,067         | 16,562         | 16,641          | 16,814           | 173                              |
| Oil drilling, mining, and construction machinery.....       | 6,556          | 5,888          | 5,635           | 5,412            | -223                             |
| Industrial engines, pumps, and compressors.....             | 5,740          | 5,310          | 5,441           | 5,608            | 167                              |
| Industrial, agricultural, and service machinery, n.e.c..... | 32,237         | 33,047         | 33,222          | 33,628           | 406                              |
| Computers, peripherals, and parts.....                      | 30,966         | 30,096         | 29,133          | 30,162           | 1,029                            |
| Semiconductors.....   | 9,677          | 9,759          | 10,520          | 10,937           | 417                              |
| Telecommunications equipment.....                           | 13,307         | 13,714         | 13,704          | 13,765           | 61                               |
| Scientific, hospital, and medical equipment.....            | 9,357          | 9,449          | 9,500           | 9,428            | -72                              |
| Civilian aircraft, engines, and parts.....                  | 11,296         | 11,022         | 11,177          | 11,487           | 310                              |
| Other.....  | 2,480          | 2,350          | 2,450           | 2,484            | 34                               |
| <b>Automotive vehicles, parts, and engines.....</b>         | <b>75,297</b>  | <b>73,003</b>  | <b>77,024</b>   | <b>80,090</b>    | <b>3,066</b>                     |
| Passenger cars.....   | 37,551         | 36,013         | 38,576          | 39,209           | 633                              |
| Trucks, buses, and special purpose vehicles.....            | 5,829          | 5,547          | 6,022           | 7,638            | 1,616                            |
| Engines, parts, and accessories.....                        | 31,918         | 31,443         | 32,426          | 33,243           | 817                              |
| <b>Consumer goods, except automotive.....</b>               | <b>131,693</b> | <b>131,764</b> | <b>134,434</b>  | <b>133,723</b>   | <b>-711</b>                      |
| Nondurable goods.....                                       | 59,739         | 61,430         | 61,081          | 60,887           | -194                             |
| Apparel, footwear, and household goods.....                 | 32,056         | 33,351         | 32,497          | 32,589           | 92                               |
| Medicinal, dental, and pharmaceutical products.....         | 20,668         | 20,977         | 21,363          | 20,956           | -407                             |
| Other.....  | 7,015          | 7,102          | 7,221           | 7,342            | 121                              |
| Durable goods.....  | 71,954         | 70,334         | 73,353          | 72,836           | -517                             |
| Televisions and other video equipment.....                  | 8,181          | 8,065          | 7,303           | 6,925            | -378                             |
| Toys and sporting goods, including bicycles.....            | 9,200          | 9,524          | 8,412           | 8,881            | 469                              |
| Household appliances and other household goods.....         | 37,567         | 35,533         | 39,571          | 38,951           | -620                             |
| Other.....  | 17,006         | 17,212         | 18,067          | 18,079           | 12                               |
| <b>Other imports and U.S. goods returned.....</b>           | <b>16,980</b>  | <b>17,749</b>  | <b>19,078</b>   | <b>18,007</b>    | <b>-1,071</b>                    |

<sup>p</sup> Preliminary <sup>r</sup> 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 more than in the second quarter. Three of the six major end-use import categories increased in the third quarter; the increases in each of these three categories were larger than the combined decrease in the other three categories. The largest increase in imports was in automotive vehicles, parts, and engines.

Imports of foods, feeds, and beverages decreased after increasing for four straight quarters. The largest decrease was in imports of coffee, cocoa, and sugar.

Industrial supplies and materials increased after decreasing for two straight quarters. The increase was more than accounted for by increased imports of petroleum and products.

Capital goods imports increased more than in the second quarter. The largest third-quarter increase was in imports of computers, peripherals, and parts.

Imports of automotive vehicles, parts, and engines increased for the second straight quarter after decreasing for two straight quarters. More than half of the increase was in imports of trucks, buses, and special purpose vehicles.

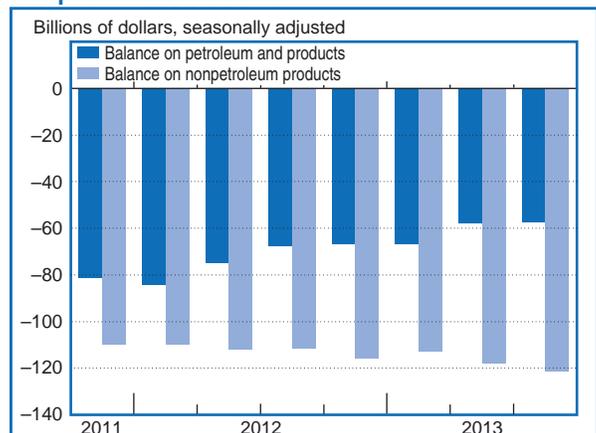
Consumer goods decreased after increasing for five straight quarters. Most of the decrease was in durable goods, where the decrease was more than accounted for by cell phones, a component of "other" household goods. Nondurable goods also decreased, and the largest decrease was in imports of medicinal, dental, and pharmaceutical products.

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

The goods deficit increased \$2.9 billion in the third quarter after decreasing for two straight quarters—\$3.7 billion in the second quarter and \$2.9 billion in the first quarter. The increase was more than accounted for by an increase in the deficit with Asia and Pacific, reflecting an increase in the deficit with China. Deficits with Europe, with the Middle East, and with Canada also increased. In contrast, deficits decreased with Latin America and Other Western Hemisphere—reflecting a decrease in the deficit with Mexico—and with Africa.

**Petroleum and products.** The deficit on petroleum and products decreased less than in the second quarter (chart 3). In the third quarter, imports increased less than exports. The third-quarter deficit on petroleum and products was \$29.3 billion 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<br>2013:II to<br>2013:III |
|--|----------------|----------------|-----------------|------------------|----------------------------------|
|  | IV             | I              | II <sup>r</sup> | III <sup>p</sup> |                                  |
| <b>Services exports</b> .....                        | <b>166,222</b> | <b>167,178</b> | <b>170,074</b>  | <b>170,920</b>   | <b>846</b>                       |
| Travel.....  | 32,523         | 33,911         | 34,632          | 35,165           | 533                              |
| Passenger fares .....                                | 9,796          | 10,223         | 10,306          | 10,174           | -132                             |
| Other transportation.....                            | 10,860         | 11,504         | 11,382          | 11,052           | -330                             |
| Freight .....  | 5,412          | 5,698          | 5,687           | 5,441            | -246                             |
| Port services .....                                  | 5,448          | 5,806          | 5,695           | 5,611            | -84                              |
| Royalties and license fees .....                     | 31,336         | 31,666         | 32,256          | 32,666           | 410                              |
| Other private services.....                          | 76,041         | 74,344         | 75,983          | 76,210           | 227                              |
| Education .....                                      | 6,321          | 6,425          | 6,530           | 6,660            | 130                              |
| Financial services .....                             | 19,972         | 19,733         | 20,566          | 20,297           | -269                             |
| Insurance services .....                             | 4,080          | 3,825          | 3,797           | 3,767            | -30                              |
| Telecommunications.....                              | 3,572          | 3,517          | 3,559           | 3,466            | -93                              |
| Business, professional, and technical services.....  | 39,540         | 38,279         | 38,897          | 39,386           | 489                              |
| Other services.....                                  | 2,556          | 2,564          | 2,634           | 2,633            | -1                               |
| Transfers under U.S. military agency sales contracts | 4,984          | 4,870          | 4,797           | 4,908            | 111                              |
| U.S. government miscellaneous services .....         | 683            | 661            | 719             | 745              | 26                               |
| <b>Services imports</b> .....                        | <b>111,197</b> | <b>110,354</b> | <b>112,460</b>  | <b>113,028</b>   | <b>568</b>                       |
| Travel.....  | 20,643         | 21,122         | 21,531          | 21,547           | 16                               |
| Passenger fares .....                                | 8,669          | 9,138          | 9,241           | 9,185            | -56                              |
| Other transportation.....                            | 13,989         | 14,421         | 14,640          | 14,899           | 259                              |
| Freight .....  | 10,551         | 10,975         | 11,157          | 11,320           | 163                              |
| Port services .....                                  | 3,438          | 3,446          | 3,483           | 3,579            | 96                               |
| Royalties and license fees .....                     | 9,854          | 10,454         | 10,249          | 10,450           | 201                              |
| Other private services.....                          | 51,378         | 48,864         | 50,387          | 50,717           | 330                              |
| Education .....                                      | 1,536          | 1,566          | 1,593           | 1,610            | 17                               |
| Financial services .....                             | 4,653          | 4,317          | 4,645           | 4,660            | 15                               |
| Insurance services .....                             | 13,625         | 12,435         | 12,505          | 12,532           | 27                               |
| Telecommunications.....                              | 2,035          | 1,870          | 1,993           | 1,977            | -16                              |
| Business, professional, and technical services.....  | 29,166         | 28,304         | 29,280          | 29,565           | 285                              |
| Other services.....                                  | 362            | 371            | 372             | 373              | 1                                |
| Direct defense expenditures .....                    | 5,882          | 5,696          | 5,699           | 5,525            | -174                             |
| U.S. government miscellaneous services .....         | 782            | 659            | 714             | 706              | -8                               |

Exports of services increased for the fourth straight quarter. The largest third-quarter increases were in travel and in royalties and license fees.

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

Passenger fares decreased after increasing for two straight quarters.

“Other” transportation exports decreased more than in the second quarter. The third-quarter decrease mostly resulted from a decrease in freight services.

Imports of services increased less than in the second quarter. The largest third-quarter increases were in other private services and in other transportation.

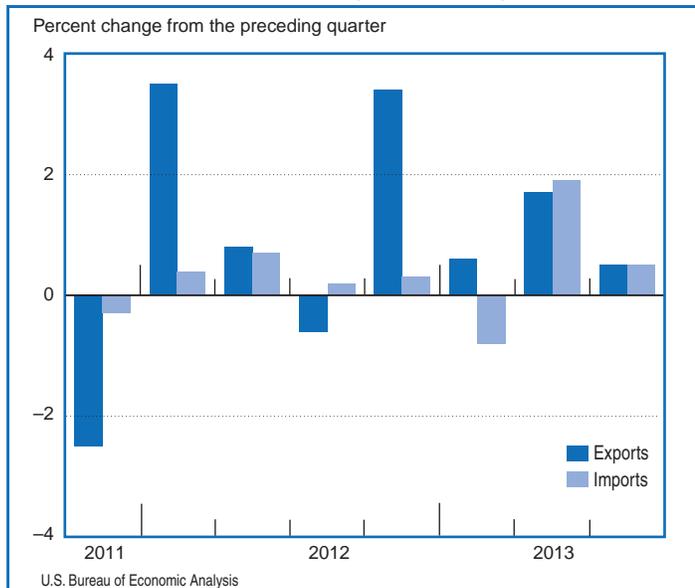
Travel imports—purchases of goods and services by U.S. travelers abroad—increased less than in either of the two preceding quarters.

Passenger fares decreased after increasing in the two previous quarters. The decrease was smaller than the increases in either the first or second quarter.

“Other” transportation imports increased for the seventh straight quarter. The third-quarter increase primarily reflected an increase in freight services.

<sup>p</sup> Preliminary <sup>r</sup> Revised  
Note: The statistics are presented in tables 1 and 3 after 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, SURVEY OF CURRENT BUSINESS 93 (October 2013); 25–66.

**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 third quarter from \$57.6 billion in the second quarter. The surplus increased for the fourth straight quarter. After the first increase in the fourth quarter of 2012, each quarterly increase has been progressively smaller.

Both services exports and imports increased 0.5 percent in the third quarter after more rapid growth in the second quarter. Each one has increased in four of the last five quarters (chart 4).

The services surplus was a higher percentage of current-dollar GDP—at 1.4 percent—in each of the last three quarters than in any other quarter on record.

## Current Account—Income

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

|   | 2012           |                | 2013            |                  | Change<br>2013:II to<br>2013:III |
|---|----------------|----------------|-----------------|------------------|----------------------------------|
|   | IV             | I              | II <sup>p</sup> | III <sup>p</sup> |                                  |
| <b>Income receipts</b> .....                                  | <b>196,869</b> | <b>191,610</b> | <b>195,443</b>  | <b>196,588</b>   | <b>1,145</b>                     |
| Income on U.S.-owned assets abroad .....                      | 195,230        | 189,968        | 193,789         | 194,928          | 1,139                            |
| Direct investment receipts .....                              | 119,649        | 113,783        | 115,953         | 116,391          | 438                              |
| Earnings .....  | 117,669        | 111,865        | 113,951         | 114,402          | 451                              |
| Interest .....  | 1,980          | 1,917          | 2,002           | 1,989            | -13                              |
| Other private receipts .....                                  | 75,201         | 75,704         | 77,418          | 78,168           | 750                              |
| Income on foreign securities .....                            | 67,390         | 68,056         | 70,053          | 71,093           | 1,040                            |
| Dividends .....   | 42,747         | 42,180         | 43,426          | 45,007           | 1,581                            |
| Interest .....  | 24,643         | 25,876         | 26,628          | 26,086           | -542                             |
| Interest on claims reported by banks and brokers              | 4,646          | 4,456          | 4,250           | 3,915            | -335                             |
| For own claims .....  | 4,127          | 4,009          | 3,834           | 3,547            | -287                             |
| For customers' claims .....                                   | 519            | 447            | 416             | 368              | -48                              |
| Interest on claims reported by nonbanking concerns .....      | 3,165          | 3,193          | 3,115           | 3,161            | 46                               |
| U.S. government receipts .....                                | 380            | 481            | 418             | 369              | -49                              |
| Compensation of employees .....                               | 1,639          | 1,642          | 1,653           | 1,660            | 7                                |
| <b>Income payments</b> .....                                  | <b>139,905</b> | <b>140,730</b> | <b>139,445</b>  | <b>136,590</b>   | <b>-2,855</b>                    |
| Income on foreign-owned assets in the United States           | 136,256        | 137,070        | 135,607         | 132,753          | -2,854                           |
| Direct investment payments .....                              | 43,961         | 44,629         | 43,305          | 40,250           | -3,055                           |
| Earnings .....  | 37,589         | 38,378         | 37,287          | 34,640           | -2,647                           |
| Interest .....  | 6,372          | 6,251          | 6,018           | 5,610            | -408                             |
| Other private payments .....                                  | 60,993         | 61,403         | 62,083          | 62,355           | 272                              |
| Income on U.S. corporate securities .....                     | 56,347         | 57,060         | 58,067          | 58,612           | 545                              |
| Dividends .....   | 27,147         | 26,979         | 27,400          | 27,956           | 556                              |
| Interest .....  | 29,200         | 30,081         | 30,667          | 30,657           | -10                              |
| Interest on liabilities reported by banks and brokers .....   | 3,056          | 2,869          | 2,629           | 2,429            | -200                             |
| For own liabilities .....                                     | 1,883          | 1,725          | 1,604           | 1,476            | -128                             |
| For customers' liabilities .....                              | 1,173          | 1,144          | 1,024           | 952              | -72                              |
| Interest on liabilities reported by nonbanking concerns ..... | 1,590          | 1,474          | 1,388           | 1,314            | -74                              |
| U.S. government payments .....                                | 31,302         | 31,038         | 30,219          | 30,148           | -71                              |
| Compensation of employees .....                               | 3,649          | 3,660          | 3,838           | 3,837            | -1                               |

<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 increased less than in the second quarter. The third-quarter increase was more than accounted for by higher foreign-affiliate earnings in holding companies and wholesale trade.

“Other” private income receipts increased for the fourth straight quarter. The third-quarter increase reflected higher dividend income on U.S. holdings of foreign stocks that was partly offset by lower interest income.

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

Income payments on foreign direct investment in the United States decreased more than in the second quarter. The third-quarter decrease reflected lower U.S.-affiliate earnings in “other industries,” particularly in communications and petroleum-related industries.

“Other” private income payments increased less than in each of the past three quarters. The third-quarter increase reflected higher dividend income on foreign holdings of U.S. corporate stocks that was partly offset by lower interest income.

U.S. government payments decreased for the eighth consecutive quarter. The slight third-quarter decrease was mostly due to a decrease in foreign holdings of U.S. agency bonds.

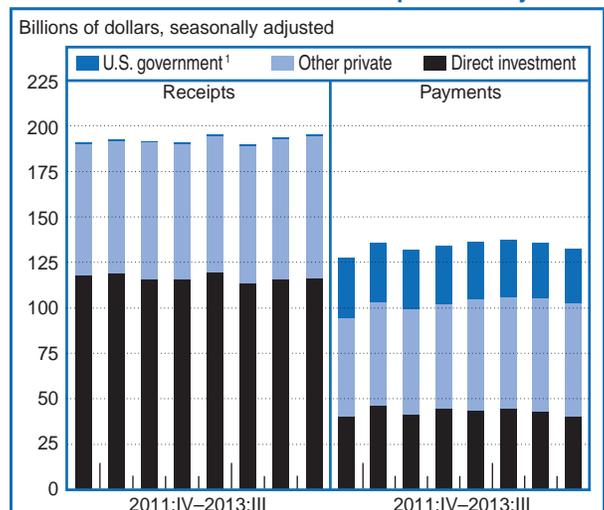
### Trends in Income

The surplus on income increased to \$60.0 billion in the third quarter from \$56.0 billion. The surplus increased less than in the second quarter after fluctuating in a narrow range over the previous six quarters. The third-quarter surplus was the largest since surpluses of \$61.1 billion in the third and fourth quarters of 2011. The surplus was 1.4 percent of U.S. current-dollar GDP in the third quarter of 2013, compared with 1.6 percent in the third quarter of 2011 and 1.2 percent in the first quarter of 2013.

Income receipts on U.S.-owned assets abroad increased for the third time in the last four quarters (chart 5). The third-quarter increase was smaller than in the second quarter, reflecting smaller increases in “other” private receipts and direct investment receipts.

Income payments on foreign-owned assets in the United States decreased in the last two quarters after reaching a 4-year high in the first quarter of 2013. The third-quarter decrease was accounted for by a decrease in direct investment payments that was slightly offset by an increase in “other” private payments.

**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 (-),<br>decrease/financial inflow (+))              | 2012            |                 | 2013            |                  | Change<br>2013:II to<br>2013:III |
|---|-----------------|-----------------|-----------------|------------------|----------------------------------|
|   | IV              | I               | II <sup>r</sup> | III <sup>p</sup> |                                  |
| <b>U.S.-owned assets abroad<sup>1</sup></b> .....                               | <b>-115,996</b> | <b>-229,070</b> | <b>-106,201</b> | <b>-74,295</b>   | <b>31,906</b>                    |
| U.S. official reserve assets .....  | 895             | -876            | 191             | 1,001            | 810                              |
| U.S. government assets, other than official<br>reserve assets.....              | 2,388           | -446            | 3,115           | 850              | -2,265                           |
| U.S. private assets .....   | -119,279        | -227,748        | -109,507        | -76,146          | 33,361                           |
| Direct investment .....   | -95,418         | -84,122         | -97,004         | -95,813          | 1,191                            |
| Equity .....  | -3,039          | 852             | -5,665          | -13,583          | -7,918                           |
| Reinvested earnings.....  | -90,904         | -79,739         | -87,261         | -91,875          | -4,614                           |
| Intercompany debt .....   | -1,474          | -5,235          | -4,078          | 9,645            | 13,723                           |
| Foreign securities.....   | -72,996         | -133,783        | -79,359         | -47,391          | 31,968                           |
| Stocks.....   | -10,379         | -73,830         | -78,392         | -22,964          | 55,428                           |
| Bonds.....  | -62,617         | -59,953         | -967            | -24,427          | -23,460                          |
| U.S. claims on unaffiliated foreigners reported<br>by nonbanking concerns ..... | 18,334          | -22,437         | -59,730         | 4,290            | 64,020                           |
| U.S. claims reported by banks and brokers ...                                   | 30,801          | 12,594          | 126,586         | 62,768           | -63,818                          |
| For own accounts .....  | 16,481          | 31,313          | 163,495         | 57,403           | -106,092                         |
| For customers' accounts .....   | 14,320          | -18,719         | -36,909         | 5,365            | 42,274                           |

p Preliminary r Revised

1. Excludes transactions in financial derivatives.

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

U.S. official reserve assets decreased for the second straight quarter. The decreases in both quarters were more than accounted for by decreases in the U.S. reserve position in the International Monetary Fund.

U.S. government assets other than official reserve assets decreased less than in the second quarter. The decreases in both quarters reflected decreases in central bank liquidity swaps between the U.S. Federal Reserve System and foreign central banks.

U.S. direct investment abroad was lower than in the second quarter, reflecting a shift to net inflows of intercompany debt from net outflows that was partly offset by higher equity investment and reinvested earnings.

U.S. net purchases of foreign securities (U.S. purchases in excess of U.S. sales) were lower than those in the second quarter; net purchases in both quarters were lower than those in the first quarter. The third-quarter decrease reflected lower net purchases of foreign stocks. Net purchases of foreign bonds increased.

U.S. claims on foreigners reported by nonbanks decreased after increasing in the second quarter. The decrease reflected decreases in deposit claims.

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 less than the large decrease in the second quarter. The smaller third-quarter decrease was more than accounted for by a smaller decrease in claims for own accounts—particularly a smaller decrease in deposits—than in the second quarter.

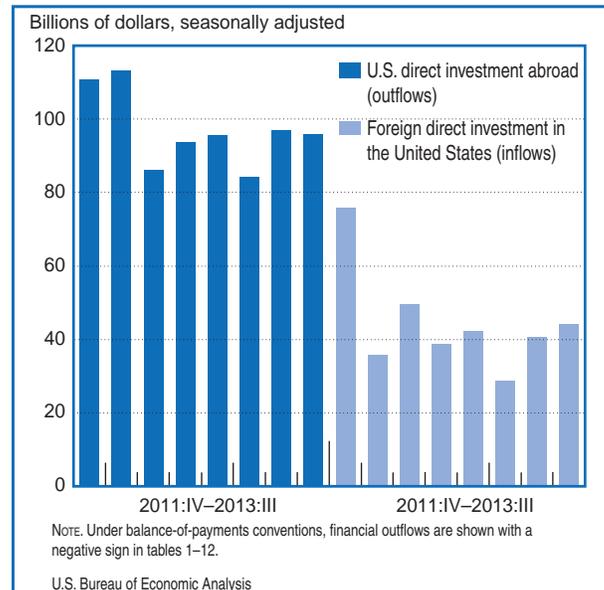
### Developments in the Financial Account

U.S.-owned assets abroad increased for the fifth straight quarter, but by a smaller amount than in the previous four quarters. The third-quarter increase was smaller than that in the second quarter partly as a result of a shift to a decrease from an increase in U.S. claims reported by U.S. nonbanking concerns and lower U.S. net purchases of foreign securities (tables A and G). These changes were partly offset by a smaller decrease in U.S. claims reported by U.S. banks and securities brokers.

Foreign-owned assets in the United States also increased for the fifth straight quarter and similar to U.S.-owned assets abroad, the third-quarter increase was smaller than the increases in the previous four quarters. The smaller increase relative to the second quarter reflected a smaller increase in foreign private assets that was due to shifts to decreases from increases in U.S. liabilities reported by U.S. banks and securities brokers and in U.S. liabilities reported by U.S. nonbanking concerns (tables A and H). These shifts were partly offset by shifts to foreign private and foreign official net purchases of U.S. securities from second-quarter net sales.

The shifts by foreign private investors and foreign official agencies to net purchases from net sales of U.S. Treasury and agency instruments may have been influenced by the U.S. Federal Reserve's September announcement that the pace of asset purchases would not be reduced at that time.

**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:II to 2013:III |
|---|----------------|----------------|-----------------|------------------|----------------------------|
|   | IV             | I              | II <sup>r</sup> | III <sup>p</sup> |                            |
| <b>Foreign-owned assets in the United States<sup>1</sup></b>                | <b>242,401</b> | <b>265,544</b> | <b>168,191</b>  | <b>148,154</b>   | <b>-20,037</b>             |
| Foreign official assets   | 84,396         | 126,871        | -6,577          | 68,514           | 75,091                     |
| U.S. government securities  | 60,199         | 96,603         | -23,558         | 35,193           | 58,751                     |
| U.S. Treasury securities  | 93,271         | 118,533        | -11,974         | 15,972           | 27,946                     |
| Other   | -33,072        | -21,930        | -11,584         | 19,221           | 30,805                     |
| Other U.S. government liabilities   | 807            | 1,608          | 3,546           | 3,105            | -441                       |
| U.S. liabilities reported by banks and brokers                              | 5,414          | 20,061         | -9,354          | 30,052           | 39,406                     |
| Other foreign official assets   | 17,976         | 8,599          | 22,789          | 164              | -22,625                    |
| Other foreign assets  | 158,005        | 138,673        | 174,768         | 79,640           | -95,128                    |
| Direct investment   | 42,292         | 28,624         | 40,556          | 44,177           | 3,621                      |
| Equity  | 36,083         | 13,090         | 10,534          | 35,840           | 25,306                     |
| Reinvested earnings   | 28,306         | 25,591         | 31,916          | 13,974           | -17,942                    |
| Intercompany debt   | -22,096        | -10,057        | -1,894          | -5,637           | -3,743                     |
| U.S. Treasury securities  | 33,515         | 50,780         | -6,065          | 63,414           | 69,479                     |
| U.S. securities other than U.S. Treasury securities                         | 143,494        | -10,970        | -43,203         | 131,648          | 174,851                    |
| Stocks  | 94,701         | -23,439        | -47,098         | 58,605           | 105,703                    |
| Corporate bonds   | 43,828         | 32,254         | 28,758          | 71,723           | 42,965                     |
| Federally sponsored agency bonds  | 4,965          | -19,785        | -24,863         | 1,320            | 26,183                     |
| U.S. currency   | 15,812         | 4,957          | 9,486           | 12,664           | 3,178                      |
| U.S. liabilities to unaffiliated foreigners reported by nonbanking concerns | -22,440        | -20,872        | 18,850          | -60,786          | -79,636                    |
| U.S. liabilities reported by banks and brokers                              | -54,668        | 86,154         | 155,144         | -111,477         | -266,621                   |
| For own accounts  | -68,090        | 89,152         | 175,207         | -82,436          | -257,643                   |
| For customers' accounts   | 13,422         | -2,998         | -20,063         | -29,041          | -8,978                     |

<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 increased in the third quarter after decreasing. The increase reflected foreign official net purchases of U.S. government securities and an increase in U.S. liabilities reported by U.S. banks and securities brokers.

Foreign direct investment in the United States was higher than in the second quarter. The third-quarter increase was more than accounted for by higher equity investment. In contrast, reinvested earnings were much lower and net intercompany debt outflows increased.

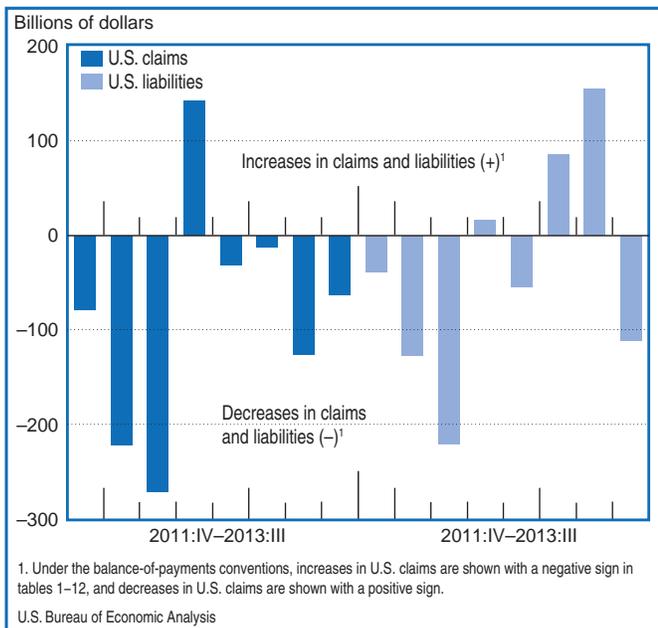
Purchases of U.S. Treasury securities by private foreigners exceeded sales, a shift from net sales in the second quarter. The shift reflected a shift to net purchases of U.S. Treasury bonds and notes that more than offset an increase in net sales of U.S. Treasury bills and certificates.

Purchases of other U.S. securities by private foreigners exceeded sales, shifting from net sales in the two previous quarters. The shift to net purchases reflected shifts to net purchases of U.S. stocks and agency bonds and an increase in net purchases of U.S. corporate bonds.

U.S. liabilities to foreigners reported by nonbanks decreased after increasing. The decrease reflected a decrease in "other" liabilities, such as loan liabilities to foreigners.

U.S. liabilities to foreigners reported by U.S. banks and securities brokers decreased after increasing. The decrease was mostly accounted for by a decrease in liabilities for own accounts that reflected decreases in foreign-owned banks' deposits and loans with affiliated banks abroad.

**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**

