

How BEA Aligns and Augments Source Data From the U.S. Treasury Department for Inclusion in the International Transactions Accounts

Like most of the U.S. economic accounts produced by the Bureau of Economic Analysis (BEA), the estimates of financial-account transactions in the international transactions accounts (ITAs) are based on source data collected by other Government agencies—in this case, by the Treasury International Capital (TIC) reporting system of the U.S. Department of the Treasury. The presentation of the adjustments undertaken by BEA to align and to augment these data for inclusion in the financial account can help data users reconcile BEA's financial-account estimates with the TIC data that are available to the public on the Treasury Department's Web site and in the *Treasury Bulletin*.

The relationship between the estimates in the ITAs that are prepared by BEA and the data from the TIC reporting system are shown in tables 1–3. Table 1 presents the estimates of transactions in foreign long-term securities; in U.S. long-term securities, excluding U.S. Treasury securities; and in U.S. Treasury securities. Table 2 presents the estimates of claims on, and liabilities to, foreigners reported by U.S. nonbanking concerns, and table 3 presents the estimates of claims on, and liabilities to, foreigners reported by U.S. banks.

In tables 1–3, the numerous adjustments that BEA makes to the TIC source data in order to align the data with balance-of-payments concepts and to close gaps in coverage are identified. In addition, examples of both types of adjustments are presented below.

Aligning with balance-of-payments concepts. The TIC data for gross U.S. purchases of foreign stocks and bonds (table 1, line A1) include the com-

missions that are paid by the U.S. purchasers to foreign brokers. In the ITAs, the payments of commissions to foreigners are treated as payments for financial services, not as purchases of securities, and these payments are included in the current account, not in the financial account. Therefore, BEA adjusts the TIC data for gross U.S. purchases by subtracting an estimate of the payments of brokerage commissions (line A3) from the data for gross purchases.

Similarly, the TIC data for gross U.S. sales of foreign stocks and bonds (line A6) represent the proceeds from sales less the commissions paid by U.S. sellers to foreign brokers. To capture the total value of securities sold, BEA adds an estimate of brokerage commissions (line A7) to the TIC sales data.

Closing gaps in coverage. The TIC data for gross U.S. purchases of foreign stocks and bonds do not fully cover some transactions, such as acquisitions of U.S. companies by foreigners who finance their purchases through exchanges of stock. These stock swap transactions may bypass the U.S. brokers and dealers who are the primary respondents to the TIC survey on securities transactions. When stock is exchanged, the U.S. persons who previously held securities in the acquired U.S. company receive shares in the acquiring foreign corporation, and the receipt of these shares should be recorded in the ITAs as the acquisition, or purchase, of foreign long-term securities.

In order to account for this gap in coverage in the TIC data, BEA adds an estimate of security swap transactions and other coverage adjustments (line A2) to the TIC data.

Table 1. Relation of Transactions in Foreign Long-Term Securities, U.S. Long-Term Securities Excluding U.S. Treasury Securities, and U.S. Treasury Securities in the U.S. International Transactions Accounts (ITAs) to Treasury International Capital (TIC) Reporting System Data
[Millions of dollars]

Line		2003 ^r	2004 ^r	2005 ^p
Foreign Long-Term Securities				
A1	Gross U.S. purchases of foreign stocks and bonds, TIC	2,818,387	3,275,961	3,796,012
2	<i>Plus:</i> Security swap transactions and other coverage adjustments.....	90,041	-6,467	24,595
3	<i>Minus:</i> Brokerage commissions.....	501	626	815
4	<i>Plus:</i> Underwriting and private placement fees	1,124	1,400	1,783
5	Equals: Gross U.S. purchases of foreign stocks and bonds, ITAs	2,909,051	3,270,268	3,821,575
6	Gross U.S. sales of foreign stocks and bonds, TIC	2,761,846	3,123,119	3,640,674
7	<i>Plus:</i> Brokerage commissions	483	600	776
8	<i>Plus:</i> Coverage adjustment for gross sales			
9	Equals: Gross U.S. sales of foreign stocks and bonds, ITAs	2,762,329	3,123,719	3,641,450
10	Net U.S. purchases (-) or sales (+) of foreign stocks and bonds, TIC (A6 - A1)	-56,541	-152,842	-155,338
11	<i>Plus:</i> Coverage adjustments ((A7 + A8) - (A2 - A3 + A4))	-90,181	6,293	-24,787
12	Net U.S. purchases (-) or sales (+) of foreign long-term securities, ITAs (A9 - A5) (table 1, line 52).....	-146,722	-146,549	-180,125
U.S. Long-Term Securities, Excluding U.S. Treasury Securities				
B1	Gross foreign purchases of other U.S. long-term securities, TIC	5,524,444	6,242,839	6,857,803
2	<i>Plus:</i> Security swap transactions and other coverage adjustments.....	2,200	(D)	11,034
3	<i>Minus:</i> Brokerage commissions.....	2,023	(D)	2,449
4	<i>Plus:</i> Underwriting and private placement fees	246	(D)	221
5	Equals: Gross foreign purchases of other U.S. long-term securities, ITAs	5,524,867	6,277,653	6,866,609
6	Gross foreign sales of other U.S. long-term securities, TIC	5,068,164	5,678,462	6,178,748
7	<i>Plus:</i> Brokerage commissions	1,856	2,170	2,228
8	<i>Plus:</i> Coverage adjustment for gross sales	188,924	160,163	107,534
9	Equals: Gross foreign sales of other U.S. long-term securities, ITAs	5,258,944	5,840,795	6,288,510
10	Net foreign purchases (+) or sales (-) of other U.S. long-term securities, TIC (B1 - B6)	456,280	564,377	679,055
11	<i>Plus:</i> Coverage adjustments ((B2 - B3 + B4) - (B7 + B8))	-190,357	-127,519	-100,956
12	Net foreign purchases (+) or sales (-) of other U.S. long-term securities, ITAs (B5 - B9) (table 1, line 59 + 62 + 66)	265,923	436,858	578,099
13	Other U.S. Government securities, foreign official assets (table 1, line 59)	39,943	41,662	84,701
14	Other foreign official assets (table 1, line 62)	5,275	13,703	19,258
15	Other U.S. securities, other foreign assets (table 1, line 66)	220,705	381,493	474,140
U.S. Treasury Securities				
C1	Gross foreign purchases of U.S. Treasury marketable bonds and notes, TIC	8,001,517	8,936,045	10,052,960
2	<i>Minus:</i> Brokerage commissions and other fees.....	520	581	685
3	Equals: Gross foreign purchases of U.S. Treasury marketable bonds and notes, ITAs	8,000,997	8,935,464	10,052,275
4	Gross foreign sales of U.S. Treasury marketable bonds and notes, TIC	7,737,937	8,583,966	9,689,069
5	<i>Plus:</i> Brokerage commissions and other fees	520	581	685
6	<i>Plus:</i> Coverage adjustment for gross sales	8,000	20,613	31,391
7	Equals: Gross foreign sales of U.S. Treasury marketable bonds and notes, ITAs	7,746,457	8,605,160	9,721,145
8	Net foreign purchases (+) or sales (-) of U.S. Treasury marketable bonds and notes, TIC (C1 - C4).....	263,580	352,079	363,891
9	<i>Plus:</i> Coverage adjustments (-C2) - (C5 + C6)).....	-9,040	-21,775	-32,761
10	Net foreign purchases (+) or sales (-) of U.S. Treasury marketable bonds and notes, ITAs (C3 - C7)	254,540	330,304	331,130
11	<i>Plus:</i> Nonmarketable bonds and notes	-155	-982	-682
12	<i>Plus:</i> Short-term U.S. Treasury obligations	22,001	36,956	-59,208
13	Net foreign purchases (+) or sales (-) of U.S. Treasury securities, ITAs (C10 + C11+ C12) (table 1, line 58 + line 65)	276,386	366,278	271,240
14	U.S. Treasury securities, foreign official assets (table 1, line 58)	184,931	263,338	71,749
15	U.S. Treasury securities, other foreign assets (table 1, line 65)	91,455	102,940	199,491

p Preliminary

r Revised

D Suppressed to avoid disclosure of individual companies.

Table 2. Relation of Claims on and Liabilities to Unaffiliated Foreigners Reported by U.S. Nonbanking Concerns Except Securities Brokers in the International Transactions Accounts (ITAs) to Treasury International Capital (TIC) Reporting System Data

[Millions of dollars]

Line	2003 ^r	2004 ^r	2005 ^p
Claims			
(Credits +; decrease in U.S. assets. Debits -; increase in U.S. assets.)			
A1	102,398	100,949	143,232
2	100,949	143,232	141,511
3	1,449	-42,283	1,721
4	-17,813	-10,619	18,151
5	1,373
6	5,092	-4,152	-1,168
7	-42,446	-129,201	-51,561
8	614	45,000	24,938
9	-18,851	-120,017	-44,221
Liabilities			
(Credits +; increase in U.S. liabilities. Debits -; decrease in U.S. liabilities.)			
B1	67,304	73,935	92,009
2	73,935	92,009	81,480
3	6,631	18,074	-10,529
4	11,209	5,850	-10,309
5	-113
6	-65,626	5,642	13,838
7	168,773	72,119	52,054
8	-2,156	3,265	-35,567
9	96,526	93,250	30,105

p Preliminary

r Revised

1. Includes unrealized gains or losses only on foreign-currency-denominated assets and liabilities.

2. Financial intermediaries' accounts represent transactions between firms in a direct investment relationship (that is, between U.S. parents and their foreign affiliates or between U.S. affiliates and their foreign parent groups) where both the U.S. and the foreign firm are classified in a finance industry, but the firms are neither banks nor securities brokers.

3. Includes supplemental transactions from the Bank of England, the Bank for International Settlements (BIS), and the Federal Reserve Board.

4. Includes supplemental insurance transactions and adjustments to avoid double-counting U.S. claims on foreigners.

5. Includes supplemental futures trading transactions and adjustments to avoid double-counting U.S. liabilities to foreigners.

Table 3. Relation of Claims on and Liabilities to Foreigners Reported by U.S. Banks and Securities Brokers in the International Transactions Accounts (ITAs) to Treasury International Capital (TIC) Reporting System Data

[Millions of dollars]

Line	2003 ^r	2004 ^r	2005 ^p
Claims			
(Credits +; decrease in U.S. assets. Debits -; increase in U.S. assets.)			
A1	1,516,742	1,707,337	2,188,441
2	1,707,337	2,188,441	2,427,729
3	-190,595	-481,104	-239,288
4	-22,733	-29,130	10,218
5	-167,583	-61,714
6	-434	119	-2,355
7	-13,169	28,756	34,133
8	-13,014	-361,623	-213,018
Liabilities			
(Credits +; increase in U.S. liabilities. Debits -; decrease in U.S. liabilities.)			
B1	2,066,131	2,382,470	3,017,873
2	2,382,470	3,017,873	3,159,447
3	316,339	635,403	141,574
4	10,900	5,927	3
5	132,882	186,944
6	4,706	-1,585	-1,925
7	-22,001	-38,132	60,628
8	145,850	405,985	204,124
9	48,643	69,245	24,275
10	97,207	336,740	179,849

p Preliminary

r Revised

1. Includes adjustments for claims on foreigners written off by U.S. reporters.

2. Includes adjustments for supplemental transactions in foreign commercial paper and other instruments.

3. Includes adjustments for transactions that are included in other international transactions accounts, including transactions in short-term U.S. Treasury obligations and in other liabilities held in custody by U.S. reporters.