

U.S. International Transactions

First Quarter of 2012

The U.S. CURRENT-ACCOUNT deficit—a net measure of transactions between the United States and the rest of the world in goods, services, income, and unilateral current transfers—increased to \$137.3 billion (preliminary) in the first quarter of 2012 from \$118.7 billion (revised) in the fourth quarter 2011 (see pages 52–55).¹ The deficit increased to 3.6 percent of current-dollar gross domestic product (GDP), up from 3.1 percent in the fourth quarter and 2.9 percent in the third quarter.² Most of the increase in the current-account deficit was accounted for by a decrease in the surplus on income and an increase in the deficit on goods. Net unilateral current transfers from the United States also increased. These changes were partly offset by a small increase in the surplus on services.

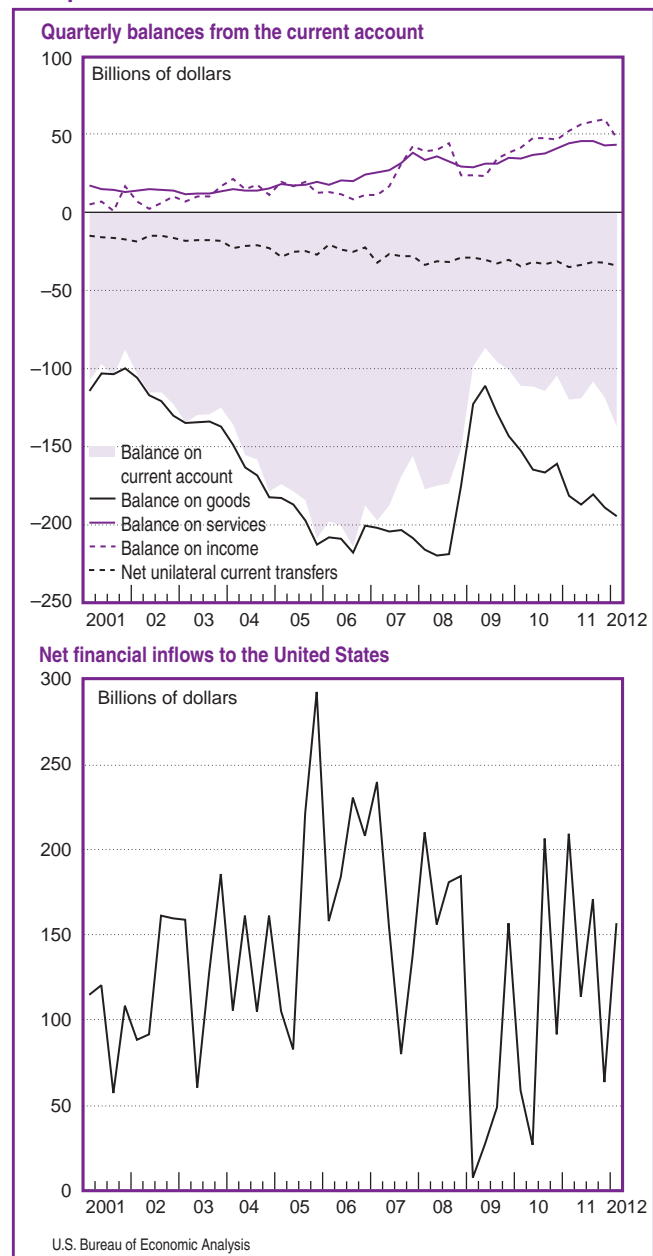
In the financial account, net financial inflows to the United States increased to \$156.7 billion in the first quarter, up from \$63.4 billion in the fourth quarter (see pages 56–57). Net financial flows reflect combined transactions in U.S.-owned assets abroad, foreign-owned assets in the United States, and financial derivatives. The preliminary statistics for the first quarter exclude transactions in financial derivatives because these data are not available. The first-quarter increase in net inflows reflects a shift from an increase to a decrease in U.S.-owned assets abroad and slower growth in foreign-owned assets in the United States.

The statistical discrepancy—the amount that balances the sum of the recorded credits and debits across all the accounts in the international transactions accounts—was $-\$19.4$ billion in the first quarter, compared with $\$55.3$ billion in the fourth quarter.

1. Quarterly statistics are seasonally adjusted when series demonstrate statistically significant seasonal patterns; seasonally adjusted statistics are cited in this article when available.

2. Current-dollar GDP is used to provide a consistently scaled comparison across time. In this context, its use does not imply that these international transactions accounts statistics are components of GDP.

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



Sarah P. Scott prepared this article.

Overview

Table A. U.S. International Transactions

[Millions of dollars, seasonally adjusted]

(Credits +; debits -)	2011			2012	Change 2011:IV- 2012:I
	II ^r	III ^r	IV ^r	I ^p	
Current account					
Exports of goods and services and income receipts	713,499	724,800	720,095	725,428	5,333
Goods, balance of payments basis	372,160	382,161	382,167	388,501	6,334
Services	151,839	155,190	151,037	154,420	3,383
Income receipts	189,499	187,449	186,891	182,506	-4,385
Imports of goods and services and income payments	-798,839	-801,143	-806,512	-828,854	-22,342
Goods, balance of payments basis	-559,344	-562,778	-571,421	-582,963	-11,542
Services	-106,205	-109,395	-108,068	-110,955	-2,887
Income payments	-133,290	-128,971	-127,022	-134,936	-7,914
Unilateral current transfers, net	-33,777	-31,815	-32,240	-33,887	-1,647
U.S. government grants	-13,486	-11,176	-11,551	-11,848	-297
U.S. government pensions and other transfers	-2,227	-2,250	-2,269	-2,541	-272
Private remittances and other transfers	-18,064	-18,389	-18,419	-19,498	-1,079
Capital account					
Capital account transactions, net	-829	-300	-55	n.a.	n.a.
Financial account					
U.S.-owned assets abroad (increase/financial outflow (-))¹	7,418	-91,896	-26,231	114,781	141,012
U.S. official reserve assets	-6,267	-4,079	-1,912	-1,239	673
U.S. government assets, other than official reserve assets	-1,358	-1,137	-100,624	52,676	153,300
U.S. private assets	15,042	-86,679	76,305	63,343	-12,962
Direct investment	-133,397	-70,323	-111,208	-110,930	278
Foreign securities	-57,195	-40,110	35,980	3,571	-32,409
U.S. claims on unaffiliated foreigners reported by nonbanking concerns	6,147	9,326	65,122	-49,562	-114,684
U.S. claims reported by banks and brokers	199,487	14,428	86,411	220,264	133,853
Foreign-owned assets in the United States (increase/financial inflow (+))¹	98,554	266,397	57,067	41,939	-15,128
Foreign official assets in the United States	121,822	19,889	-2,859	67,593	70,452
Other foreign assets in the United States	-23,268	246,508	59,926	-25,654	-85,580
Direct investment	61,281	63,222	76,120	28,690	-47,430
U.S. Treasury securities	-17,613	120,918	82,519	33,992	-48,527
U.S. securities other than U.S. Treasury securities	-5,108	-20,396	-35,276	3,186	38,462
U.S. currency	13,989	9,614	18,817	18,057	-760
U.S. liabilities to unaffiliated foreigners reported by nonbanking concerns	25,538	-19,670	-39,989	17,200	57,189
U.S. liabilities reported by banks and brokers	-101,355	92,820	-42,265	-126,779	-84,514
Financial derivatives, net	7,419	-3,949	32,613	n.a.	n.a.
Statistical discrepancy (sum of the bold lines above with sign reversed)	6,555	-62,094	55,263	²-19,407	³-74,670
Memoranda:					
Balance on goods	-187,184	-180,617	-189,254	-194,462	-5,208
Balance on services	45,634	45,795	42,969	43,465	496
Balance on goods and services	-141,549	-134,822	-146,286	-150,997	-4,711
Balance on income	56,209	58,478	59,869	47,571	-12,298
Unilateral current transfers, net	-33,777	-31,815	-32,240	-33,887	-1,647
Balance on current account	-119,117	-108,158	-118,656	-137,313	-18,657
Net financial flows ⁴	113,391	170,552	63,449	¹ 156,720	³ 93,271

p Preliminary r Revised n.a. Not available

1. Excludes transactions in financial derivatives.

2. Excludes capital account transactions and transactions in financial derivatives.

3. Change from prior period, not the sum of changes in components.

4. Sum of U.S.-owned assets abroad, foreign-owned assets in the United States, and financial derivatives.

NOTE: The statistics, except for net financial flows, are presented in table 1 after this article and on BEA's Web site.

Data Availability and Methodology

Detailed statistics for U.S. international transactions are presented in tables 1–12 after this article. The statistics and a description of the estimation methods used to compile them are available at www.bea.gov under “International.” For the statistics, click on “Detailed estimates.” For the methods, see “U.S. International Transactions Accounts: Concepts and Estimation Methods” under “Methodologies.”

Current-account highlights

- The deficit on goods increased as imports increased more than exports.
- The surplus on services increased as services receipts increased more than services payments.
- The surplus on income decreased after increasing in the previous four quarters. In the first quarter, income payments increased and income receipts decreased.

Financial-account highlights

- U.S.-owned assets abroad decreased after increasing in the fourth quarter, and foreign-owned assets in the United States increased less than in the fourth quarter.
- U.S.-owned assets abroad decreased for the second time in the last four quarters, but the decrease in the first quarter of 2012 was much less than the decrease in the second quarter of 2011. The first-quarter decrease resulted from decreases in U.S. private assets, particularly in U.S. claims reported by U.S. banks and securities brokers, and U.S. government assets other than official reserve assets.
- Foreign-owned assets in the United States increased, but the increase was smaller than in the previous 10 quarters. The first-quarter increase reflected an increase in foreign official assets in the United States, particularly in U.S. government securities, that was partly offset by a decrease in “other” foreign assets in the United States.

Revisions

The U.S. international transactions statistics for the first quarter of 2009 to the fourth quarter of 2011 were revised to incorporate newly available and revised source data, updated seasonal adjustments, and improved estimating methodologies. For more information, see “Annual Revision of the U.S. International Transactions Accounts” in this issue.

Revisions to Fourth-Quarter 2011 Statistics

[Billions of dollars; seasonally adjusted]

	Preliminary	Revised
Current-account balance	-124.1	-118.7
Balance on goods	-186.3	-189.3
Balance on services	45.3	43.0
Balance on income	50.3	59.9
Unilateral current transfers, net	-33.3	-32.2
Net financial flows	48.6	63.4

Current Account—Goods

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

	2011				2012	Change 2011:IV- 2012:I
	II ^r	III ^r	IV ^r	I ^p		
Exports, balance of payments basis	372,160	382,161	382,167	388,501	388,501	6,334
Agricultural products	35,600	33,943	33,999	33,793	33,793	-206
Nonagricultural products	336,561	348,218	348,168	354,708	354,708	6,540
Foods, feeds, and beverages	31,925	31,303	31,142	30,471	30,471	-671
Grains and preparations	10,337	8,664	8,162	7,065	7,065	-1,097
Other	21,588	22,639	22,980	23,406	23,406	426
Industrial supplies and materials	128,577	133,876	132,431	132,595	132,595	164
Petroleum and products	32,271	34,639	35,923	34,294	34,294	-1,629
Nonpetroleum products	96,306	99,237	96,508	98,301	98,301	1,793
Chemicals, excluding medicinals	30,771	31,160	31,311	30,361	30,361	-950
Metals and nonmetallic products	31,661	35,306	33,080	34,485	34,485	1,405
Nonferrous metals	16,826	20,327	18,120	19,230	19,230	1,110
Other	14,835	14,979	14,960	15,255	15,255	295
Other	33,874	32,771	32,117	33,455	33,455	1,338
Capital goods, except automotive	122,542	125,479	126,877	131,210	131,210	4,333
Electric generating machinery, apparatus, and parts	12,087	12,194	12,393	12,726	12,726	333
Oil drilling, mining, and construction machinery	8,063	8,444	9,090	9,075	9,075	-15
Industrial engines, pumps, and compressors	7,023	7,197	7,301	7,770	7,770	469
Industrial, agricultural, and service machinery, n.e.c.	30,807	31,283	31,443	32,509	32,509	1,066
Computers, peripherals, and parts	12,186	12,301	12,081	12,960	12,960	879
Semiconductors	11,184	11,139	10,787	10,701	10,701	-86
Telecommunications equipment	8,871	9,119	9,229	9,094	9,094	-135
Scientific, hospital, and medical equipment	10,741	10,735	10,769	10,888	10,888	119
Civilian aircraft, engines, and parts	19,415	21,028	21,410	23,243	23,243	1,833
Other	2,165	2,039	2,374	2,244	2,244	-130
Automotive vehicles, parts, and engines	32,511	34,368	34,406	36,463	36,463	2,057
Passenger cars	11,782	12,042	12,412	13,302	13,302	890
Trucks, buses, and special purpose vehicles	4,942	5,073	4,747	5,417	5,417	670
Engines, parts, and accessories	15,786	17,252	17,247	17,745	17,745	498
Consumer goods, except automotive	43,894	44,288	44,512	44,092	44,092	-420
Nondurable goods	19,546	19,791	19,823	19,237	19,237	-586
Medicinal, dental, and pharmaceutical products	11,395	11,499	11,506	10,742	10,742	-764
Other	8,151	8,292	8,317	8,495	8,495	178
Durable goods	24,348	24,497	24,689	24,855	24,855	166
Household appliances and other household goods	8,463	8,647	8,705	9,035	9,035	330
Other	15,885	15,850	15,984	15,820	15,820	-164
Other exports	12,712	12,847	12,799	13,670	13,670	871

p Preliminary r Revised
n.e.c. Not elsewhere classified
NOTE: The statistics are presented in table 2 after this article and on BEA's Web site.

Exports of goods increased for the 11th straight quarter. Four of the six major end-use categories increased in the first quarter. The overall increase was more than accounted for by increases in capital goods and in automotive vehicles, parts, and engines.

Foods, feeds, and beverages decreased for a third straight quarter. The first-quarter decrease resulted from a fall in grains and preparations.

Industrial supplies and materials increased slightly after decreasing in the fourth quarter. An increase in nonmonetary gold and several other subcategories were mostly offset by decreases in petroleum and products and in chemicals.

Capital goods rose for the 11th straight quarter. The first-quarter increase resulted from increases in civilian aircraft, engines, and parts, in “industrial, agricultural, and service industry machinery, n.e.c.”; and in computers, peripherals, and parts.

Automotive vehicles, parts, and engines increased more than in any of the previous three quarters. The first-quarter increase was largely due to increases in passenger cars and in trucks, buses, and special purpose vehicles.

Consumer goods decreased, reflecting a decrease in nondurable goods that was partly offset by a rise in durable goods. The decrease in nondurable goods was more than accounted for by a decrease in medicinal, dental, and pharmaceutical products.

Table C. Growth in Real Goods Exports and Imports

[Percent change from preceding period in chained-dollar exports and imports, seasonally adjusted]

	2010	2011				2012
	IV ^r	I ^r	II ^r	III ^r	IV ^r	I ^p
Exports, balance of payments basis	3.0	1.7	0.8	2.3	1.2	0.9
Imports, balance of payments basis	0.5	2.1	-0.2	1.0	1.7	0.3

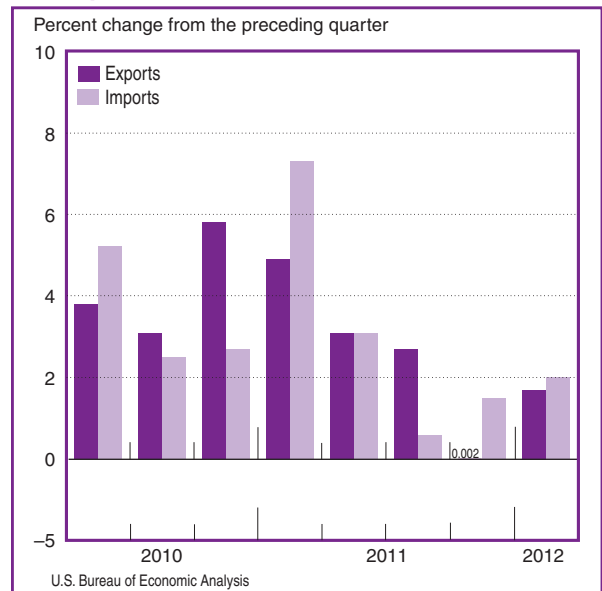
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Trends in the Trade in Goods

The deficit on goods rose in the first quarter of 2012, but not as much as in the fourth quarter of 2011, after decreasing in the third quarter. In the first quarter, current-dollar goods imports increased 2.0 percent, and exports increased 1.7 percent (chart 2). As a percentage of current-dollar GDP, the goods deficit increased to 5.0 percent in the first quarter from 4.9 percent in the fourth quarter.

Growth in both real exports and real imports slowed in the first quarter, but imports slowed more than exports (table C).

Chart 2. Growth in Current-Dollar Goods Exports and Imports



Current Account—Goods

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

	2011			2012	Change 2011:IV- 2012:I
	II ^r	III ^r	IV ^r	I ^p	
Imports, balance of payments basis.....	559,344	562,778	571,421	582,963	11,542
Petroleum and products.....	119,366	114,190	117,298	119,543	2,245
Nonpetroleum products.....	439,978	448,588	454,124	463,420	9,296
Foods, feeds, and beverages.....	27,188	27,067	28,181	28,014	-167
Industrial supplies and materials.....	200,494	196,574	197,058	199,147	2,089
Petroleum and products.....	119,366	114,190	117,298	119,543	2,245
Nonpetroleum products.....	81,128	82,384	79,760	79,604	-156
Natural gas.....	3,905	3,845	3,296	2,561	-735
Chemicals, excluding medicinals.....	18,863	19,698	19,353	18,191	-1,162
Building materials, except metals.....	4,873	5,018	5,046	5,261	215
Metals and nonmetallic products.....	33,366	33,175	31,385	33,763	2,378
Iron and steel products.....	9,930	9,423	9,366	10,824	1,458
Nonferrous metals.....	15,628	15,820	14,510	14,302	-208
Other.....	7,808	7,932	7,509	8,637	1,128
Other.....	20,121	20,648	20,680	19,828	-852
Capital goods, except automotive.....	127,620	129,474	133,053	137,627	4,574
Electric generating machinery, apparatus, and parts.....	14,864	14,854	15,201	16,081	880
Oil drilling, mining, and construction machinery.....	5,473	5,731	5,933	6,848	915
Industrial engines, pumps, and compressors.....	5,119	5,537	5,669	5,782	113
Industrial, agricultural, and service machinery, n.e.c.....	29,741	30,983	31,827	32,636	809
Computers, peripherals, and parts.....	30,366	30,452	30,354	31,631	1,277
Semiconductors.....	10,074	10,094	10,312	11,050	738
Telecommunications equipment.....	12,268	12,053	11,645	12,785	1,140
Scientific, hospital, and medical equipment.....	9,012	9,049	9,100	9,413	313
Civilian aircraft, engines, and parts.....	8,485	8,305	10,337	9,011	-1,326
Other.....	2,218	2,416	2,675	2,390	-285
Automotive vehicles, parts, and engines.....	58,211	66,326	67,740	73,526	5,786
Passenger cars.....	26,331	32,082	32,785	36,377	3,592
Trucks, buses, and special purpose vehicles.....	4,910	5,619	5,076	5,753	677
Engines, parts, and accessories.....	26,970	28,625	29,880	31,396	1,516
Consumer goods, except automotive.....	130,435	128,534	130,223	128,055	-2,168
Nondurable goods.....	62,097	61,278	60,883	60,174	-709
Apparel, footwear, and household goods.....	32,234	32,053	30,897	31,549	652
Medicinal, dental, and pharmaceutical products.....	23,215	22,565	23,355	21,977	-1,378
Other.....	6,649	6,659	6,631	6,648	17
Durable goods.....	68,337	67,257	69,341	67,881	-1,460
Televisions and other video equipment.....	8,540	8,053	7,974	8,367	393
Toys and sporting goods, including bicycles.....	8,743	8,910	8,836	9,350	514
Household appliances and other household goods.....	33,631	32,875	36,176	33,157	-3,019
Other.....	17,423	17,419	16,355	17,007	652
Other imports and U.S. goods returned.....	15,398	14,803	15,165	16,594	1,429

p Preliminary r Revised
n.e.c. Not elsewhere classified
NOTE: The statistics are presented in table 2 after this article and on BEA's Web site.

Imports of goods increased for the 11th straight quarter. The first-quarter rise was stronger than the increases in the two previous quarters. Four of the six major end-use categories increased. Automotive vehicles, parts, and engines accounted for almost half of the increase, and capital goods and industrial supplies and materials also contributed to the rise in imports.

Foods, feeds, and beverages decreased after increasing in the fourth quarter. The decrease was more than accounted for by green coffee.

Industrial supplies and materials increased more than in the fourth quarter. The first-quarter increase was more than accounted for by rises in petroleum and products and in iron and steel products that were partly offset by a decrease in chemicals.

Capital goods rose for the 11th straight quarter. The first-quarter increase was widespread by commodity and led by computers, peripherals, and parts and by telecommunications equipment. These increases were partly offset by a decrease in completed civilian aircraft.

Automotive vehicles, parts, and engines increased more than in the fourth quarter, reflecting an increase in passenger cars.

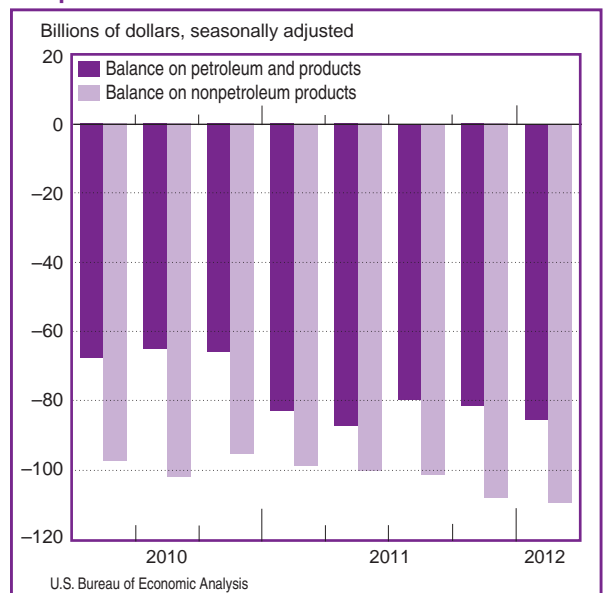
Consumer goods decreased after increasing in the fourth quarter, as both durable and nondurable goods decreased. The largest decrease in durable goods was in "other" household goods, including cell phones. The decrease in nondurable goods reflected a decrease in medicinal, dental, and pharmaceutical products.

Goods Deficit by Area and Type of Product

The goods deficit increased \$5.2 billion in the first quarter of 2012 after increasing \$8.6 billion in the fourth quarter of 2011. The increase was more than accounted for by an increase in the deficit with Latin America and Other Western Hemisphere, which was led by an increase in the deficit with Mexico. The deficit with Canada also increased, as did the deficits with the Middle East and Asia and Pacific. In contrast, the deficits with Europe and Africa decreased.

Petroleum products. As shown in chart 3, the deficit on petroleum products increased after a smaller increase in the fourth quarter, as exports decreased and imports increased. The first-quarter deficit is 2 percent lower than the recent high in the second quarter of 2011.

Chart 3. Balance on Total Petroleum and Nonpetroleum Products



U.S. Bureau of Economic Analysis

Current Account—Services

Table E. Services Exports and Imports
[Millions of dollars, seasonally adjusted]

	2011			2012	Change 2011:IV- 2012:I
	II ^r	III ^r	IV ^r	I ^p	
Services exports	151,839	155,190	151,037	154,420	3,383
Travel.....	29,260	30,194	29,254	30,882	1,628
Passenger fares	9,080	9,889	9,287	9,734	447
Other transportation.....	10,760	10,956	10,827	10,912	85
Freight.....	5,453	5,537	5,514	5,467	-47
Port services	5,307	5,419	5,313	5,445	132
Royalties and license fees	30,343	31,055	30,033	30,579	546
Other private services.....	67,585	68,123	66,736	67,599	863
Education.....	5,636	5,732	5,815	5,892	77
Financial services	18,877	19,012	17,676	18,015	339
Insurance services.....	3,771	3,895	4,017	4,049	32
Telecommunications.....	3,138	3,306	3,149	3,274	125
Business, professional, and technical services.....	33,462	33,418	33,330	33,669	339
Other services.....	2,701	2,761	2,750	2,700	-50
Transfers under U.S. military agency sales contracts	4,545	4,664	4,615	4,404	-211
U.S. government miscellaneous services	267	309	284	310	26
Services imports	106,205	109,395	108,068	110,955	2,887
Travel.....	19,628	19,895	19,871	20,979	1,108
Passenger fares	7,698	7,946	7,923	8,864	941
Other transportation.....	13,736	13,767	13,769	13,991	222
Freight.....	10,214	10,180	10,034	10,201	167
Port services	3,522	3,587	3,735	3,790	55
Royalties and license fees	8,543	9,503	9,652	9,968	316
Other private services.....	47,916	49,656	48,576	49,035	459
Education.....	1,463	1,475	1,498	1,525	27
Financial services	4,212	3,906	4,006	4,079	73
Insurance services.....	14,161	14,869	14,094	14,034	-60
Telecommunications.....	1,871	1,976	1,870	1,811	-59
Business, professional, and technical services.....	26,009	27,229	26,912	27,383	471
Other services.....	201	201	196	204	8
Direct defense expenditures	7,545	7,343	7,052	6,986	-66
U.S. government miscellaneous services	1,138	1,284	1,225	1,132	-93

p Preliminary r Revised

NOTE: The statistics are presented in tables 1 and 3 after this article and on BEA's Web site. For additional information on services, including definitions, see Jennifer Koncz-Bruner and Anne Flatness, "U.S. International Services: Cross-Border Trade in 2010 and Services Supplied Through Affiliates in 2009," SURVEY OF CURRENT BUSINESS 91 (October 2011): 13-56.

Travel receipts—purchases of goods and services by foreign travelers in the United States—increased in the first quarter after decreasing in the fourth quarter.

Passenger fare receipts turned up after decreasing in the fourth quarter.

“Other” transportation receipts increased for the fifth time in six quarters after a decrease in the fourth quarter. The first-quarter increase was attributable to port services.

Royalties and license fees increased slightly after decreasing in the fourth quarter.

“Other” private services receipts edged up after decreasing in the fourth quarter. The increase was mostly due to increases in financial services and in business, professional, and technical services.

Travel payments—purchases of goods and services by U.S. travelers abroad—increased after edging down in the fourth quarter.

Passenger fare payments increased after decreasing in the fourth quarter.

“Other” transportation payments increased after holding nearly steady for the three preceding quarters. The increase mostly resulted from higher payments for freight services.

“Other” private services payments edged up after decreasing in the fourth quarter. The increase was more than accounted for by business, professional, and technical services.

Chart 4. Growth in Services Exports and Imports



Current Account—Income

Table F. Income Receipts and Payments
[Millions of dollars, seasonally adjusted]

	2011			2012	Change 2011:IV- 2012:I
	II ^r	III ^r	IV ^r	I ^p	
Income receipts	189,499	187,449	186,891	182,506	-4,385
Income on U.S.-owned assets abroad	188,047	185,994	185,441	181,029	-4,412
Direct investment receipts	123,417	119,106	119,094	114,276	-4,818
Earnings	121,652	117,357	117,304	112,474	-4,830
Interest	1,765	1,748	1,789	1,802	13
Other private receipts	64,123	66,361	65,903	66,202	299
Income on foreign securities	54,343	57,039	55,721	56,631	910
Dividends	34,338	36,522	35,315	36,671	1,356
Interest	20,005	20,517	20,406	19,960	-446
Interest on claims reported by banks and brokers	6,123	5,643	6,276	5,903	-373
For own claims	5,411	4,966	5,526	5,273	-253
For customers' claims	712	677	750	630	-120
Interest on claims reported by nonbanking concerns	3,658	3,680	3,907	3,668	-239
U.S. government receipts	506	527	444	550	106
Compensation of employees	1,452	1,455	1,450	1,478	28
Income payments	133,290	128,971	127,022	134,936	7,914
Income on foreign-owned assets in the United States	129,835	125,508	123,590	131,576	7,986
Direct investment payments	43,855	38,261	36,552	43,313	6,761
Earnings	37,236	31,448	30,283	36,560	6,277
Interest	6,619	6,813	6,268	6,753	485
Other private payments	53,193	54,157	53,655	55,392	1,737
Income on U.S. corporate securities	47,969	49,082	47,851	49,618	1,767
Dividends	18,297	19,122	18,239	20,551	2,312
Interest	29,672	29,961	29,613	29,067	-546
Interest on liabilities reported by banks and brokers	3,421	3,294	3,788	3,743	-45
For own liabilities	2,116	2,109	2,537	2,455	-82
For customers' liabilities	1,305	1,185	1,251	1,288	37
Interest on liabilities reported by nonbanking concerns	1,804	1,781	2,016	2,032	16
U.S. government payments	32,787	33,090	33,383	32,871	-512
Compensation of employees	3,455	3,463	3,433	3,360	-73

^p Preliminary ^r Revised
NOTE: The statistics are presented in tables 1, 4 and 7 after this article and on BEA's Web site.

Income receipts on U.S. direct investment abroad decreased for the third straight quarter. The first-quarter decrease mostly reflected lower earnings of holding companies.

“Other” private income receipts increased slightly. The increase was the seventh in the last eight quarters. Larger U.S. holdings of foreign stocks led to increased dividend income.

U.S. government receipts increased after decreasing in the fourth quarter.

Income payments on foreign direct investment in the United States increased. Nearly half of the increase was attributable to earnings of companies in finance and insurance.

“Other” private income payments increased for the fifth time in the last six quarters. The first-quarter increase reflected higher dividend payments resulting from increased foreign holdings of U.S. corporate stocks.

U.S. government payments decreased after increasing in the previous two quarters. The decrease resulted from decreases in yields on U.S. Treasury and agency bonds.

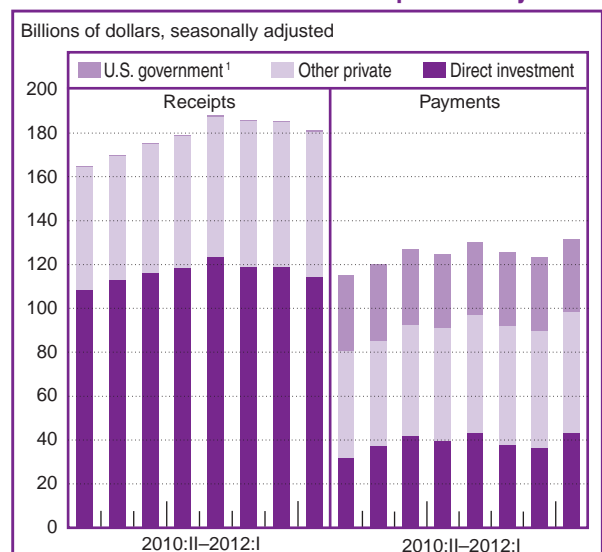
Trends in Income

The surplus on income fell to \$47.6 billion in the first quarter after increasing since the fourth quarter of 2010. As a percentage of U.S. current-dollar GDP, the surplus slipped to 1.2 percent from 1.6 percent in the fourth quarter.

As shown in chart 5, income receipts decreased for a third straight quarter. The first-quarter decrease reflected lower direct investment receipts, which decreased for a third straight quarter. The first-quarter receipts were 7.4 percent lower than the peak set in the second quarter of 2011.

Income payments increased in the first quarter after decreasing in the fourth quarter. Most of the increase was a result of higher direct investment payments. “Other” private payments also contributed to the increase. Direct investment payments increased in the first quarter after decreasing in the previous two quarters; these payments have fluctuated in recent quarters.

Chart 5. Investment Income Receipts and Payments



1. U.S. government receipts are relatively small and may not be clearly visible above. See table F for these statistics.
U.S. Bureau of Economic Analysis

Financial Account—U.S.-Owned Assets Abroad

Table G. U.S.-Owned Assets Abroad

[Millions of dollars, seasonally adjusted]

(Increase/financial outflow (-), decrease/financial inflow (+))	2011			2012	Change 2011:IV-2012:I
	II ^r	III ^r	IV ^r	I ^p	
U.S.-owned assets abroad¹	7,418	-91,896	-26,231	114,781	141,012
U.S. official reserve assets	-6,267	-4,079	-1,912	-1,239	673
U.S. government assets, other than official reserve assets.....	-1,358	-1,137	-100,624	52,676	153,300
U.S. private assets.....	15,042	-86,679	76,305	63,343	-12,962
Direct investment	-133,397	-70,323	-111,208	-110,930	278
Equity	-31,714	-872	-17,683	-8,421	9,262
Reinvested earnings.....	-94,430	-83,786	-85,664	-83,597	2,067
Intercompany debt	-7,252	14,334	-7,861	-18,912	-11,051
Foreign securities.....	-57,195	-40,110	35,980	3,571	-32,409
Stocks.....	-27,150	-22,802	8,630	-14,921	-23,551
Bonds.....	-30,045	-17,308	27,350	18,492	-8,858
U.S. claims on unaffiliated foreigners reported by nonbanking concerns	6,147	9,326	65,122	-49,562	-114,684
U.S. claims reported by banks and brokers	199,487	14,428	86,411	220,264	133,853
For own accounts	193,661	-60,657	26,637	129,262	102,625
For customers' accounts	5,826	75,085	59,774	91,002	31,228

p Preliminary r Revised

1. Excludes transactions in financial derivatives.

NOTE: Under balance-of-payments conventions, increases in U.S.-owned assets abroad are shown with a negative sign, and decreases are shown with a positive sign. The statistics are presented in tables 1, 7, 8, and 10 after this article and on BEA's Web site.

U.S. official reserve assets increased less in the first quarter than in the fourth quarter. The first-quarter increase reflected an increase in the U.S. reserve position in the International Monetary Fund.

U.S. government assets other than official reserve assets decreased in the first quarter, after a large increase in the fourth. Both the first-quarter decrease and the fourth-quarter increase resulted mostly from central bank liquidity swaps between the U.S. Federal Reserve System and foreign central banks.

U.S. direct investment inched down. Lower equity investment and reinvested earnings were almost offset by a rise in outflows of intercompany debt investment.

U.S. sales of foreign securities exceeded U.S. purchases by less than in the fourth quarter, reflecting shifts from net sales to net purchases of foreign stocks and lower net sales of bonds.

U.S. claims on foreigners reported by nonbanks increased after decreasing in the three preceding quarters. The first-quarter increase reflected increased U.S. deposits abroad, mainly in the United Kingdom.

U.S. claims on foreigners reported by U.S. banks and securities brokers—such as U.S. residents' deposits at foreign banks and loans to foreigners—decreased for the fourth consecutive quarter, reflecting decreases in claims for banks' own accounts and customers' accounts. The first-quarter decrease in own account claims was nearly five times the decrease in the fourth quarter.

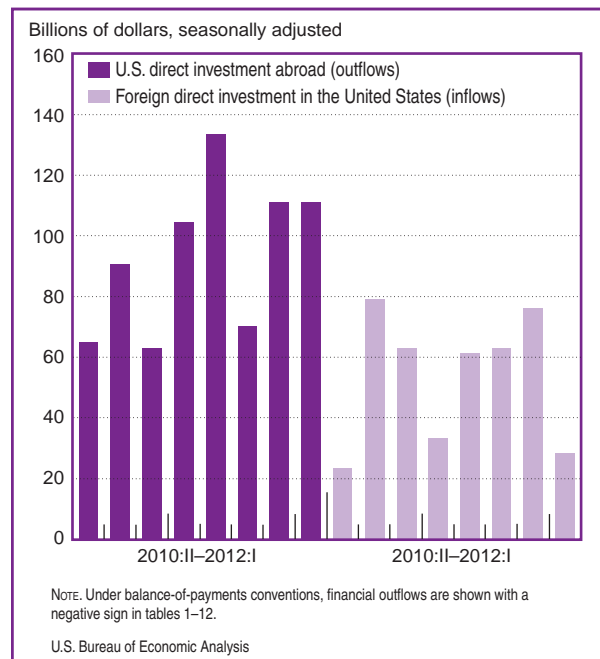
Developments in the Financial Account

U.S.-owned assets abroad decreased in the first quarter after increases in the third and fourth quarters of 2011. Foreign-owned assets in the United States increased slightly less than in the fourth quarter, rising for the 11th straight quarter. As a result, net financial inflows in the first quarter were more than double those in the fourth quarter (see table A).

The decrease in U.S.-owned assets abroad resulted from decreases in both U.S. private assets abroad and U.S. government assets other than official reserve assets (chart 7). The decrease in U.S. private assets abroad reflected a sharp decrease in U.S. claims reported by U.S. banks and securities brokers, primarily in deposits; these claims have not declined for four consecutive quarters since the mid-1960s. The decrease in U.S. government assets other than official reserve assets resulted from the reversal of central bank liquidity swaps, reflecting a decline in demand for liquidity in U.S. dollars at foreign banks after an increase at the end of 2011.

As shown in chart 8, the increase in foreign-owned assets in the United States was more than accounted for by an increase in foreign official assets in the United States, which resulted from foreign official net purchases of U.S. Treasury securities, largely from Asia. The increase in foreign official assets was partly offset by a decrease in "other" foreign assets in the United States. The decrease was a result of decreases in U.S. liabilities reported by banks and brokers, as foreign banks, mostly in Western Europe, decreased deposits in their U.S. bank affiliates. These decreases were partly offset by net purchases of U.S. Treasury securities by private foreigners and by foreign direct investment.

Chart 6. Direct Investment Financial Flows



Financial Account—Foreign-Owned Assets in the United States

Table H. Foreign-Owned Assets in the United States

[Millions of dollars, seasonally adjusted]

(Increase/financial inflow (+), decrease/financial outflow (-))	2011			2012	Change 2011:IV-2012:I
	II ^r	III ^r	IV ^r	I ^p	
Foreign-owned assets in the United States¹	98,554	266,397	57,067	41,939	-15,128
Foreign official assets	121,822	19,889	-2,859	67,593	70,452
U.S. government securities	97,184	11,249	-17,417	83,114	100,531
U.S. Treasury securities	104,363	28,115	-17,573	82,751	100,324
Other	-7,179	-16,866	156	363	207
Other U.S. government liabilities	2,236	2,287	1,826	2,814	988
U.S. liabilities reported by banks and brokers	15,764	5,121	12,215	-19,087	-31,302
Other foreign official assets	6,638	1,232	517	752	235
Other foreign assets	-23,268	246,508	59,926	-25,654	-85,580
Direct investment	61,281	63,222	76,120	28,690	-47,430
Equity	30,481	25,547	29,620	1,661	-27,959
Reinvested earnings	25,168	17,235	20,500	27,870	7,370
Intercompany debt	5,632	20,440	25,999	-841	-26,840
U.S. Treasury securities	-17,613	120,918	82,519	33,992	-48,527
U.S. securities other than U.S. Treasury securities	-5,108	-20,396	-35,276	3,186	38,462
Stocks	25,668	-28,278	-17,140	18,718	35,858
Corporate bonds	-17,962	-9,736	-31,254	-15,093	16,161
Federally sponsored agency bonds	-12,814	17,618	13,118	-439	-13,557
U.S. currency	13,989	9,614	18,817	18,057	-760
U.S. liabilities to unaffiliated foreigners reported by nonbanking concerns	25,538	-19,670	-39,989	17,200	57,189
U.S. liabilities reported by banks and brokers	-101,355	92,820	-42,265	-126,779	-84,514
For own accounts	-108,170	109,703	-15,288	-120,067	-104,779
For customers' accounts	6,815	-16,883	-26,977	-6,712	20,265

p Preliminary r Revised

1. Excludes transactions in financial derivatives.

NOTE: The statistics are presented in tables 1, 7, 8, and 11 after this article and on BEA's Web site.

Foreign official assets in the United States increased in the first quarter after decreasing in the fourth quarter. The shift to an increase reflected a shift to net purchases of U.S. Treasury securities.

Foreign direct investment in the United States decreased sharply after rising in the previous three quarters. The first-quarter decrease was split between a decrease in equity capital investment and a shift to outflows of intercompany debt investment. These changes were partly offset by an increase in reinvested earnings.

Purchases of U.S. Treasury securities by private foreigners exceeded sales less than in the fourth quarter. The slowdown in net purchases resulted from a shift to net sales of short-term Treasury bills.

Purchases of other U.S. securities by private foreigners exceeded sales in the first quarter, reflecting a shift from net sales in the fourth quarter. The first-quarter shift to net purchases was due to a shift to net purchases of U.S. stocks.

U.S. liabilities to foreigners reported by nonbanks increased after decreasing in the previous two quarters. The first-quarter increase was mostly due to a shift to an increase in loans from the United Kingdom.

U.S. liabilities to foreigners reported by U.S. banks and securities brokers—such as foreign residents' deposits at U.S. banks and loans to U.S. residents—decreased three times as much as in the fourth quarter. The larger first-quarter decrease was more than accounted for by a larger decrease in banks' and brokers' liabilities for own accounts.

Chart 7. Changes in U.S. Claims and Liabilities Reported by Banks and Brokers

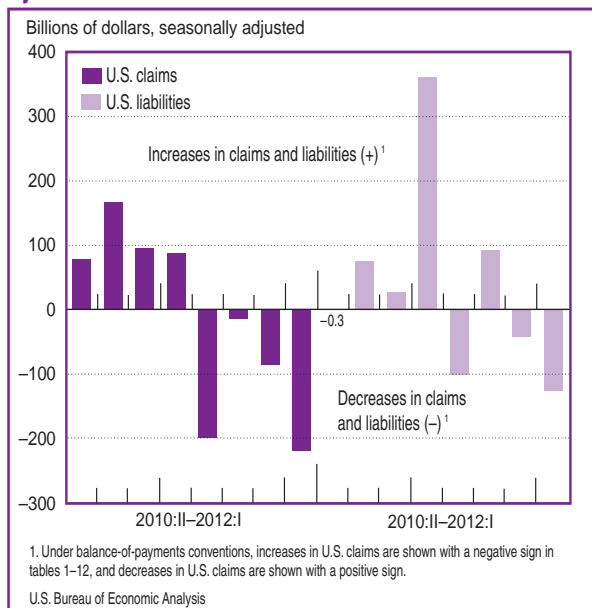


Chart 8. Transactions in U.S. Debt Securities

