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U.S. International Transactions: Third Quarter 2007

Current Account

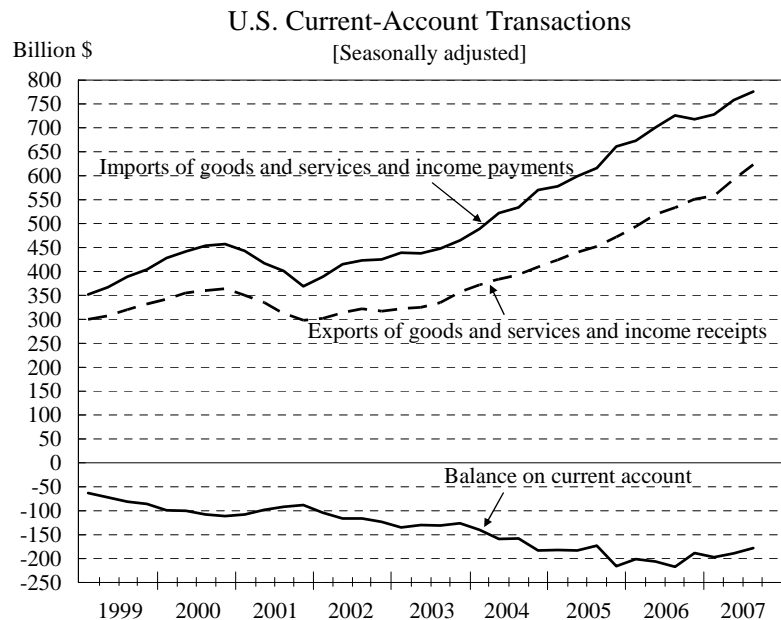
The U.S. current-account deficit--the combined balances on trade in goods and services, income, and net unilateral current transfers--decreased to \$178.5 billion (preliminary) in the third quarter of 2007 from \$188.9 billion (revised) in the second quarter. Increases in the surpluses on income and on services and a decrease in the deficit on goods more than accounted for the decrease. An increase in net unilateral current transfers to foreigners was partly offsetting.

Goods and services

The deficit on goods and services decreased to \$173.2 billion in the third quarter from \$178.4 billion in the second.

Goods The deficit on goods decreased to \$199.7 billion in the third quarter from \$204.2 billion in the second.

Goods exports increased to \$297.9 billion from \$279.3 billion. The largest increases were in capital goods; in foods, feeds, and beverages; in nonagricultural industrial supplies and materials; 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 \$497.6 billion from \$483.6 billion. The largest increases were in automotive vehicles, parts, and engines; in petroleum and products; and in capital goods.

Services The surplus on services increased to \$26.5 billion in the third quarter from \$25.8 billion in the second.

Services receipts increased to \$119.8 billion from \$117.2 billion. The increase was largely accounted for by an increase in travel. Royalties and license fees, “other” transportation (such as freight and port services), and passenger fares also increased.

Services payments increased to \$93.2 billion from \$91.4 billion. The largest increases were in travel, in “other” private services (such as business, professional, and technical services, insurance services, and financial services), in “other” transportation, and in passenger fares.

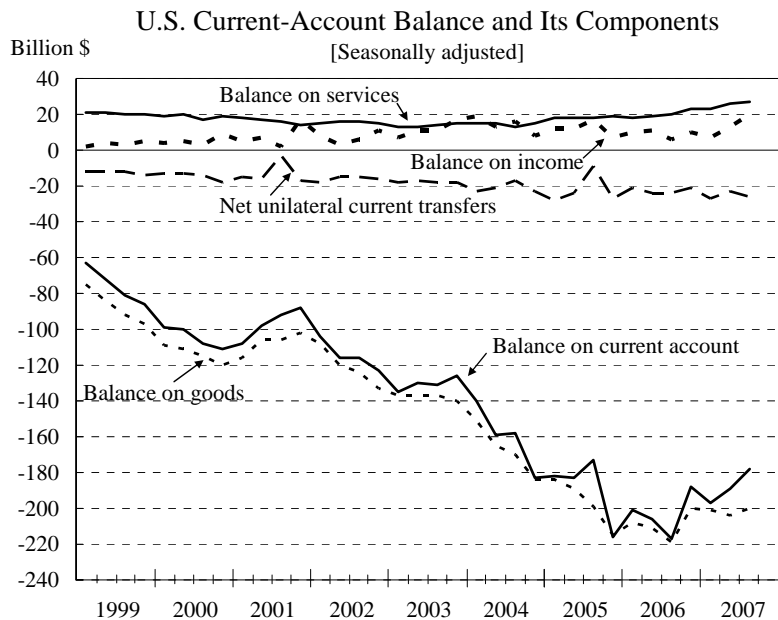
Income

The surplus on income increased to \$20.5 billion in the third quarter from \$12.7 billion in the second.

Investment income Income receipts on U.S.-owned assets abroad increased to \$204.9 billion from \$194.7 billion. The increase was 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 \$182.7 billion from \$180.4 billion. Increases in “other” private payments (which consists of interest and dividends) and in U.S. Government payments (which consists of interest) were partly offset by a decrease in direct investment payments.

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 were virtually unchanged at \$2.4 billion.



Unilateral current transfers

Net unilateral current transfers to foreigners were \$25.8 billion in the third quarter, up from \$23.2 billion in the second. The increase mainly resulted from increases in U.S. Government grants and in private remittances and other transfers.

Capital Account

Net capital account payments (outflows) were virtually unchanged at \$0.6 billion in the third 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 \$93.4 billion in the third quarter, down from \$152.8 billion in the second. Net foreign acquisitions of assets in the United States slowed more than net U.S. acquisitions of assets abroad.

U.S.-owned assets abroad

U.S.-owned assets abroad increased \$155.7 billion in the third quarter, following an increase of \$465.5 billion in the second.

U.S. claims on foreigners reported by U.S. banks increased \$111.3 billion in the third quarter, following an increase of \$211.0 billion in the second.

Net U.S. purchases of foreign securities were \$78.8 billion in the third quarter, down from \$82.2 billion in the second. Net U.S. purchases of foreign stocks were \$35.7 billion, down from \$40.4 billion. Net U.S. purchases of foreign bonds were \$43.2 billion, up from \$41.8 billion.

Net financial flows for U.S. direct investment abroad were \$56.3 billion in the third quarter, down from \$78.0 billion in the second. A substantial slowdown in net equity capital investment abroad and a slightly larger decrease in net intercompany debt investment abroad were partly offset by a pickup in reinvested earnings.

U.S. official reserve assets increased \$0.1 billion in the third quarter, following a decrease of less than \$0.1 billion in the second.

Foreign-owned assets in the United States

Foreign-owned assets in the United States increased \$249.1 billion in the third quarter, following an increase of \$619.3 billion in the second.

U.S. liabilities to foreigners reported by U.S. banks increased \$69.8 billion in the third quarter, following an increase of \$144.0 billion in the second.

Net foreign purchases of U.S. Treasury securities were \$46.7 billion in the third quarter, up from \$1.8 billion in the second.

Transactions in U.S. securities other than U.S. Treasury securities shifted to net foreign sales of \$44.2 billion in the third quarter from net foreign purchases of \$243.0 billion in the second. Transactions in U.S. stocks shifted to net foreign sales of \$19.7 billion from net foreign purchases of \$104.1 billion. Transactions in U.S. corporate bonds shifted to net foreign sales of \$8.2 billion from net foreign purchases of \$109.7 billion. Transactions in federally sponsored agency bonds shifted to net foreign sales of \$16.2 billion from net foreign purchases of \$29.1 billion.

Net financial flows for foreign direct investment in the United States were \$81.2 billion in the third quarter, up from \$46.6 billion in the second. The increase was accounted for by increases in net equity capital investment in the United States and in reinvested earnings and by a shift from a decrease to an increase in net intercompany debt investment in the United States.

Foreign official assets in the United States increased \$39.0 billion in the third quarter, following an increase of \$70.5 billion in the second.

Net U.S. currency shipments to foreigners were \$4.7 billion in the third quarter, up from \$3.3 billion in the second.

The statistical discrepancy--errors and omissions in recorded transactions--was a positive \$85.6 billion in the third quarter, compared with a positive \$36.7 billion in the second.

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

Revisions

The second-quarter international transactions are revised from previously published estimates. The current-account deficit was revised to \$188.9 billion from \$190.8 billion. The goods deficit was unrevised at \$204.2 billion; the services surplus was revised to \$25.8 billion from \$26.5 billion; the income surplus was revised to \$12.7 billion from \$9.4 billion; and unilateral current transfers were revised to net outflows of \$23.2 billion from \$22.5 billion. Net recorded financial inflows were revised to \$152.8 billion from \$150.9 billion.

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Release dates in 2008:

Fourth quarter and year 2007.....	March 17, 2008 (Monday)
First quarter 2008.....	June 17, 2008 (Tuesday)
Second quarter 2008.....	September 17, 2008 (Wednesday)
Third quarter 2008.....	December 17, 2008 (Wednesday)

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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 II-III
			I	II	III	IV	I	II ^F	III ^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	591,985	623,360	31,375
2	Exports of goods and services.....	1,445,703	345,636	356,575	365,868	377,623	382,156	396,525	417,736	21,211
3	Goods, balance of payments basis.....	1,023,109	243,880	252,458	260,285	266,486	270,116	279,339	297,946	18,607
4	Services.....	422,594	101,756	104,117	105,583	111,137	112,040	117,186	119,790	2,604
5	Transfers under U.S. military agency sales contracts.....	17,112	4,531	4,188	4,102	4,291	4,259	3,950	3,861	-89
6	Travel.....	85,694	20,845	21,212	21,527	22,110	22,297	23,584	25,331	1,747
7	Passenger fares.....	22,187	5,397	5,328	5,696	5,765	5,706	6,066	6,316	250
8	Other transportation.....	46,297	11,038	11,754	11,716	11,789	12,157	12,691	12,993	302
9	Royalties and license fees.....	62,378	14,923	15,196	15,815	16,444	16,645	17,569	17,922	353
10	Other private services.....	187,771	44,745	46,153	46,433	50,441	50,680	53,039	53,082	43
11	U.S. Government miscellaneous services.....	1,155	277	286	294	297	296	288	284	-4
12	Income receipts.....	650,462	148,391	162,020	167,026	173,025	176,213	195,460	205,624	10,164
13	Income receipts on U.S.-owned assets abroad.....	647,582	147,670	161,293	166,314	172,305	175,484	194,725	204,880	10,155
14	Direct investment receipts.....	310,224	73,304	77,702	78,372	80,846	79,478	87,135	91,156	4,021
15	Other private receipts.....	334,958	73,776	83,004	87,348	90,830	95,467	106,981	113,110	6,129
16	U.S. Government receipts.....	2,400	590	587	594	629	539	609	614	5
17	Compensation of employees.....	2,880	721	727	712	720	729	735	744	9
18	Imports of goods and services and income payments.....	-2,818,047	-673,277	-700,504	-726,352	-717,914	-728,472	-757,747	-776,056	-18,309
19	Imports of goods and services.....	-2,204,225	-535,348	-549,153	-565,175	-554,549	-559,737	-574,956	-590,888	-15,932
20	Goods, balance of payments basis.....	-1,861,380	-451,637	-463,734	-479,184	-466,825	-470,983	-483,552	-497,646	-14,094
21	Services.....	-342,845	-83,711	-85,419	-85,991	-87,724	-88,754	-91,404	-93,242	-1,838
22	Direct defense expenditures.....	-31,054	-7,726	-7,737	-7,990	-7,601	-7,924	-8,091	-8,139	-48
23	Travel.....	-72,029	-17,582	-18,077	-18,015	-18,355	-18,582	-18,768	-19,406	-638
24	Passenger fares.....	-27,503	-6,748	-6,927	-6,889	-6,939	-6,799	-6,951	-7,221	-270
25	Other transportation.....	-65,282	-16,025	-16,401	-16,491	-16,365	-16,490	-16,681	-16,971	-290
26	Royalties and license fees.....	-26,432	-6,767	-6,532	-6,497	-6,636	-6,810	-6,898	-7,054	-156
27	Other private services.....	-116,524	-27,867	-28,728	-29,087	-30,841	-31,133	-32,997	-33,440	-443
28	U.S. Government miscellaneous services.....	-4,021	-996	-1,016	-1,022	-987	-1,016	-1,018	-1,011	7
29	Income payments.....	-613,823	-137,929	-151,352	-161,177	-163,365	-168,735	-182,791	-185,168	-2,377
30	Income payments on foreign-owned assets in the United States.....	-604,410	-135,607	-149,004	-158,823	-160,977	-166,422	-180,375	-182,726	-2,351
31	Direct investment payments.....	-136,010	-31,299	-33,055	-37,885	-33,772	-31,718	-36,751	-35,896	855
32	Other private payments.....	-334,645	-73,830	-83,037	-86,607	-91,171	-97,066	-104,146	-107,124	-2,978
33	U.S. Government payments.....	-133,755	-30,478	-32,912	-34,331	-36,034	-37,638	-39,478	-39,706	-228
34	Compensation of employees.....	-9,412	-2,322	-2,348	-2,354	-2,388	-2,313	-2,416	-2,442	-26
35	Unilateral current transfers, net.....	-89,595	-21,360	-23,686	-23,877	-20,673	-26,994	-23,157	-25,760	-2,603
36	U.S. Government grants.....	-27,142	-5,671	-7,226	-7,741	-6,504	-10,372	-5,439	-7,373	-1,934
37	U.S. Government pensions and other transfers.....	-6,508	-1,614	-1,627	-1,620	-1,647	-1,700	-1,731	-1,743	-12
38	Private remittances and other transfers.....	-55,945	-14,075	-14,833	-14,516	-12,522	-14,922	-15,987	-16,644	-657

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

[Millions of dollars, quarters seasonally adjusted]

	(Credits +, debits -)	2006	2006				2007			Change: 2007 II-III
			I	II	III	IV	I	II ^r	III ^p	
Capital account										
39	Capital account transactions, net.....	-3,913	-1,724	-1,008	-545	-637	-559	-598	-554	44
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	-465,466	-155,739	309,727
41	U.S. official reserve assets.....	2,374	513	-560	1,006	1,415	-72	26	-54	-80
42	Gold.....	0	0	0	0	0	0	0	0	0
43	Special drawing rights.....	-223	-67	-51	-54	-51	-43	-39	-37	2
44	Reserve position in the International Monetary Fund.....	3,331	729	-351	1,275	1,678	212	294	230	-64
45	Foreign currencies.....	-734	-149	-158	-215	-212	-241	-229	-247	-18
46	U.S. Government assets, other than official reserve assets.....	5,346	1,049	1,765	1,570	962	445	-369	422	791
47	U.S. credits and other long-term assets.....	-2,992	-1,517	-376	-592	-507	-608	-1,348	-376	972
48	Repayments on U.S. credits and other long-term assets.....	8,329	2,558	2,147	2,170	1,454	1,091	881	819	-62
49	U.S. foreign currency holdings and U.S. short-term assets.....	9	8	-6	-8	15	-38	98	-21	-119
50	U.S. private assets.....	-1,062,896	-345,594	-213,423	-212,474	-291,405	-449,827	-465,123	-156,107	309,016
51	Direct investment.....	-235,358	-66,502	-53,744	-49,018	-66,094	-81,407	-77,980	-56,323	21,657
52	Foreign securities.....	-289,422	-57,693	-59,003	-55,496	-117,230	-87,206	-82,203	-78,825	3,378
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	-93,976	90,323	184,299
54	U.S. claims reported by U.S. banks, not included elsewhere.....	-454,585	-197,097	-54,791	-78,798	-123,899	-233,384	-210,964	-111,282	99,682
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	619,272	249,126	-370,146
56	Foreign official assets in the United States.....	440,264	125,257	120,861	108,799	85,347	152,193	70,464	39,016	-31,448
57	U.S. Government securities.....	380,734	112,338	65,626	107,972	94,798	110,772	43,275	17,818	-25,457
58	U.S. Treasury securities.....	189,181	65,124	24,262	52,746	47,049	37,705	-13,125	-11,536	1,589
59	Other.....	191,553	47,214	41,364	55,226	47,749	73,067	56,400	29,354	-27,046
60	Other U.S. Government liabilities.....	3,133	26	824	1,154	1,129	654	-77	881	958
61	U.S. liabilities reported by U.S. banks, not included elsewhere.....	22,040	2,394	42,533	-7,221	-15,666	29,797	15,981	9,846	-6,135
62	Other foreign official assets.....	34,357	10,499	11,878	6,894	5,086	10,970	11,285	10,471	-814
63	Other foreign assets in the United States.....	1,419,333	412,883	234,581	341,188	430,682	464,409	548,808	210,110	-338,698
64	Direct investment.....	180,580	42,976	49,056	42,979	45,570	11,906	46,550	81,245	34,695
65	U.S. Treasury securities.....	-35,931	-25,274	-19,307	-13,440	22,090	44,638	1,813	46,658	44,845
66	U.S. securities other than U.S. Treasury securities.....	591,951	173,213	145,750	140,243	132,745	112,269	242,963	-44,177	-287,140
67	U.S. currency.....	12,571	1,933	1,127	1,129	8,382	-1,631	3,347	4,741	1,394
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	110,172	51,821	-58,351
69	U.S. liabilities reported by U.S. banks, not included elsewhere.....	434,393	159,422	2,048	100,640	172,283	203,603	143,963	69,822	-74,141
70	Financial derivatives, net.....	28,762	1,633	14,001	14,911	-1,783	14,800	-1,007	n.a.	1,007
71	Statistical discrepancy (sum of above items with sign reversed).....	-17,794	6,593	49,378	-37,121	-36,643	15,708	36,718	85,622	48,904
Memoranda:										
72	Balance on goods (lines 3 and 20).....	-838,271	-207,757	-211,276	-218,899	-200,339	-200,867	-204,213	-199,700	4,513
73	Balance on services (lines 4 and 21).....	79,749	18,045	18,699	19,592	23,414	23,286	25,783	26,548	765
74	Balance on goods and services (lines 2 and 19).....	-758,522	-189,712	-192,577	-199,307	-176,926	-177,581	-178,431	-173,152	5,279
75	Balance on income (lines 12 and 29).....	36,640	10,462	10,668	5,850	9,661	7,478	12,669	20,456	7,787
76	Unilateral current transfers, net (line 35).....	-89,595	-21,360	-23,686	-23,877	-20,673	-26,994	-23,157	-25,760	-2,603
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	-188,919	-178,456	10,463

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