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BEA 11-46

## U.S. International Transactions: Second Quarter 2011

### 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 \$118.0 billion (preliminary) in the second quarter of 2011, from \$119.6 billion (revised) in the first quarter. The decrease was more than accounted for by increases in the surplus on income and the surplus on services. Increases in the deficit on goods and in net unilateral current transfers were partly offsetting.

#### Goods and services

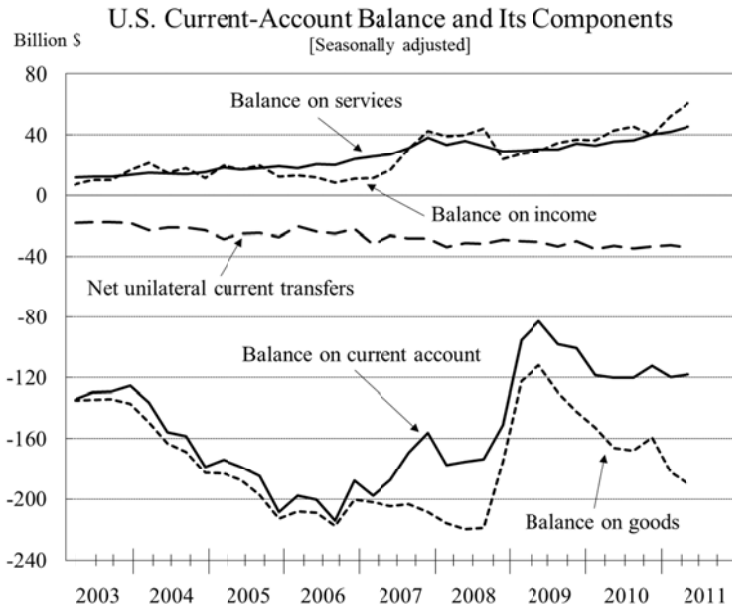
The deficit on goods and services increased to \$145.0 billion in the second quarter from \$140.0 billion in the first.

NOTE: This news release is available on [BEA's Web site](http://www.bea.gov) <www.bea.gov> along with [Highlights](#) related to this release. The latest [detailed statistics](#) for U.S. international transactions are also available on BEA's Web site. The second quarter statistics in this release are preliminary and will be revised on December 15, 2011. All links in the text of this release—including archived versions of this release—refer to the latest available revised statistics.



Goods The deficit on goods increased to \$190.4 billion in the second quarter from \$182.2 billion in the first.

Goods exports increased to \$373.1 billion from \$361.5 billion. All major end-use categories increased; industrial supplies and materials and capital goods accounted for most of the increase. The increase in industrial supplies and materials mostly reflected growth in petroleum and products and in chemicals. Capital goods increased largely as a result of gains in machinery and equipment ([Table 2a](#)).



Goods imports increased to \$563.5 billion from \$543.8 billion. Most major end-use categories increased; nearly three-fourths of the increase was accounted for by increases in industrial supplies and materials, mostly as a result of growth in petroleum and products and in iron and steel products. Capital goods rose as a result of growth in computers, peripherals, and parts. A decrease in automotive vehicles, parts, and engines, primarily due to a drop in passenger cars, was partly offsetting ([Table 2a](#)).

Services The surplus on services increased to \$45.4 billion in the second quarter from \$42.3 billion in the first.

Services receipts increased to \$150.7 billion from \$146.0 billion. The largest increases were in travel and in other private services. Most of the other services categories also increased.

Services payments increased to \$105.2 billion from \$103.8 billion. The largest increases were in travel, in other transportation, and in other private services.

### Income

The surplus on income increased to \$61.1 billion in the second quarter from \$52.7 billion in the first.

Investment income Income receipts on U.S.-owned assets abroad increased to \$191.6 billion from \$178.9 billion. The increase was mostly accounted for by increases in direct investment receipts and in other private receipts (which consists of interest and dividends).

Income payments on foreign-owned assets in the United States increased to \$128.2 billion from \$124.0 billion. Most of the increase was accounted for by an increase in direct investment payments.

Compensation of employees Receipts for compensation of U.S. workers abroad remained at \$1.4 billion. Payments for compensation of foreign workers in the United States remained at \$3.6 billion.

#### Unilateral current transfers

Net unilateral current transfers to foreigners were \$34.2 billion in the second quarter, up from \$32.3 billion in the first. The increase was more than accounted for by an increase in U.S. government grants.

#### Capital Account

Net capital account payments were \$0.8 billion in the second quarter, up from near zero over the previous two quarters.

#### Financial Account

Net financial inflows were \$25.7 billion in the second quarter, down from \$156.1 billion in the first. The slowdown resulted from a steep reduction in the growth of foreign-owned assets in the United States that more than offset a reversal from an increase to a decrease in U.S.-owned assets abroad.

#### U.S.-owned assets abroad

U.S.-owned assets abroad decreased \$22.9 billion in the second quarter, following an increase of \$334.4 billion in the first.

U.S. claims on foreigners reported by U.S. banks and securities brokers decreased \$195.7 billion in the second quarter, following an increase of \$87.8 billion in the first. (Examples of these claims are U.S. banks' deposits at foreign banks and U.S. banks' loans to foreigners.) Most of the decrease resulted from a substantial decrease in claims for own accounts, particularly in deposits abroad ([Table 10a](#)).

Net U.S. purchases of foreign securities were \$30.1 billion in the second quarter, following net purchases of \$58.2 billion in the first. Net purchases of foreign stocks slowed to \$26.7 billion from \$47.1 billion. Net purchases of foreign bonds were \$3.4 billion, down from \$11.0 billion ([Table 8a](#)).

U.S. direct investment abroad was \$134.1 billion in the second quarter, up from \$89.2 billion in the first. The increase resulted in large part from increases in equity investment, along with smaller increases in intercompany debt investment and reinvested earnings ([Table 7a](#)).

U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns increased \$0.9 billion in the second quarter, following an increase of \$95.0 billion in the first.

U.S. official reserve assets increased \$6.3 billion in the second quarter, following an increase of \$3.6 billion in the first. The increase was mostly a result of an increase in the reserve position in the International Monetary Fund.

U.S. government assets other than official reserve assets increased \$1.4 billion in the second quarter, following an increase of \$0.5 billion in the first.

#### Foreign-owned assets in the United States

Foreign-owned assets in the United States increased \$2.8 billion in the second quarter, following an increase of \$487.2 billion in the first.

U.S. liabilities to foreigners reported by U.S. banks and securities brokers (other than foreign official assets) decreased \$101.0 billion in the second quarter, following an increase of \$354.4 billion in the first. (Examples of these liabilities are deposits of foreign residents at banks in the United States and loans by banks abroad to banks in the United States.) All of the decrease resulted from a decline in liabilities for own accounts, particularly in loan positions from foreigners ([Table 11a](#)).

Net private foreign sales of U.S. Treasury securities were \$63.8 billion in the second quarter, a shift from net purchases of \$3.5 billion in the first.

Net private foreign sales of U.S. securities other than U.S. Treasury securities were \$9.5 billion in the second quarter, up from \$2.6 billion in the first. Net foreign sales of U.S. federally sponsored agency bonds were \$23.3 billion in the second quarter, down from \$32.5 billion in the first. Net foreign sales of U.S. corporate bonds were \$13.9 billion, up from \$4.3 billion. Net foreign purchases of U.S. stocks decreased to \$27.7 billion from \$34.2 billion ([Table 8a](#)).

Foreign direct investment in the United States was \$47.7 billion in the second quarter, following investment of \$28.5 billion in the first. Nearly all of the increase resulted from increases in equity investment ([Table 7a](#)).

U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns increased \$20.8 billion in the second quarter, following an increase of \$42.0 billion in the first.

Foreign official assets in the United States increased \$94.6 billion in the second quarter, following an increase of \$48.8 billion in the first. The increase was mostly due to net purchases of U.S. Treasury securities.

Net shipments of U.S. currency to foreign countries were \$14.0 billion in the second quarter, up from \$12.6 billion in the first.

The statistical discrepancy—net errors and omissions in recorded transactions—was \$93.1 billion in the second quarter compared with -\$36.4 billion in the first.

In the second quarter, the U.S. dollar depreciated 1.7 percent on a trade-weighted quarterly average basis against a group of 7 major currencies. (Data are based on Federal Reserve Statistical Release H.10.)

### Revisions

The first-quarter 2011 international transactions are revised from previously published statistics. The current-account deficit was revised up to \$119.6 billion from \$119.3 billion. The goods deficit was revised down to \$182.2 billion from \$182.5 billion; the services surplus was revised up to \$42.3 billion from \$41.7 billion; the income surplus was revised down to \$52.7 billion from \$54.8 billion; and net outflows of unilateral current transfers were revised down to \$32.3 billion from \$33.2 billion. Net financial inflows were revised to \$156.1 billion from \$181.9 billion.

\* \* \*

Release dates in 2011:

Fourth quarter and year 2010.....	March 16, 2011 (Wednesday)
First quarter 2011.....	June 16, 2011 (Thursday)
Second quarter 2011.....	September 15, 2011 (Thursday)
Third quarter 2011.....	December 15, 2011 (Thursday)

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**Table 1. U.S. International Transactions**

[Millions of dollars, quarters seasonally adjusted]

	(Credits +, debits -)	2010	2010				2011		Change: 2011:I - 2011:II
			I	II	III	IV	I <sup>r</sup>	II <sup>p</sup>	
	<b>Current account</b>								
<b>1</b>	<b>Exports of goods and services and income receipts.....</b>	<b>2,500,817</b>	<b>595,359</b>	<b>616,163</b>	<b>632,309</b>	<b>656,986</b>	<b>687,815</b>	<b>716,683</b>	<b>28,868</b>
2	Exports of goods and services.....	1,837,577	436,501	451,134	465,194	484,747	507,557	523,742	16,185
3	Goods, balance of payments basis.....	1,288,699	304,572	315,954	325,514	342,659	361,544	373,085	11,541
4	Services.....	548,878	131,929	135,180	139,680	142,088	146,013	150,657	4,644
5	Transfers under U.S. military agency sales contracts.....	17,483	4,312	4,498	4,532	4,141	4,231	4,501	270
6	Travel.....	103,505	25,212	25,395	26,203	26,695	27,301	28,797	1,496
7	Passenger fares.....	30,931	7,135	7,725	8,076	7,994	8,362	9,122	760
8	Other transportation.....	39,936	9,719	9,998	10,098	10,121	10,464	10,655	191
9	Royalties and license fees.....	105,583	25,615	26,227	26,720	27,021	28,012	28,591	579
10	Other private services.....	250,320	59,568	61,097	63,805	65,851	67,329	68,725	1,396
11	U.S. government miscellaneous services.....	1,121	369	239	247	266	314	267	-47
12	Income receipts.....	663,240	158,857	165,030	167,115	172,239	180,258	192,941	12,683
13	Income receipts on U.S.-owned assets abroad.....	657,963	157,540	163,708	165,793	170,921	178,898	191,583	12,685
14	Direct investment receipts.....	432,000	102,518	107,629	109,653	112,199	118,231	127,481	9,250
15	Other private receipts.....	224,469	54,584	55,729	55,785	58,371	60,231	63,590	3,359
16	U.S. government receipts.....	1,494	438	350	355	351	436	512	76
17	Compensation of employees.....	5,278	1,317	1,321	1,322	1,317	1,360	1,358	-2
<b>18</b>	<b>Imports of goods and services and income payments.....</b>	<b>-2,835,620</b>	<b>-678,617</b>	<b>-703,516</b>	<b>-717,682</b>	<b>-735,804</b>	<b>-775,129</b>	<b>-800,529</b>	<b>-25,400</b>
19	Imports of goods and services.....	-2,337,604	-556,144	-581,657	-596,307	-603,496	-647,529	-668,736	-21,207
20	Goods, balance of payments basis.....	-1,934,555	-457,404	-481,912	-493,336	-501,904	-543,767	-563,524	-19,757
21	Services.....	-403,048	-98,740	-99,745	-102,971	-101,592	-103,763	-105,211	-1,448
22	Direct defense expenditures.....	-30,391	-7,721	-7,590	-7,609	-7,471	-7,570	-7,520	50
23	Travel.....	-75,507	-19,085	-18,291	-19,077	-19,054	-19,280	-19,778	-498
24	Passenger fares.....	-27,279	-6,228	-6,770	-7,022	-7,259	-7,552	-7,701	-149
25	Other transportation.....	-51,202	-11,919	-13,018	-13,600	-12,666	-13,451	-13,890	-439
26	Royalties and license fees.....	-33,450	-8,998	-7,916	-8,177	-8,359	-8,879	-9,011	-132
27	Other private services.....	-180,598	-43,702	-45,045	-46,265	-45,585	-45,949	-46,252	-303
28	U.S. government miscellaneous services.....	-4,621	-1,087	-1,116	-1,221	-1,198	-1,081	-1,059	22
29	Income payments.....	-498,016	-122,473	-121,859	-121,375	-132,309	-127,600	-131,793	-4,193
30	Income payments on foreign-owned assets in the United States.....	-483,504	-118,856	-118,222	-117,727	-128,700	-124,012	-128,214	-4,202
31	Direct investment payments.....	-151,361	-35,980	-35,056	-35,465	-44,861	-39,249	-42,665	-3,416
32	Other private payments.....	-196,004	-48,916	-48,997	-48,098	-49,993	-51,014	-51,765	-751
33	U.S. government payments.....	-136,139	-33,960	-34,169	-34,164	-33,846	-33,749	-33,784	-35
34	Compensation of employees.....	-14,512	-3,617	-3,637	-3,649	-3,609	-3,588	-3,580	8
<b>35</b>	<b>Unilateral current transfers, net.....</b>	<b>-136,095</b>	<b>-35,034</b>	<b>-32,947</b>	<b>-34,754</b>	<b>-33,360</b>	<b>-32,277</b>	<b>-34,157</b>	<b>-1,880</b>
36	U.S. government grants.....	-44,717	-12,285	-10,005	-11,031	-11,396	-10,987	-13,010	-2,023
37	U.S. government pensions and other transfers.....	-10,365	-2,548	-2,590	-2,616	-2,611	-2,629	-2,658	-29
38	Private remittances and other transfers.....	-81,013	-20,201	-20,352	-21,107	-19,353	-18,661	-18,489	172

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

[Millions of dollars, quarters seasonally adjusted]

	(Credits +, debits -)	2010	2010				2011		Change: 2011:I - 2011:II
			I	II	III	IV	I <sup>r</sup>	II <sup>p</sup>	
<b>Capital account</b>									
<b>39</b>	<b>Capital account transactions, net.....</b>	<b>-152</b>	<b>-3</b>	<b>-2</b>	<b>-146</b>	<b>-2</b>	<b>-29</b>	<b>-823</b>	<b>-794</b>
<b>Financial account</b>									
<b>40</b>	<b>U.S.-owned assets abroad, excluding financial derivatives (increase/financial outflow (-)).....</b>	<b>-1,005,182</b>	<b>-313,010</b>	<b>-168,537</b>	<b>-286,834</b>	<b>-236,802</b>	<b>-334,359</b>	<b>22,947</b>	<b>357,306</b>
41	U.S. official reserve assets.....	-1,834	-773	-165	-1,096	200	-3,619	-6,267	-2,648
42	Gold.....	0	0	0	0	0	0	0	0
43	Special drawing rights.....	-31	-7	-6	-8	-10	1,961	-159	-2,120
44	Reserve position in the International Monetary Fund.....	-1,293	-581	-77	-956	321	-6,428	-5,974	454
45	Foreign currencies.....	-510	-185	-82	-132	-111	848	-134	-982
46	U.S. government assets, other than official reserve assets.....	7,540	9,433	-2,441	788	-240	-547	-1,412	-865
47	U.S. credits and other long-term assets.....	-4,976	-1,247	-1,835	-1,027	-867	-1,307	-2,322	-1,015
48	Repayments on U.S. credits and other long-term assets.....	2,408	399	783	679	547	610	1,205	595
49	U.S. foreign currency holdings and U.S. short-term assets.....	10,108	10,281	-1,389	1,136	80	150	-295	-445
50	U.S. private assets.....	-1,010,888	-321,669	-165,931	-286,526	-236,762	-330,193	30,626	360,819
51	Direct investment.....	-351,350	-110,148	-69,478	-78,734	-92,990	-89,205	-134,086	-44,881
52	Foreign securities.....	-151,916	-47,028	-22,114	-39,336	-43,438	-58,171	-30,061	28,110
53	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns.....	7,421	10,932	4,382	-2,146	7,421	-5,747	-918	94,089
54	U.S. claims reported by U.S. banks and securities brokers.....	-515,043	-175,425	-78,721	-166,310	-94,587	-87,810	195,691	283,501
<b>55</b>	<b>Foreign-owned assets in the United States, excluding financial derivatives (increase/financial inflow (+)).....</b>	<b>1,245,736</b>	<b>329,340</b>	<b>186,636</b>	<b>463,115</b>	<b>266,646</b>	<b>487,194</b>	<b>2,769</b>	<b>-484,425</b>
56	Foreign official assets in the United States.....	349,754	89,751	66,736	135,477	57,790	48,764	94,565	45,801
57	U.S. government securities.....	316,980	84,837	45,128	123,736	63,279	48,814	76,108	27,294
58	U.S. Treasury securities.....	397,797	97,364	31,751	188,994	79,688	33,510	79,314	45,804
59	Other.....	-80,817	-12,527	13,377	-65,258	-16,409	15,304	-3,206	-18,510
60	Other U.S. government liabilities.....	12,124	4,007	2,503	1,773	3,841	2,645	2,055	-590
61	U.S. liabilities reported by U.S. banks and securities brokers.....	-9,375	-16,005	3,888	10,019	-7,277	-3,073	15,016	18,089
62	Other foreign official assets.....	30,025	16,912	15,217	-51	-2,053	378	1,386	1,008
63	Other foreign assets in the United States.....	895,982	239,589	119,900	327,638	208,856	438,430	-91,796	-530,226
64	Direct investment.....	236,226	52,085	33,930	79,655	70,557	28,493	47,719	19,226
65	U.S. Treasury securities.....	256,428	84,193	82,062	60,659	29,514	3,466	-63,810	-67,276
66	U.S. securities other than U.S. Treasury securities.....	120,453	5,421	-15,475	82,076	48,431	-2,590	-9,463	-6,873
67	U.S. currency.....	28,319	2,265	2,100	10,514	13,440	12,576	13,989	1,413
68	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns.....	77,456	27,728	21,302	11,668	16,758	42,045	20,812	-21,233
69	U.S. liabilities reported by U.S. banks and securities brokers.....	177,100	67,897	-4,019	83,066	30,156	354,440	-101,043	-455,483
<b>70</b>	<b>Financial derivatives, net.....</b>	<b>13,735</b>	<b>16,152</b>	<b>9,980</b>	<b>-11,893</b>	<b>-504</b>	<b>3,220</b>	<b>n.a.</b>	<b>n.a.</b>
<b>71</b>	<b>Statistical discrepancy (sum of above items with sign reversed).....</b>	<b>216,761</b>	<b>85,813</b>	<b>92,223</b>	<b>-44,116</b>	<b>82,841</b>	<b>-36,436</b>	<b><sup>1</sup> 93,110</b>	<b><sup>2</sup> 129,546</b>
<b>Memoranda:</b>									
72	Balance on goods (lines 3 and 20).....	-645,857	-152,832	-165,958	-167,822	-159,245	-182,222	-190,440	-8,218
73	Balance on services (lines 4 and 21).....	145,830	33,189	35,435	36,709	40,496	42,250	45,446	3,196
74	Balance on goods and services (lines 2 and 19).....	-500,027	-119,642	-130,523	-131,113	-118,749	-139,972	-144,994	-5,022
75	Balance on income (lines 12 and 29).....	165,224	36,384	43,170	45,740	39,930	52,658	61,148	8,490
76	Unilateral current transfers, net (line 35).....	-136,095	-35,034	-32,947	-34,754	-33,360	-32,277	-34,157	-1,880
77	Balance on current account (lines 1, 18, and 35 or lines 74, 75, and 76).....	-470,898	-118,292	-120,300	-120,127	-112,179	-119,591	-118,003	1,588
78	Net financial flows (lines 40, 55, and 70).....	254,289	32,482	28,079	164,388	29,340	156,055	<sup>1</sup> 25,716	<sup>2</sup> -130,339

<sup>1</sup> Calculated excluding financial derivatives, net (line 70).<sup>2</sup> The change shown here is calculated as the change from the prior period, not as the sum of changes in the above items.

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