

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 largely on source data collected by other federal 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 relationships 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. Table 3 presents the estimates of claims on, and liabilities to, foreigners reported by U.S. banks and securities brokers.

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 U.S. purchases and sales of stocks and bonds reflect the gross amounts of funds transferred to execute the transactions. The TIC data for gross U.S. purchases of foreign stocks and bonds (table 1, line A1) include not

only the value of the securities but also the commissions paid to foreign brokers. In the ITAs, 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 payments of brokerage commissions (line A3) from the TIC data for gross purchases.

Similarly, the TIC data for gross U.S. sales of foreign stocks and bonds (line A6) represent the net proceeds to U.S. sellers—that is, the amounts paid for the securities by foreign purchasers less the commissions retained by foreign brokers. To capture the total value of securities sold, BEA adds an estimate of brokerage commissions (line A7) to the TIC sales data. The payment of commissions is recorded in the current account as purchases of financial services.

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 company, 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		2009 ^r	2010 ^r	2011 ^p
Foreign Long-Term Securities				
A1	Gross U.S. purchases of foreign stocks and bonds, TIC	5,308,274	7,439,057	7,623,625
2	Plus: Security swap transactions and other coverage adjustments	36,900	21,880	21,021
3	Minus: Brokerage commissions	1,329	1,267	1,396
4	Plus: Underwriting and private placement fees	5,914	4,358	4,216
5	Equals: Gross U.S. purchases of foreign stocks and bonds, ITAs	5,349,759	7,464,028	7,647,466
6	Gross U.S. sales of foreign stocks and bonds, TIC	5,121,440	7,323,798	7,499,298
7	Plus: Brokerage commissions	1,295	1,246	1,371
8	Equals: Gross U.S. sales of foreign stocks and bonds, ITAs	5,122,735	7,325,044	7,500,669
9	Net U.S. purchases (-) or sales (+) of foreign stocks and bonds, TIC (A6 - A1)	-186,834	-115,259	-124,327
10	Plus: Coverage adjustments ((A7) - (A2 - A3 + A4))	-40,190	-23,725	-22,470
11	Net U.S. purchases (-) or sales (+) of foreign long-term securities, ITAs (A8 - A5) (table 1, line 52)	-227,024	-138,984	-146,797
U.S. Long-Term Securities, Excluding U.S. Treasury Securities				
B1	Gross foreign purchases of other U.S. long-term securities, TIC	8,886,526	8,827,117	9,848,949
2	Plus: Security swap transactions and other coverage adjustments	837	8,331	1,320
3	Minus: Brokerage commissions	4,184	4,555	4,122
4	Plus: Underwriting and private placement fees	945	804	531
5	Equals: Gross foreign purchases of other U.S. long-term securities, ITAs	8,884,124	8,831,697	9,846,678
6	Gross foreign sales of other U.S. long-term securities, TIC	8,786,057	8,622,511	9,788,145
7	Plus: Brokerage commissions	4,006	4,389	4,117
8	Plus: Coverage adjustment for gross sales	171,171	113,659	109,284
9	Equals: Gross foreign sales of other U.S. long-term securities, ITAs	8,961,234	8,740,559	9,901,546
10	Net foreign purchases (+) or sales (-) of other U.S. long-term securities, TIC (B1 - B6)	100,469	204,606	60,804
11	Plus: Coverage adjustments ((B2 - B3 + B4) - (B7 + B8))	-177,579	-113,468	-115,672
12	Net foreign purchases (+) or sales (-) of other U.S. long-term securities, ITAs (B5 - B9) (table 1, line 59 + 62 + 66)	-77,110	91,138	-54,868
13	Other U.S. government securities, foreign official assets (table 1, line 59)	-132,569	-88,718	-12,444
14	Other foreign official assets (table 1, line 62)	53,604	40,540	14,018
15	Other U.S. securities, other foreign assets (table 1, line 66)	1,855	139,316	-56,442
U.S. Treasury Securities				
C1	Gross foreign purchases of U.S. Treasury marketable bonds and notes, TIC	11,593,203	16,189,912	17,910,173
2	Minus: Brokerage commissions and other fees	987	1,537	1,370
3	Equals: Gross foreign purchases of U.S. Treasury marketable bonds and notes, ITAs	11,592,216	16,188,375	17,908,803
4	Gross foreign sales of U.S. Treasury marketable bonds and notes, TIC	11,054,815	15,486,230	17,530,208
5	Plus: Brokerage commissions and other fees	989	1,537	1,369
6	Plus: Coverage adjustment for gross sales	-25,501	-79,250	-96,750
7	Equals: Gross foreign sales of U.S. Treasury marketable bonds and notes, ITAs	11,030,303	15,408,517	17,434,827
8	Net foreign purchases (+) or sales (-) of U.S. Treasury marketable bonds and notes, TIC (C1 - C4)	538,388	703,682	379,965
9	Plus: Coverage adjustments -(C2) - (C5 + C6))	23,525	76,176	94,011
10	Net foreign purchases (+) or sales (-) of U.S. Treasury marketable bonds and notes, ITAs (C3 - C7)	561,913	779,858	473,976
11	Plus: Non-marketable bonds and notes	102	108	118
12	Plus: Short-term U.S. Treasury obligations	-7,573	-40,157	-62,037
13	Net foreign purchases (+) or sales (-) of U.S. Treasury securities, ITAs (C10 + C11 + C12) (table 1, line 58 + line 65)	554,442	739,809	412,057
14	U.S. Treasury securities, foreign official assets (table 1, line 58)	569,893	442,012	171,179
15	U.S. Treasury securities, other foreign assets (table 1, line 65)	-15,451	297,797	240,878

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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		2009 ^r	2010 ^r	2011 ^p
Claims				
(Credits +; decrease in U.S. assets. Debits -; increase in U.S. assets.)				
A1	Total claims outstanding, beginning of year, TIC	107,476	102,138	104,801
2	Total claims outstanding, end of year, TIC	102,138	104,801	95,196
3	Change in claims, TIC (A1 - A2)	5,338	-2,663	9,605
4	Minus: Valuation adjustments including unrealized exchange-rate gain or loss and other adjustments ¹	-8,757	9,542	5,813
5	Plus: Financial intermediaries' accounts ²	118,463	16,488	18,189
6	Plus: Supplemental source data ³	11,338	28,686	-32,084
7	Plus: Other coverage adjustments ⁴	9,799	0	-1,505
8	Equals: Claims on unaffiliated foreigners reported by U.S. nonbanking concerns, except securities brokers, ITAs (A3 - A4 + A5 + A6 + A7) (table 1, line 53)	153,695	32,969	-11,608
Liabilities				
(Credits +; increase in U.S. liabilities. Debits -; decrease in U.S. liabilities.)				
B1	Total liabilities outstanding, beginning of year, TIC	87,630	79,272	78,876
2	Total liabilities outstanding, end of year, TIC	79,272	78,876	83,270
3	Change in liabilities, TIC (B2 - B1)	-8,358	-396	4,394
4	Minus: Valuation adjustments including unrealized exchange-rate gain or loss and other adjustments ¹	5,939	-2,053	-3,141
5	Plus: Financial intermediaries' accounts ²	-4,793	-3,385	-3,020
6	Plus: Supplemental source data ³	28,046	64,685	4,330
7	Plus: Other coverage adjustments ⁵	0	0	-2,278
8	Equals: Liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns, except securities brokers, ITAs (B3 - B4 + B5 + B6 + B7) (table 1, line 68)	8,956	62,957	6,567

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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 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		2009 ^r	2010 ^r	2011 ^p
Claims				
(Credits +; decrease in U.S. assets. Debits -; increase in U.S. assets.)				
A1	Total claims outstanding, beginning of year, TIC	3,719,193	3,983,380	4,537,003
2	Total claims outstanding, end of year, TIC	3,983,380	4,537,003	4,268,883
3	Change in claims, TIC (A1 - A2)	-264,187	-553,623	268,120
4	Minus: Valuation adjustments including unrealized exchange-rate gain or loss and other adjustments ¹	-9,759	-43,017	38,221
5	Minus: Direct investment	-12,655	-687	-1,957
6	Plus: Coverage adjustments including commercial paper and other adjustments ²	-4,069	-1,378	-18,229
7	Equals: Claims on foreigners reported by U.S. banks, not included elsewhere, ITAs (A3 - A4 - A5 + A6) (table 1, line 54)	-245,842	-511,297	213,627
Liabilities				
(Credits +; increase in U.S. liabilities. Debits -; decrease in U.S. liabilities.)				
B1	Total liabilities outstanding, beginning of year, TIC	4,906,656	4,480,278	4,597,062
2	Total liabilities outstanding, end of year, TIC	4,480,278	4,597,062	4,889,600
3	Change in liabilities, TIC (B2 - B1)	-426,378	116,784	292,538
4	Minus: Valuation adjustments including unrealized exchange-rate gain or loss and other adjustments	-38,751	-15,626	4,251
5	Minus: Direct investment	13,124	4,663	11,137
6	Plus: Coverage adjustments including short-term U.S. Treasury obligations and other adjustments ³	7,573	40,157	62,037
7	Equals: Liabilities to foreigners reported by U.S. banks, not included elsewhere, ITAs (B3 - B4 - B5 + B6) (table 1, lines 61 + 69)	-393,178	167,904	339,187
8	Liabilities to foreign official agencies (table 1, line 61)	-68,848	-7,967	30,010
9	Liabilities to other foreigners (table 1, line 69)	-324,330	175,871	309,177

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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.