

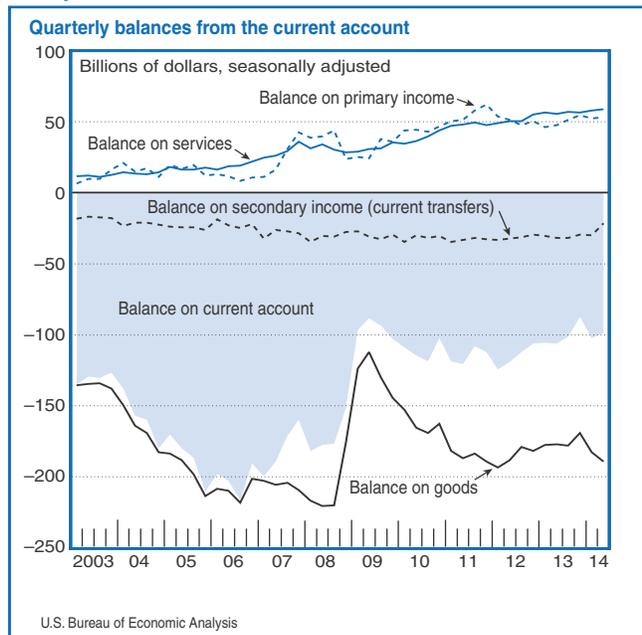
# U.S. International Transactions

## Second Quarter of 2014

**T**HE U.S. CURRENT-ACCOUNT DEFICIT—a net measure of transactions between the United States and the rest of the world in goods, services, primary income (investment income and compensation), and secondary income (current transfers)—decreased to \$98.5 billion (preliminary) in the second quarter of 2014 from \$102.1 billion (revised) in the first quarter (see chart 1 and pages 3–6).<sup>1</sup> The deficit decreased to 2.3 percent of current-dollar gross domestic product (GDP) from 2.4 percent in the first quarter. The decrease in the current-account deficit was largely due to a decrease in the deficit on secondary income. In addition, the surpluses on services and primary income increased. These changes were partly offset by an increase in the deficit on goods.

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

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



Net U.S. borrowing measured by financial-account transactions was \$17.6 billion in the second quarter, down from \$91.2 billion in the first quarter. Both net U.S. acquisition of financial assets excluding financial derivatives and net U.S. incurrence of liabilities excluding financial derivatives were higher than in the first quarter, but the acquisition of financial assets excluding financial derivatives increased more. A shift to net borrowing in net transactions of financial derivatives other than reserves moderated the drop in net borrowing. The statistical discrepancy was \$80.9 billion in the second quarter, compared with \$11.0 billion in the first quarter.

### Comprehensive Restructuring of the U.S. International Economic Accounts

With the June 2014 release of these statistics, the Bureau of Economic Analysis (BEA) introduced a new presentation of the international transactions accounts as part of the comprehensive restructuring of BEA's international economic accounts. This presentation enhances the quality and usefulness of the accounts for customers and brings the statistics into closer alignment with international guidelines. The September 2014 release, which this article analyzes, represents the second release using the new presentation.

For additional information, see [“Modernizing BEA's International Economic Accounts”](#) on BEA's Web site.

### Data Availability and Methodology

Detailed statistics for U.S. international transactions in tables 1.1–9.1 accompany this article. The statistics and a description of the estimation methods used to compile them are available on BEA's Web site. For the statistics, see [“International Data.”](#) For the methods, see [U.S. International Transactions Accounts: Concepts and Methods.](#)

*Sarah P. Scott prepared this article.*

## Overview

Table A. U.S. International Transactions

[Millions of dollars, seasonally adjusted]

	2013		2014		Change 2014:I to 2014:II
	III	IV	I <sup>r</sup>	II <sup>p</sup>	
<b>Current account</b>					
<b>Exports of goods and services and income receipts (credits)</b> .....	<b>796,943</b>	<b>814,014</b>	<b>806,089</b>	<b>827,860</b>	<b>21,771</b>
Exports of goods and services .....	570,756	581,692	574,187	586,256	12,069
Goods.....	398,088	407,103	399,536	408,809	9,273
Services .....	172,668	174,589	174,651	177,447	2,796
Primary income receipts .....	196,002	200,446	200,213	201,733	1,520
Secondary income (current transfer) receipts.....	30,184	31,876	31,689	39,871	8,182
<b>Imports of goods and services and income payments (debits)</b> .....	<b>898,247</b>	<b>901,330</b>	<b>908,200</b>	<b>926,366</b>	<b>18,166</b>
Imports of goods and services.....	691,953	694,140	698,722	716,508	17,786
Goods.....	576,024	576,193	581,875	597,974	16,099
Services .....	115,929	117,947	116,848	118,534	1,686
Primary income payments.....	144,478	145,806	147,783	148,600	817
Secondary income (current transfer) payments.....	61,816	61,384	61,695	61,257	-438
<b>Capital account</b>					
<b>Capital transfer receipts and other credits</b> .....	<b>0</b>	<b>0</b>	<b>0</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Capital transfer payments and other debits</b> .....	<b>146</b>	<b>(*)</b>	<b>43</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Financial account</b>					
<b>Net U.S. acquisition of financial assets excluding financial derivatives (net increase in assets / financial outflow (+))</b> .....	<b>83,999</b>	<b>195,454</b>	<b>143,310</b>	<b>232,655</b>	<b>89,345</b>
Direct investment assets .....	105,008	104,296	31,564	89,161	57,597
Portfolio investment assets .....	61,121	155,892	100,674	184,874	84,200
Other investment assets .....	-81,129	-61,952	12,028	-42,154	-54,182
Reserve assets .....	-1,001	-2,782	-956	773	1,729
<b>Net U.S. incurrence of liabilities excluding financial derivatives (net increase in liabilities / financial inflow (+))</b> .....	<b>165,707</b>	<b>341,838</b>	<b>239,750</b>	<b>247,436</b>	<b>7,686</b>
Direct investment liabilities .....	71,130	97,161	-121,707	72,011	193,718
Portfolio investment liabilities .....	207,881	153,226	237,867	74,774	-163,093
Other investment liabilities .....	-113,303	91,451	123,590	100,651	-22,939
<b>Financial derivatives other than reserves, net transactions</b> .....	<b>6,569</b>	<b>2,929</b>	<b>5,277</b>	<b>-2,796</b>	<b>-8,073</b>
<b>Statistical discrepancy</b>					
<b>Statistical discrepancy</b> <sup>1</sup> .....	<b>26,311</b>	<b>-56,138</b>	<b>10,991</b>	<b>280,929</b>	<b>269,938</b>
<b>Balances</b>					
<b>Balance on current account</b> .....	<b>-101,305</b>	<b>-87,317</b>	<b>-102,111</b>	<b>-98,506</b>	<b>3,605</b>
Balance on goods and services.....	-121,197	-112,448	-124,535	-130,252	-5,717
Balance on goods .....	-177,936	-169,090	-182,338	-189,165	-6,827
Balance on services .....	56,739	56,642	57,803	58,913	1,110
Balance on primary income .....	51,524	54,639	52,430	53,132	702
Balance on secondary income (current transfers) .....	-31,632	-29,508	-30,006	-21,386	8,620
<b>Balance on capital account</b> .....	<b>-146</b>	<b>(*)</b>	<b>-43</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Net lending (+) or net borrowing (-) from current- and capital-account transactions</b> <sup>4</sup>	<b>-101,450</b>	<b>-87,317</b>	<b>-102,153</b>	<b>2-98,506</b>	<b>3,647</b>
<b>Net lending (+) or net borrowing (-) from financial-account transactions</b> <sup>5</sup> .....	<b>-75,140</b>	<b>-143,455</b>	<b>-91,162</b>	<b>-17,577</b>	<b>73,585</b>

p Preliminary r Revised n.a. Not available (\*) between zero and ± \$500,000

1. The statistical discrepancy is the difference between net acquisition of assets and net incurrence of liabilities in the financial account (including financial derivatives) less the difference between total credits and total debits recorded in the current and capital accounts.

2. Excludes capital-account transactions.

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

4. Sum of current- and capital-account balances. The second quarter of 2014 excludes capital account transactions.

5. Sum of net U.S. acquisition of financial assets and net transactions in financial derivatives less net U.S. incurrence of liabilities.

NOTE: The statistics are presented in table 1.2 on BEA's Web site.

## Current-account highlights

- The deficit on goods increased to \$189.2 billion in the second quarter from \$182.3 billion in the first quarter (table A).
- The surplus on services increased to \$58.9 billion in the second quarter from \$57.8 billion in the first quarter.
- The surplus on primary income increased to \$53.1 billion in the second quarter from \$52.4 billion in the first quarter.
- The deficit on secondary income decreased to \$21.4 billion in the second quarter from \$30.0 billion in the first quarter.

## Financial-account highlights

- Net U.S. acquisition of financial assets excluding financial derivatives was \$232.7 billion in the second quarter, up from \$143.3 billion in the first quarter (see chart 9 on page 7).
- Net U.S. incurrence of liabilities to foreigners excluding financial derivatives was \$247.4 billion in the second quarter, up from \$239.8 billion in the first quarter.
- Net borrowing in financial derivatives other than reserves was \$2.8 billion in the second quarter, a shift from net lending of \$5.3 billion in the first quarter.

## Revisions

The preliminary statistics for U.S. international transactions for the first quarter of 2014 that were published in the July 2014 SURVEY OF CURRENT BUSINESS have been revised to incorporate new or revised source data.

## Preliminary and Revised First-Quarter 2014 Statistics

[Millions of dollars, seasonally adjusted]

	Preliminary	Revised
Balance on goods.....	-182,317	-182,338
Balance on services .....	55,503	57,803
Balance on primary income.....	46,702	52,430
Balance on secondary income (current transfers).....	-31,043	-30,006
Balance on current account.....	-111,156	-102,111
Net U.S. acquisition of financial assets .....	144,923	143,310
Net U.S. incurrence of liabilities.....	229,833	239,750
Net lending/borrowing from financial-account transactions .....	-77,452	-91,162

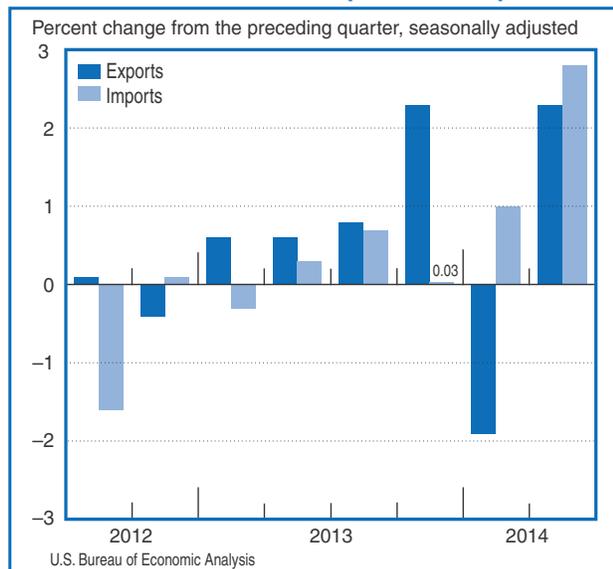
Current Account—Goods Exports

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

	2013		2014		Change 2014:I to 2014:II
	III	IV	I <sup>r</sup>	II <sup>p</sup>	
<b>Exports of goods</b> .....	<b>398,088</b>	<b>407,103</b>	<b>399,536</b>	<b>408,809</b>	<b>9,273</b>
<b>General merchandise</b> .....	<b>389,954</b>	<b>401,300</b>	<b>392,566</b>	<b>404,766</b>	<b>12,200</b>
<b>Foods, feeds, and beverages</b> .....	<b>33,292</b>	<b>37,797</b>	<b>35,764</b>	<b>35,556</b>	<b>-208</b>
Grains and preparations.....	7,661	8,090	7,988	9,840	1,852
Soybeans.....	4,514	8,665	6,494	3,576	-2,918
Other foods, feeds, and beverages.....	21,117	21,042	21,282	22,140	858
<b>Industrial supplies and materials</b> .....	<b>123,932</b>	<b>128,833</b>	<b>123,234</b>	<b>127,103</b>	<b>3,869</b>
Petroleum and products.....	40,313	44,158	38,870	42,107	3,237
Of which: Fuel oil.....	19,820	19,753	15,842	18,232	2,390
Nonpetroleum products.....	83,619	84,675	84,364	84,996	632
Chemicals except medicinals.....	29,689	30,188	28,939	29,973	1,034
Metals and nonmetallic products.....	21,849	22,306	21,853	21,848	-5
Nonferrous metals.....	8,149	8,132	8,202	8,067	-135
Other metals and nonmetallic products.....	13,700	14,174	13,651	13,781	130
Other nonpetroleum products.....	32,081	32,181	33,572	33,175	-397
<b>Capital goods except automotive</b> .....	<b>133,946</b>	<b>134,877</b>	<b>134,523</b>	<b>137,189</b>	<b>2,666</b>
Electric generating machinery, apparatus, and parts.....	13,542	13,667	13,620	14,297	677
Oil drilling, mining, and construction machinery.....	7,487	7,554	7,481	7,479	-2
Industrial engines, pumps, and compressors.....	7,382	7,472	7,040	7,342	302
Computers, peripherals, and parts.....	12,010	12,019	12,433	12,289	-144
Semiconductors.....	10,809	10,933	10,931	10,804	-127
Telecommunications equipment.....	9,752	10,062	10,260	9,522	-738
Other machinery, equipment, tools, and instruments.....	43,800	44,809	45,214	45,352	138
Civilian aircraft, engines, and parts.....	27,685	26,659	25,991	28,431	2,440
Other transportation equipment.....	1,478	1,701	1,552	1,673	121
<b>Automotive vehicles, parts, and engines</b> .....	<b>38,710</b>	<b>38,593</b>	<b>37,270</b>	<b>39,863</b>	<b>2,593</b>
Passenger cars.....	14,087	14,050	14,061	15,696	1,635
Trucks, buses, and special purpose vehicles.....	5,278	4,981	4,361	4,896	535
Engines, parts, and accessories.....	19,345	19,562	18,847	19,272	425
<b>Consumer goods except food and automotive</b> .....	<b>46,858</b>	<b>47,373</b>	<b>48,314</b>	<b>50,087</b>	<b>1,773</b>
Nondurable goods.....	21,586	20,613	21,075	21,703	628
Medicinal, dental, and pharmaceutical products.....	12,586	11,425	12,209	12,511	302
Other.....	9,000	9,188	8,866	9,192	326
Durable goods.....	25,272	26,759	27,239	28,384	1,145
Household and kitchen appliances and other household goods.....	9,759	10,204	9,790	9,870	80
Gems, jewelry, and collectibles.....	9,489	10,457	11,576	12,213	637
Other.....	6,024	6,098	5,873	6,301	428
<b>Other general merchandise</b> .....	<b>13,216</b>	<b>13,828</b>	<b>13,460</b>	<b>14,969</b>	<b>1,509</b>
<b>Net exports of goods under merchandising</b> .....	<b>150</b>	<b>149</b>	<b>141</b>	<b>152</b>	<b>11</b>
<b>Nonmonetary gold</b> .....	<b>7,984</b>	<b>5,654</b>	<b>6,829</b>	<b>3,891</b>	<b>-2,938</b>

<sup>p</sup> Preliminary    <sup>r</sup> Revised  
NOTE: The statistics are presented in table 2.1 on BEA's Web site.

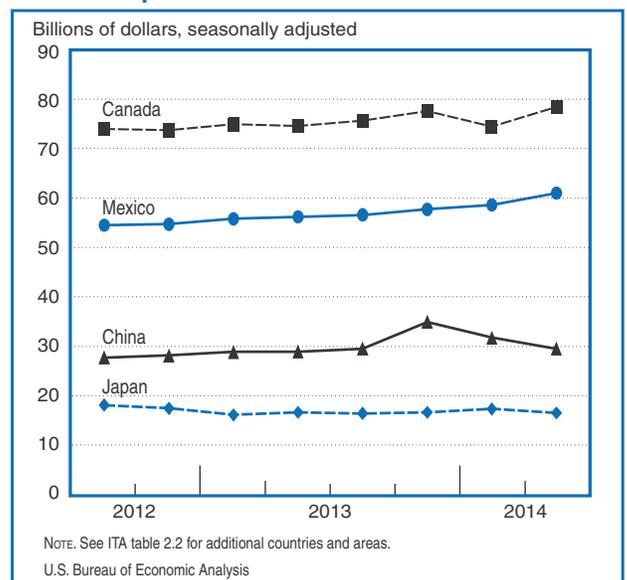
**Chart 2. Growth in Goods Exports and Imports**



In the second quarter, goods exports increased to \$408.8 billion from \$399.5 billion, a 2.3 percent increase (table B and chart 2). Exports increased in five of the six major general-merchandise end-use categories. The largest increases were in industrial supplies and materials; capital goods except automotive; and automotive vehicles, parts, and engines. Most of the increase in industrial supplies and materials reflected an increase in exports of petroleum and products, much of that in fuel oil. The increase in capital goods except automotive reflected an increase in civilian aircraft exports. The increase in automotive vehicles, parts, and engines was largely due to an increase in exports of passenger cars. Nonmonetary gold decreased.

In the second quarter, exports to Canada increased after decreasing a similar amount in the first quarter. Exports to China decreased for the second straight quarter (chart 3).

**Chart 3. Exports of Goods to Selected Countries**



## Current Account—Goods Imports

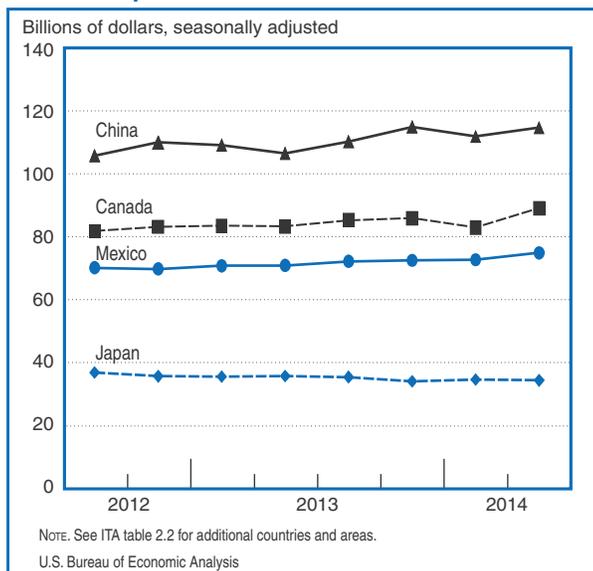
**Table C. Goods Imports**  
[Millions of dollars, seasonally adjusted]

	2013		2014		Change 2014:I to 2014:II
	III	IV	I <sup>r</sup>	II <sup>p</sup>	
<b>Imports of goods</b> .....	<b>576,024</b>	<b>576,193</b>	<b>581,875</b>	<b>597,974</b>	<b>16,099</b>
<b>General merchandise</b> .....	<b>571,971</b>	<b>572,027</b>	<b>578,054</b>	<b>594,232</b>	<b>16,178</b>
<b>Foods, feeds, and beverages</b> .....	<b>28,986</b>	<b>29,143</b>	<b>30,106</b>	<b>32,433</b>	<b>2,327</b>
<b>Industrial supplies and materials</b> .....	<b>171,747</b>	<b>167,653</b>	<b>174,760</b>	<b>170,544</b>	<b>-4,216</b>
Petroleum and products .....	97,943	93,698	96,908	89,691	-7,217
<i>Of which: Crude</i> .....	69,902	66,826	69,607	62,525	-7,082
Nonpetroleum products .....	73,804	73,955	77,852	80,853	3,001
Natural gas .....	2,696	2,992	3,950	3,934	-16
Chemicals except medicinals .....	18,688	18,696	19,567	20,508	941
Building materials except metals .....	6,391	6,695	6,655	7,018	363
Metals and nonmetallic products .....	25,199	24,847	27,222	28,621	1,399
Iron and steel products .....	9,167	9,398	10,651	11,213	562
Nonferrous metals .....	8,917	8,244	8,708	9,803	1,095
Other .....	7,115	7,205	7,863	7,605	-258
Other nonpetroleum products .....	20,830	20,725	20,458	20,772	314
<b>Capital goods except automotive</b> .....	<b>140,189</b>	<b>142,281</b>	<b>143,023</b>	<b>148,692</b>	<b>5,669</b>
Electric-generating machinery, electric apparatus, and parts .....	16,800	17,082	17,556	17,772	216
Oil-drilling, mining, and construction machinery ..	5,390	5,493	5,474	6,020	546
Industrial engines, pumps, and compressors .....	5,605	5,692	5,798	6,273	475
Computers, accessories, peripherals, and parts ..	30,263	31,435	28,813	29,757	944
Semiconductors .....	10,766	10,597	10,568	11,121	553
Telecommunications equipment .....	13,673	13,353	14,131	14,836	705
Other machinery, equipment, tools, and instruments .....	44,210	44,825	46,400	48,060	1,660
Civilian aircraft, engines, and parts .....	12,091	12,191	12,782	13,276	494
Other transportation equipment .....	1,392	1,614	1,502	1,577	75
<b>Automotive vehicles, parts, and engines</b> .....	<b>79,187</b>	<b>79,808</b>	<b>77,464</b>	<b>83,406</b>	<b>5,942</b>
Passenger cars .....	38,983	39,145	36,436	39,709	3,273
Trucks, buses, and special purpose vehicles .....	7,163	7,114	7,536	8,349	813
Engines, parts, and accessories .....	33,041	33,549	33,493	35,348	1,855
<b>Consumer goods except food and automotive</b> ..	<b>133,757</b>	<b>135,414</b>	<b>134,964</b>	<b>140,475</b>	<b>5,511</b>
Nondurable goods .....	61,119	61,518	63,175	64,705	1,530
Apparel, footwear, and household goods .....	32,812	33,600	34,056	33,487	-569
Medicinal, dental, and pharmaceutical products .....	20,973	20,597	21,746	23,540	1,794
Other .....	7,334	7,321	7,373	7,678	305
Durable goods .....	72,638	73,896	71,789	75,770	3,981
Household and kitchen appliances and other household goods .....	38,922	39,761	37,483	41,453	3,970
<i>Of which: Other household goods, including       cell phones</i> .....	25,922	26,067	24,267	28,163	3,896
Other .....	33,716	34,135	34,306	34,317	11
<b>Other general merchandise</b> .....	<b>18,105</b>	<b>17,728</b>	<b>17,738</b>	<b>18,681</b>	<b>943</b>
<b>Nonmonetary gold</b> .....	<b>4,053</b>	<b>4,166</b>	<b>3,820</b>	<b>3,743</b>	<b>-77</b>

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

NOTE: The statistics are presented in table 2.1 on BEA's Web site.

**Chart 4. Imports of Goods from Selected Countries**

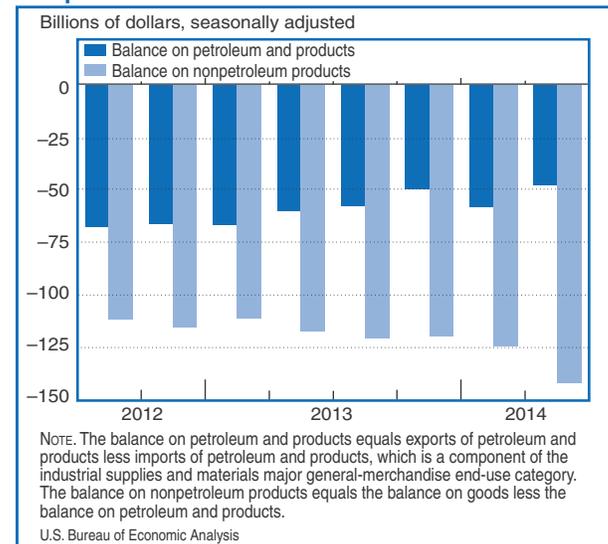


In the second quarter, goods imports increased to \$598.0 billion from \$581.9 billion, a 2.8 percent increase (table C and chart 2 on page 3). Imports increased in five of the six major general-merchandise end-use categories. The largest increases were in automotive vehicles, parts, and engines; capital goods except automotive; and consumer goods except food and automotive. The increase in automotive vehicles, parts, and engines was largely due to an increase in passenger car imports. Much of the increase in capital goods except automotive was due to increases in imports of other industrial machinery, equipment, tools, and instruments and in computers, accessories, peripherals, and parts. The increase in consumer goods except food and automotive largely reflected an increase in imports of durable goods, most of which was in cell phones.

Imports from Canada increased \$6.2 billion. Imports from both China and Mexico increased more than \$2.0 billion (chart 4).

The deficit on petroleum and products decreased to \$47.6 billion in the second quarter, as exports rose and imports fell. The deficit on nonpetroleum products increased to \$141.6 billion (chart 5).

**Chart 5. Balance on Total Petroleum and Nonpetroleum Products**



**Current Account—Services**

**Table D. Services Exports and Imports**

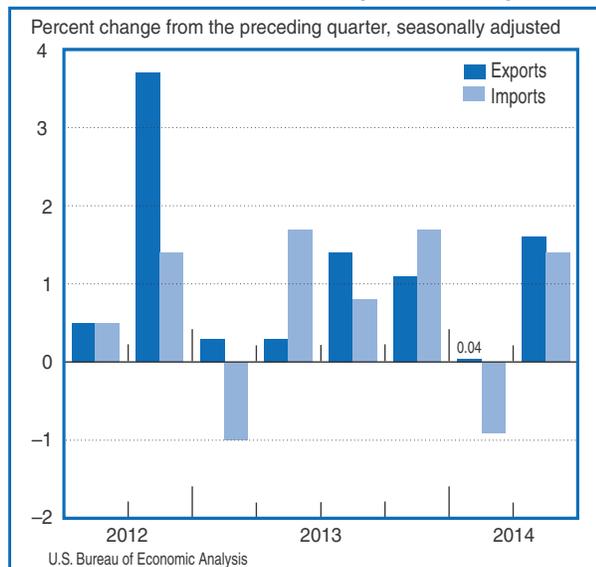
[Millions of dollars, seasonally adjusted]

	2013		2014		Change 2014:I to 2014:II
	III	IV	I <sup>r</sup>	II <sup>p</sup>	
<b>Exports of services</b> .....	<b>172,668</b>	<b>174,589</b>	<b>174,651</b>	<b>177,447</b>	<b>2,796</b>
Maintenance and repair services n.i.e. ....	4,525	4,802	4,223	4,492	269
Transport .....	21,335	22,180	22,037	22,733	696
<i>Of which:</i> Air passenger transport.....	10,086	10,708	10,620	11,170	550
Travel (for all purposes including education).....	43,741	44,054	44,129	45,747	1,618
<i>Of which:</i> Travel for purposes other than education, health, and short-term work .....	34,143	34,471	34,458	35,857	1,399
<i>Of which:</i> Other personal travel .....	26,065	26,311	26,181	27,396	1,215
Insurance services .....	4,045	4,080	4,007	4,021	14
Financial services .....	20,734	22,081	21,184	21,629	445
Charges for the use of intellectual property n.i.e. ....	32,581	31,866	32,785	33,124	339
Industrial processes.....	11,066	11,517	11,646	11,736	90
Computer software.....	11,058	10,261	10,341	10,553	212
Other.....	10,457	10,090	10,797	10,836	39
Telecommunications, computer, and information services.....	8,396	8,303	8,057	8,144	87
Other business services.....	30,970	31,570	31,662	31,680	18
Government goods and services n.i.e. ....	6,343	5,653	6,566	5,876	-690
<b>Imports of services</b> .....	<b>115,929</b>	<b>117,947</b>	<b>116,848</b>	<b>118,534</b>	<b>1,686</b>
Maintenance and repair services n.i.e. ....	1,993	1,797	1,820	1,855	35
Transport.....	22,521	23,299	23,051	23,498	447
<i>Of which:</i> Air passenger transport.....	7,734	8,493	8,497	8,799	302
Travel (for all purposes including education).....	26,146	26,766	26,398	27,854	1,456
<i>Of which:</i> Travel for purposes other than education, health, and short-term work .....	23,843	24,448	24,045	25,465	1,420
Insurance services .....	12,920	12,348	11,966	11,752	-214
Financial services .....	4,626	5,058	4,615	4,696	81
Charges for the use of intellectual property n.i.e. ....	9,438	9,855	10,514	10,021	-493
Industrial processes.....	5,325	5,729	5,726	5,802	76
Computer software.....	1,529	1,657	1,531	1,525	-6
Other.....	2,585	2,468	3,257	2,693	-564
Telecommunications, computer, and information services.....	8,295	8,415	8,276	8,333	57
Other business services.....	23,633	24,183	24,151	24,495	344
Government goods and services n.i.e. ....	6,357	6,227	6,057	6,030	-27

p Preliminary r Revised n.i.e. Not included elsewhere

NOTE: The statistics are presented in tables 3.1 on BEA's Web site. For additional information on services, see Alexis Grimm and Charu Krishnan, "U.S. International Services: Trade in Services in 2013 and Services Supplied Through Affiliates in 2012" in this issue of the SURVEY OF CURRENT BUSINESS.

**Chart 6. Growth in Services Exports and Imports**

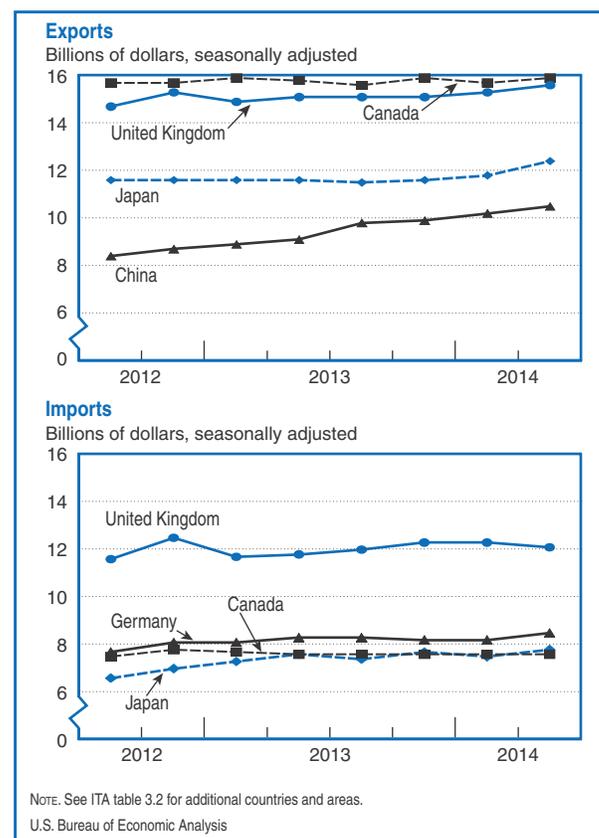


In the second quarter, services exports increased to \$177.4 billion from \$174.7 billion, a 1.6 percent increase (table D and chart 6). Eight of the nine major services categories increased. The largest increases were in travel (for all purposes including education)—much of that in other personal travel—and in transport, which includes freight and port services and air passenger transport.

Services imports increased to \$118.5 billion from \$116.8 billion, a 1.4 percent increase. Six of the nine major services categories increased. The largest increase was in travel (for all purposes including education).

Exports to Japan increased \$0.6 billion. Imports from both Japan and Germany increased \$0.3 billion (chart 7).

**Chart 7. Services Trade with Selected Countries**



## Current Account—Income

**Table E. Income Receipts and Payments**

[Millions of dollars, seasonally adjusted]

	2013		2014		Change 2014:I to 2014:II
	III	IV	I <sup>r</sup>	II <sup>p</sup>	
<b>Primary income receipts</b> .....	<b>196,002</b>	<b>200,446</b>	<b>200,213</b>	<b>201,733</b>	<b>1,520</b>
Investment income .....	194,324	198,759	198,506	200,016	1,510
Direct investment income .....	117,248	120,357	116,417	115,252	-1,165
Income on equity .....	113,654	116,559	113,057	111,818	-1,239
Interest .....	3,593	3,799	3,360	3,434	74
Portfolio investment income .....	69,473	70,968	74,303	76,753	2,450
Income on equity and investment fund shares .....	43,934	44,703	47,664	49,595	1,931
Interest on debt securities .....	25,540	26,264	26,639	27,159	520
Other investment income .....	7,525	7,368	7,690	7,937	247
Interest .....	5,051	4,892	5,182	5,446	264
Income attributable to insurance policyholders .....	2,474	2,476	2,508	2,492	-16
Reserve asset income .....	78	66	96	74	-22
Compensation of employees .....	1,678	1,686	1,707	1,716	9
<b>Primary income payments</b> .....	<b>144,478</b>	<b>145,806</b>	<b>147,783</b>	<b>148,600</b>	<b>817</b>
Investment income .....	140,557	141,857	143,956	144,605	649
Direct investment income .....	43,217	43,667	43,206	43,760	554
Income on equity .....	35,597	36,061	35,192	36,870	1,678
Interest .....	7,620	7,607	8,014	6,890	-1,124
Portfolio investment income .....	93,434	94,374	97,277	97,248	-29
Income on equity and investment fund shares .....	27,701	27,435	31,018	30,921	-97
Interest on debt securities .....	65,733	66,939	66,259	66,327	68
Other investment income .....	3,905	3,815	3,473	3,596	123
Interest .....	3,173	3,082	2,727	2,853	126
Income attributable to insurance policyholders .....	732	733	747	743	-4
Compensation of employees .....	3,922	3,950	3,827	3,996	169
<b>Secondary income<sup>1</sup></b> .....					
Secondary income (current transfer) receipts .....	30,184	31,876	31,689	39,871	8,182
Secondary income (current transfer) payments .....	61,816	61,384	61,695	61,257	-438

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

<sup>1</sup> Secondary income receipts and payments include U.S. government and private transfers, such as U.S. government grants and pensions, fines and penalties, withholding taxes, personal transfers (remittances), insurance-related transfers, and other current transfers.

NOTE: The statistics are presented in tables 4.1 and 5.1 on BEA's Web site.

In the second quarter, income receipts from foreigners on U.S. holdings of financial assets abroad increased to \$200.0 billion from \$198.5 billion in the first quarter (table E and chart 8). The increase was more than accounted for by an increase in portfolio investment income receipts. Much of the increase in investment income receipts reflected was in dividends on equity, which reflected increased U.S. holdings of foreign equity shares. The increase in portfolio investment receipts was partly offset by a decrease in direct investment income receipts, particularly receipts from foreign affiliates of U.S. parents in wholesale trade and manufacturing.

Receipts for compensation of U.S. residents paid by nonresidents remained at \$1.7 billion in the second quarter.

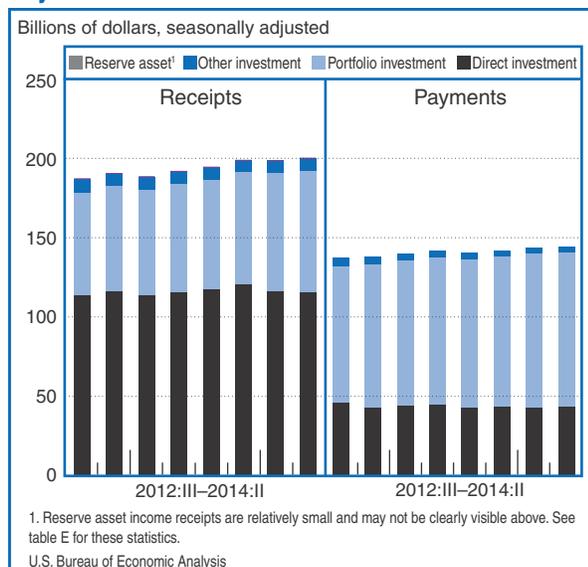
Income payments to foreigners on U.S. liabilities increased to \$144.6 billion from \$144.0 billion. The increase reflected increases in direct investment income payments and other investment income payments. The increase in direct investment income was mostly accounted for by income payments of U.S. affiliates to foreign parents in manufacturing and petroleum-related industries.

Payments for compensation of foreign residents paid by U.S. residents increased to \$4.0 billion from \$3.8 billion.

Secondary income receipts increased to \$39.9 billion from \$31.7 billion, reflecting an increase in fines and penalties paid to the U.S. government (a component of U.S. government transfers).

Secondary income payments decreased to \$61.3 billion from \$61.7 billion, reflecting a decrease in U.S. government grants.

**Chart 8. Primary Investment Income Receipts and Payments**



## Financial Account—U.S. Acquisition of Financial Assets

**Table F. Net U.S. Acquisition of Financial Assets**  
[Millions of dollars, seasonally adjusted]

	2013		2014		Change 2014:I to 2014:II
	III	IV	I <sup>p</sup>	II <sup>p</sup>	
<b>Net U.S. acquisition of financial assets excluding financial derivatives</b>	<b>83,999</b>	<b>195,454</b>	<b>143,310</b>	<b>232,655</b>	<b>89,345</b>
Direct investment assets	105,008	104,296	31,564	89,161	57,597
Equity	99,586	86,087	50,091	85,016	34,925
Equity other than reinvestment of earnings	11,630	-4,721	-27,498	3,896	31,394
Reinvestment of earnings	87,957	90,808	77,589	81,120	3,531
Debt instruments	5,422	18,210	-18,527	4,145	22,672
Portfolio investment assets	61,121	155,892	100,674	184,874	84,200
Equity and investment fund shares	19,686	95,443	81,259	85,615	4,356
Debt securities	41,435	60,449	19,415	99,259	79,844
Short-term securities	17,508	-14,913	-12,213	41,347	53,560
Long-term corporate securities	17,831	54,213	23,352	41,262	17,910
Other long-term securities	6,096	21,149	8,276	16,650	8,374
Other investment assets	-81,129	-61,952	12,028	-42,154	-54,182
Currency and deposits	-37,055	-1,305	-32,979	-13,469	19,510
Loans	-44,021	-61,889	56,790	-30,004	-86,794
Trade credit and advances	-53	1,242	-11,783	1,319	13,102
Reserve assets	-1,001	-2,782	-956	773	1,729
Monetary gold	0	0	0	0	0
Special drawing rights	5	6	8	8	0
Reserve position in the International Monetary Fund	-1,071	-2,835	-1,040	710	1,750
Other reserve assets	65	47	76	55	-21

<sup>p</sup> Preliminary <sup>r</sup> Revised (-) Net sales  
NOTE: The statistics are presented in tables 1.2, 6.1, 7.1, and 8.1 on BEA's Web site.

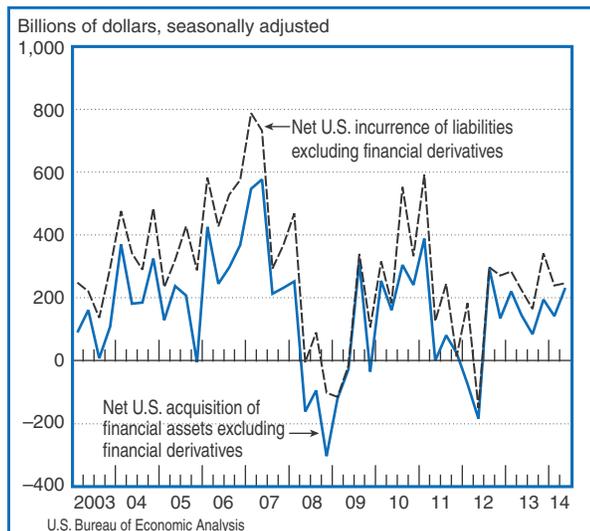
Net acquisition of direct investment assets was \$89.2 billion in the second quarter, up from \$31.6 billion in the first quarter (table F and chart 10). The increase reflected higher net equity investment than in the first quarter. Transactions in (intercompany) debt instruments shifted to net acquisition.

Net U.S. acquisition of portfolio investment assets abroad (acquisitions in excess of sales) was \$184.9 billion in the second quarter, up from \$100.7 billion in the first quarter (chart 11 on page 8). Net U.S. purchases of foreign equity and investment fund shares increased to \$85.6 billion from \$81.3 billion. Net U.S. purchases of foreign debt securities increased to \$99.3 billion from \$19.4 billion, partly reflecting increases in net purchases of commercial paper and corporate bonds and notes.

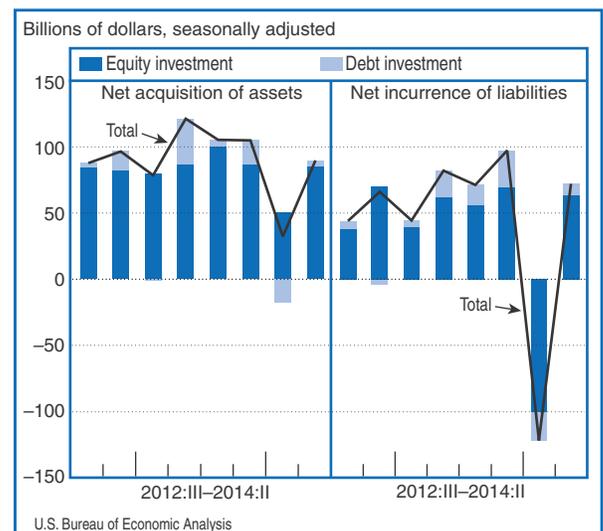
Net U.S. sales of other investment assets abroad (sales in excess of acquisitions) were \$42.2 billion in the second quarter, a shift from net acquisitions of \$12.0 billion in the first quarter (chart 12 on page 8). The shift to net sales reflected a shift to net foreign repayment of loans (foreign repayments exceeding U.S.-resident provision of loans).

Transactions increased U.S. reserve assets by \$0.8 billion in the second quarter after decreasing these assets by \$1.0 billion in the first quarter. The shift reflected an increase in the U.S. reserve position in the International Monetary Fund (IMF) as it drew on U.S. credit through the [New Arrangements to Borrow](#). Drawing on U.S. credit exceeded net repayments of dollars by countries that had borrowed from the IMF in previous quarters, increasing the U.S. reserve position.

**Chart 9. Acquisition of Financial Assets and Incurrence of Liabilities**



**Chart 10. Transactions in Direct Investment Assets and Liabilities**



## Financial Account—U. S. Incurrence of Liabilities

**Table G. Net U.S. Incurrence of Liabilities**

(Millions of dollars, seasonally adjusted)

	2013		2014		Change 2014:I to 2014:II
	III	IV	I <sup>r</sup>	II <sup>p</sup>	
<b>Net U.S. incurrence of liabilities excluding financial derivatives .....</b>	<b>165,707</b>	<b>341,838</b>	<b>239,750</b>	<b>247,436</b>	<b>7,686</b>
Direct investment liabilities	71,130	97,161	-121,707	72,011	193,718
Equity .....	55,579	69,487	-100,419	63,090	163,509
Equity other than reinvestment of earnings	38,158	42,385	-119,488	33,159	152,647
Reinvestment of earnings .....	17,421	27,102	19,069	29,931	10,862
Debt instruments .....	15,551	27,673	-21,288	8,921	30,209
Portfolio investment liabilities .....	207,881	153,226	237,867	74,774	-163,093
Equity and investment fund shares .....	61,828	-91,980	93,624	701	-92,923
Debt securities .....	146,052	245,207	144,244	74,074	-70,170
Short term .....	-52,805	63,085	12,897	-27,265	-40,162
Long term .....	198,857	182,122	131,347	101,338	-30,009
Treasury bonds and notes .....	108,976	157,938	118,279	87,339	-30,940
Federally sponsored agency securities ...	20,958	-35,667	-26,447	-12,331	14,116
Corporate bonds and notes .....	67,825	57,438	38,065	24,445	-13,620
Other .....	1,098	2,413	1,450	1,885	435
Other investment liabilities .....	-113,303	91,451	123,590	100,651	-22,939
Currency (short term) .....	12,664	10,606	25,169	6,530	-18,639
Deposits .....	-33,794	72,167	-21,957	85,326	107,283
Loans .....	-94,906	4,994	110,910	5,729	-105,181
Trade credit and advances .....	2,733	3,684	9,468	3,066	-6,402
Special drawing rights allocations .....	0	0	0	0	0

p Preliminary r Revised (-) Net repayment

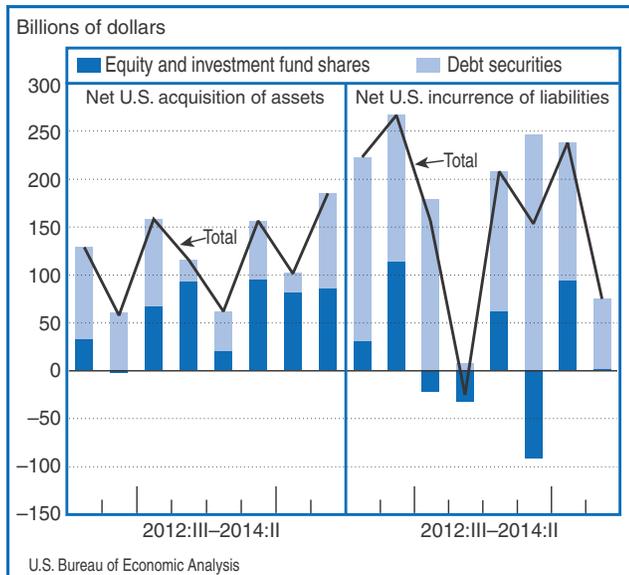
NOTE: The statistics are presented in tables 1.2, 6.1, 7.1, and 8.1 on BEA's Web site.

Net incurrence of direct investment liabilities to foreigners was \$72.0 billion in the second quarter, a shift from net repayment of liabilities of \$121.7 billion in the first quarter (table G, and chart 10 on page 7). The shift to net incurrence primarily reflected a shift to net equity investment other than reinvestment of earnings from first-quarter disinvestment. In addition, transactions in (intercompany) debt instruments shifted to net incurrence from net repayment.

Net U.S. incurrence of portfolio investment liabilities to foreigners was \$74.8 billion in the second quarter, down from \$237.9 billion in the first quarter (chart 11). Net foreign purchases of U.S. equity and investment fund shares were \$0.7 billion, down from \$93.6 billion. Net foreign purchases of U.S. debt securities were \$74.1 billion, down from \$144.2 billion, reflecting a shift to net foreign sales of U.S. Treasury bills and certificates and lower net foreign purchases of U.S. Treasury bonds and notes.

Net U.S. incurrence of other investment liabilities to foreigners was \$100.7 billion in the second quarter, down from \$123.6 billion in the first quarter (chart 12). The second-quarter decrease resulted from combined decreases in transactions for loans, currency, and trade credit and advances that more than offset a shift to net increases in foreign resident deposit liabilities to foreign residents.

**Chart 11. Transactions in Portfolio Investment Assets and Liabilities**



**Chart 12. Transactions in Other Investment Assets and Liabilities**

