

U.S. International Transactions

Third Quarter of 2014

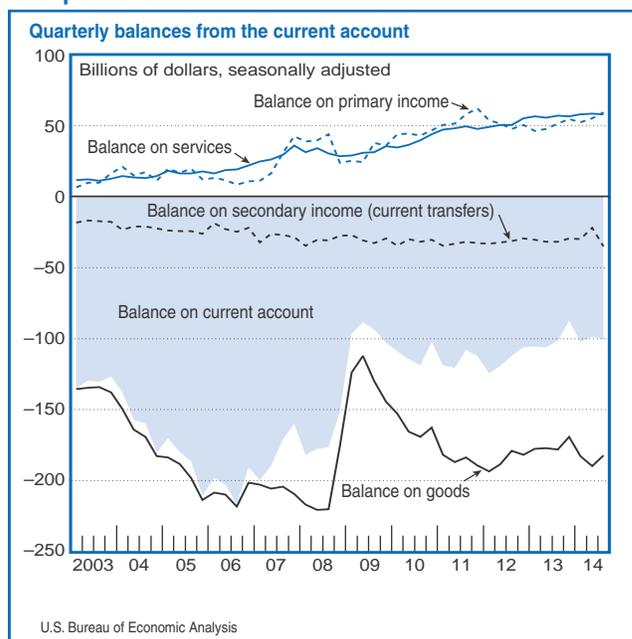
THE U.S. CURRENT-ACCOUNT DEFICIT—a net measure of transactions between the United States and the rest of the world in goods, services, primary income (investment income and compensation), and secondary income (current transfers)—increased to \$100.3 billion (preliminary) in the third quarter of 2014 from \$98.4 billion (revised) in the second quarter (chart 1; see pages 3–6 for more details on the current account).¹ The deficit remained at 2.3 percent of current-dollar gross domestic product (GDP). The increase in the current-account deficit was more than accounted for by an increase in the deficit on secondary income due to a decrease in fines and penalties paid to the U.S. government after a higher level in the second quarter. In addition, the surplus on services decreased. These changes were partly offset by a decrease in the deficit on goods and an increase in the surplus on primary income.

Net U.S. borrowing measured by financial-account transactions was \$22.5 billion in the third quarter, up from \$22.2 billion in the second quarter (see pages 7–8 for more details on the financial account). 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 second quarter. Net transactions in financial derivatives other than reserves reflected greater net borrowing in the third quarter than in the second quarter.

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 account and in the capital account. The statistical discrepancy was \$77.7 billion in the third quarter, compared with \$76.2 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.

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



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:II to 2014:III
	IV	I	II ^r	III ^p		
Current account						
Exports of goods and services and income receipts (credits)	814,014	806,089	831,291	829,104		-2,187
Exports of goods and services	581,692	574,187	586,576	591,999		5,423
Goods.....	407,103	399,536	408,714	414,134		5,420
Services	174,589	174,651	177,862	177,865		3
Primary income receipts	200,446	200,213	204,612	209,324		4,712
Secondary income (current transfer) receipts...	31,876	31,689	40,103	27,781		-12,322
Imports of goods and services and income payments (debits)	901,330	908,200	929,708	929,359		-349
Imports of goods and services.....	694,140	698,722	717,798	716,328		-1,470
Goods.....	576,193	581,875	598,025	596,205		-1,820
Services	117,947	116,848	119,772	120,123		351
Primary income payments.....	145,806	147,783	149,796	150,306		510
Secondary income (current transfer) payments	61,384	61,695	62,114	62,725		611
Capital account						
Capital transfer receipts and other credits	0	0	0	n.a.		n.a.
Capital transfer payments and other debits.....	(*)	43	2	n.a.		n.a.
Financial account						
Net U.S. acquisition of financial assets excluding financial derivatives (net increase in assets / financial outflow (+))	195,454	143,310	241,573	358,180		116,607
Direct investment assets	104,296	31,564	91,137	93,727		2,590
Portfolio investment assets	155,892	100,674	195,471	153,370		-42,101
Other investment assets	-61,952	12,028	-45,809	111,972		157,781
Reserve assets	-2,782	-956	773	-889		-1,662
Net U.S. incurrence of liabilities excluding financial derivatives (net increase in liabilities / financial inflow (+))	341,838	239,750	260,974	356,420		95,446
Direct investment liabilities.....	97,161	-121,707	77,711	65,379		-12,332
Portfolio investment liabilities	153,226	237,867	67,750	250,943		183,193
Other investment liabilities	91,451	123,590	115,513	40,098		-75,415
Financial derivatives other than reserves, net transactions	2,929	5,277	-2,804	-24,267		-21,463
Statistical discrepancy						
Statistical discrepancy ¹	-56,138	10,991	76,213	² 77,748		³ 1,535
Balances						
Balance on current account	-87,317	-102,111	-98,417	-100,255		-1,838
Balance on goods and services.....	-112,448	-124,535	-131,222	-124,329		6,893
Balance on goods	-169,090	-182,338	-189,311	-182,071		7,240
Balance on services	56,642	57,803	58,090	57,742		-348
Balance on primary income	54,639	52,430	54,816	59,018		4,202
Balance on secondary income (current transfers)	-29,508	-30,006	-22,011	-34,944		-12,933
Balance on capital account	(*)	-43	-2	n.a.		n.a.
Net lending (+) or net borrowing (-) from current- and capital-account transactions ⁴	-87,317	-102,153	-98,419	²-100,255		³-1,836
Net lending (+) or net borrowing (-) from financial-account transactions ⁵	-143,455	-91,162	-22,205	-22,507		-302

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.

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 decreased to \$182.1 billion in the third quarter from \$189.3 billion in the second quarter (table A).
- The surplus on services decreased to \$57.7 billion in the third quarter from \$58.1 billion in the second quarter.
- The surplus on primary income increased to \$59.0 billion in the third quarter from \$54.8 billion in the second quarter.
- The deficit on secondary income increased to \$34.9 billion in the third quarter from \$22.0 billion in the second quarter.

Financial-account highlights

- Net U.S. acquisition of financial assets excluding financial derivatives was \$358.2 billion in the third quarter, up from \$241.6 billion in the second quarter (see chart 9 on page 7).
- Net U.S. incurrence of liabilities to foreigners excluding financial derivatives was \$356.4 billion in the third quarter, up from \$261.0 billion in the second quarter.
- Net transactions in financial derivatives other than reserves were -\$24.3 billion in the third quarter, which was net borrowing, up from net borrowing of \$2.8 billion in the second quarter.

Revisions

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

Preliminary and Revised Second-Quarter 2014 Statistics

[Millions of dollars, seasonally adjusted]

	Preliminary	Revised
Balance on goods.....	-189,165	-189,311
Balance on services	58,913	58,090
Balance on primary income.....	53,132	54,816
Balance on secondary income (current transfers).....	-21,386	-22,011
Balance on current account.....	-98,506	-98,417
Net U.S. acquisition of financial assets	232,655	241,573
Net U.S. incurrence of liabilities.....	247,436	260,974
Net lending/borrowing from financial-account transactions	-17,577	-22,205

Current Account—Goods Exports

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

	2013		2014		Change 2014:II to 2014:III
	IV	I	II ^p	III ^p	
Exports of goods	407,103	399,536	408,714	414,134	5,420
General merchandise	401,300	392,566	404,706	409,342	4,636
Foods, feeds, and beverages	37,797	35,764	35,556	33,366	-2,190
Grains and preparations	8,090	7,988	9,840	8,133	-1,707
Soybeans.....	8,665	6,494	3,576	3,750	174
Other foods, feeds, and beverages.....	21,042	21,282	22,140	21,483	-657
Industrial supplies and materials	128,833	123,234	127,044	129,801	2,757
Energy products	49,220	45,202	47,910	49,447	1,537
Of which: Petroleum and products.....	44,158	38,870	42,046	44,735	2,689
Non-energy products	79,613	78,032	79,134	80,354	1,220
Chemicals except medicinals	30,188	28,939	29,973	30,173	200
Metals and nonmetallic products.....	22,306	21,853	21,848	23,087	1,239
Other non-energy products.....	27,119	27,240	27,313	27,094	-219
Capital goods except automotive	134,877	134,523	137,189	139,243	2,054
Electric generating machinery, apparatus, and parts.....	13,667	13,620	14,297	14,481	184
Industrial engines, pumps, and compressors	7,472	7,040	7,342	7,650	308
Other industrial machinery	19,417	20,123	19,656	20,335	679
Computers, peripherals, and parts	12,019	12,443	12,289	12,330	41
Semiconductors.....	10,933	10,931	10,804	11,039	235
Telecommunications equipment	10,062	10,260	9,522	10,324	802
Other machinery, equipment, tools, and instruments	32,946	32,572	33,175	32,668	-507
Civilian aircraft, engines, and parts	26,659	25,991	28,431	28,829	398
Other transportation equipment.....	1,701	1,552	1,673	1,586	-87
Automotive vehicles, parts, and engines	38,593	37,270	39,863	42,392	2,529
Passenger cars.....	14,050	14,061	15,696	16,610	914
Trucks, buses, and special purpose vehicles.....	4,981	4,361	4,896	5,400	504
Engines, parts, and accessories	19,562	18,847	19,272	20,382	1,110
Consumer goods except food and automotive	47,373	48,314	50,087	50,241	154
Nondurable goods	20,613	21,075	21,703	22,276	573
Medicinal, dental, and pharmaceutical products	11,425	12,209	12,511	13,179	668
Other.....	9,188	8,866	9,192	9,097	-95
Durable goods	26,759	27,239	28,384	27,966	-418
Household and kitchen appliances and other household goods.....	10,204	9,790	9,870	10,316	446
Other.....	16,555	17,449	18,514	17,650	-864
Other general merchandise	13,828	13,460	14,967	14,299	-668
Net exports of goods under merchanting	149	141	116	137	21
Nonmonetary gold	5,654	6,829	3,891	4,655	764

p Preliminary r Revised

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

Goods exports increased to \$414.1 billion from \$408.7 billion, a 1.3 percent increase (table B and chart 2).

Exports increased in four of the six major general-merchandise end-use categories and in nonmonetary gold. The largest increases were in industrial supplies and materials; automotive vehicles, parts, and engines; and capital goods except automotive. The increase in industrial supplies and materials was accounted for by increases in energy products and metals and nonmetallic products. The increase in automotive vehicles, parts, and engines reflected increases in all subcategories. The largest increases in capital goods except automotive were in telecommunications equipment and in other industrial machinery, particularly in machinery for manufacture of semiconductors. The largest decrease was in foods, feeds, and beverages; much of the decrease was due to a decrease in exports of grains and preparations.

Exports to Canada increased in the third quarter, but by less than in the second quarter. Exports to Japan increased in the third quarter. Exports to China increased slightly after decreasing for two straight quarters (chart 3).

Chart 2. Growth in Goods Exports and Imports

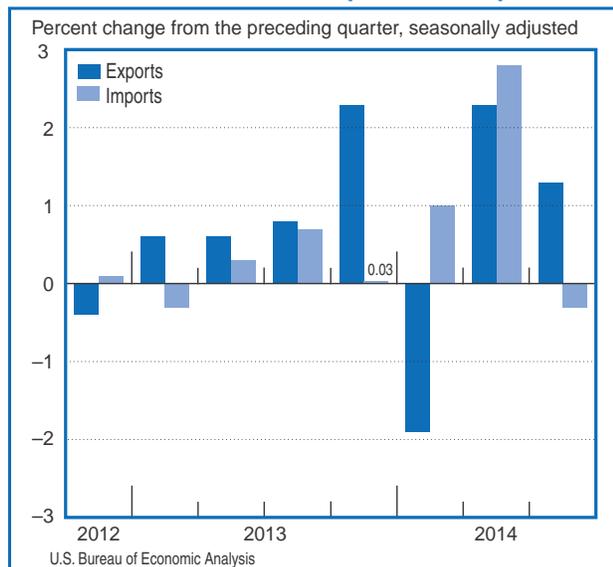
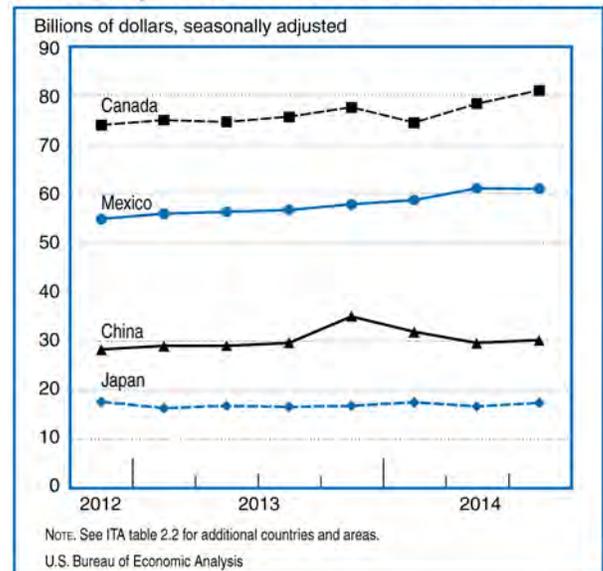


Chart 3. Exports of Goods to Selected Countries



NOTE: See ITA table 2.2 for additional countries and areas.

U.S. Bureau of Economic Analysis

Current Account—Goods Imports

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

	2013	2014			Change 2014:II to 2014:III
	IV	I	II*	III*	
Imports of goods	576,193	581,875	598,025	596,205	-1,820
General merchandise	572,027	578,054	594,283	591,952	-2,331
Foods, feeds, and beverages	29,143	30,106	32,433	32,241	-192
Industrial supplies and materials	167,653	174,760	170,529	166,906	-3,623
Energy products	99,484	103,054	95,855	91,076	-4,779
Of which: Petroleum and products	93,698	96,908	89,689	86,073	-3,616
Non-energy products	68,169	71,706	74,674	75,830	1,156
Chemicals except medicinals	18,696	19,567	20,508	21,091	583
Metals and nonmetallic products	24,847	27,222	28,621	28,992	371
Nonferrous metals	8,244	8,708	9,803	9,303	-500
Other metals and nonmetallic products	16,603	18,514	18,818	19,689	871
Other non-energy products	24,626	24,917	25,545	25,747	202
Capital goods except automotive	142,281	143,023	148,761	151,116	2,355
Machinery and equipment except consumer-type	128,477	128,740	133,839	135,049	1,210
Electric-generating machinery, electric					
apparatus, and parts	17,082	17,556	17,772	17,826	54
Industrial engines, pumps, and compressors ...	5,692	5,798	6,273	6,400	127
Computers, accessories, peripherals, and					
parts	31,435	28,813	29,757	30,271	514
Semiconductors	10,597	10,568	11,121	11,025	-96
Telecommunications equipment	13,353	14,131	14,836	14,966	130
Other machinery, equipment, tools, and					
instruments	50,318	51,874	54,080	54,561	481
Civilian aircraft, engines, and parts	12,191	12,782	13,276	14,166	890
Of which: Civilian aircraft, complete, all types ..	3,688	4,075	4,103	4,848	745
Other transportation equipment	1,614	1,502	1,646	1,901	255
Automotive vehicles, parts, and engines	79,808	77,464	83,406	83,659	253
Passenger cars	39,145	36,436	39,709	38,368	-1,341
Trucks, buses, and special purpose vehicles	7,114	7,536	8,349	8,048	-301
Engines, parts, and accessories	33,549	33,493	35,348	37,242	1,894
Consumer goods except food and automotive	135,414	134,964	140,475	139,015	-1,460
Nondurable goods	61,518	63,175	64,705	64,782	77
Medicinal, dental, and pharmaceutical					
products	20,597	21,746	23,540	23,446	-94
Other	40,921	41,429	41,165	41,336	171
Durable goods	73,896	71,789	75,770	74,233	-1,537
Household and kitchen appliances and other					
household goods	39,761	37,483	41,453	40,410	-1,043
Of which: Other household goods, including					
cell phones	26,067	24,267	28,163	26,192	-1,971
Other	34,135	34,306	34,317	33,823	-494
Other general merchandise	17,728	17,738	18,678	19,015	337
Nonmonetary gold	4,166	3,820	3,743	4,254	511

p Preliminary r Revised

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

Goods imports decreased to \$596.2 billion from \$598.0 billion, a 0.3 percent decrease (table C and chart 2 on page 3).

Imports decreased in three of the six major general-merchandise end-use categories. The largest decreases were in industrial supplies and materials and in consumer goods except food and automotive. Most of the decrease in industrial supplies and materials was due to a decrease in imports of petroleum and products. The decrease in consumer goods except food and automotive was more than accounted for by a decrease in imports of durable goods, particularly in cell phones. The largest increase was in capital goods except automotive. The increase mostly reflected increases in machinery and equipment except consumer-type and in civilian aircraft, complete, all types.

Imports from Saudi Arabia decreased for the second straight quarter. Imports from Canada, China, and Mexico each increased in the third quarter, but by less than in the second quarter (chart 4).

The deficit on petroleum and products decreased to \$41.3 billion in the third quarter from \$47.6 billion in the second quarter. The deficit decreased for a second straight quarter, reflecting increases in exports and decreases in imports. The deficit on non-petroleum products decreased to \$140.7 billion from \$141.7 billion after increasing in the second quarter (chart 5).

Chart 4. Imports of Goods from Selected Countries

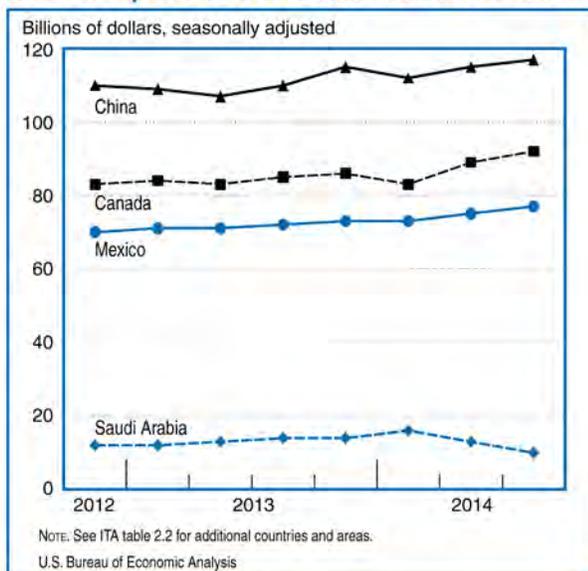
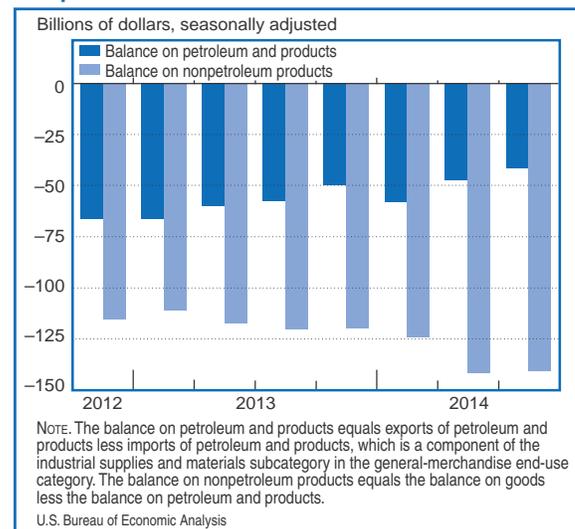


Chart 5. Balance on Total Petroleum and Nonpetroleum Products



Current Account—Services

Table D. Services Exports and Imports

[Millions of dollars, seasonally adjusted]

	2013		2014		Change 2014:II to 2014:III
	IV	I	II ^p	III ^p	
Exports of services	174,589	174,651	177,862	177,865	3
Maintenance and repair services n.i.e.	4,802	4,223	4,506	4,575	69
Transport	22,180	22,037	22,445	22,628	183
Of which: Air passenger transport.....	10,708	10,620	10,890	10,948	58
Travel (for all purposes including education).....	44,054	44,129	44,866	45,086	220
Of which: Travel for purposes other than education, health, or short-term work	34,471	34,458	34,976	34,940	-36
Insurance services.....	4,080	4,007	4,146	4,145	-1
Financial services	22,081	21,184	22,710	22,111	-599
Charges for the use of intellectual property n.i.e.	31,866	32,785	33,804	33,968	164
Industrial processes.....	11,517	11,646	12,354	12,441	87
Computer software.....	10,261	10,341	10,315	10,197	-118
Other.....	10,090	10,797	11,134	11,329	195
Telecommunications, computer, and information services.....	8,303	8,057	8,444	8,389	-55
Other business services.....	31,570	31,662	31,070	31,338	268
Government goods and services n.i.e.	5,653	6,566	5,871	5,624	-247
Imports of services	117,947	116,848	119,772	120,123	351
Maintenance and repair services n.i.e.	1,797	1,820	1,998	2,023	25
Transport	23,299	23,051	23,469	23,545	76
Of which: Air passenger transport.....	8,493	8,497	8,757	8,860	103
Travel (for all purposes including education).....	26,766	26,398	28,212	28,303	91
Of which: Travel for purposes other than education, health, or short-term work	24,448	24,045	25,823	25,886	63
Insurance services.....	12,348	11,966	12,331	12,047	-284
Financial services	5,058	4,615	4,849	4,852	3
Charges for the use of intellectual property n.i.e.	9,855	10,514	10,260	10,249	-11
Industrial processes.....	5,729	5,726	5,832	5,840	8
Computer software.....	1,657	1,531	1,647	1,581	-66
Other.....	2,468	3,257	2,781	2,828	47
Telecommunications, computer, and information services.....	8,415	8,276	8,298	8,411	113
Other business services.....	24,183	24,151	24,223	24,760	537
Government goods and services n.i.e.	6,227	6,057	6,131	5,933	-198

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

NOTE: The statistics are presented in table 3.1 on BEA's Web site. For additional information on services, see Alexis N. Grimm and Charu S. Krishnan, "U.S. International Services: Trade in Services in 2013 and Services Supplied Through Affiliates in 2012," SURVEY OF CURRENT BUSINESS 94 (OCTOBER 2014); 1-25.

Services exports were \$177.9 billion, nearly unchanged from the second quarter (table D and chart 6). Exports increased in five of the nine major services categories. The largest increase was in other business services, much of which was in research and development services. The largest decrease was in financial services, much of which was in securities brokerage, underwriting, and related services.

Services imports increased to \$120.1 billion from \$119.8 billion, a 0.3 percent increase. Imports increased in six of the nine major services categories. The largest increase was in other business services, reflecting combined increases in imports of research and development services and professional and management consulting services.

Exports to China decreased \$0.7 billion, and exports to Canada and the United Kingdom increased slightly. Imports from Canada increased \$0.1 billion and imports from Japan decreased \$0.1 billion (chart 7).

Chart 6. Growth in Services Exports and Imports

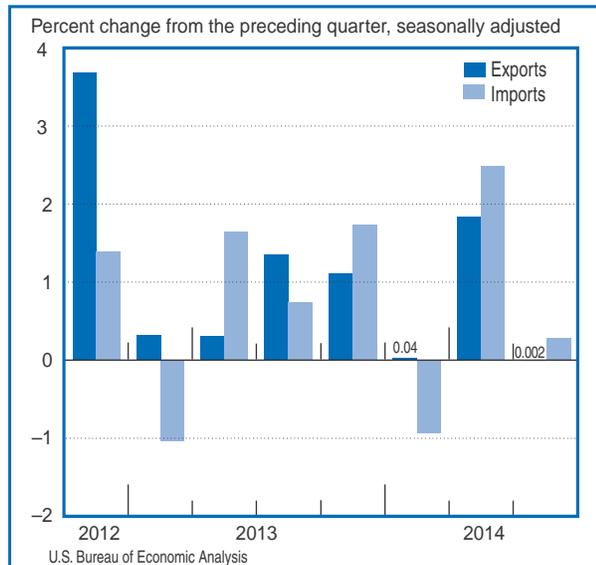
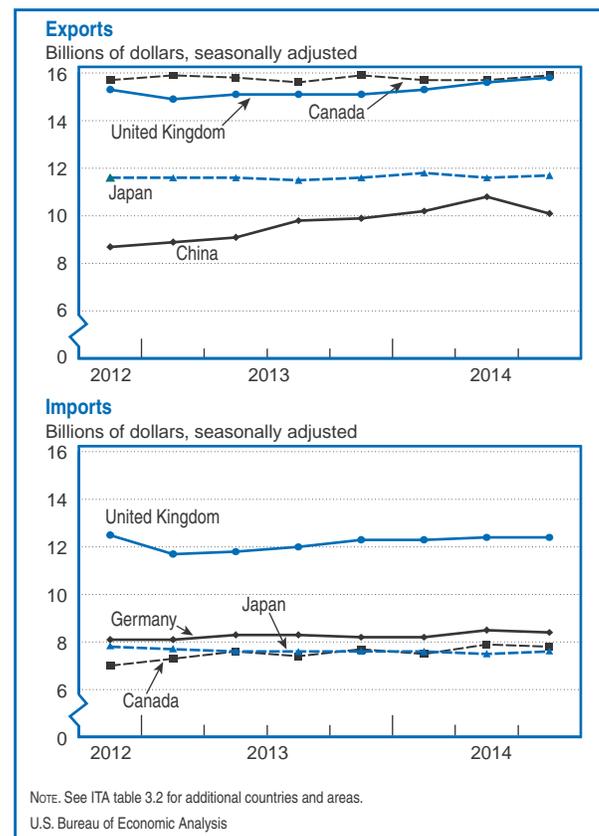


Chart 7. Services Trade with Selected Countries



Current Account—Income

Table E. Income Receipts and Payments

[Millions of dollars, seasonally adjusted]

	2013	2014			Change 2014:II to 2014:III
	IV	I	II ^r	III ^p	
Primary income receipts	200,446	200,213	204,612	209,324	4,712
Investment income	198,759	198,506	202,896	207,600	4,704
Direct investment income	120,357	116,417	118,155	121,570	3,415
Income on equity	116,559	113,057	114,737	118,040	3,303
Interest	3,799	3,360	3,418	3,529	111
Portfolio investment income	70,968	74,303	76,776	78,302	1,526
Income on equity and investment fund shares	44,703	47,664	49,615	49,911	296
Interest on debt securities	26,264	26,639	27,161	28,391	1,230
Other investment income	7,368	7,690	7,891	7,659	-232
Interest	4,892	5,182	5,346	5,090	-256
Income attributable to insurance policyholders	2,476	2,508	2,544	2,570	26
Reserve asset income	66	96	74	70	-4
Compensation of employees	1,686	1,707	1,716	1,724	8
Primary income payments	145,806	147,783	149,796	150,306	510
Investment income	141,857	143,956	145,800	146,316	516
Direct investment income	43,667	43,206	44,975	43,674	-1,301
Income on equity	36,061	35,192	37,225	36,270	-955
Interest	7,607	8,014	7,751	7,404	-347
Portfolio investment income	94,374	97,277	97,179	99,146	1,967
Income on equity and investment fund shares	27,435	31,018	30,923	31,354	431
Interest on debt securities	66,939	66,259	66,256	67,792	1,536
Other investment income	3,815	3,473	3,646	3,496	-150
Interest	3,082	2,727	2,889	2,732	-157
Income attributable to insurance policyholders	733	747	757	764	7
Compensation of employees	3,950	3,827	3,996	3,990	-6
Secondary income¹					
Secondary income (current transfer) receipts	31,876	31,689	40,103	27,781	-12,322
Secondary income (current transfer) payments	61,384	61,695	62,114	62,725	611

^p Preliminary ^r Revised

1. 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.

Income receipts from foreigners on U.S. holdings of financial assets abroad increased to \$207.6 billion from \$202.9 billion (table E and chart 8). The increase reflected increases in direct investment income—mostly due to higher income on equity, particularly from manufacturing affiliates—and in portfolio investment income. The increase in portfolio investment income receipts was mostly due to increased interest on long-term debt securities.

Receipts for compensation of U.S. residents paid by nonresidents were nearly unchanged at \$1.7 billion in the third quarter.

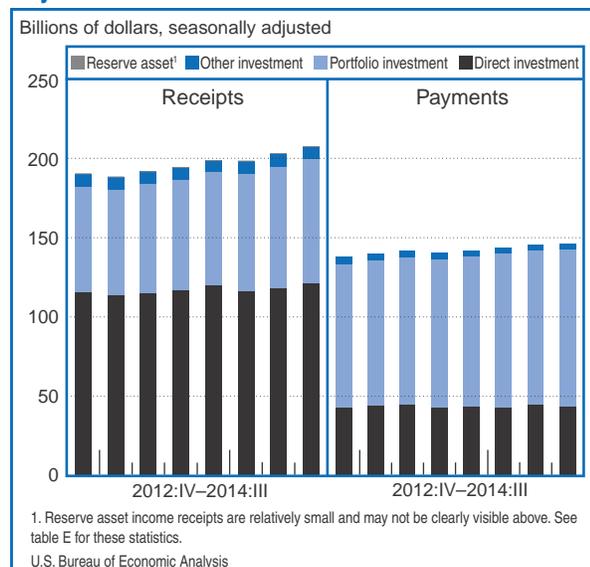
Income payments to foreigners on U.S. liabilities increased to \$146.3 billion from \$145.8 billion. The increase was more than accounted for by an increase in portfolio investment income payments, mostly reflecting increased interest on long-term debt securities. The increase in portfolio investment income payments was partly offset by a decrease in direct investment income payments. The decrease in direct investment income payments was largely in income on equity; interest payments also decreased.

Payments for compensation of foreign residents paid by U.S. residents were nearly unchanged at \$4.0 billion in the third quarter.

Secondary income receipts decreased to \$27.8 billion from \$40.1 billion after increasing in the second quarter. Second-quarter transactions had included unusually large fines and penalties paid to the U.S. government, a component of U.S. government transfers.

Secondary income payments increased to \$62.7 billion from \$62.1 billion, mostly due to an increase in private transfers.

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:II to 2014:III
	IV	I	II ^p	III ^p	
Net U.S. acquisition of financial assets excluding financial derivatives	195,454	143,310	241,573	358,180	116,607
Direct investment assets	104,296	31,564	91,137	93,727	2,590
Equity	86,087	50,091	84,916	93,717	8,801
Equity other than reinvestment of earnings	-4,721	-27,498	-3,762	5,607	9,369
Reinvestment of earnings	90,808	77,589	88,679	88,110	-569
Debt instruments	18,210	-18,527	6,221	9	-6,212
Portfolio investment assets	155,892	100,674	195,471	153,370	-42,101
Equity and investment fund shares	95,443	81,259	91,480	127,416	35,936
Debt securities	60,449	19,415	103,991	25,953	-78,038
Short-term securities	-14,913	-12,213	45,733	-11,133	-56,866
Long-term corporate securities	54,213	23,352	41,241	26,438	-14,803
Other long-term securities	21,149	8,276	17,017	10,648	-6,369
Other investment assets	-61,952	12,028	-45,809	111,972	157,781
Currency and deposits	-1,305	-32,979	-19,542	33,118	52,660
Loans	-61,889	56,790	-27,586	80,850	108,436
Trade credit and advances	1,242	-11,783	1,319	-1,996	-3,315
Reserve assets	-2,782	-956	773	-889	-1,662
Monetary gold	0	0	0	0	0
Special drawing rights	6	8	8	4	-4
Reserve position in the International Monetary Fund	-2,835	-1,040	710	-951	-1,661
Other reserve assets	47	76	55	59	4

^p Preliminary ^r 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 \$93.7 billion in the third quarter, up from \$91.1 billion in the second quarter (table F and chart 10). The increase was more than accounted for by a shift to positive net investment in equity other than reinvestment of earnings. In contrast, net acquisition of (intercompany) debt instrument assets decreased.

Net U.S. acquisition of portfolio investment assets (acquisitions in excess of sales) was \$153.4 billion in the third quarter, down from \$195.5 billion in the second quarter (chart 11 on page 8). Net U.S. purchases of foreign equity and investment fund shares increased to \$127.4 billion from \$91.5 billion. Net U.S. purchases of foreign debt securities decreased to \$26.0 billion from \$104.0 billion, partly reflecting a shift to net sales of commercial paper and decreases in net purchases of other short-term securities and long-term corporate securities.

Net U.S. acquisition of other investment assets abroad (acquisitions in excess of sales) was \$112.0 billion in the third quarter, a shift from net sales of \$45.8 billion in the second quarter (chart 12 on page 8). The shift to net acquisition reflected a shift to the net provision of loans (U.S.-resident provision of loans exceeding foreign repayments) and a shift to net acquisition of deposit assets abroad.

Transactions decreased U.S. reserve assets abroad by \$0.9 billion in the third quarter after increasing \$0.8 billion in the second quarter.

Chart 9. Acquisition of Financial Assets and Incurrence of Liabilities

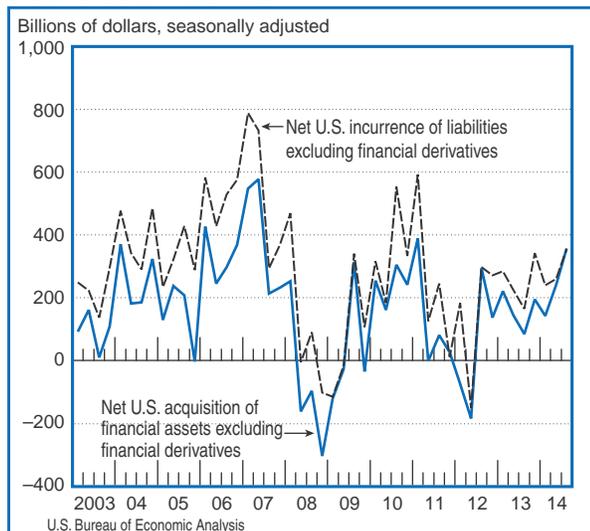
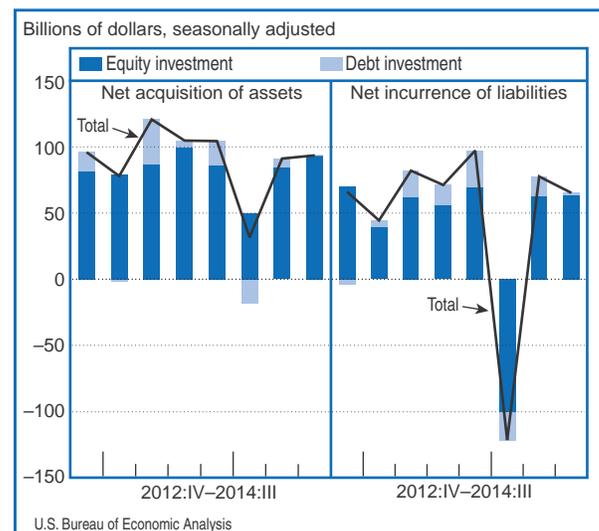


Chart 10. Transactions in Direct Investment Assets and Liabilities



Financial Account—U. S. Incurrence of Liabilities

Table G. Net U.S. Incurrence of Liabilities
(Millions of dollars, seasonally adjusted)

	2013	2014			Change 2014:II to 2014:III
	IV	I	II ^p	III ^p	
Net U.S. incurrence of liabilities excluding financial derivatives	341,838	239,750	260,974	356,420	95,446
Direct investment liabilities.....	97,161	-121,707	77,711	65,379	-12,332
Equity	69,487	-100,419	63,331	63,650	319
Equity other than reinvestment of earnings	42,385	-119,488	34,932	39,832	4,900
Reinvestment of earnings.....	27,102	19,069	28,399	23,818	-4,581
Debt instruments.....	27,673	-21,288	14,380	1,729	-12,651
Portfolio investment liabilities.....	153,226	237,867	67,750	250,943	183,193
Equity and investment fund shares	-91,980	93,624	3,418	84,647	81,229
Debt securities	245,207	144,244	64,331	166,295	101,964
Short term	63,085	12,897	-27,363	-6,009	21,354
Long term.....	182,122	131,347	91,694	172,304	80,610
Treasury bonds and notes	157,938	118,279	86,408	79,815	-6,593
Federally sponsored agency securities	-35,667	-26,447	-14,074	23,410	37,484
Corporate bonds and notes.....	57,438	38,065	17,602	67,452	49,850
Other	2,413	1,450	1,758	1,627	-131
Other investment liabilities.....	91,451	123,590	115,513	40,098	-75,415
Currency (short term).....	10,606	25,169	6,530	6,063	-467
Deposits	72,167	-21,957	98,531	33,042	-65,489
Loans	4,994	110,910	7,340	5,735	-1,605
Trade credit and advances.....	3,684	9,468	3,113	-4,742	-7,855
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 \$65.4 billion in the third quarter, down from \$77.7 billion in the second quarter. The decrease was more than accounted for by a decrease in the net incurrence of (intercompany) debt instrument liabilities.

Net U.S. incurrence of portfolio investment liabilities to foreigners was \$250.9 billion in the third quarter, up from \$67.8 billion in the second quarter (chart 11). Net foreign purchases of U.S. equity and investment fund shares were \$84.6 billion, up from \$3.4 billion.

Net foreign purchases of U.S. debt securities were \$166.3 billion, up from \$64.3 billion, mostly reflecting an increase in net purchases of long-term corporate bonds and notes and a shift to net purchases of long-term federally sponsored agency securities.

Net U.S. incurrence of other investment liabilities to foreigners was \$40.1 billion in the third quarter, down from \$115.5 billion in the second quarter (chart 12). The third-quarter decrease was mostly due to a decrease in the net incurrence of liabilities associated with foreign-resident deposits.

Chart 11. Transactions in Portfolio Investment Assets and Liabilities

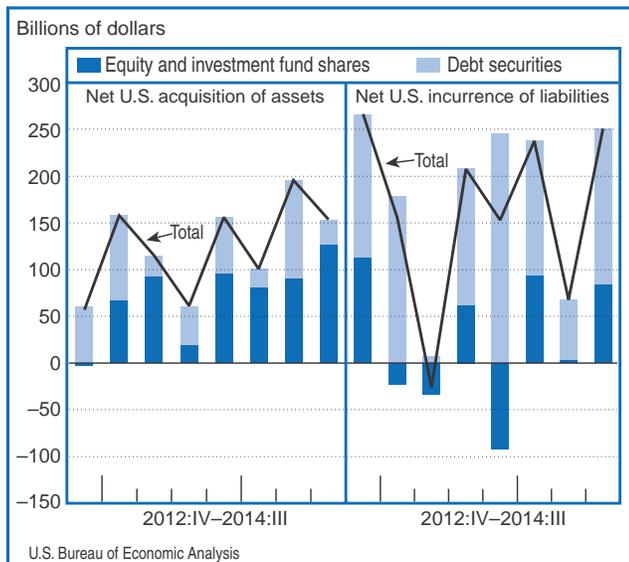


Chart 12. Transactions in Other Investment Assets and Liabilities

