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U.S. International Transactions: Second Quarter 2007

Current Account

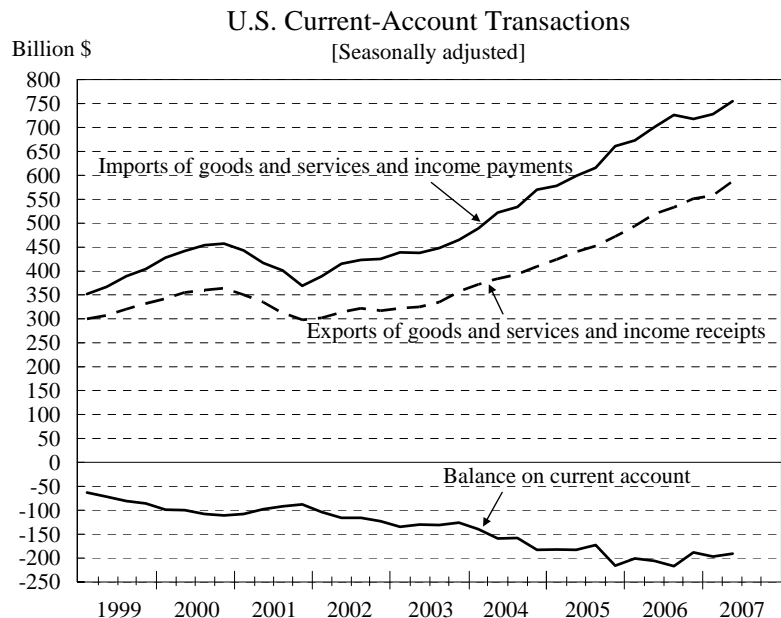
The U.S. current-account deficit--the combined balances on trade in goods and services, income, and net unilateral current transfers--decreased to \$190.8 billion (preliminary) in the second quarter of 2007 from \$197.1 billion (revised) in the first quarter. A decrease in net unilateral current transfers to foreigners and increases in the surpluses on services and on income more than accounted for the decrease. An increase in the deficit on goods was partly offsetting.

Goods and services

The deficit on goods and services increased slightly to \$177.7 billion in the second quarter from \$177.6 billion in the first.

Goods The deficit on goods increased to \$204.2 billion in the second quarter from \$200.9 billion in the first.

Goods exports increased to \$279.3 billion from \$270.1 billion. The largest increases were in nonagricultural industrial supplies and materials, in agricultural products, and in automotive vehicles, parts, and engines.



NOTE: This news release is available on BEA's Web site at www.bea.gov/newsreleases/rels.htm.

Goods imports increased to \$483.6 billion from \$471.0 billion. The increase resulted from increases in petroleum and products and in nonpetroleum industrial supplies and materials.

Services The surplus on services increased to \$26.5 billion in the second quarter from \$23.3 billion in the first.

Services receipts increased to \$116.4 billion from \$112.0 billion. The increase was largely accounted for by increases in “other” private services (such as business, professional, and technical services, insurance

services, and financial services) and in travel. “Other” transportation (such as freight and port services), passenger fares, and royalties and license fees also increased.

Services payments increased to \$89.8 billion from \$88.8 billion. The increase was mostly accounted for by increases in “other” private services and in royalties and license fees.

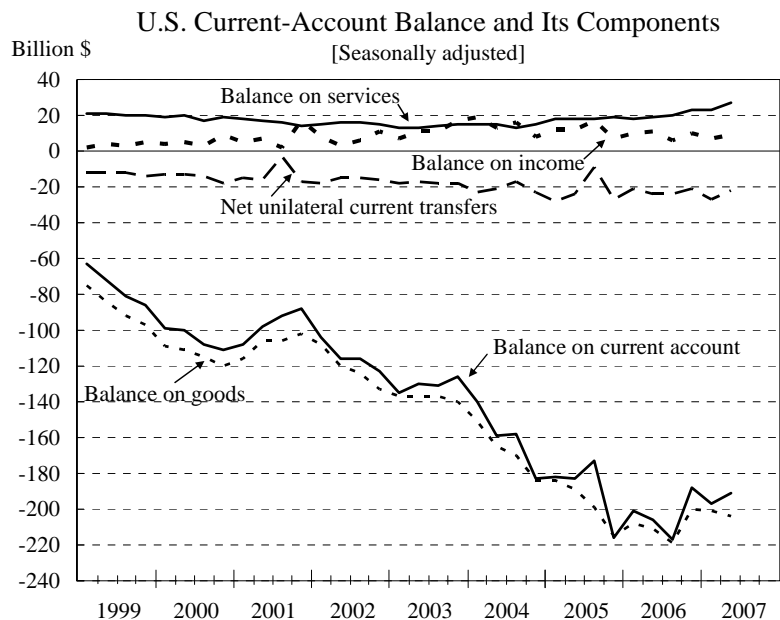
Income

The surplus on income increased to \$9.4 billion in the second quarter from \$7.5 billion in the first.

Investment income Income receipts on U.S.-owned assets abroad increased to \$190.3 billion from \$175.5 billion. The increase was almost completely accounted for by increases in “other” private receipts (which consists of interest and dividends) and in direct investment receipts.

Income payments on foreign-owned assets in the United States increased to \$179.2 billion from \$166.4 billion. The increase was accounted for by increases in “other” private payments (which consists of interest and dividends), in direct investment payments, and in U.S. Government payments (which consists of interest).

Compensation of employees Receipts for compensation of U.S. workers abroad were virtually unchanged at \$0.7 billion, and payments for compensation of foreign workers in the United States increased slightly to \$2.4 billion from \$2.3 billion.



Unilateral current transfers

Net unilateral current transfers to foreigners were \$22.5 billion in the second quarter, down from \$27.0 billion in the first. The decrease was more than accounted for by a decrease in U.S. Government grants.

Capital Account

Net capital account payments (outflows) were virtually unchanged at \$0.6 billion in the second quarter.

Financial Account

Net financial inflows--net acquisitions by foreign residents of assets in the United States less net acquisitions by U.S. residents of assets abroad--were \$150.9 billion in the second quarter, down from \$181.9 billion in the first. Net U.S. acquisitions of assets abroad picked up more than net foreign acquisitions of assets in the United States.

U.S.-owned assets abroad

U.S.-owned assets abroad increased \$469.5 billion in the second quarter, following an increase of \$449.5 billion in the first.

U.S. claims on foreigners reported by U.S. banks increased \$203.9 billion in the second quarter, following an increase of \$233.4 billion in the first.

Net U.S. purchases of foreign securities were \$88.1 billion in the second quarter, up slightly from \$87.2 billion in the first. Net U.S. purchases of foreign stocks were \$40.3 billion, down from \$43.5 billion. Net U.S. purchases of foreign bonds were \$47.8 billion, up from \$43.7 billion.

Net financial flows for U.S. direct investment abroad were \$71.5 billion in the second quarter, down from \$81.4 billion in the first. A shift from an increase to a decrease in net intercompany debt investment abroad and a slowdown in net equity capital investment abroad were partly offset by a pickup in reinvested earnings.

U.S. official reserve assets decreased less than \$0.1 billion in the second quarter, following an increase of \$0.1 billion in the first.

Foreign-owned assets in the United States

Foreign-owned assets in the United States increased \$620.4 billion in the second quarter, following an increase of \$616.6 billion in the first.

U.S. liabilities to foreigners reported by U.S. banks increased \$137.8 billion in the second quarter, following an increase of \$203.6 billion in the first.

Transactions in U.S. Treasury securities shifted to net foreign sales of \$7.6 billion in the second quarter from net foreign purchases of \$44.6 billion in the first.

Net foreign purchases of U.S. securities other than U.S. Treasury securities were \$235.1 billion in the second quarter, up from \$112.3 billion in the first. Net foreign purchases of U.S. stocks were \$104.2 billion, up from \$43.5 billion. Net foreign purchases of U.S. corporate bonds were \$101.3 billion, down from \$104.9 billion. Transactions in federally sponsored agency bonds shifted to net foreign purchases of \$29.6 billion from net foreign sales of \$36.1 billion.

Net financial flows for foreign direct investment in the United States were \$73.6 billion in the second quarter, up from \$11.9 billion in the first. The increase was mostly accounted for by a shift from a decrease to an increase in net intercompany debt investment in the United States and a pickup in net equity capital investment in the United States. Reinvested earnings also increased.

Foreign official assets in the United States increased \$70.1 billion in the second quarter, following an increase of \$152.2 billion in the first.

Transactions in U.S. currency shifted to net shipments to foreign countries of \$3.3 billion in the second quarter from net shipments to the United States of \$1.6 billion in the first.

The statistical discrepancy--errors and omissions in recorded transactions--was a positive \$40.4 billion in the second quarter, compared with a positive \$15.7 billion in the first.

In the second quarter, the U.S. dollar depreciated 3 percent on a trade-weighted quarterly average basis against a group of 7 major currencies.

Revisions

The first-quarter international transactions are revised from previously published estimates. The current-account deficit was revised to \$197.1 billion from \$192.6 billion. The goods deficit was unrevised at \$200.9 billion; the services surplus was revised to \$23.3 billion from \$24.1 billion; the income surplus was revised to \$7.5 billion from \$10.4 billion; and unilateral current transfers were revised to net outflows of \$27.0 billion from \$26.1 billion. Net recorded financial inflows were revised to \$181.9 billion from \$202.8 billion.

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Release dates in 2007:

Fourth quarter and year 2006.....	March 14, 2007 (Wednesday)
First quarter 2007.....	June 15, 2007 (Friday)
Second quarter 2007.....	September 14, 2007 (Friday)
Third quarter 2007.....	December 17, 2007 (Monday)

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Summary BEA estimates are available on recorded messages at the time of public release at the following telephone numbers:

(202) 606-5306 Gross domestic product
-5303 Personal income and outlays

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Table 1. U.S. International Transactions

[Millions of dollars, quarters seasonally adjusted]

	(Credits +, debits -)	2006	2006				2007		Change: 2007 I-II
			I	II	III	IV	I ^r	II ^p	
Current account									
1	Exports of goods and services and income receipts.....	2,096,165	494,027	518,595	532,894	550,649	558,369	586,698	28,329
2	Exports of goods and services.....	1,445,703	345,636	356,575	365,868	377,623	382,156	395,689	13,533
3	Goods, balance of payments basis.....	1,023,109	243,880	252,458	260,285	266,486	270,116	279,339	9,223
4	Services.....	422,594	101,756	104,117	105,583	111,137	112,040	116,350	4,310
5	Transfers under U.S. military agency sales contracts.....	17,112	4,531	4,188	4,102	4,291	4,259	4,070	-189
6	Travel.....	85,694	20,845	21,212	21,527	22,110	22,297	23,618	1,321
7	Passenger fares.....	22,187	5,397	5,328	5,696	5,765	5,706	6,117	411
8	Other transportation.....	46,297	11,038	11,754	11,716	11,789	12,157	12,791	634
9	Royalties and license fees.....	62,378	14,923	15,196	15,815	16,444	16,645	16,959	314
10	Other private services.....	187,771	44,745	46,153	46,433	50,441	50,680	52,507	1,827
11	U.S. Government miscellaneous services.....	1,155	277	286	294	297	296	289	-7
12	Income receipts.....	650,462	148,391	162,020	167,026	173,025	176,213	191,009	14,796
13	Income receipts on U.S.-owned assets abroad.....	647,582	147,670	161,293	166,314	172,305	175,484	190,276	14,792
14	Direct investment receipts.....	310,224	73,304	77,702	78,372	80,846	79,478	85,819	6,341
15	Other private receipts.....	334,958	73,776	83,004	87,348	90,830	95,467	103,849	8,382
16	U.S. Government receipts.....	2,400	590	587	594	629	539	608	69
17	Compensation of employees.....	2,880	721	727	712	720	729	733	4
18	Imports of goods and services and income payments.....	-2,818,047	-673,277	-700,504	-726,352	-717,914	-728,472	-755,031	-26,559
19	Imports of goods and services.....	-2,204,225	-535,348	-549,153	-565,175	-554,549	-559,737	-573,377	-13,640
20	Goods, balance of payments basis.....	-1,861,380	-451,637	-463,734	-479,184	-466,825	-470,983	-483,552	-12,569
21	Services.....	-342,845	-83,711	-85,419	-85,991	-87,724	-88,754	-89,825	-1,071
22	Direct defense expenditures.....	-31,054	-7,726	-7,737	-7,990	-7,601	-7,924	-8,001	-77
23	Travel.....	-72,029	-17,582	-18,077	-18,015	-18,355	-18,582	-18,661	-79
24	Passenger fares.....	-27,503	-6,748	-6,927	-6,889	-6,939	-6,799	-6,749	50
25	Other transportation.....	-65,282	-16,025	-16,401	-16,491	-16,365	-16,490	-16,572	-82
26	Royalties and license fees.....	-26,432	-6,767	-6,532	-6,497	-6,636	-6,810	-6,939	-129
27	Other private services.....	-116,524	-27,867	-28,728	-29,087	-30,841	-31,133	-31,879	-746
28	U.S. Government miscellaneous services.....	-4,021	-996	-1,016	-1,022	-987	-1,016	-1,024	-8
29	Income payments.....	-613,823	-137,929	-151,352	-161,177	-163,365	-168,735	-181,654	-12,919
30	Income payments on foreign-owned assets in the United States.....	-604,410	-135,607	-149,004	-158,823	-160,977	-166,422	-179,238	-12,816
31	Direct investment payments.....	-136,010	-31,299	-33,055	-37,885	-33,772	-31,718	-36,181	-4,463
32	Other private payments.....	-334,645	-73,830	-83,037	-86,607	-91,171	-97,066	-103,628	-6,562
33	U.S. Government payments.....	-133,755	-30,478	-32,912	-34,331	-36,034	-37,638	-39,429	-1,791
34	Compensation of employees.....	-9,412	-2,322	-2,348	-2,354	-2,388	-2,313	-2,416	-103
35	Unilateral current transfers, net.....	-89,595	-21,360	-23,686	-23,877	-20,673	-26,994	-22,457	4,537
36	U.S. Government grants.....	-27,142	-5,671	-7,226	-7,741	-6,504	-10,372	-5,455	4,917
37	U.S. Government pensions and other transfers.....	-6,508	-1,614	-1,627	-1,620	-1,647	-1,700	-1,732	-32
38	Private remittances and other transfers.....	-55,945	-14,075	-14,833	-14,516	-12,522	-14,922	-15,270	-348

Table 1. U.S. International Transactions (Continued)

[Millions of dollars, quarters seasonally adjusted]

	(Credits +, debits -)	2006	2006				2007		Change: 2007 I-II
			I	II	III	IV	I ^r	II ^p	
Capital account									
39	Capital account transactions, net.....	-3,913	-1,724	-1,008	-545	-637	-559	-589	-30
Financial account									
40	U.S.-owned assets abroad, excluding financial derivatives (increase/financial outflow (-)).....	-1,055,176	-344,032	-212,218	-209,898	-289,028	-449,454	-469,470	-20,016
41	U.S. official reserve assets.....	2,374	513	-560	1,006	1,415	-72	26	98
42	Gold.....	0	0	0	0	0	0	0	0
43	Special drawing rights.....	-223	-67	-51	-54	-51	-43	-39	4
44	Reserve position in the International Monetary Fund.....	3,331	729	-351	1,275	1,678	212	294	82
45	Foreign currencies.....	-734	-149	-158	-215	-212	-241	-229	12
46	U.S. Government assets, other than official reserve assets.....	5,346	1,049	1,765	1,570	962	445	-493	-938
47	U.S. credits and other long-term assets.....	-2,992	-1,517	-376	-592	-507	-608	-1,365	-757
48	Repayments on U.S. credits and other long-term assets.....	8,329	2,558	2,147	2,170	1,454	1,091	884	-207
49	U.S. foreign currency holdings and U.S. short-term assets.....	9	8	-6	-8	15	-38	-12	26
50	U.S. private assets.....	-1,062,896	-345,594	-213,423	-212,474	-291,405	-449,827	-469,003	-19,176
51	Direct investment.....	-235,358	-66,502	-53,744	-49,018	-66,094	-81,407	-71,523	9,884
52	Foreign securities.....	-289,422	-57,693	-59,003	-55,496	-117,230	-87,206	-88,051	-845
53	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns.....	-83,531	-24,302	-45,885	-29,162	15,818	-47,830	-105,557	-57,727
54	U.S. claims reported by U.S. banks, not included elsewhere.....	-454,585	-197,097	-54,791	-78,798	-123,899	-233,384	-203,872	29,512
55	Foreign-owned assets in the United States, excluding financial derivatives (increase/financial inflow (+)).....	1,859,597	538,140	355,442	449,987	516,029	616,602	620,405	3,803
56	Foreign official assets in the United States.....	440,264	125,257	120,861	108,799	85,347	152,193	70,098	-82,095
57	U.S. Government securities.....	380,734	112,338	65,626	107,972	94,798	110,772	43,275	-67,497
58	U.S. Treasury securities.....	189,181	65,124	24,262	52,746	47,049	37,705	-13,125	-50,830
59	Other.....	191,553	47,214	41,364	55,226	47,749	73,067	56,400	-16,667
60	Other U.S. Government liabilities.....	3,133	26	824	1,154	1,129	654	-198	-852
61	U.S. liabilities reported by U.S. banks, not included elsewhere.....	22,040	2,394	42,533	-7,221	-15,666	29,797	15,736	-14,061
62	Other foreign official assets.....	34,357	10,499	11,878	6,894	5,086	10,970	11,285	315
63	Other foreign assets in the United States.....	1,419,333	412,883	234,581	341,188	430,682	464,409	550,307	85,898
64	Direct investment.....	180,580	42,976	49,056	42,979	45,570	11,906	73,620	61,714
65	U.S. Treasury securities.....	-35,931	-25,274	-19,307	-13,440	22,090	44,638	-7,625	-52,263
66	U.S. securities other than U.S. Treasury securities.....	591,951	173,213	145,750	140,243	132,745	112,269	235,096	122,827
67	U.S. currency.....	12,571	1,933	1,127	1,129	8,382	-1,631	3,347	4,978
68	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns.....	235,769	60,613	55,907	69,637	49,612	93,624	108,115	14,491
69	U.S. liabilities reported by U.S. banks, not included elsewhere.....	434,393	159,422	2,048	100,640	172,283	203,603	137,754	-65,849
70	Financial derivatives, net.....	28,762	1,633	14,001	14,911	-1,783	14,800	n.a.	-14,800
71	Statistical discrepancy (sum of above items with sign reversed).....	-17,794	6,593	49,378	-37,121	-36,643	15,708	40,444	24,736
Memoranda:									
72	Balance on goods (lines 3 and 20).....	-838,271	-207,757	-211,276	-218,899	-200,339	-200,867	-204,213	-3,346
73	Balance on services (lines 4 and 21).....	79,749	18,045	18,699	19,592	23,414	23,286	26,525	3,239
74	Balance on goods and services (lines 2 and 19).....	-758,522	-189,712	-192,577	-199,307	-176,926	-177,581	-177,688	-107
75	Balance on income (lines 12 and 29).....	36,640	10,462	10,668	5,850	9,661	7,478	9,355	1,877
76	Unilateral current transfers, net (line 35).....	-89,595	-21,360	-23,686	-23,877	-20,673	-26,994	-22,457	4,537
77	Balance on current account (lines 1, 18, and 35 or lines 74, 75, and 76).....	-811,477	-200,611	-205,595	-217,334	-187,938	-197,097	-190,790	6,307

p Preliminary

r Revised

n.a. Not available

NOTE: Details may not add to totals because of rounding. Source: U. S. Bureau of Economic Analysis