

U.S. International Transactions

Second Quarter of 2011

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—decreased to \$118.0 billion (preliminary) in the second quarter of 2011 from \$119.6 billion (revised) in the first quarter (see pages 60–63).¹ The deficit decreased to 3.1 percent of current-dollar gross domestic product (GDP) from 3.2 percent in the first quarter.² The decrease in the deficit was more than accounted for by increases in the surpluses on income and on services. These increases were partly offset by an increase in the deficit on goods and an increase in net unilateral current transfers.

In the financial account, net financial inflows to the United States decreased to \$25.7 billion in the second quarter from \$156.1 billion in the first quarter (see pages 64–65). Net financial flows reflect combined transactions in U.S.-owned assets abroad, foreign-owned assets in the United States, and financial derivatives. However, the preliminary statistics for the second quarter exclude transactions for financial derivatives because the data are not yet available. The second-quarter decrease in net inflows reflects a slowdown in the growth of foreign-owned assets in the United States that more than offset a shift from an increase to a decrease in U.S.-owned assets abroad.

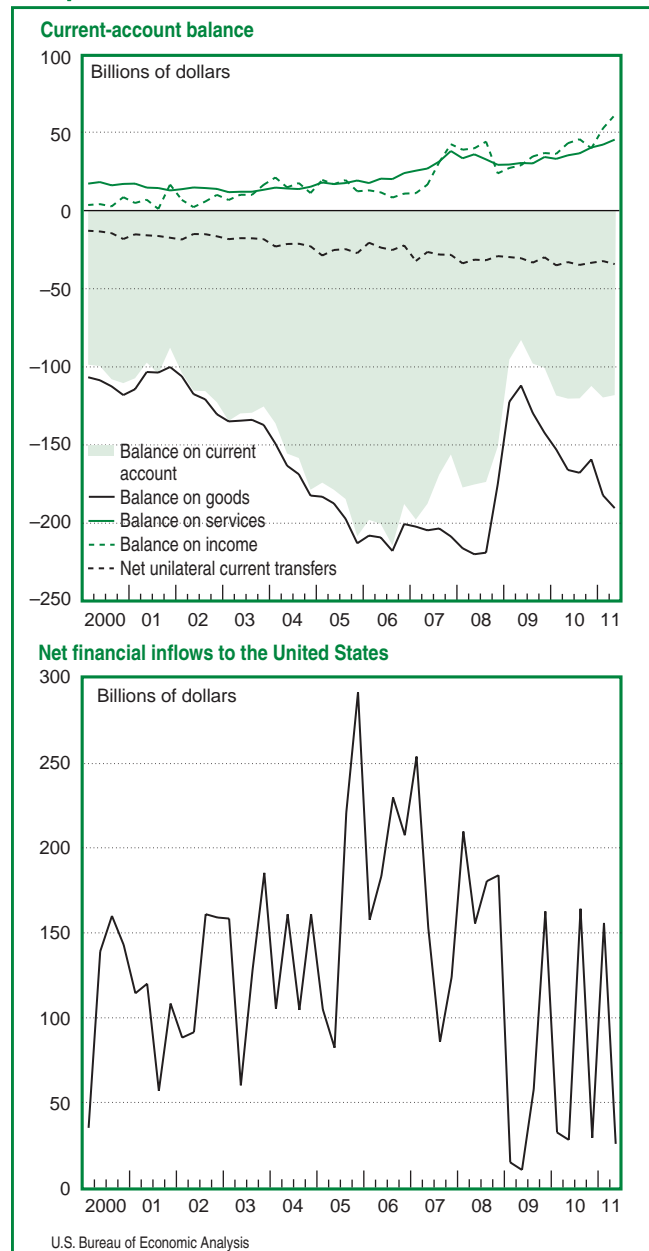
The statistical discrepancy—net errors and omissions in recorded transactions—was \$93.1 billion in the second quarter, compared with –\$36.4 billion in the first quarter.

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.

Sarah P. Scott prepared this article.

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



Overview

Table A. U.S. International Transactions

[Millions of dollars, seasonally adjusted]

(Credits +; debits -)	2010		2011		Change 2011:I- 2011:II
	III	IV	I ^r	II ^p	
Current account					
Exports of goods and services and income receipts	632,309	656,986	687,815	716,683	28,868
Goods, balance of payments basis	325,514	342,659	361,544	373,085	11,541
Services	139,680	142,088	146,013	150,657	4,644
Income receipts	167,115	172,239	180,258	192,941	12,683
Imports of goods and services and income payments	-717,682	-735,804	-775,129	-800,529	-25,400
Goods, balance of payments basis	-493,336	-501,904	-543,767	-563,524	-19,757
Services	-102,971	-101,592	-103,763	-105,211	-1,448
Income payments	-121,375	-132,309	-127,600	-131,793	-4,193
Unilateral current transfers, net	-34,754	-33,360	-32,277	-34,157	-1,880
U.S. government grants	-11,031	-11,396	-10,987	-13,010	-2,023
U.S. government pensions and other transfers	-2,616	-2,611	-2,629	-2,658	-29
Private remittances and other transfers	-21,107	-19,353	-18,661	-18,489	172
Capital account					
Capital account transactions, net	-146	-2	-29	-823	-794
Financial account					
U.S.-owned assets abroad (increase/financial outflow (-))¹	-286,834	-236,802	-334,359	22,947	357,306
U.S. official reserve assets	-1,096	200	-3,619	-6,267	-2,648
U.S. government assets, other than official reserve assets	788	-240	-547	-1,412	-865
U.S. private assets	-286,526	-236,762	-330,193	30,626	360,819
Direct investment	-78,734	-92,990	-89,205	-134,086	-44,881
Foreign securities	-39,336	-43,438	-58,171	-30,061	28,110
U.S. claims on unaffiliated foreigners reported by nonbanking concerns	-2,146	-5,747	-95,007	-918	94,089
U.S. claims reported by banks and brokers	-166,310	-94,587	-87,810	195,691	283,501
Foreign-owned assets in the United States (increase/financial inflow (+))¹	463,115	266,646	487,194	2,769	-484,425
Foreign official assets in the United States	135,477	57,790	48,764	94,565	45,801
Other foreign assets in the United States	327,638	208,856	438,430	-91,796	-530,226
Direct investment	79,655	70,557	28,493	47,719	19,226
U.S. Treasury securities	60,659	29,514	3,466	-63,810	-67,276
U.S. securities other than U.S. Treasury securities	82,076	48,431	-2,590	-9,463	-6,873
U.S. currency	10,514	13,440	12,576	13,989	1,413
U.S. liabilities to unaffiliated foreigners reported by nonbanking concerns	11,668	16,758	42,045	20,812	-21,233
U.S. liabilities reported by banks and brokers	83,066	30,156	354,440	-101,043	-455,483
Financial derivatives, net	-11,893	-504	3,220	n.a.	n.a.
Statistical discrepancy (sum of the bold lines above with sign reversed)	-44,116	82,841	-36,436	¹ 93,110	² 129,546
Memoranda:					
Balance on goods	-167,822	-159,245	-182,222	-190,440	-8,218
Balance on services	36,709	40,496	42,250	45,446	3,196
Balance on goods and services	-131,113	-118,749	-139,972	-144,994	-5,022
Balance on income	45,740	39,930	52,658	61,148	8,490
Unilateral current transfers, net	-34,754	-33,360	-32,277	-34,157	-1,880
Balance on current account	-120,127	-112,179	-119,591	-118,003	1,588
Net financial flows ³	164,388	29,340	156,055	¹ 25,716	² -130,339

p Preliminary r Revised n.a. Not available

1. Excludes transactions in financial derivatives.

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

3. 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 from table 1.

Current-account highlights

- The deficit on goods increased less in the second quarter than in the first quarter after decreasing in the fourth quarter of 2010. The second-quarter increase reflected a slightly higher rate of growth in imports than in exports; both imports and exports grew less rapidly than in the first quarter.
- The surplus on services rose for a fifth consecutive quarter, as growth in services exports was faster than growth in services imports.
- The surplus on income rose sharply for the second straight quarter, as income receipts grew more strongly than income payments.

Financial-account highlights

- U.S.-owned assets abroad decreased, and growth in foreign-owned assets in the United States slowed strongly in the second quarter after increasing strongly in the first quarter. The change from outflows to inflows of U.S.-owned assets abroad was less than the slowdown of foreign-owned assets in the United States.
- U.S.-owned assets abroad decreased in the second quarter after increasing for seven quarters, mostly as a result of decreases in U.S. claims reported by U.S. banks and brokers.
- The growth in foreign-owned assets in the United States was down sharply in the second quarter after seven quarters of stronger growth, mostly as a result of decreases in U.S. liabilities reported by U.S. banks and brokers.

Revisions

The preliminary statistics for U.S. international transactions for the first quarter that were published in the July 2011 [SURVEY OF CURRENT BUSINESS](#) have been revised to reflect new or revised source data.

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 down to \$156.1 billion from \$181.9 billion.

Data Availability

Detailed statistics for U.S. international transactions are presented in tables 1–12 after this article. The statistics are also available to view interactively and download from BEA's Web site. To access these files, go to www.bea.gov and, under "Interactive Data," click on "International Transactions," then click on "Begin using the data..." and select from the "Table List."

Current Account—Goods

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

	2010		2011		Change 2011:I- 2011:II
	III	IV	I ^r	II ^p	
Exports, balance of payments basis	325,514	342,659	361,544	373,085	11,541
Agricultural products	29,023	34,008	37,146	35,815	-1,331
Nonagricultural products	296,491	308,651	324,398	337,270	12,872
Foods, feeds, and beverages	26,469	30,594	32,048	32,054	6
Grains and preparations	6,819	7,658	9,276	10,877	1,601
Other	19,650	22,936	22,772	21,177	-1,595
Industrial supplies and materials	102,027	109,711	124,224	129,109	4,885
Petroleum and products	21,285	24,139	28,388	32,519	4,131
Nonpetroleum products	80,742	85,572	95,836	96,590	754
Chemicals, excluding medicinals	27,156	29,198	29,937	30,766	829
Metals and nonmetallic products	25,643	27,110	31,055	31,744	689
Nonferrous metals	13,356	14,030	17,006	16,863	-143
Other	12,287	13,080	14,049	14,881	832
Other	27,943	29,264	34,844	34,080	-764
Capital goods, except automotive	114,100	116,571	117,600	122,233	4,633
Electric generating machinery, apparatus, and parts	11,197	11,424	11,533	12,097	564
Oil drilling, mining, and construction machinery	6,887	7,294	7,260	8,077	817
Industrial engines, pumps, and compressors	5,916	6,424	6,561	7,118	557
Industrial, agricultural, and service machinery, n.e.c.	28,370	29,532	29,316	30,872	1,556
Computers, peripherals, and parts	11,118	11,363	11,670	12,252	582
Semiconductors	11,875	11,639	11,800	10,831	-969
Telecommunications equipment	8,057	8,242	8,824	8,904	80
Scientific, hospital, and medical equipment	10,074	10,324	10,438	10,762	324
Civilian aircraft, engines, and parts	18,571	18,451	18,170	19,149	979
Other	2,035	1,878	2,028	2,171	143
Automotive vehicles, parts, and engines	28,428	28,958	32,044	32,166	122
Passenger cars	9,616	10,268	11,073	11,831	758
Trucks, buses, and special purpose vehicles	4,043	3,926	4,691	4,967	276
Engines, parts, and accessories	14,771	14,763	16,281	15,369	-912
Consumer goods, except automotive	41,316	43,648	42,381	44,077	1,696
Nondurable goods	18,863	20,181	18,528	19,526	998
Medicinal, dental, and pharmaceutical products	11,103	12,284	10,577	11,392	815
Other	7,760	7,897	7,951	8,134	183
Durable goods	22,452	23,467	23,853	24,551	698
Household appliances and other household goods	8,081	8,224	8,169	8,467	298
Other	14,371	15,243	15,684	16,084	400
Other exports	13,174	13,178	13,246	13,445	199

p Preliminary r Revised
NOTE: The statistics are from table 2. For additional statistics on goods exports, see BEA's Web site.

Goods exports increased 3.2 percent after stronger growth in the two previous quarters. All major end-use categories increased; the largest increases were in industrial supplies and materials and in capital goods.

Foods, feeds, and beverages increased less than in the three previous quarters. Increases in grains and preparations were mostly offset by a sharp decrease in soybeans.

Industrial supplies and materials increased less than in the two preceding quarters. The second-quarter rise was mostly accounted for by an increase in petroleum and products.

Capital goods growth was stronger in the second quarter than in the last three quarters. The increase was widespread across categories; the increases were tempered by a sharp decrease in semiconductors.

Automotive vehicles, parts, and engines grew very slowly after growing rapidly in the previous seven quarters. Passenger cars and trucks increased; these increases were almost fully offset by a decrease in engines, parts, and accessories.

Consumer goods increased after decreasing in the first quarter. An increase in nondurable goods was concentrated in medicinal, dental, and pharmaceutical products. Durable goods increased for an eighth quarter. In durable goods, the category that increased the most was household and kitchen appliances and other household goods; combined, the other categories in durable goods also contributed to the second-quarter increase.

Table C. Real Goods Exports and Imports

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

	2010				2011	
	I ^r	II ^r	III ^r	IV ^p	I ^r	II ^p
Exports, balance of payments basis	3.3	2.4	2.9	2.4	2.4	0.8
Imports, balance of payments basis	3.1	6.1	3.1	-0.4	3.0	0.3

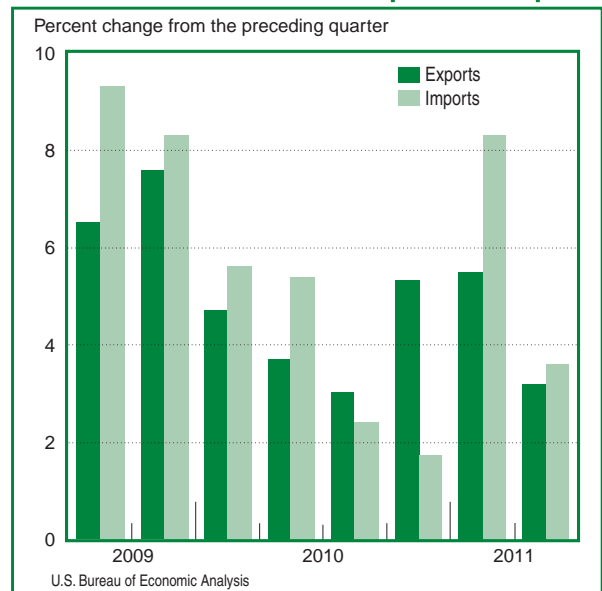
p Preliminary r Revised

Trends in the Trade in Goods

The deficit on goods rose in the second quarter but not as much as in the first quarter. Current-dollar imports increased at a faster pace than current-dollar exports for a second straight quarter, but both grew at a slower rate than in the first quarter. The goods deficit increased to 5.1 percent of current-dollar GDP in the second quarter from 4.9 percent in the first quarter.

The growth in real imports and exports slowed in the second quarter (table C); real exports increased more than imports.

Chart 2. Current-Dollar Goods Exports and Imports



U.S. Bureau of Economic Analysis

Current Account—Goods

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

	2010		2011		Change 2011:I- 2011:II
	III	IV	I ^r	II ^p	
Imports, balance of payments basis	493,336	501,904	543,767	563,524	19,757
Petroleum and products	86,906	89,492	111,339	119,920	8,581
Nonpetroleum products	406,430	412,412	432,427	443,604	11,177
Foods, feeds, and beverages	23,531	23,920	25,880	27,422	1,542
Industrial supplies and materials	155,103	159,754	187,929	202,457	14,528
Petroleum and products	86,906	89,492	111,339	119,920	8,581
Nonpetroleum products	68,197	70,262	76,590	82,537	5,947
Natural gas	4,882	3,744	4,055	4,921	866
Chemicals, excluding medicinals	15,250	16,272	17,583	19,139	1,556
Building materials, except metals	4,886	4,723	4,997	4,917	-80
Metals and nonmetallic products	24,708	27,471	30,963	33,225	2,262
Iron and steel products	7,639	7,403	8,603	10,131	1,528
Nonferrous metals	10,784	13,561	15,060	15,232	172
Other	6,285	6,507	7,300	7,862	562
Other	18,471	18,052	18,992	20,335	1,343
Capital goods, except automotive	116,197	119,876	123,406	128,534	5,128
Electric generating machinery, apparatus, and parts	14,092	14,828	15,181	15,613	432
Oil drilling, mining, and construction machinery	4,242	4,538	4,703	5,451	748
Industrial engines, pumps, and compressors	4,379	4,683	5,184	5,096	-88
Industrial, agricultural, and service machinery, n.e.c.	25,584	26,931	29,077	29,735	658
Computers, peripherals, and parts	29,423	28,757	28,233	30,878	2,645
Semiconductors	8,004	8,914	9,579	9,658	79
Telecommunications equipment	12,506	12,680	12,478	12,310	-168
Scientific, hospital, and medical equipment	8,154	8,459	8,730	9,060	330
Civilian aircraft, engines, and parts	7,998	8,174	8,260	8,555	295
Other	1,815	1,912	1,981	2,178	197
Automotive vehicles, parts, and engines	59,070	58,585	64,036	58,195	-5,841
Passenger cars	30,137	29,590	31,766	25,945	-5,821
Trucks, buses, and special purpose vehicles	4,191	4,187	4,661	5,104	443
Engines, parts, and accessories	24,741	24,807	27,609	27,146	-463
Consumer goods, except automotive	125,432	125,161	128,737	131,363	2,626
Nondurable goods	58,332	58,021	59,716	62,511	2,795
Apparel, footwear, and household goods	29,815	30,061	30,464	32,524	2,060
Medicinal, dental, and pharmaceutical products	22,139	21,666	22,688	23,290	602
Other	6,378	6,294	6,564	6,697	133
Durable goods	67,101	67,140	69,020	68,852	-168
Televisions and other video equipment	9,657	9,487	8,942	8,576	-366
Toys and sporting goods, including bicycles	9,192	9,602	9,103	8,713	-390
Household appliances and other household goods	32,559	31,766	33,736	33,305	-431
Other	15,693	16,285	17,239	18,258	1,019
Other imports and U.S. goods returned	14,002	14,608	13,778	15,554	1,776

p Preliminary r Revised
Note: The statistics are from table 2. For additional statistics on goods imports, see BEA's Web site.

Goods imports increased 3.6 percent after stronger growth in the first quarter. The second-quarter growth continued the rise of the prior seven quarters, leaving imports just under the record level of the third quarter of 2008. Most major end-use categories increased in the second quarter; nearly three-fourths of the increase was in industrial supplies and materials.

Growth in foods, feeds, and beverages slowed. The growth rates of the first and second quarters were the largest since the third quarter of 1994.

Growth in industrial supplies and materials was strong in the second quarter but was less than half the growth in the first quarter. Nearly 60 percent of the second-quarter increase was the result of growth in petroleum and products.

Capital goods rose for the eighth consecutive quarter. Much of the second-quarter growth was a result of an increase in computers, peripherals, and parts.

Automotive vehicles, parts, and engines fell sharply after a strong increase in the first quarter. The decrease reflects a drop in passenger car imports, largely as a result of the earthquake and tsunami disaster in Japan.

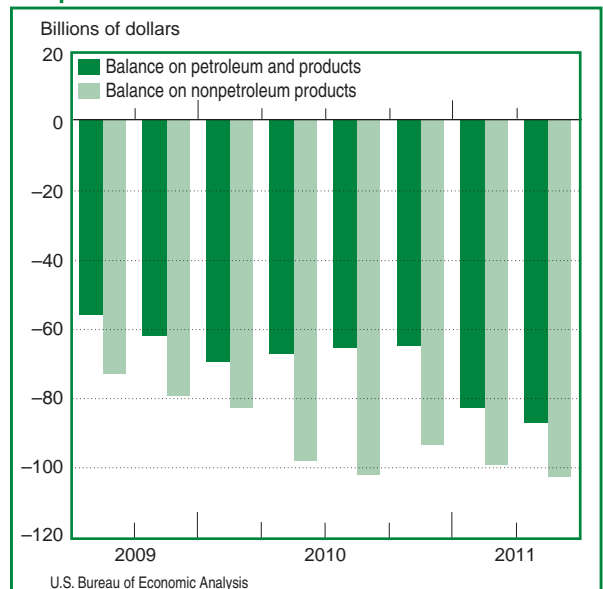
Consumer goods grew at a slightly slower pace than in the first quarter. The second-quarter increase was more than accounted for by a rise in nondurable goods, mostly in apparel, footwear, and household goods. Durable goods decreased slightly after increasing in the previous six quarters.

Goods Deficit by Area and Type of Product

The increase in the goods deficit in the second quarter partly reflected an increase in the deficit with Europe, mostly a result of a shift to deficits with Switzerland and Spain and increased deficits with Ireland and Russia. The deficits with Asia and Pacific and the Middle East also increased. The Asia and Pacific deficit increase was more than accounted for by an increase in the deficit with China; a decrease in the deficit with Japan partly offset the increase. In contrast, the deficits with Canada, Africa, and Latin America and Other Western Hemisphere decreased.

Petroleum products. The deficit on petroleum products increased after a strong increase in the first quarter and three previous quarters of smaller decreases. The average price per barrel of petroleum jumped 20 percent in the second quarter and the average number of barrels imported daily decreased 10 percent.

Chart 3. Balance on Total Petroleum and Nonpetroleum Products



Current Account—Services

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

	2010		2011		Change 2011:I- 2010:II
	III	IV	I ^r	II ^p	
Services exports	139,680	142,088	146,013	150,657	4,644
Travel.....	26,203	26,695	27,301	28,797	1,496
Passenger fares.....	8,076	7,994	8,362	9,122	760
Other transportation.....	10,098	10,121	10,464	10,655	191
Freight.....	4,920	5,000	5,168	5,406	238
Port services.....	5,178	5,121	5,296	5,249	-47
Royalties and license fees.....	26,720	27,021	28,012	28,591	579
Other private services.....	63,805	65,851	67,329	68,725	1,396
Education.....	5,373	5,458	5,549	5,649	100
Financial services.....	16,785	18,252	17,627	17,876	249
Insurance services.....	3,729	3,968	3,853	3,857	4
Telecommunications.....	2,818	2,934	3,005	3,156	151
Business, professional, and technical services.....	32,425	32,553	34,613	35,429	816
Other services.....	2,675	2,686	2,683	2,758	75
Transfers under U.S. military agency sales contracts	4,532	4,141	4,231	4,501	270
U.S. government miscellaneous services.....	247	266	314	267	-47
Services imports	102,971	101,592	103,763	105,211	1,448
Travel.....	19,077	19,054	19,280	19,778	498
Passenger fares.....	7,022	7,259	7,552	7,701	149
Other transportation.....	13,600	12,666	13,451	13,890	439
Freight.....	10,197	9,488	9,936	10,297	361
Port services.....	3,403	3,178	3,515	3,593	78
Royalties and license fees.....	8,177	8,359	8,879	9,011	132
Other private services.....	46,265	45,585	45,949	46,252	303
Education.....	1,429	1,440	1,462	1,485	23
Financial services.....	3,291	3,828	4,060	4,159	99
Insurance services.....	16,066	15,113	13,796	13,711	-85
Telecommunications.....	2,049	2,007	1,943	1,980	37
Business, professional, and technical services.....	23,240	23,006	24,489	24,717	228
Other services.....	190	191	199	201	2
Direct defense expenditures.....	7,609	7,471	7,570	7,520	-50
U.S. government miscellaneous services.....	1,221	1,198	1,081	1,059	-22

^p Preliminary ^r Revised

NOTE: The statistics are from tables 1 and 3. 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" in this issue of the SURVEY OF CURRENT BUSINESS.

The growth rate of travel receipts—purchases of goods and services by foreign travelers in the United States—was the highest since the first quarter of 2010.

Passenger fare receipts increased strongly in the second quarter after a smaller increase in the first quarter.

“Other” transportation receipts grew more slowly in the second quarter than in the first quarter. The second-quarter growth was a result of increased freight services receipts.

“Other” private services receipts grew for a fifth straight quarter. The largest contributor to the second-quarter increase was an increase in business, professional, and technical services.

Travel payments—purchases of goods and services by U.S. travelers abroad—grew for a second straight quarter.

Passenger fare payments increased slightly in the second quarter after larger increases in the previous four quarters.

“Other” transportation payments rose for a second quarter in a row. The second-quarter growth largely resulted from increased freight services payments.

“Other” private services payments increased slightly for a second straight quarter, mostly because of higher payments for business, professional, and technical services.

Chart 4. Foreign Currency Price of the U.S. Dollar

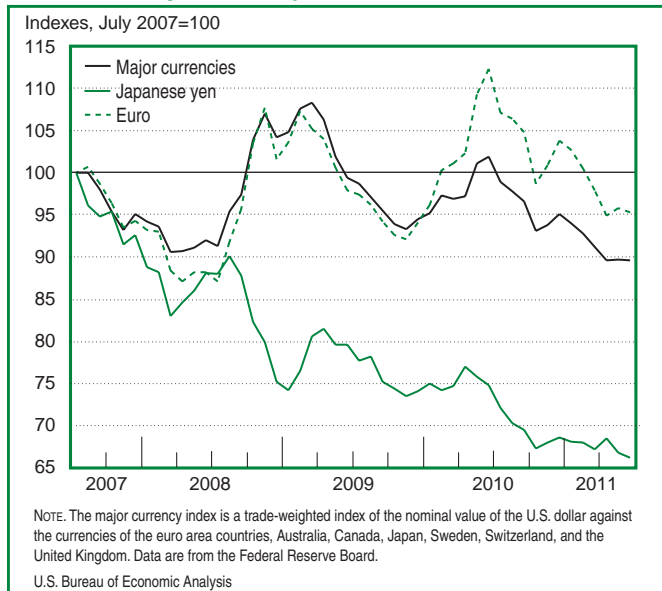
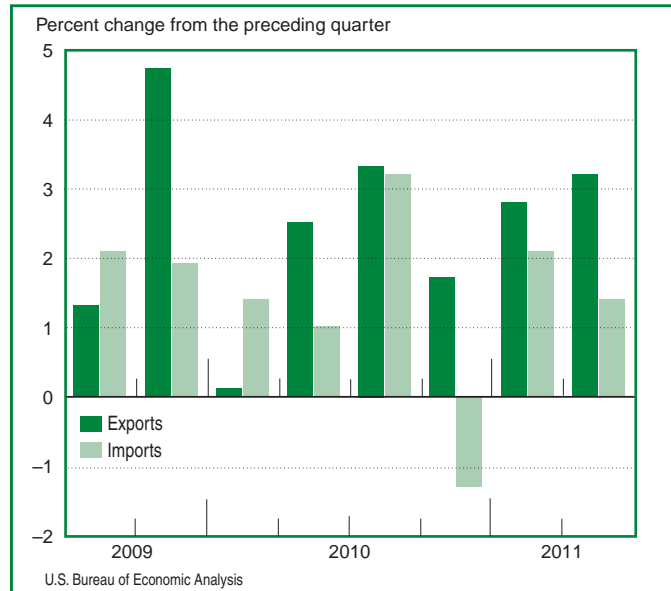


Chart 5. Services Exports and Imports



Current Account—Income

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

	2010		2011		Change 2011:I— 2011:II
	III	IV	I ^p	II ^p	
Income receipts	167,115	172,239	180,258	192,941	12,683
Income on U.S.-owned assets abroad	165,793	170,921	178,898	191,583	12,685
Direct investment receipts	109,653	112,199	118,231	127,481	9,250
Earnings	108,132	110,689	116,763	125,912	9,149
Interest	1,521	1,511	1,468	1,569	101
Other private receipts	55,785	58,371	60,231	63,590	3,359
Income on foreign securities	46,337	49,105	50,616	53,714	3,098
Dividends	27,429	28,883	30,258	33,341	3,083
Interest	18,908	20,222	20,358	20,373	15
Interest on claims reported by banks and brokers	5,996	5,870	5,945	6,312	367
For own claims	5,061	4,998	5,052	5,473	421
For customers' claims	935	872	893	839	-54
Interest on claims reported by nonbanking concerns	3,453	3,396	3,671	3,564	-107
U.S. government receipts	355	351	436	512	76
Compensation of employees	1,322	1,317	1,360	1,358	-2
Income payments	121,375	132,309	127,600	131,793	4,193
Income on foreign-owned assets in the United States	117,727	128,700	124,012	128,214	4,202
Direct investment payments	35,465	44,861	39,249	42,665	3,416
Earnings	30,109	38,737	33,083	36,109	3,026
Interest	5,355	6,123	6,167	6,556	389
Other private payments	48,098	49,993	51,014	51,765	751
Income on U.S. corporate securities	42,692	44,932	45,976	46,331	355
Dividends	14,919	15,908	17,389	17,970	581
Interest	27,773	29,024	28,587	28,361	-226
Interest on liabilities reported by banks and brokers	3,619	3,367	3,350	3,456	106
For own liabilities	2,231	2,066	2,127	2,154	27
For customers' liabilities	1,388	1,301	1,223	1,302	79
Interest on liabilities reported by nonbanking concerns	1,788	1,695	1,688	1,979	291
U.S. government payments	34,164	33,846	33,749	33,784	35
Compensation of employees	3,649	3,609	3,588	3,580	-8

^p Preliminary ^r Revised
Note: The statistics are from tables 1, 4, and 7.

Income receipts on U.S. direct investment abroad rose strongly in the second quarter after slower growth in the five previous quarters. Many of the affiliates—including some holding companies—with the largest earnings increases were in petroleum-related activities; others were in food, pharmaceuticals, and information.

The growth rate of “other” private income receipts was the highest since the third quarter of 2007. The second-quarter increase was a result of dividend income on foreign stocks.

U.S. government receipts increased strongly for a second quarter in a row.

Income payments on foreign direct investment in the United States increased in the second quarter after a larger decrease in the first quarter. By industry, the second-quarter increase was broad based but was led by growth in manufacturing and finance.

“Other” private income payments rose for a third quarter in a row. The second-quarter increase was mostly due to higher dividend payments on U.S. corporate stocks.

U.S. government payments rose somewhat after decreasing in the three previous quarters. The second-quarter increase resulted from an increase in foreign holdings of marketable U.S. Treasury bonds.

Trends in Income

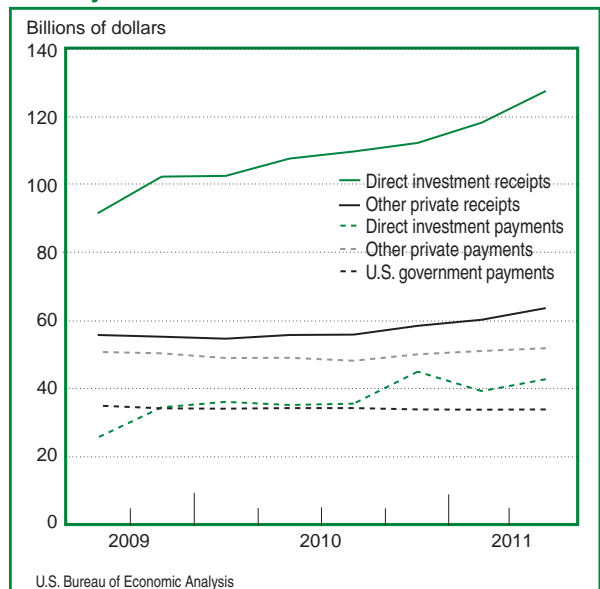
The surplus on income increased to \$61.1 billion in the second quarter. Relative to U.S. current-dollar GDP, the surplus was 1.6 percent—the highest percentage on record—up from 1.4 percent in the first quarter.

The second-quarter increase in income receipts was very strong and followed more moderate increases of the previous four quarters. Income payments increased in the second quarter to the second highest level in the past 10 quarters, after decreasing in the first quarter.

Direct investment receipts continued a nine-quarter upward trend; the second-quarter receipts were 64 percent higher than in the first quarter of 2009. Direct investment payments increased strongly in the second quarter after a substantial decrease in the first quarter; the second-quarter payments approached the record payments of the fourth quarter of 2010.

“Other” private receipts increased for a fifth straight quarter to the highest level since the first quarter of 2009. “Other” private payments increased for a third consecutive quarter. Small quarterly changes brought these payments 8 percent above a recent low in the third quarter of 2010.

Chart 6. Selected Investment Income Receipts and Payments



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 (+))	2010		2011		Change 2011:I-2011:II
	III	IV	I ^r	II ^p	
U.S.-owned assets abroad¹	-286,834	-236,802	-334,359	22,947	357,306
U.S. official reserve assets	-1,096	200	-3,619	-6,267	-2,648
U.S. government assets, other than official reserve assets	788	-240	-547	-1,412	-865
U.S. private assets	-286,526	-236,762	-330,193	30,626	360,819
Direct investment	-78,734	-92,990	-89,205	-134,086	-44,881
Equity	-3,559	682	-3,019	-28,973	-25,954
Reinvested earnings	-79,569	-86,854	-85,450	-94,735	-9,285
Intercompany debt	4,394	-6,818	-736	-10,378	-9,642
Foreign securities	-39,336	-43,438	-58,171	-30,061	28,110
Stocks	-16,893	-28,706	-47,127	-26,700	20,427
Bonds	-22,443	-14,732	-11,044	-3,361	7,683
U.S. claims on unaffiliated foreigners reported by nonbanking concerns	-2,146	-5,747	-95,007	-918	94,089
U.S. claims reported by banks and brokers	-166,310	-94,587	-87,810	195,691	283,501
For own accounts	-152,264	-44,813	-89,045	189,378	278,423
For customers' accounts	-14,046	-49,774	1,235	6,313	5,078

^p Preliminary ^r Revised

¹ Excludes transactions in financial derivatives, which are not available separately for U.S.-owned assets abroad.

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 from tables 1, 7, 8, and 10.

U.S. official reserve assets increased more in the second quarter than in the first quarter. The second-quarter increase resulted from a substantial increase in the U.S. reserve position in the International Monetary Fund (IMF). The U.S. reserve position in the IMF is a source of funds for loans made by the IMF.

U.S. direct investment abroad grew considerably in the second quarter after slowing slightly in the first quarter. The rise resulted from an increase in net equity investment and from smaller increases in net intercompany debt investment and reinvested earnings.

U.S. net purchases of foreign securities decreased strongly in the second quarter, as net purchases of foreign stocks decreased. Net purchases of foreign bonds also slowed.

U.S. claims on foreigners reported by U.S. nonbanking concerns slowed sharply after increasing substantially in the first quarter. The slowdown was due to a reduction of U.S. deposits placed abroad and a shift in other financial claims, reflecting the intercompany debt of U.S. financial intermediaries.

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 significantly after increasing in each of the previous five quarters. Most of the downturn resulted from a considerable decrease in claims for own accounts as U.S.-owned banks sharply reduced their deposits abroad.

Trends in the Financial Account

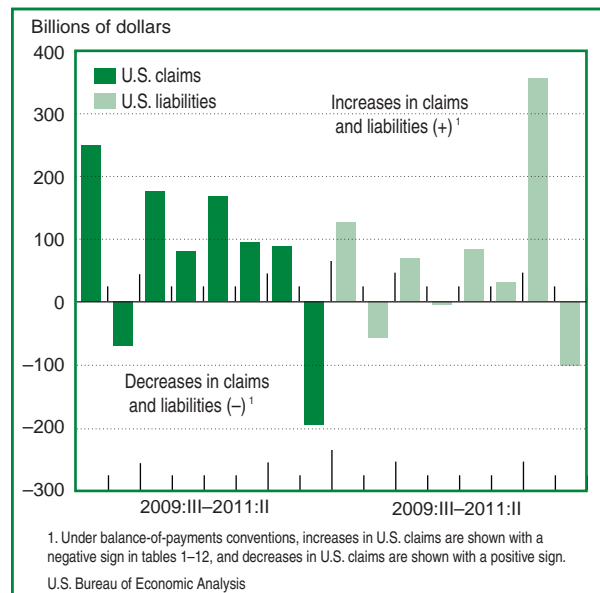
U.S.-owned assets abroad decreased in the second quarter, the first decrease since the second quarter of 2009. Foreign-owned assets in the United States increased slightly; it was the smallest increase after a string of quarterly increases since the decline of the second quarter of 2009.

The decline in U.S.-owned assets abroad was the result of the largest decline in U.S. claims reported by U.S. banks and securities brokers since the fourth quarter of 2008. Although the decline in late 2008 was associated with disruptions to the financial system, the second-quarter decrease resulted from a reduction in deposit claims by U.S.-owned banks mainly on their foreign offices in response to changes in regulations.

The slowing of the growth of foreign-owned assets in the United States resulted from the largest decline in U.S. liabilities to private foreigners reported by U.S. banks and securities brokers since the second quarter of 2009 and from record net sales of U.S. Treasury securities by private foreigners. The decrease in liabilities reported by U.S. banks and securities brokers was similar to the decrease in U.S. banks and securities brokers reported claims; U.S.-owned banks reduced their loan liabilities to offshore offices. The second-quarter net sales of U.S. Treasury securities by private foreign investors partly reversed record net purchases of these safe-haven assets in the first half of 2010.

U.S. direct investment abroad increased in the second quarter, reaching its highest level since the fourth quarter of 2007. Foreign direct investment in the United States also increased; historically, foreign direct investment has varied considerably.

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



¹ Under balance-of-payments conventions, increases in U.S. claims are shown with a negative sign in tables 1-12, and decreases in U.S. claims are shown with a positive sign.
U.S. Bureau of Economic Analysis

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 (-))	2010		2011		Change 2011:I-2011:II
	III	IV	I ^p	II ^p	
Foreign-owned assets in the United States¹	463,115	266,646	487,194	2,769	-484,425
Foreign official assets	135,477	57,790	48,764	94,565	45,801
U.S. government securities	123,736	63,279	48,814	76,108	27,294
U.S. Treasury securities	188,994	79,688	33,510	79,314	45,804
Other	-65,258	-16,409	15,304	-3,206	-18,510
Other U.S. government liabilities	1,773	3,841	2,645	2,055	-590
U.S. liabilities reported by banks and brokers	10,019	-7,277	-3,073	15,016	18,089
Other foreign official assets	-51	-2,053	378	1,386	1,008
Other foreign assets	327,638	208,856	438,430	-91,796	-530,226
Direct investment	79,655	70,557	28,493	47,719	19,226
Equity	53,509	24,172	8,356	27,978	19,622
Reinvested earnings	21,826	30,673	26,228	25,301	-927
Intercompany debt	4,320	15,712	-6,091	-5,559	532
U.S. Treasury securities	60,659	29,514	3,466	-63,810	-67,276
U.S. securities other than U.S. Treasury securities	82,076	48,431	-2,590	-9,463	-6,873
Stocks	37,144	37,100	34,195	27,722	-6,473
Corporate bonds	11,628	8,160	-4,291	-13,874	-9,583
Federally sponsored agency bonds	33,304	3,171	-32,494	-23,311	9,183
U.S. currency	10,514	13,440	12,576	13,989	1,413
U.S. liabilities to unaffiliated foreigners reported by nonbanking concerns	11,668	16,758	42,045	20,812	-21,233
U.S. liabilities reported by banks and brokers	83,066	30,156	354,440	-101,043	-455,483
For own accounts	81,477	53,864	329,920	-108,325	-438,245
For customers' accounts	1,589	-23,708	24,520	7,282	-17,238

^p Preliminary ^r Revised

1. Excludes transactions in financial derivatives, which are not available separately for foreign-owned assets in the United States.

Note: The statistics are from tables 1, 7, 8, and 11.

Foreign official assets in the United States increased more than in the first quarter. The second-quarter speedup resulted from larger net purchases of U.S. Treasury securities.

Foreign direct investment in the United States increased after decreasing in the first quarter, as a result of increased equity investment.

A shift to large net sales of U.S. Treasury securities reflected increased net sales in short-term Treasury bills and a shift to net sales in long-term Treasury bonds. Private investors in Europe and Asia were the largest contributors to the shift to net sales.

Net sales of "other" U.S. securities by private foreigners increased as a result of an increase in net sales of corporate bonds and a decrease in net purchases of stocks that more than offset a decrease in net sales of agency bonds.

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 considerably in the second quarter after a record increase in the first quarter. The decrease resulted from a drop in liabilities for own accounts. U.S.-owned banks sharply decreased their borrowing from affiliates after an increase in the first quarter. Foreign-owned banks' deposit liabilities to their foreign affiliates increased only slightly after an unusually large increase in the first quarter. Liabilities for customers' accounts increased less than in the first quarter; the slowdown in borrowing was mostly due to a slowdown in the use of negotiable CDs and other short-term instruments.

Chart 8. Transactions in U.S. Debt Securities

