

# SURVEY of CURRENT BUSINESS



**IN THIS ISSUE . . .**

*U.S. Travel and Tourism Satellite Accounts for 1992*

*U.S. International Transactions, Revised Estimates  
for 1986-97*

U.S. DEPARTMENT OF COMMERCE ~ ECONOMICS AND STATISTICS ADMINISTRATION  
BUREAU OF ECONOMIC ANALYSIS



# SURVEY of CURRENT BUSINESS

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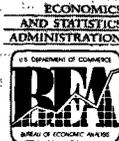
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U.S. International Trade in Goods and Services (June 18),  
Gross Domestic Product (June 25), and  
Personal Income and Outlays (June 26).

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*This year's annual revision of the balance of payments accounts incorporates major improvements to the investment income, capital, services, and goods accounts. The investment income accounts incorporate newly available results of the U.S. Treasury Department's benchmark survey of foreign portfolio investment in the United States for 1994, final results of the U.S. Treasury Department's benchmark survey of U.S. portfolio investment abroad for 1994, revised estimates of banks' income receipts and payments on foreign-currency-denominated claims and liabilities, and the results of BEA's benchmark survey of U.S. direct investment abroad for 1994. In addition, several types of transactions are reclassified. The revised estimate of the U.S. current-account balance for 1997 is –\$155.2 billion, compared with the previously published estimate of –\$166.4 billion.*

## *Regular features*

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### 1 Business Situation

*The "final" estimate of real GDP indicates a 5.4-percent increase in the first quarter of 1998, 0.6 percentage point higher than the "preliminary" estimate issued last month. The upward revision was largely due to upward revisions to the change in nonfarm business inventories, to exports, and to nonresidential structures. Corporate profits increased \$9.6 billion in the first quarter after decreasing \$9.2 billion in the fourth; profits of domestic nonfinancial corporations and profits from the rest of the world turned up, but profits of domestic financial corporations increased less than in the fourth quarter.*

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*The net international investment position of the United States became more negative in 1997: On a current-cost basis, it changed from -\$767.1 billion to -\$1,223.6 billion, and on a market-value basis, it changed from -\$743.7 billion to -\$1,322.5 billion. The change in both positions was primarily attributable to large net capital inflows, particularly for U.S. securities and U.S. banking, and to a net negative exchange rate adjustment that resulted from the appreciation of the U.S. dollar against most foreign currencies.*

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*The U.S. current-account deficit increased \$2.2 billion, to \$47.2 billion, in the first quarter of 1998. An increase in the deficit on goods and services was partly offset by decreases in the balance on investment income and in net unilateral transfers. In the capital account, capital outflows decreased sharply, but capital inflows decreased even more sharply. U.S. assets abroad increased \$44.7 billion after increasing \$123.4 billion, and foreign assets in the United States increased \$90.9 billion after increasing \$220.5 billion.*

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## LOOKING AHEAD

- ❖ **Annual Revision of the National Income and Product Accounts.** An article presenting the revised NIPA estimates and discussing the major sources of the revisions will be published in the August SURVEY. Selected estimates will be made available on July 31 as part of the release of the "advance" GDP estimates for the second quarter of 1998. For more information on the NIPA revision, see the box on page 5.







indicator of the share of the current level of investment that could be financed by internally generated funds, decreased for the fourth consecutive quarter, to 80.1 percent from 81.0 percent; the ratio averaged 84.7 percent in 1990–97.

*Industry profits and related measures.*—Industry profits increased \$7.5 billion after decreasing \$10.6 billion.<sup>8</sup> Profits of domestic financial corporations increased \$1.3 billion after increasing \$5.1 billion; banking more than accounted for the slowdown. Profits of domestic nonfinancial corporations decreased much less than in the fourth quarter. Trade turned up, manufacturing decreased less than in the fourth quarter, and the transportation and public utility group increased more than in the fourth quarter; the strength in these industries was partly offset by “other” nonfinancial corporations, which turned down. In

8. Industry profits, which are estimated as the sum of corporate profits before tax and the inventory valuation adjustment, are shown in NIPA table 6.16c (on page D-16 of this issue). Estimates of the capital consumption adjustment are available only for total financial and total nonfinancial industries.

trade, most of the upturn occurred at the retail level; auto dealers, food stores, and general merchandise stores contributed to the upturn. In manufacturing, the largest swings were a downturn in food and an upturn in motor vehicles. In the transportation and public utility group, transportation turned up and communications increased after no change, but public utilities changed little after an increase.

Profits before tax (PBT) decreased \$13.5 billion after decreasing \$16.1 billion. The difference between the \$13.5 billion decrease in PBT and the \$9.6 billion increase in profits from current production mainly reflected a \$20.9 billion decrease in inventory profits, about two-thirds of which was accounted for by manufacturing.<sup>9</sup> 

9. As prices change, companies that value inventory withdrawals at original acquisition (historical) costs may realize inventory profits or losses. Inventory profits—a capital-gains-like element in profits—result from an increase in inventory prices, and inventory losses—a capital-loss-like element in profits—result from a decrease in inventory prices. In the NIPA’s, inventory profits or losses are shown as adjustments to business income (corporate profits and nonfarm proprietors’ income), as reported on tax returns of businesses; they are shown as the inventory valuation adjustment with the sign reversed.

### Annual Revision of the NIPA's

On July 31, 1998, BEA will release summary results from the annual revision of the national income and product accounts (NIPA's). As usual, this year's revision, which primarily affects the estimates beginning with the first quarter of 1995, consists of the incorporation of better source data and of improvements in methodology. The regular source data that will be incorporated include the following: Census Bureau annual surveys of manufactures, merchant wholesale and retail trade, services, and State and local governments; BEA balance of payments accounts; Federal Government budget data; Internal Revenue Service tabulations of tax returns for corporations and for sole proprietorships and partnerships; Bureau of Labor Statistics (BLS) tabulations of wages and salaries of employees covered by State unemployment insurance; and Department of Agriculture farm statistics.

In addition, data from new sources will be incorporated for several difficult-to-measure consumer services, including computer online services, cellular telephone services, motor vehicle leasing, brokerage and investment counseling, and casino gambling. A new method will be introduced for the current quarterly estimates of the expenditures for light trucks (including minivans and sports utility vehicles). Several new price deflators will also be introduced: Many personal consumption expenditures categories will be deflated using newly available geometric-mean-type BLS consumer price indexes that allow for consumer substitution within categories, and several services categories will be deflated using newly available BLS producer price indexes.

This year's annual revision will also incorporate a number of changes designed to better separate "income from current production" from "income attributable to capital gains on existing assets." In the most important of these changes, dividend payments will be redefined to exclude payments that reflect identifiable capital gains distributions; at present, dividend payments includes capital gains distributions of regulated investment companies—that is, mutual funds. The redefinition will result in a reduction in dividends and an

offsetting increase in undistributed corporate profits; gross domestic product and national income will not be affected. The reduction in dividends will also result in reductions in personal income and in personal saving; however, national saving and private saving will not be affected, because the reduction in personal saving will be offset by the increase in business saving (undistributed corporate profits). All series affected by the redefinition will be revised back to 1982.

#### *Publication schedule*

The results of the annual revision will be published as follows in the SURVEY OF CURRENT BUSINESS:

- The August issue will include an article that presents the revised estimates and discusses the major sources of the revisions. In addition, the August issue will include the five summary accounts of the NIPA's; a complete list of the NIPA tables; and the full set of NIPA tables except for the tables showing government expenditures by type and function and the government reconciliation tables (tables 3.15–3.20) and the seasonally unadjusted tables (tables 9.1–9.6).
- The September issue will include "Updated Summary NIPA Methodologies." In addition, it will present revised estimates of fixed reproducible tangible wealth in the United States for 1995–97.
- The October issue will include NIPA tables 3.15–3.20 and 9.1–9.6. In addition, it will present revised estimates of real inventories, sales, and inventory-sales ratios for manufacturing and trade for 1995:1–1998:1.

Shortly after the release on July 31, the revised estimates for the major NIPA series will be posted on BEA's Web site at <<http://www.bea.doc.gov>>. In addition, all the revised estimates will be posted on STAT-USA's Economic Bulletin Board and on STAT-USA's Web site at <<http://www.stat-usa.gov>> (for more information or to subscribe, call STAT-USA at 202-482-1986). About 2 weeks later, the August issue of the SURVEY will be posted on the BEA and STAT-USA Web sites. Later in August, the revised estimates will also be made available on computer diskettes.







are presented as a range, rather than as a single estimate.

The following are highlights from the new TTSA's for 1992 (table 1):

- Value added in travel and tourism represented 1.9–2.2 percent of U.S. gross domestic product (GDP). The industry with the highest value added was the hotels and lodging industry.
- Expenditures for travel and tourism accounted for 4.6–5.3 percent of U.S. GDP. The largest category of expenditures was expenditures for passenger air travel services.
- Employment in travel and tourism activities accounted for 3.2–3.7 percent of total employment in the United States. The average compensation per tourism employee was \$21,400 per year, but compensation varied widely by industry.

The first section of this article describes the development of the TTSA's. The second section provides a conceptual overview of the TTSA's, including their relationship to the I-O accounts. The third section describes the major components of the TTSA's. The fourth section provides an overview of the methodology used to estimate the TTSA's. The fifth section summarizes the TTSA estimates for 1992. The final section outlines future work and extensions.

## Background

The activities of travel and tourism are covered in the national economic accounts, but the system underlying the classification of output in the I-O accounts—the Standard Industrial Classification (SIC) system—does not facilitate separately identifying tourism, as the SIC was primarily designed to present industry statistics without regard to the purpose of the purchase of output. A measure of tourism activities would be understated if it included only the output of industries that are typically associated with tourism activities—hotels and air, water, and rail transportation—because it would exclude expenditures on other types of commodities, such as eating and drinking places, that represent a relatively important share of tourism expenditures but that cannot be separately identified. On the other hand, that measure would be grossly overstated if it included all the expenditures on eating and drinking because it would also include expenditures by local residents.

Various measures of tourism have been developed, including the number of travelers, the number of trips made by U.S. residents in the United States and abroad, and the level of expenditures of U.S. resident and nonresident visitors on passenger fares, lodgings, and other goods and services.<sup>5</sup> However, these measures do

5. U.S. Travel Center, Travel Industry Association, *National Travel Survey* (Washington, DC: Travel Industries Association of America, 1992); U.S. Department of Commerce, International Trade Administration, *Tourism In-*

## Satellite Accounts

BEA has developed several satellite accounts for transportation services, environment and mineral resources, and research and development. Satellite accounts are frameworks designed to expand the analytical capacity of the national accounts without overburdening them or interfering with their general-purpose orientation. In this role, satellite accounts organize information in an internally consistent way that suits the particular analytical focus at hand, yet they maintain links to the existing national accounts. Further, because they supplement the existing accounts, rather than replace them, they can serve as a laboratory for economic accounting in that they provide room for conceptual development and methodological refinement.

Satellite accounts can add detail or other information about a particular aspect of the economy to that in the existing accounts; for instance, they can integrate monetary and physical data. They can arrange information differently, perhaps by cutting across sectors to assemble information on both intermediate and final consumption. For example, a satellite account can

assemble business expenditures on training—treated as intermediate consumption in the existing accounts—and education-related expenditures by households and government to analyze the role of education in the economy. They can use a classification other than that used in the existing accounts. For example, they can identify expenditures on “research in education” as part of research expenditures even though they are included in education expenditures in the national accounts.

The terminology and concepts associated with satellite accounts reflect the experiences of several countries that have constructed them, largely on an ad hoc basis, for fields such as health, education, agriculture, research and development, and transportation. The *System of National Accounts 1993*, which presents the newly revised international accounting guidelines, includes a chapter that provides a general framework for satellite accounts and demonstrates how that framework can be used for some of the fields in which such accounts would be most useful. This chapter represents, in a real sense, the coming of age of satellite accounts as an analytical tool.



*TTSA definitions*

The TTSA's for the United States rely primarily on the WTO and OECD definitions of visitors, tourism, and tourism expenditures (table 2). The TTSA's define visitors as persons taking a trip or traveling outside of their "usual environment," and tourism as the activities of visitors while traveling. The accounts require the following definitions: The visitor and the usual environment.

*Visitor.* A visitor is a person who either travels outside of his or her "usual environment" for a period of less than 1 year or who stays overnight in a hotel or motel. The visitor may travel for personal pleasure or on industry or government business. Visitors do not include travelers whose main purpose is to be compensated within the place visited—such as migrant workers, persons traveling to new assignments, and diplomatic and military personnel traveling between their duty stations and home countries. The 1-year time period is consistent with the internationally accepted limit that is usually used to define a "resident."

*Usual environment.* The usual environment is defined as the place of normal (or everyday) activities—such as residence, leisure, study, and work—and the criterion is distance. For the U.S. TTSA's, the usual environment is defined as the area within 50–100 miles of home, depending on available data sources.<sup>9</sup>

9. The distance criterion differs by survey: The Consumer Expenditures Survey (Bureau of Labor Statistics) uses 75 miles from home; the American Travel Survey (Bureau of Transportation Statistics), 100 miles from home;

*Tourism demand, commodities, and industries*

In the TTSA's, tourism activities are measured by tourism demand, which is defined as the travel-related expenditures made by all visitors, before, during, and immediately after each trip taken. Tourism demand consists of business travel and travel by government employees inside and outside the United States, U.S. resident household travel inside and outside the United States, and travel in the United States by nonresidents (international visitors).<sup>10</sup>

Tourism commodities are the commodities that are typically purchased by visitors directly from producers. The identification of tourism commodities partly depends on the locale and the activities of visitors, but several commodities, such as hotels and transportation services, are obvious. Classification of tourism commodities in the TTSA's is based on a list of predominant activities of visitors that was developed from WTO and OECD recommendations and from five different sets of surveys of U.S. visitors.<sup>11</sup> The commodities so classified are grouped into the following broad

private surveys by the Travel Industry Association, 50 or 100 miles from home; and surveys by D.K. Shifflet and Associates, 50 miles from home.

10. Resident household travel refers to tourism of residents within the country, and travel by nonresidents refers to tourism of nonresidents within the country (inbound international tourism).

11. The WTO and OECD recommendations were modified to agree with the U.S. national income and product accounts and expanded where additional data on tourism demand were available. The five sets of surveys reviewed were the Consumer Expenditures Survey, prepared by the Bureau of Labor Statistics; the In-Flight Survey, prepared by the International Trade Administration, U.S. Department of Commerce; the American Travel Survey, prepared by the Bureau of Transportation Statistics, U.S. Department of Transportation; the National Travel Survey of the Travel Industry Association; and surveys by D.K. Shifflet and Associates.

Table 2.—Alternative Frameworks For Measuring Travel And Tourism Activities

	BEA	OECD	WTO
Statistical unit .....	Visitor .....	Visitor .....	Visitor
Concept of visitor .....	Person traveling outside of usual environment for less than 12 months.	Same as BEA .....	Same as BEA
Concept of usual environment .....	Place of usual activities—residence, work, leisure. Minimum distance determined by available data sources—between 50 and 100 miles from residence.	Place of usual activities—residence, work, leisure. Tourism determined by minimum distance from usual environment. Minimum distance defined by country	Same as OECD
Criteria distinguishing tourism from non-tourism expenditures.	Direct contact between visitor and supplier of tourism commodities.	Same as BEA .....	Same as BEA
Tourism demand .....	Expenditures by visitors .....	Same as BEA .....	Same as BEA
Tourism commodities/tourism industries .....	Determined by what U.S. visitors do .....	Determined by share of commodity purchased by visitors or produced primarily as an attraction for visitors.	Same as OECD
Infrastructure investments—private and public.	Future extension of TTSA's .....	Private purchases of fixed assets, for example, capital investment in hotel structures. Public purchases include airports, long-distance bus stations. List still under discussion	Private purchases of fixed assets are same as OECD Public purchases not discussed

BEA Bureau of Economic Analysis  
 OECD Organisation for Economic Co-operation and Development  
 WTO World Tourism Organization





















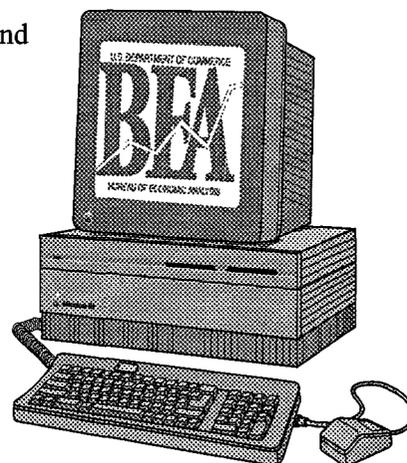


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  - descriptions of source data and estimating procedures
  - discussions of statistical research and analysis
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- **State Personal Income (SPI) CD-ROM**—Income and employment estimates for 1969–96 for all States

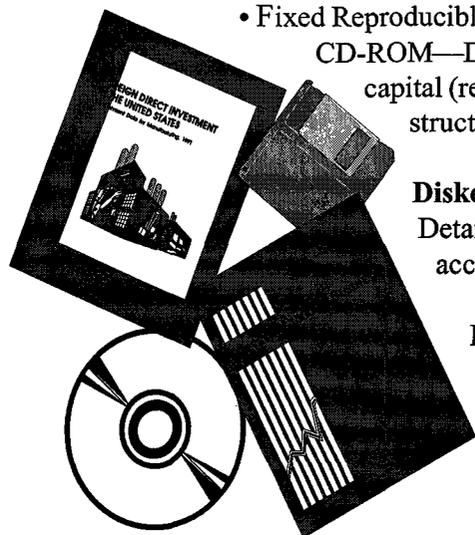
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# The International Investment Position of the United States in 1997

By Russell B. Scholl

Harlan W. King directed the preparation of the estimates; Christopher A. Gohrband prepared several of the accounts, and Douglas B. Weinberg prepared the direct investment accounts at current cost.

**T**HE NET international investment position of the United States—U.S. assets abroad less foreign assets in the United States—at yearend 1997 was a negative \$1,223.6 billion with direct investment valued at the current cost of tangible assets, and it was a negative \$1,322.5 billion with direct investment valued at the current market value of owners' equity (table A, chart 1).<sup>1</sup> For both measures, the net positions were more negative in 1997 than they were in 1996.

The net position on both bases became more negative primarily as a result of large net capital inflows, particularly for U.S. securities and U.S. banking, and of a net negative exchange rate adjustment that mainly affected U.S. assets abroad (table B). That adjustment reflected the large decrease in the translation value of U.S. assets denominated in foreign currencies, as most major currencies and the currencies of many emerging Asian countries declined against the dollar from yearend 1996 to yearend 1997. A small net neg-

ative price adjustment reflected a sizable rise in the stock market value of foreign portfolio investment and of foreign direct investment in the United States that more than offset a substantial

1. For a description of the current cost and market value of direct investment, see J. Steven Landefeld and Ann M. Lawson, "Valuation of the U.S. Net International Investment Position," SURVEY OF CURRENT BUSINESS 71 (May 1991): 40-49.

**Table A.—Summary Components of the U.S. Net Position**  
[Billions of dollars]

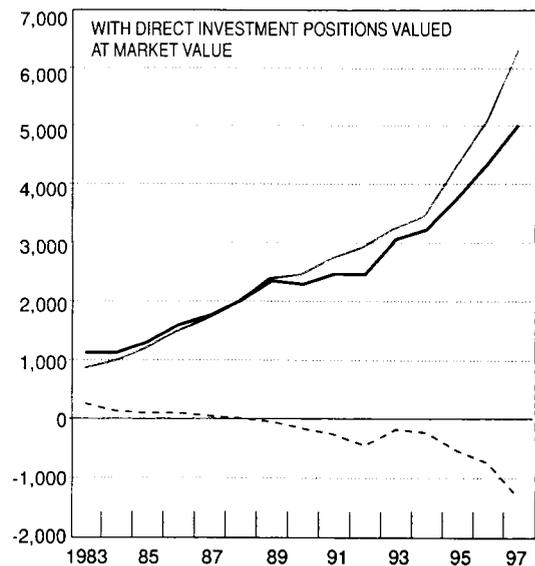
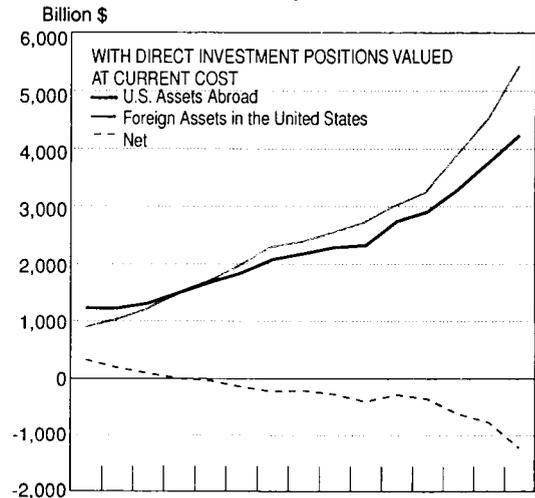
	1996	1997
Net position:		
At current cost .....	-767.1	-1,223.6
At market value .....	-743.7	-1,322.5
U.S. Government and foreign official assets .....	-558.6	-617.6
Direct investment:		
At current cost .....	270.0	272.0
At market value .....	293.4	173.1
U.S. and foreign securities and U.S. currency .....	-610.9	-1,005.3
Bank- and nonbank-reported claims and liabilities .....	132.4	127.3

**Table B.—Changes in the Net International Investment Position, 1997**  
[Billions of dollars]

	At current cost	At market value
<b>Total change</b> .....	-456.5	-578.8
Capital flows .....	-254.9	-254.9
Valuation adjustments:		
Price changes .....	-51.7	-116.1
Exchange rate changes .....	-127.7	-197.8
Other valuation changes .....	-22.2	-10.0

**CHART 1**

## Net International Investment Position of the United States, 1983-97



U.S. Department of Commerce, Bureau of Economic Analysis

price appreciation in the stock market value of U.S. portfolio and direct investment abroad.

In 1997, U.S. assets abroad increased strongly as continued large capital outflows and price appreciation in foreign stocks and in direct investment more than offset the exchange rate depreciation. U.S. banks' and nonbanking concerns' claims increased as they lent heavily, mostly in dollars, to meet large demands for bank credit in Europe, the Caribbean, and Latin America. U.S. holdings of foreign securities increased as a result of strong net U.S. purchases, particularly in new foreign issues of dollar bonds; in addition, substantial price appreciation in non-Asian foreign stocks was only partly offset by exchange rate depreciation. U.S. direct investment abroad at current cost and at market value increased as a result of record capital outflows that were bolstered by strong earnings of foreign affiliates and by large acquisitions. On a market-value basis, the increase also reflected a large price appreciation in owners' equity as a result of the sizable rise in foreign stock prices.

Foreign assets in the United States increased as a result of the substantial foreign capital inflows and the exceptionally strong price appreciation in holdings of U.S. stocks. Inflows surged to record levels in all major categories of foreign private assets except net foreign purchases of U.S. Treasury securities, which were just below last year's record. Foreign holdings of U.S. bonds were bolstered by rising U.S. bond prices and large net purchases; foreign capital inflows were attracted by the rise in bond prices, stable U.S. inflation, growing prospects for a budget surplus, relatively high—though falling—U.S. interest rates, and a strong dollar in exchange markets. The strong foreign demand induced record new issues of bonds overseas by U.S. corporations. Robust U.S. corporate earnings, rising U.S. stock prices, and strong demand for stocks by Europeans bolstered foreign holdings of U.S. stocks. Foreign direct investment in the United States at current cost and at market value increased as a result of record capital inflows, reflecting continued strong new acquisitions and record reinvested earnings. On a

### Data Improvements

As is customary each July, the estimates of the U.S. international investment position incorporate new source data and improvements that relate to the changes incorporated in the annual revision of the U.S. international transactions accounts. This year, the following changes are introduced:

- The estimates of foreign portfolio holdings of U.S. securities are revised to incorporate the results of the U.S. Treasury Department's Benchmark Survey of Foreign Portfolio Investment in the United States that covered foreign ownership of U.S. long-term securities as of December 31, 1994. The position estimates for 1990–97 are revised, and the survey results also enabled BEA to develop improved estimates of the associated flows of interest and dividend income payments, which have been incorporated into BEA's international transactions accounts.

Based on the survey results, BEA's previous estimates of foreign holdings of U.S. securities at yearend 1994 are revised down \$53.0 billion, to \$1,414.0 billion. Holdings of U.S. Government securities are revised down \$54.0 billion, to \$740.0 billion; holdings of U.S. corporate bonds are revised down \$28.0 billion, to \$276.0 billion; and holdings of U.S. corporate stocks are revised up \$29.0 billion, to \$398.0 billion.

- Estimates of U.S. direct investment abroad positions on both current-cost and market-value bases are revised to incorporate data collected in BEA's Benchmark Survey of U.S. Direct Investment Abroad for 1994. For the years after 1994, the estimates have been benchmarked to (that is, extrapolated from) that survey and include new

or corrected data from BEA's quarterly sample surveys. Previously, the estimates for 1994–96 were benchmarked to the 1989 benchmark survey.

For yearend 1994, the benchmark results and the reclassification of certain direct investment financial affiliates' positions (discussed below) lower the position on the current-cost basis by \$45.7 billion and the position on the market-value basis by \$9.0 billion.

- Certain position estimates of direct investment financial affiliates that are not depository institutions and that primarily serve as intermediaries in the financial markets are reclassified for 1994–97. The reclassification is from both U.S. direct investment abroad and foreign direct investment in the United States to U.S. claims and liabilities reported by U.S. nonbanking concerns.

For yearend 1994, the reclassification raised U.S. claims reported by U.S. nonbanking concerns by \$49.3 billion and U.S. liabilities reported by U.S. nonbanking concerns by \$42.5 billion.

- The 1973 estimate of U.S. currency held by foreigners—the first year such data were introduced—was lowered as a result of research by the Federal Reserve Board. A more consistent measure was developed for that year's foreign holdings by changing the basis for computing the portion of foreign holdings from all U.S. currency in circulation to only \$100 notes in circulation. Position estimates for each year since 1973 were lowered by \$23 billion; annual net shipments were unaffected.

For further explanations of these changes, see "U.S. International Transactions, Revised Estimates for 1986–97" in this issue.

market-value basis, the increase was substantially augmented by the appreciation in owners' equity from rising U.S. stock prices. U.S. bank and non-bank inflows were also quite strong. Banks in the United States drew on foreign funds especially in the fourth quarter when financing opportunities arose at their overseas offices. In addition, the spillover of strong demand for bank credit in the United States resulted in record borrowing from banks overseas by U.S. nonbanking concerns.

This article presents the major changes in U.S. assets abroad and in foreign assets in the United States, including direct investment valued both at current cost and at market value. Tables 1, 2, and 3 at the end of the article present detailed estimates of the yearend position.

This issue also contains a companion article, "Direct Investment Positions for 1997: Country and Industry Detail." The detailed estimates presented in that article are available only on a historical-cost basis.

### Changes in U.S. Assets Abroad

#### Bank claims

U.S. claims on foreigners reported by U.S. banks increased a record \$130.9 billion, to \$988.4 billion in 1997 (table C). The increase primarily reflected especially strong lending, mostly in dollars, to banks' own foreign offices in Europe and the Caribbean and, to a much lesser extent, to international bond mutual funds in the Caribbean and to several emerging countries in Latin America.

U.S. banks' own claims, payable in dollars, increased \$108.3 billion, to \$708.2 billion. Foreign-owned banks in the United States accounted for over two-thirds of the increase, mostly in lending to affiliated offices in Europe where credit demand was high. European funding needs rose with a quickening of both economic growth and the pace of mergers and acquisitions, some of which may have reflected the progression toward European Monetary Union. Lending also financed foreign purchases of U.S. Treasury securities, which were strong throughout 1997. U.S.-

owned banks' foreign lending increased sharply in the fourth quarter as uncertainties related to financial problems in Asia spurred the demand for short-term credit.

U.S. banks' claims on foreign public borrowers in Latin American countries accelerated late in the year as the financial problems of countries in Asia caused capital markets to increase risk premiums applicable to bond issues of emerging countries. Claims on Caribbean international bond mutual funds increased sharply, particularly in the third quarter, reflecting U.S. securities dealers' lending to those funds to finance purchases of U.S. Treasury securities.

U.S. banks' domestic customers' claims increased \$8.4 billion, to \$189.0 billion; the increase, mostly in deposits overseas and in foreign commercial paper, was moderated by heavy net liquidations in the fourth quarter.

U.S. bank-reported foreign currency claims increased \$14.2 billion—the strongest increase since 1987—to \$91.2 billion; strong bank lending to Western Europe in the first half of the year accounted for much of the increase.

#### Foreign securities

Foreign securities held by U.S. residents increased \$166.1 billion, to \$1,446.3 billion in 1997; the increase reflected both strong net purchases and substantial price appreciation in foreign stocks (table D). A partly offsetting exchange rate depreciation, mostly in stocks, reflected the widespread, large decline in foreign exchange rates against the dollar from yearend 1996 to yearend 1997. A strong U.S. buildup in foreign securities holdings continued until the fourth quarter, when financial markets reacted negatively to the deteriorating financial situation in Asia. Despite the fourth-quarter slowdown, U.S. holdings of foreign stocks increased 20 percent, and holdings of foreign bonds increased 9 percent, mostly as a result of record new issues of foreign dollar bonds in the U.S. market.

U.S.-held foreign stocks increased \$124.5 billion, to \$1,001.3 billion; substantial price appreciation of \$177.9 billion and strong net purchases of \$41.3 billion were partly offset by a \$94.7 billion

**Table C.—U.S. Claims Reported by U.S. Banks at Yearend**  
[Billions of dollars]

	1996	1997
<b>Total bank-reported claims</b> .....	<b>857.5</b>	<b>988.4</b>
Bank own claims, payable in dollars .....	599.9	708.2
On unaffiliated foreign banks .....	113.7	109.2
On own foreign offices .....	341.6	431.7
On other foreigners .....	144.6	167.3
Bank customer claims, payable in dollars .....	180.6	189.0
Total claims payable in foreign currencies .....	77.0	91.2

**Table D.—Changes in U.S. Holdings of Foreign Securities, 1997**  
[Billions of dollars]

<b>Total change</b> .....	<b>166.1</b>
Net U.S. purchases .....	88.0
Price changes .....	186.5
Exchange rate changes .....	-108.4









eign parents' financing of these investments. New investments by Japanese parents were constrained by economic and financial problems in Japan.

At current cost, net capital inflows accounted for nearly all of the change in foreign direct investment. At market value, net capital inflows were augmented by the substantial price appre-

ciation in owners' equity that resulted from the sharp rise in U.S. stock prices.

Liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns increased \$106.8 billion, to \$453.6 billion, reflecting U.S. corporate borrowing from banks in the Caribbean and the United Kingdom, especially in the fourth quarter.

*Tables 1 through 3 follow.* 











































fore, where duplication could be detected, not all of the capital and associated interest transactions that were removed from the foreign direct investment in the United States accounts were added to the nonbank investment and income accounts. For the capital accounts, the net amount of duplication was relatively small for 1994–96, but large for 1997. For the income accounts, the amount of duplication was sizable in 1996 and 1997.

#### *Institutional remittances*

Estimates of institutional remittances to foreign residents by charitable, religious, educational, and philanthropic organizations in the United States are raised considerably as a result of improved survey coverage and the use of supplemental annual data from government and selected private philanthropic organizations. These improvements increase the estimate of institutional remittances \$0.8 billion for 1997.

#### *Banks' foreign currency income*

For the past 5 years, BEA has estimated U.S. banks' income receipts on foreign-currency-denominated claims and U.S. banks' income payments on foreign-currency-denominated liabilities separately from banks' income receipts and payments on dollar-denominated claims and liabilities. This change became necessary as the size of foreign-currency-denominated claims and liabilities grew, partly in response to the growth of international transactions themselves and partly in response to shifts in preferences by U.S. residents or foreign residents as to the proportions of their bank claims and liabilities that they wished to hold in foreign currencies or dollars to conduct international transactions.

With this year's revisions, BEA has introduced three improvements to its estimates of banks' foreign currency income for 1992–97. First, BEA now uses foreign counterpart data from the Bank for International Settlements (BIS) that provide more accurate information on the currency composition of U.S. banks' foreign currency claims and liabilities outstanding. Second, these BIS data provide detail across a larger number of currencies than was available previously. Third, for purposes of computing income, currency translation effects on balances reported in dollars are removed by converting these balances into foreign currencies at the appropriate end-of-quarter rates.

The new approach is based on data collected by the BIS, which is the same data source used

by BEA to estimate unrealized gains and losses on foreign currency banking transactions and remove them from the capital flow data.<sup>6</sup> The BIS data show, from the perspective of foreign resident banks, foreign banks' nondollar claims on U.S. banks and foreign banks' nondollar liabilities to U.S. banks—the counterparts of U.S. banks' foreign currency liabilities and U.S. banks' foreign currency claims, respectively. The BIS data on the composition of U.S. banks' foreign currency claims and liabilities are available quarterly.

The percentage composition of foreign currency balances in the counterpart BIS data is applied to the balances reported in the Treasury International Capital (TIC) reporting system, which provides no currency-composition detail, at the end of each quarter to compute the dollar amount of TIC outstanding balances held in each of nine key currencies—the British pound, Japanese yen, German mark, Swiss franc, French franc, Italian lire, Canadian dollar, the European Currency Unit (ECU), and Special Drawing Rights (SDR's) (for less developed countries that transact largely in nondomestic currencies). For each currency, dollar reported balances at the end of the current and previous quarters are converted into foreign currencies using end-of-quarter exchange rates; then, average foreign currency balances for the quarter are computed.

Monthly interest yields (averaged to a quarterly rate) are prepared by combining local overnight call money rates and 3-month rates for each currency; overnight Eurodollar deposit rates are used for SDR's. The interest yields for each currency are multiplied by average foreign currency balances outstanding for each currency to calculate quarterly income, and the results are converted into dollars using quarterly average exchange rates.

The result of these changes is to raise both U.S. banks' income receipts and U.S. banks' income payments in comparison with the previous estimates for 1992–97. For 1997, U.S. banks' foreign currency income receipts are raised \$0.8 billion, to \$2.9 billion, and U.S. banks' foreign currency income payments are raised \$1.8 billion, to \$4.1 billion.

#### *Computer software royalties and license fees*

Computer software royalties and license fees are reclassified to royalties and license fees from "other" private services for 1992–97. The purpose

6. For more information see, Christopher L. Bach, "U.S. International Transactions, Revised Estimates for 1974–96," SURVEY 77 (July 1997): 53.

of the reclassification is to better reflect the acquisitions and sales of rights to use or reproduce computer software as transactions involving intangible, nonproduced, nonfinancial assets and proprietary rights (such as patents, copyrights, trademarks, industrial processes, and franchises) and to combine them with other such transactions. For 1997, the amount reclassified was \$2.4 billion for receipts and \$0.5 billion for payments.

#### *Operational leasing*

The operational leasing of transportation equipment *without crew* is reclassified from the “other” transportation accounts to the “other” private services accounts to consolidate all operational leasing in one account for 1986–97. In addition, coverage of equipment leasing is now more complete on BEA’s Annual Survey of Selected Services. In 1997, the total of the reclassified and the newly collected transactions is \$1.4 billion for receipts and \$0.4 billion for payments.

Operational leasing of transportation equipment *with crew* remains in the “other” transportation accounts, because these transactions are closer in nature to the provision of transportation services than to the rental of equipment.

#### *Truck freight receipts and payments*

Estimates of freight charges for the transportation of U.S. goods exports by truck between the United States and Canada are revised for 1992–97. Estimates by Statistics Canada provide the basis for key components of the truck transportation estimates in the U.S. accounts. A new analysis by Statistics Canada indicates an overstatement of freight charges on the transportation by Canadian truckers of U.S. exports from points of origin within the United States to the U.S.-Canadian border (U.S. payments) and on the transportation by U.S. truckers of U.S. exports from the U.S.-Canadian border to points of destination within Canada (U.S. receipts). The new analysis suggests an implied average freight-to-value ratio of about 1.8 percent, compared with an average of 3.5 percent suggested by earlier analyses. Consequently, for 1997, freight receipts are reduced \$0.5 billion and freight payments are reduced \$0.7 billion.

#### *Regrouping of transportation components*

Concurrent with the reclassification of operational leasing *without crew* from the “other” transportation account to the “other” private

services accounts, operational leasing of transportation equipment *with crew* has been shifted to the freight component of the “other” transportation accounts. Thus, “other” transportation receipts and payments each now have only two subcomponents—freight services and port services—in table 3 of the standard presentation of the international accounts, rather than the three shown previously.

#### *“Residual” seasonality*

BEA and the Bureau of the Census seasonally adjust the goods export and goods import estimates at the five-digit end-use commodity category level, which is the most detailed level of end-use classification available. Aggregate goods series—total exports, total imports, and all major end-use categories—are derived as the sum of detailed seasonally adjusted series. An alternative set of aggregate series can be derived by directly seasonally adjusting each of the aggregate series. Comparisons of the directly adjusted series with the corresponding series that are derived as the sum of individually seasonally adjusted series show differences that are sometimes called “residual” seasonality. The amount of “residual” seasonality is usually small, so no adjustments are made to the aggregate series. However, in recent years, the amount of “residual” seasonality for total exports and for capital goods exports has increased. Consequently, a concerted effort was made last year and this year to reduce the “residual” seasonality for goods exports. Little “residual” seasonality exists for goods imports.

Last year, some progress was made in reducing the amount of “residual” seasonality by combining several of the individual machinery export series into a single category and by developing seasonal factors based on that category, rather than on each component series separately. This year, the addition of trading-day factors to many export series and changes made to many trading-day groups led to a further reduction in “residual” seasonality.

In addition, this year, the Bureau of the Census and BEA are introducing monthly seasonal adjustment for exports of civilian aircraft. This adjustment reduces the amount of “residual” seasonality and improves the reliability of the quarterly international transactions accounts and gross domestic product estimates. For 1997, the adjustment raised seasonally adjusted total exports significantly in the first and third quarters and lowered seasonally adjusted total exports

significantly in the second and fourth quarters, relative to the previously published estimates.

The monthly pattern of exports of civilian aircraft exhibits high variability and was not previously adjusted, because it did not meet all of the usual criteria for seasonal adjustment of individual series. This year, however, after considering the contribution of adjusting civilian aircraft to improving the accuracy of seasonally adjusted total exports, a decision was made to adjust this series. At this time next year, as part of the regular review of all goods series, BEA and the Census Bureau will assess the effects of seasonally adjusting exports of civilian aircraft on the monthly and quarterly goods statistics to determine whether to continue the practice.

#### *Prepackaged computer software*

For many years, a part of imports of prepackaged computer software has been valued at media value—that is, the value of the carrier medium itself, such as CD-ROM or diskette—rather than

at market value, which reflects both the value of the carrier medium and the data or instructions included on the medium. This valuation practice is consistent with a General Agreement on Tariffs and Trade decision in 1984 that permits countries to value imports of prepackaged computer software for customs purposes at either media value or market value.

BEA has prepared an estimate of the dollar amount that is necessary to bring computer software imports reported at media value to the full market value required for the international transactions accounts and the national income and product accounts. This amount—which was small for 1995, 1996, and 1997—will be added as a balance-of-payments adjustment to the Census basis data reported to BEA. A comparable adjustment to exports of prepackaged software is not required, because exports of prepackaged computer software are already reported to the Census Bureau at market value.

*Table 3 follows.* 





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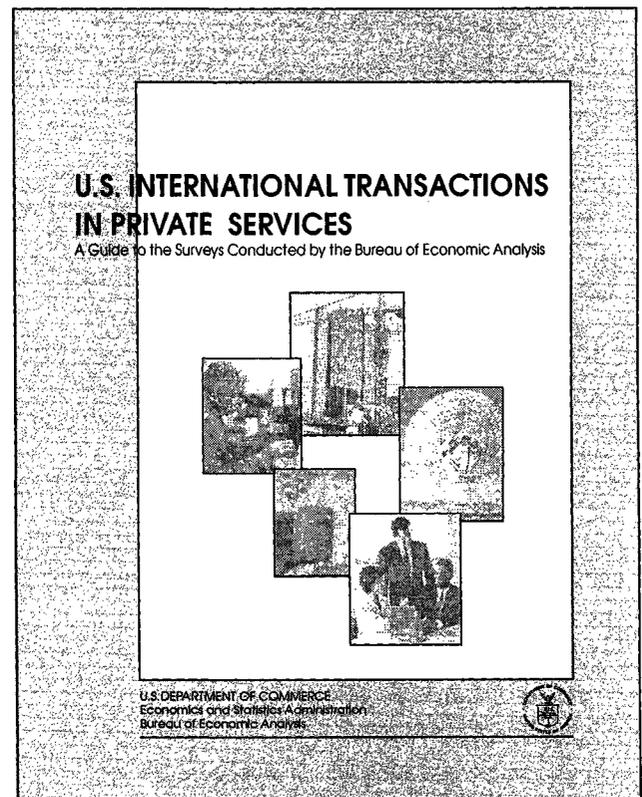
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## 3. Government Receipts, Current Expenditures, and Gross Investment

Table 3.1.—Government Receipts and Current Expenditures

[Billions of dollars]

	1996	1997	Seasonally adjusted at annual rates						
			1996	1997				1998	
				IV	I	II	III		IV
<b>Receipts</b> .....	<b>2,412.7</b>	<b>2,589.6</b>	<b>2,479.0</b>	<b>2,526.6</b>	<b>2,566.8</b>	<b>2,616.7</b>	<b>2,648.5</b>	<b>2,703.4</b>	
Personal tax and nontax receipts .....	886.9	988.7	922.6	955.7	979.2	998.0	1,022.1	1,059.8	
Corporate profits tax accruals .....	229.0	249.4	226.0	241.2	244.5	258.2	253.6	246.0	
Indirect business tax and nontax accruals .....	604.8	619.4	625.3	610.2	616.2	625.4	625.8	634.3	
Contributions for social insurance .....	692.0	732.1	705.1	719.5	726.9	735.0	746.9	763.3	
<b>Current expenditures</b> .....	<b>2,417.8</b>	<b>2,510.6</b>	<b>2,455.8</b>	<b>2,477.4</b>	<b>2,498.7</b>	<b>2,516.1</b>	<b>2,550.5</b>	<b>2,548.6</b>	
Consumption expenditures .....	1,182.4	1,226.8	1,197.0	1,209.7	1,221.6	1,230.8	1,244.8	1,239.4	
Transfer payments (net) .....	1,058.3	1,107.3	1,078.0	1,091.0	1,100.8	1,108.5	1,128.9	1,137.0	
To persons .....	1,042.0	1,094.1	1,055.1	1,080.5	1,090.0	1,098.4	1,107.3	1,127.0	
To the rest of the world (net) .....	16.3	13.2	22.9	10.5	10.8	10.0	21.6	9.9	
Net interest paid .....	165.4	165.1	168.8	164.9	164.9	165.6	165.0	161.3	
Interest paid .....	317.7	319.2	320.7	317.9	319.1	319.7	320.0	316.2	
To persons and business .....	246.4	228.1	241.3	233.3	227.9	225.9	225.3	222.3	
To the rest of the world .....	71.3	91.1	79.4	84.6	91.2	93.9	94.7	93.9	
Less: Interest received by government .....	152.3	154.1	152.0	153.0	154.1	154.1	155.0	155.0	
Less: Dividends received by government .....	13.6	14.6	14.0	14.3	14.7	14.7	14.9	15.3	
Subsidies less current surplus of government enterprises .....	25.4	26.1	26.0	26.1	26.0	25.8	26.7	26.3	
Subsidies .....	33.5	34.6	33.7	34.1	34.6	34.7	34.9	35.1	
Less: Current surplus of government enterprises .....	8.1	8.4	7.7	8.0	8.6	8.8	8.2	8.8	
Less: Wage accruals less disbursements .....	0	0	0	0	0	0	0	0	
<b>Current surplus or deficit (-), national income and product accounts</b> .....	<b>-5.1</b>	<b>79.0</b>	<b>23.2</b>	<b>49.2</b>	<b>68.1</b>	<b>100.6</b>	<b>98.0</b>	<b>154.8</b>	
Social insurance funds .....	126.6	135.1	132.0	129.9	132.0	135.8	142.8	146.7	
Other .....	-131.7	-56.1	-108.8	-80.7	-63.9	-35.1	-44.8	8.1	







## 4. Foreign Transactions

Table 4.1.—Foreign Transactions in the National Income and Product Accounts

[Billions of dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			1998
			IV	I	II	III	IV	I
<b>Receipts from the rest of the world</b> .....	<b>1,105.1</b>	<b>1,219.3</b>	<b>1,153.4</b>	<b>1,170.4</b>	<b>1,221.9</b>	<b>1,235.2</b>	<b>1,249.9</b>	<b>1,238.9</b>
Exports of goods and services ...	870.9	957.1	904.6	922.2	960.3	965.8	980.0	965.0
Goods <sup>1</sup> .....	617.5	686.3	640.5	656.2	690.0	691.1	707.9	693.6
Durable .....	421.2	481.5	438.8	455.9	486.3	485.6	498.2	494.8
Nondurable .....	196.3	204.8	201.6	200.3	203.7	205.4	209.8	198.7
Services <sup>1</sup> .....	253.3	270.8	264.2	266.0	270.3	274.8	272.1	271.4
Receipts of factor income .....	234.3	262.2	248.8	248.2	261.6	269.4	269.8	273.9
Capital grants received by the United States (net) .....	0	0	0	0	0	0	0	0
<b>Payments to the rest of the world</b> .....	<b>1,105.1</b>	<b>1,219.3</b>	<b>1,153.4</b>	<b>1,170.4</b>	<b>1,221.9</b>	<b>1,235.2</b>	<b>1,249.9</b>	<b>1,238.9</b>
Imports of goods and services ...	965.7	1,058.1	993.2	1,021.0	1,049.0	1,077.1	1,085.4	1,095.2
Goods <sup>1</sup> .....	809.0	888.5	834.6	855.8	880.1	905.6	912.6	921.2
Durable .....	533.6	589.9	541.3	563.4	583.8	603.2	609.2	626.3
Nondurable .....	275.5	298.6	293.3	292.5	296.3	302.4	303.4	294.9
Services <sup>1</sup> .....	156.7	169.6	158.6	165.2	168.9	171.6	172.7	174.0
Payments of factor income .....	232.6	282.0	245.6	262.5	282.3	290.1	293.1	292.5
Transfer payments (net) .....	39.8	39.4	47.4	35.2	36.5	36.9	48.9	36.4
From persons (net) .....	15.9	17.9	16.7	17.0	17.6	18.2	18.7	18.2
From government (net) .....	16.3	13.2	22.9	10.5	10.8	10.0	21.6	9.9
From business .....	7.6	8.2	7.8	7.7	8.1	8.7	8.5	8.3
Net foreign investment .....	-132.9	-160.2	-132.9	-148.4	-146.0	-168.9	-177.4	-185.2

1. Exports and imports of certain goods, primarily military equipment purchased and sold by the Federal Government, are included in services. Beginning with 1986, repairs and alterations of equipment were reclassified from goods to services.

Table 4.2.—Real Exports and Imports of Goods and Services and Receipts and Payments of Factor Income

[Billions of chained (1992) dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			1998
			IV	I	II	III	IV	I
<b>Exports of goods and services</b> .....	<b>857.0</b>	<b>962.7</b>	<b>901.1</b>	<b>922.7</b>	<b>962.5</b>	<b>973.0</b>	<b>992.7</b>	<b>989.6</b>
Goods <sup>1</sup> .....	628.4	725.0	666.2	686.2	725.8	731.8	756.3	753.5
Durable .....	463.3	553.2	494.0	517.0	555.8	559.8	580.0	583.5
Nondurable .....	169.1	180.6	177.0	176.0	179.2	181.1	186.1	181.1
Services <sup>1</sup> .....	229.9	241.7	236.8	238.9	240.8	245.0	241.8	241.5
Receipts of factor income .....	214.2	236.3	226.0	224.6	236.3	242.5	242.0	245.6
<b>Imports of goods and services</b> .....	<b>971.5</b>	<b>1,109.2</b>	<b>1,006.6</b>	<b>1,048.9</b>	<b>1,099.1</b>	<b>1,137.1</b>	<b>1,151.8</b>	<b>1,198.0</b>
Goods <sup>1</sup> .....	823.1	947.5	857.5	891.3	938.4	972.7	987.6	1,030.6
Durable .....	569.9	671.1	596.6	630.8	660.7	688.5	704.2	738.4
Nondurable .....	253.5	279.5	261.6	263.3	280.1	287.2	287.4	296.9
Services <sup>1</sup> .....	149.0	163.0	150.0	158.4	161.8	165.8	165.9	169.6
Payments of factor income .....	210.2	250.1	219.8	234.0	250.8	256.9	258.7	257.9

1. Exports and imports of certain goods, primarily military equipment purchased and sold by the Federal Government, are included in services. Beginning with 1986, repairs and alterations of equipment are reclassified from goods to services.

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive.

























































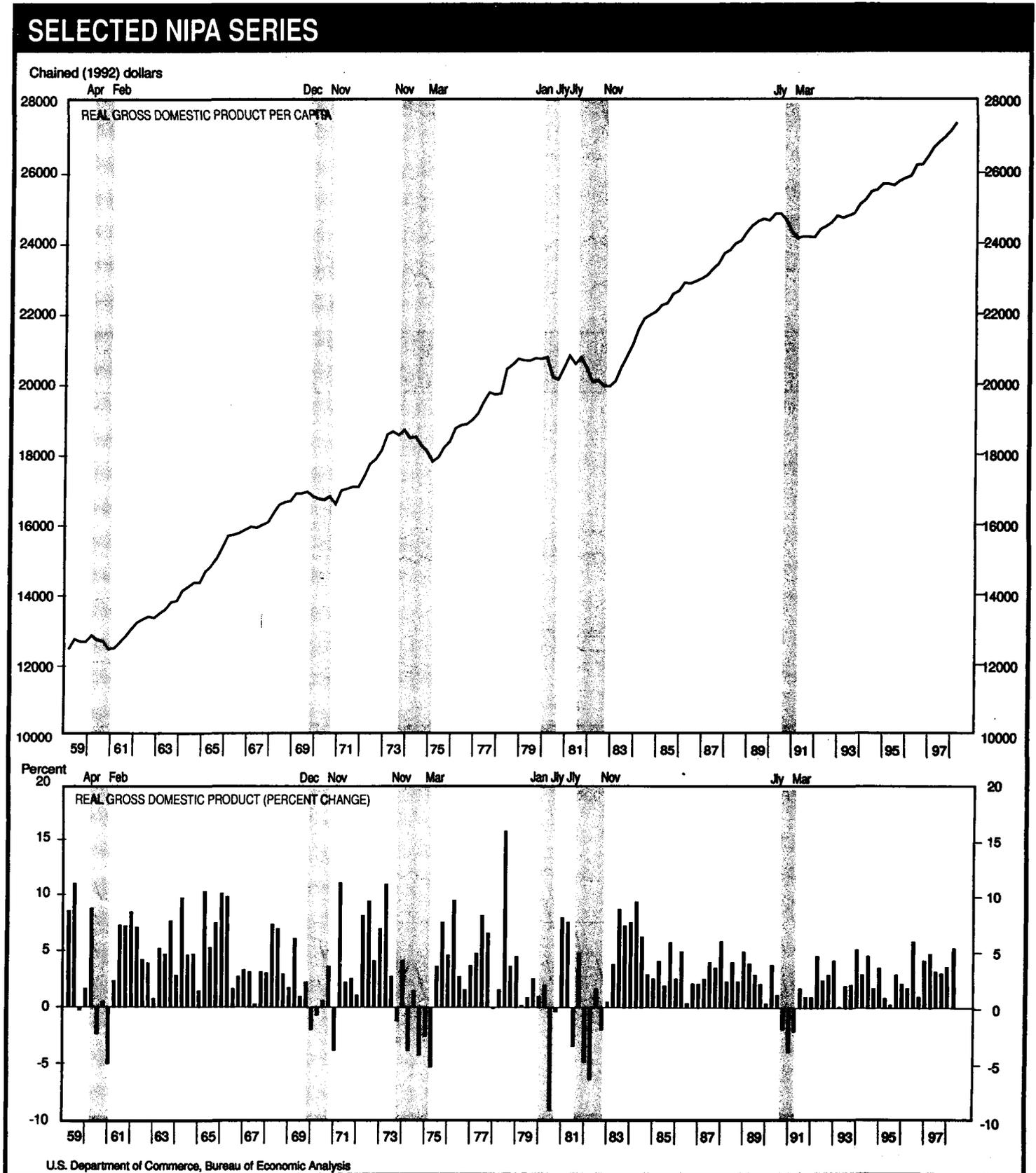




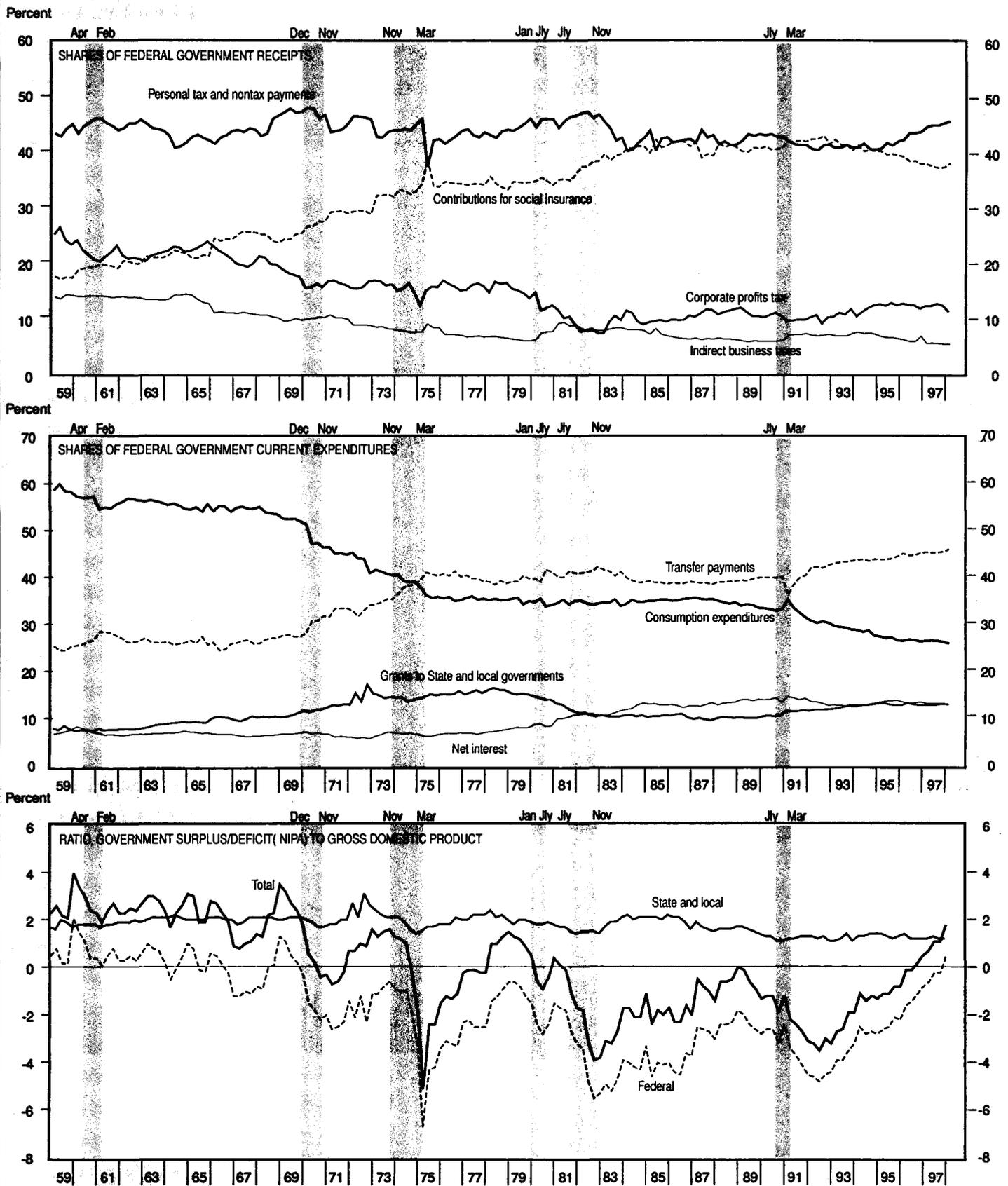


E. Charts

Percent changes shown in this section are based on quarter-to-quarter changes and are expressed at seasonally adjusted annual rates; likewise, levels of series are expressed at seasonally adjusted annual rates as appropriate.

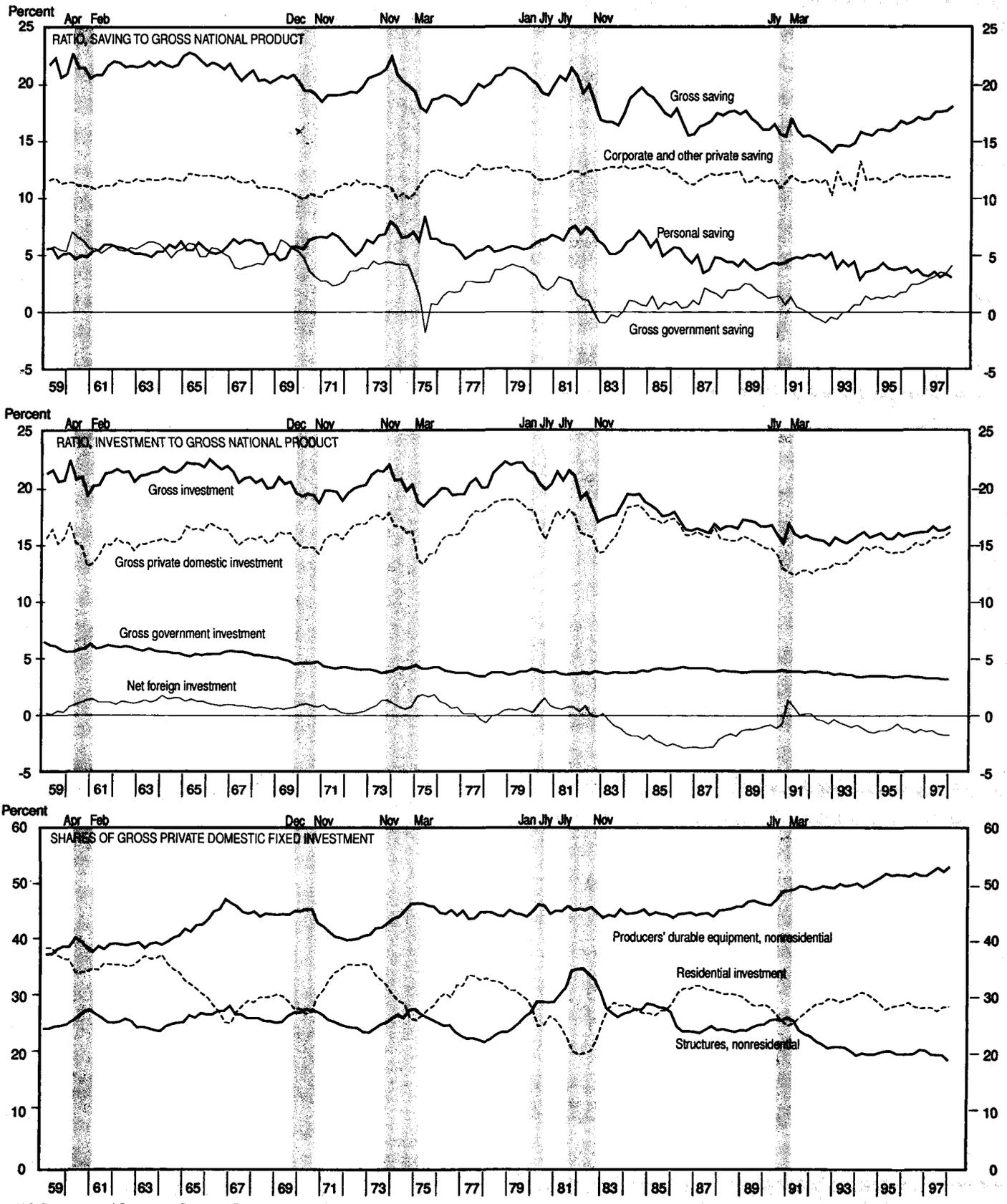


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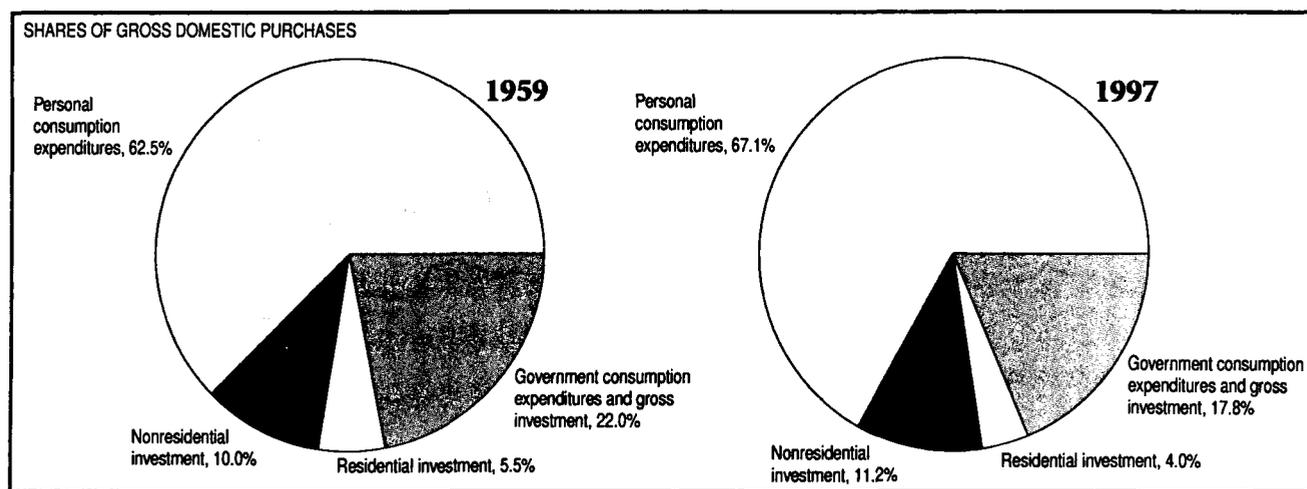
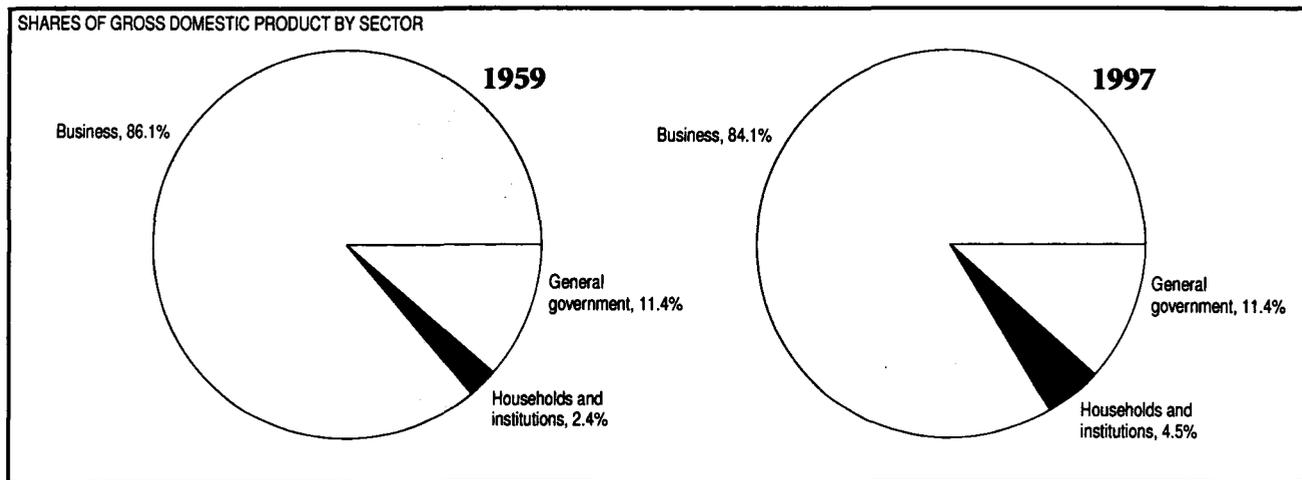
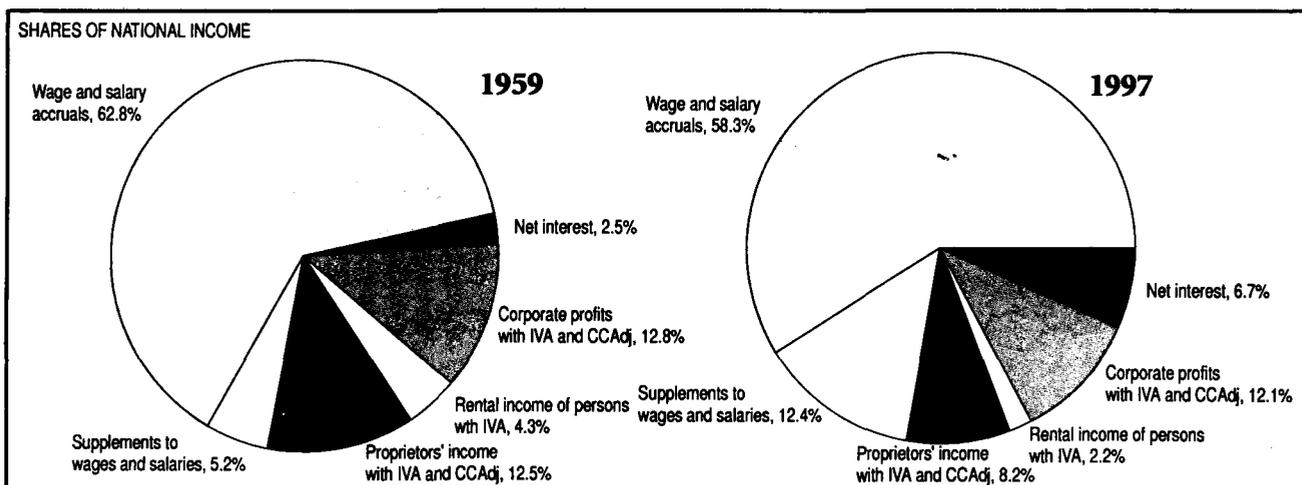


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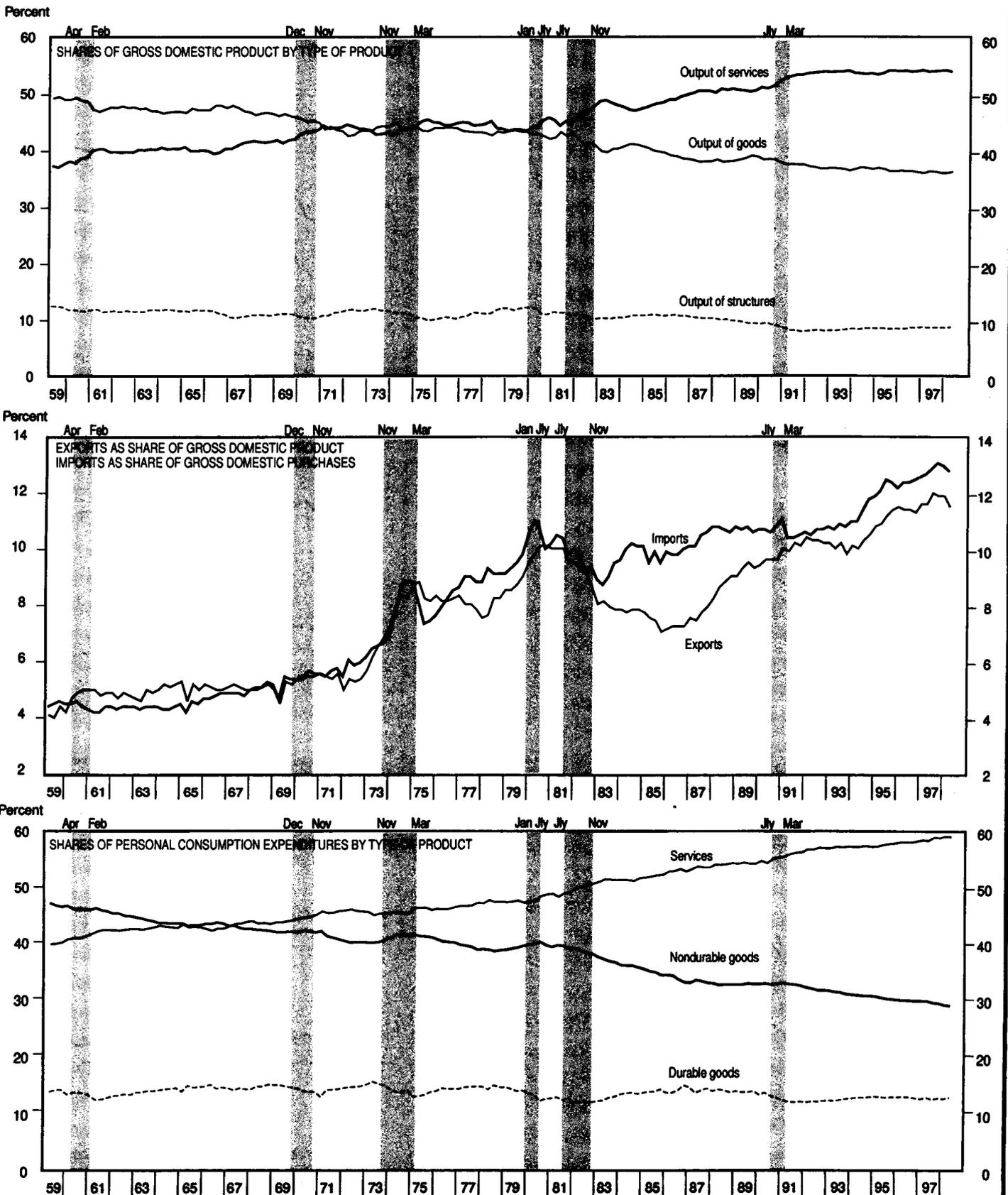


## SELECTED NIPA SERIES



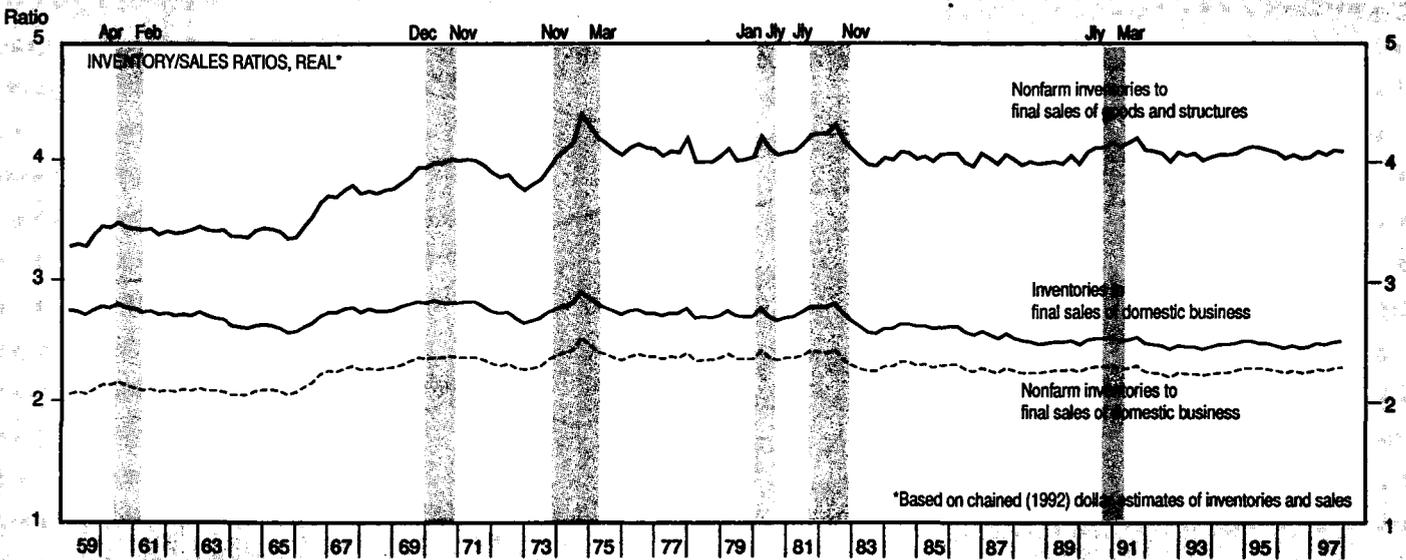
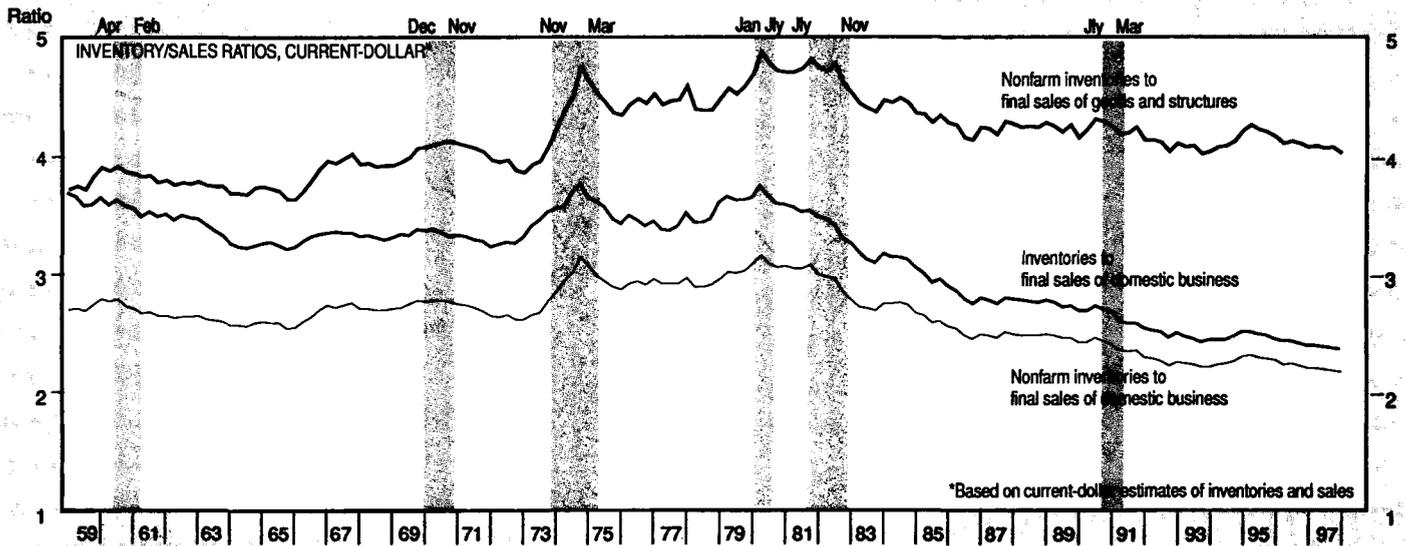
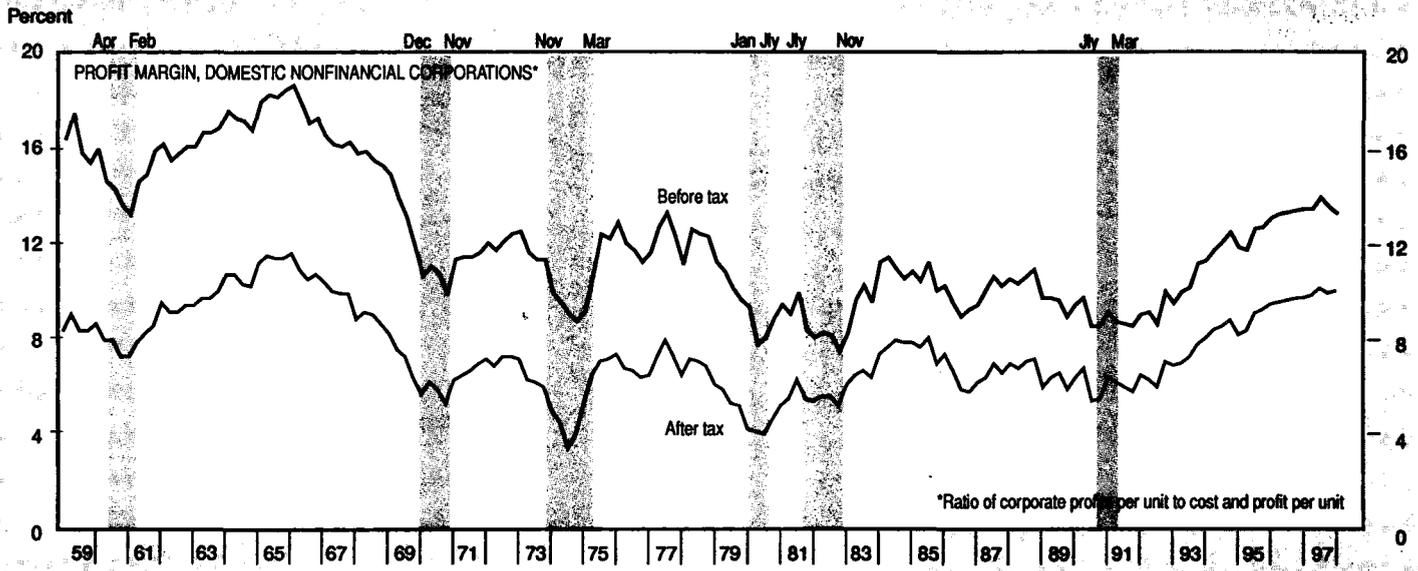
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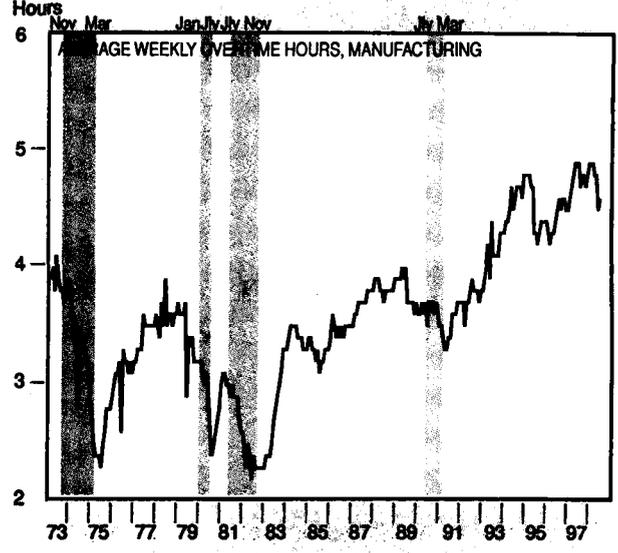
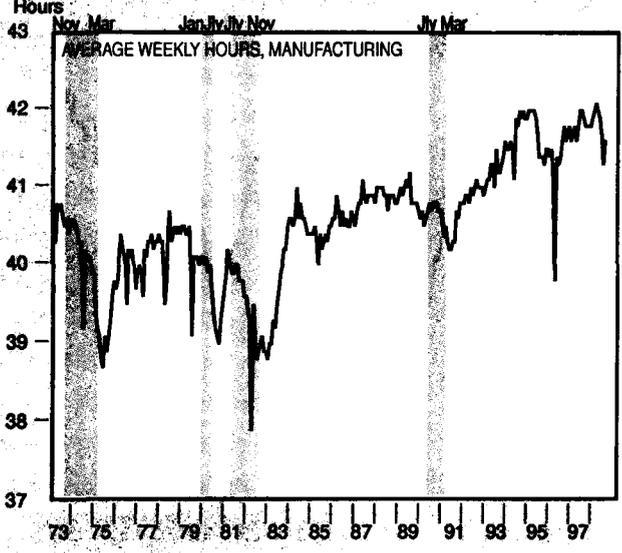
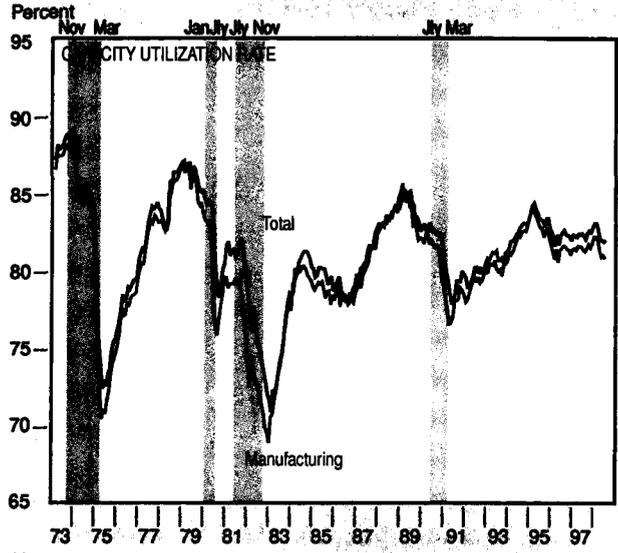
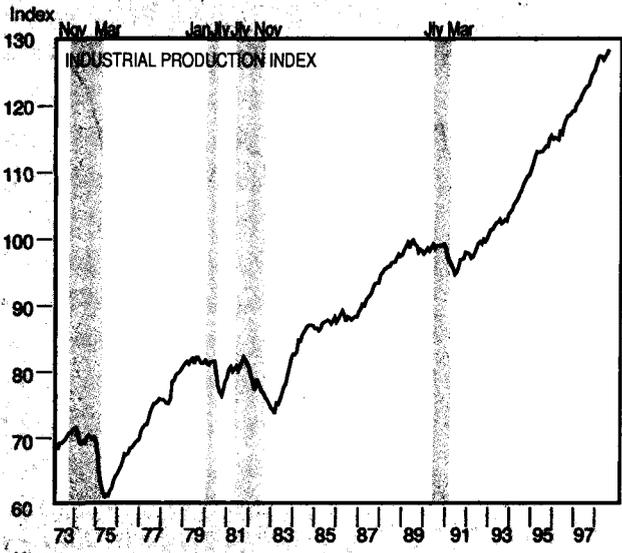
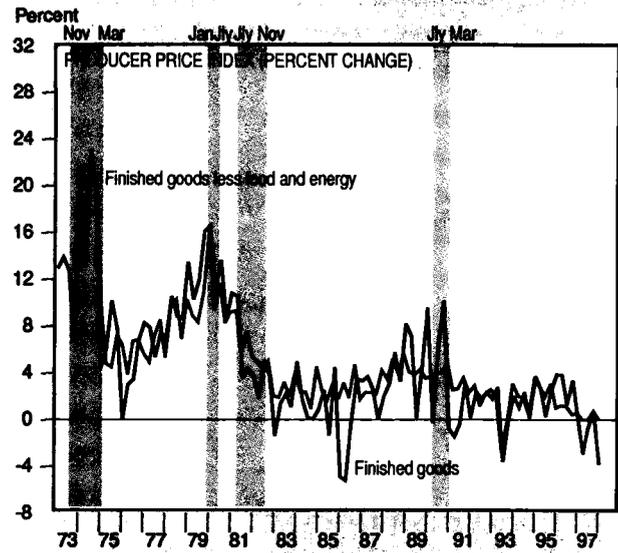
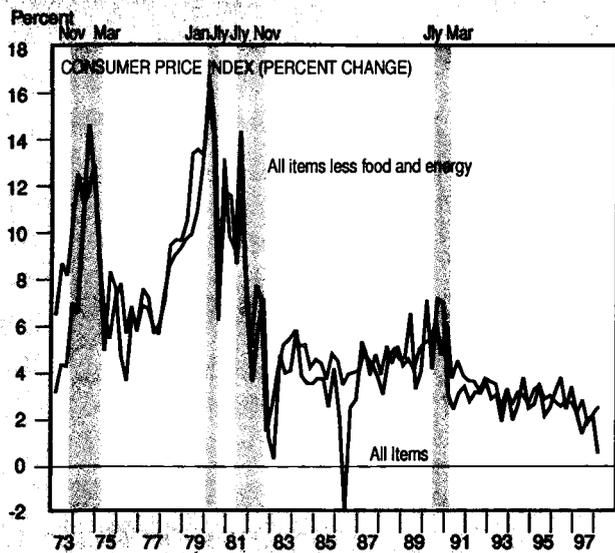
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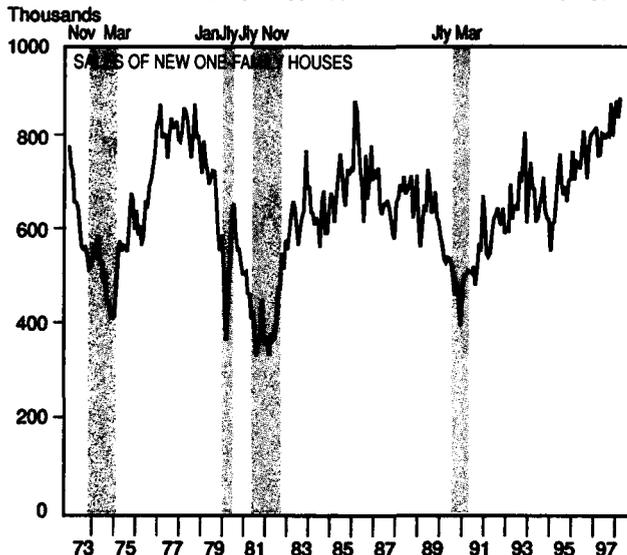
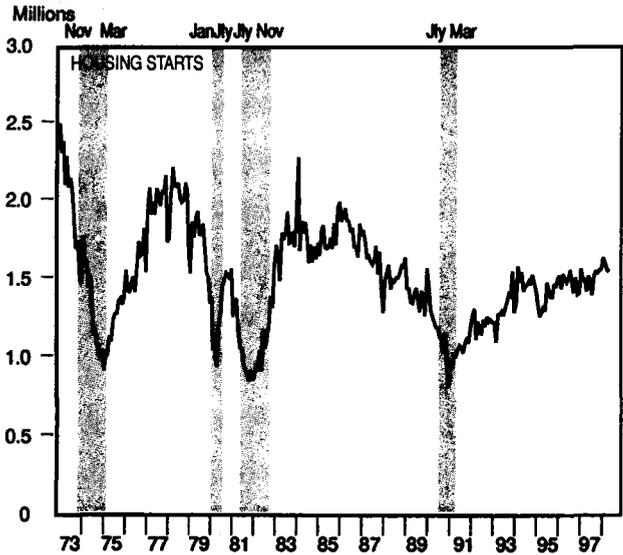
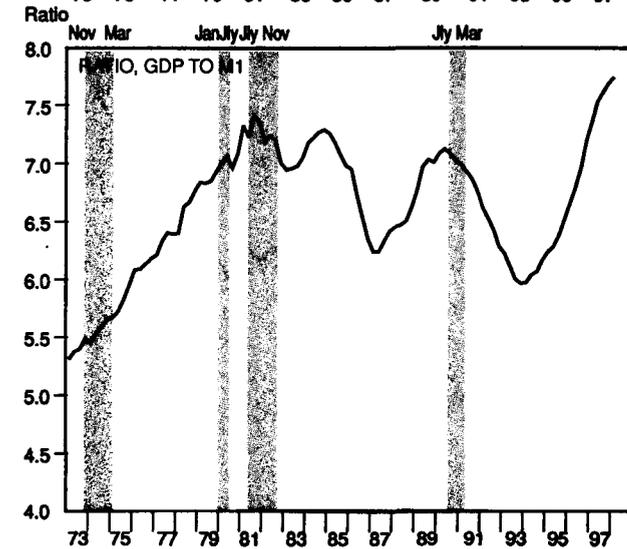
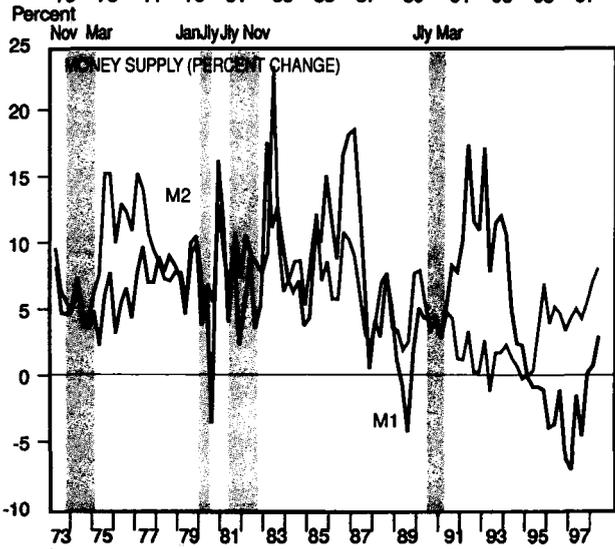
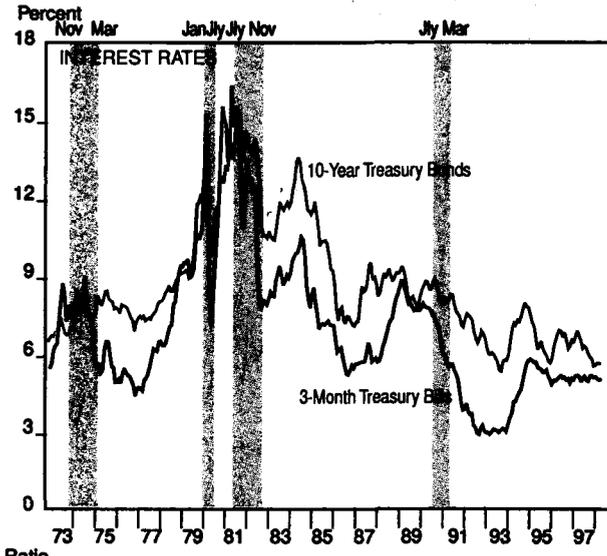
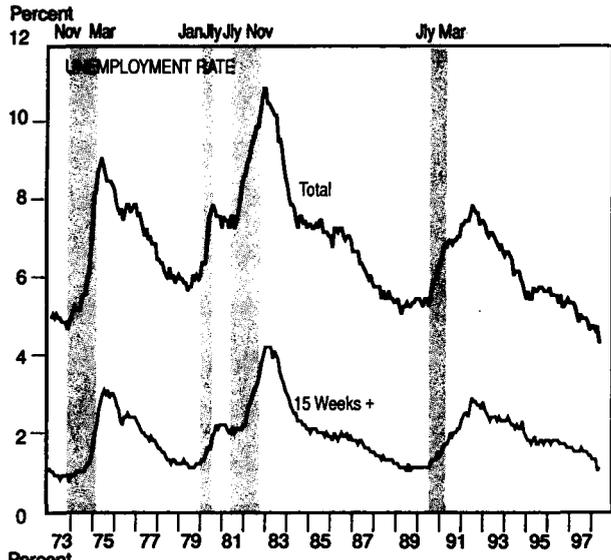
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### OTHER INDICATORS OF THE DOMESTIC ECONOMY



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# OTHER INDICATORS OF THE DOMESTIC ECONOMY



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## International Data

### F. Transactions Tables

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*To accommodate the presentation of the annual revision of the international transactions accounts, tables F.1–F.4 and the charts in section I are not shown this month. A description of the annual revision appears in “U.S. International Transactions, Revised Estimates for 1986–97” in this issue. The data usually shown in tables F.2–F.4 are presented in greater detail in tables 1, 3, and 10 at the end of “U.S. International Transactions, First Quarter 1998” in this issue.*



Table G.2.—U.S. Direct Investment Abroad: Selected Items, by Country and by Industry of Foreign Affiliate, 1995–97

(Millions of dollars)

	Direct investment position on a historical-cost basis			Capital outflows (inflows (-))			Income		
	1995	1996	1997	1995	1996	1997	1995	1996	1997
<b>All countries, all industries</b> .....	<b>699,015</b>	<b>777,203</b>	<b>860,723</b>	<b>92,074</b>	<b>74,833</b>	<b>114,537</b>	<b>87,346</b>	<b>92,105</b>	<b>100,703</b>
<b>By country</b>									
Canada .....	83,498	91,301	99,859	8,602	7,260	10,734	8,799	9,024	10,692
Europe .....	344,596	382,366	420,934	52,275	35,992	60,558	40,853	43,179	47,869
<i>Of which:</i>									
France .....	33,358	33,746	34,615	5,196	4,750	3,166	2,707	3,389	2,637
Germany .....	44,242	44,651	43,931	3,349	1,467	3,002	4,215	3,842	4,117
Netherlands .....	42,113	54,437	64,648	9,386	6,914	14,329	7,456	8,667	10,240
United Kingdom .....	106,332	122,692	138,765	13,830	12,080	22,435	10,921	12,016	12,898
Latin America and Other Western Hemisphere .....	131,377	147,535	172,481	16,040	16,081	23,784	16,210	17,810	19,992
<i>Of which:</i>									
Brazil .....	25,002	28,699	35,727	6,954	3,812	6,545	3,759	4,104	4,551
Mexico .....	16,873	19,900	25,395	2,983	2,713	5,933	1,585	2,862	3,969
Africa .....	6,017	6,832	10,253	352	739	3,790	1,797	1,797	1,887
Middle East .....	7,198	7,793	8,959	879	538	1,111	1,373	1,411	1,562
Asia and Pacific .....	122,711	136,481	142,704	14,342	12,190	13,815	18,146	18,562	18,325
<i>Of which:</i>									
Australia .....	24,328	28,409	26,125	5,537	3,071	1,101	2,769	2,846	3,288
Japan .....	37,309	35,684	35,569	2,336	-326	781	4,091	3,414	3,198
International .....	3,618	4,896	5,533	-416	2,034	746	167	322	376
<b>By industry</b>									
Petroleum .....	68,639	74,499	85,726	675	5,058	11,455	9,036	11,692	12,114
Manufacturing .....	243,954	272,244	288,290	44,472	25,149	32,280	34,325	34,365	37,532
Food and kindred products .....	28,896	32,998	38,380	3,718	2,700	6,325	4,480	4,826	5,116
Chemicals and allied products .....	61,374	72,209	73,487	16,924	5,657	8,026	8,614	9,525	9,415
Primary and fabricated metals .....	11,555	14,178	14,732	1,570	5,283	1,054	1,380	1,353	1,535
Industrial machinery and equipment .....	29,626	31,597	33,563	4,408	2,565	4,529	4,251	4,555	5,083
Electronic and other electric equipment .....	27,514	31,623	33,833	7,060	3,883	3,930	4,466	4,217	4,861
Transportation equipment .....	34,076	33,839	36,439	5,888	561	3,846	3,709	3,182	4,842
Other manufacturing .....	50,913	55,801	57,855	4,903	4,500	4,570	7,425	6,707	6,679
Wholesale trade .....	68,102	69,638	69,080	8,880	5,701	3,403	9,118	8,488	9,041
Depository institutions .....	29,181	33,673	34,359	1,032	1,488	2,935	3,242	3,083	2,953
Finance (except depository institutions), insurance, and real estate .....	218,313	240,972	280,920	22,001	23,035	45,410	24,589	27,817	29,815
Services .....	29,721	35,793	40,874	4,014	3,343	5,464	4,136	3,588	5,258
Other industries .....	41,105	50,384	61,475	11,000	11,061	13,591	2,902	3,072	3,991

NOTE.—In this table, unlike in the international transactions accounts, income and capital outflows are shown without a current-cost adjustment, and income is shown net of withholding taxes. In addition, unlike in the international investment position, the direct investment position is valued at historical cost.

**Table G.3.—Selected Financial and Operating Data for Nonbank Foreign Affiliates of U.S. Companies, by Country and by Industry of Affiliate, 1995**

	Number of affiliates	Millions of dollars			Number of employees (thousands)
		Total assets	Sales	Net income	
<b>All countries, all industries</b> .....	<b>21,318</b>	<b>2,815,141</b>	<b>2,140,438</b>	<b>124,675</b>	<b>7,377.0</b>
<b>By country</b>					
Canada .....	2,023	246,242	231,081	8,313	918.1
Europe .....	10,435	1,567,904	1,176,126	63,083	3,014.5
Of which:					
France .....	1,226	135,906	124,457	4,303	413.9
Germany .....	1,358	219,538	234,169	6,467	596.3
Italy .....	757	59,468	68,550	2,315	198.7
Netherlands .....	999	139,078	112,182	11,492	138.8
Switzerland .....	505	132,464	60,128	7,203	50.6
United Kingdom .....	2,393	641,348	363,372	14,338	928.8
Latin America and Other Western Hemisphere .....	3,256	316,495	191,340	23,419	1,485.2
Of which:					
Brazil .....	400	48,477	44,536	5,073	299.9
Mexico .....	823	59,115	61,122	4,732	743.6
Africa .....	502	22,604	20,587	1,845	126.5
Middle East .....	338	30,231	21,703	2,899	73.4
Asia and Pacific .....	4,665	614,555	492,181	24,464	1,747.6
Of which:					
Australia .....	855	81,055	63,056	2,944	258.7
Japan .....	1,006	280,164	211,821	4,979	414.9
International .....	99	17,110	7,421	653	11.8
<b>By industry</b>					
Petroleum .....	1,520	272,087	428,030	13,981	230.9
Manufacturing .....	8,023	779,339	984,868	53,795	4,376.6
Food and kindred products .....	764	99,571	113,166	7,064	554.4
Chemicals and allied products .....	1,942	180,964	189,096	15,695	591.9
Primary and fabricated metals .....	722	35,266	36,862	1,227	195.7
Industrial machinery and equipment .....	1,033	112,921	159,205	7,611	529.4
Electronic and other electric equipment .....	855	71,483	95,395	6,443	846.0
Transportation equipment .....	469	124,721	218,333	4,406	697.6
Other manufacturing .....	2,238	154,413	172,811	11,348	961.5
Wholesale trade .....	4,878	206,015	367,515	15,124	538.3
Finance (except depository institutions), insurance, and real estate .....	2,742	1,229,643	108,441	30,507	191.0
Services .....	2,671	114,995	100,035	4,050	779.8
Other industries .....	1,484	213,062	151,548	7,219	1,260.4

NOTE.—The data in this table are from "U.S. Multinational Companies: Operations in 1995" in the October 1997 SURVEY OF CURRENT BUSINESS.



Table G.5.—Selected Financial and Operating Data of Nonbank U.S. Affiliates of Foreign Companies, by Country of Ultimate Beneficial Owner and by Industry of Affiliate, 1996

	Number of affiliates	Millions of dollars				Thousands of employees	Millions of dollars	
		Total assets	Sales	Net income	Gross product		U.S. exports of goods shipped by affiliates	U.S. imports of goods shipped to affiliates
<b>All countries, all industries</b> .....	<b>12,626</b>	<b>2,613,985</b>	<b>1,596,022</b>	<b>21,110</b>	<b>339,485</b>	<b>4,977.5</b>	<b>136,588</b>	<b>252,990</b>
<b>By country</b>								
Canada .....	1,289	263,862	121,650	5,035	30,026	618.6	5,658	14,123
Europe .....	5,411	1,507,678	881,931	15,885	218,174	3,103.9	63,104	86,533
<i>Of which:</i>								
France .....	667	274,775	127,434	3,120	32,584	411.8	18,386	12,888
Germany .....	1,328	249,891	168,151	3,096	40,467	610.2	13,493	28,304
Netherlands .....	397	180,292	111,395	2,785	29,299	378.8	4,468	8,969
Switzerland .....	623	275,890	96,026	310	19,461	306.2	6,457	7,550
United Kingdom .....	1,203	413,966	277,026	5,890	73,960	972.6	12,354	13,267
Latin America and Other Western Hemisphere .....	1,088	57,482	53,767	147	12,699	155.4	5,725	10,621
<i>Of which:</i>								
Brazil .....	78	10,652	4,462	160	283	4.5	1,192	1,241
Mexico .....	275	8,454	7,982	-643	1,439	35.8	688	2,248
Africa .....	74	11,708	10,605	733	2,555	22.7	522	560
Middle East .....	430	26,501	21,024	-258	5,292	61.8	607	5,481
Asia and Pacific .....	4,249	635,683	487,580	-3,370	65,469	972.9	60,077	134,416
<i>Of which:</i>								
Australia .....	171	44,617	23,013	243	5,539	77.4	1,268	1,375
Japan .....	3,240	549,408	418,320	-2,271	54,560	776.4	52,555	117,433
United States .....	85	111,071	19,466	2,938	5,270	42.2	894	1,255
<b>By industry</b>								
Petroleum .....	236	114,735	152,832	5,586	32,733	111.8	9,984	21,080
Manufacturing .....	2,950	578,886	552,023	7,153	156,354	2,213.6	58,821	78,531
Food and kindred products .....	257	58,624	49,562	3,591	11,783	205.4	2,848	3,379
Chemicals and allied products .....	338	180,996	134,451	549	42,095	409.8	15,656	14,254
Primary and fabricated metals .....	407	60,804	62,902	1,010	16,079	233.3	4,066	7,390
Machinery .....	736	95,234	124,066	-737	31,863	536.8	20,575	28,733
Other manufacturing .....	1,212	183,228	181,042	2,738	54,534	828.4	15,677	24,776
Wholesale trade .....	2,230	233,829	466,700	2,839	41,973	488.6	62,792	147,958
Retail trade .....	352	50,063	94,028	377	24,544	821.0	1,507	3,408
Finance, except depository institutions .....	907	705,181	58,230	64	6,001	49.3	15	21
Insurance .....	161	575,947	89,625	5,306	10,658	152.0	0	0
Real estate .....	3,507	100,549	13,903	-1,718	4,984	27.1	7	1
Services .....	1,283	105,297	56,247	-3,402	21,840	633.8	738	1,173
Other industries .....	1,000	149,497	112,434	4,907	40,398	480.3	2,725	818

<sup>D</sup> Suppressed to avoid disclosure of data of individual companies.

NOTE.—The data in this table are from tables A1 and A2 in *Foreign Direct Investment in the United States: Operations of U.S. Affiliates of Foreign Companies, Preliminary 1996 Estimates* (forthcoming).



Table H.1.—International Perspectives—Continued

	1996	1997	1997										1998			
			Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Short-term, 3-month, interest rates (percent, not seasonally adjusted)																
Canada .....	4.43	3.53	3.20	3.41	3.29	3.22	3.51	3.63	3.60	3.76	3.99	4.58	4.62	4.96	4.85	4.88
France .....	3.94	3.46	3.36	3.40	3.48	3.43	3.39	3.43	3.41	3.59	3.69	3.69	3.62	3.57	3.57	3.63
Germany .....	3.31	3.33	3.26	3.23	3.17	3.14	3.14	3.26	3.31	3.58	3.74	3.74	3.57	3.51	3.52	3.63
Italy .....	8.82	6.88	7.43	7.13	6.83	6.88	6.89	6.87	6.67	6.65	6.49	6.08	6.09	6.13	5.82	5.23
Japan .....	.59	.60	.56	.56	.58	.61	.67	.59	.56	.53	.55	.89	.95	1.10	.81	.70
Mexico .....	32.91	21.26	22.32	22.37	20.59	21.40	19.40	20.15	20.51	19.91	22.01	19.88	19.37	19.63	20.76	19.47
United Kingdom .....	6.02	6.83	6.20	6.37	6.45	6.66	6.95	7.15	7.20	7.25	7.54	7.62	7.48	7.45	7.48	7.44
Addendum:																
United States .....	5.02	5.07	5.14	5.17	5.13	4.92	5.07	5.13	4.97	4.95	5.15	5.16	5.09	5.11	5.03	5.00
Long-term interest rates, government bond yields (percent, not seasonally adjusted)																
Canada .....	7.54	6.47	6.92	7.09	6.90	6.63	6.30	6.30	6.19	5.94	5.76	5.85	5.58	5.60	5.64	5.50
France .....	6.51	5.67	5.80	5.93	5.96	5.67	5.50	5.65	5.55	5.80	5.66	5.45	5.26	5.11	5.04	5.12
Germany .....	6.10	5.50	5.60	5.70	5.60	5.60	5.40	5.50	5.50	5.50	5.50	5.30	5.10	4.90	4.90	4.90
Italy .....	8.85	6.55	7.55	7.37	7.02	6.82	6.38	6.53	6.10	5.90	5.81	5.44	5.21	5.15	4.92	4.90
Japan .....	2.98	2.11	2.27	2.36	2.55	2.37	2.12	2.01	1.88	1.62	1.73	1.66	1.77	1.66	1.58	1.46
Mexico .....																
United Kingdom .....	7.82	7.04	7.46	7.65	7.16	7.13	7.04	7.08	6.80	6.50	6.61	6.36	6.08	6.03	5.95	5.79
Addendum:																
United States .....	6.44	6.35	6.69	6.89	6.71	6.49	6.22	6.30	6.21	6.03	5.88	5.81	5.54	5.57	5.65	5.64
Share price indices (not seasonally adjusted, 1990=100)																
Canada .....	154.0	189.0	171.0	175.0	187.0	188.0	201.0	193.0	206.0	200.0	190.0	196.0	196.0	207.0	221.0	224.0
France .....	118.0	152.0	148.0	145.0	149.0	151.0	161.0	161.0	160.0	159.0	151.0	157.0	163.0	175.0	195.0	208.0
Germany .....	115.6	158.4	145.8	145.7	154.4	160.2	174.8	176.4	170.2	171.5	161.5	171.2	176.7	188.2	201.1	214.2
Italy .....	96.0	131.0	114.0	116.0	119.0	123.0	138.0	139.0	145.0	149.0	145.0	154.0	175.0	189.0	214.0	238.0
Japan .....	74.0	64.0	63.0	63.0	68.0	70.0	70.0	68.0	65.0	62.0	57.0	55.0	56.0	58.0	58.0	56.0
Mexico .....	554.8	779.2	657.4	658.9	696.1	781.9	888.9	815.3	933.4	815.2	872.5	917.2	801.4	839.2	879.8	894.3
United Kingdom .....	167.0	189.0	182.0	179.0	185.0	186.0	190.0	194.0	198.0	203.0	194.0	200.0	205.0	216.0	226.0	232.0
Addendum:																
United States .....	195.0	249.0	227.0	219.0	236.0	249.0	262.0	262.0	267.0	272.0	268.0	275.0	275.0	290.0	306.0	315.0

1. Index of weighted average exchange value of U.S. dollar against currencies of other G-10 countries. March 1973=100. Weights are 1972-76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see: "Index of the weighted-average exchange value of the U.S. dollar: Revision" on page 700 of the August 1978 *Federal Reserve Bulletin*.

NOTE.—All exchange rates are from the Board of Governors of the Federal Reserve System. U.S. interest rates, unemployment rates, and GDP growth rates are from the Federal Reserve, the Bureau of Labor Statistics, and BEA, respectively. All other data (including U.S. consumer prices and U.S. share prices, both of which have been rebased to 1990 to facilitate comparison) are © OECD, June 1998, *OECD Main Economic Indicators* and are reproduced with permission of the OECD.









K. Local Area Table

Table K.1.—Personal Income and Per Capita Personal Income by Metropolitan Area, 1994–96

Table with columns for Area name, Personal income (Millions of dollars, Percent change, Dollars), Per capita personal income (Dollars, Rank in U.S.), and Per capita personal income (Dollars, Rank in U.S.). Rows include United States, Metropolitan and Nonmetropolitan portions, Consolidated Metropolitan Statistical Areas, and Metropolitan Statistical Areas.

See footnotes at the end of the table.

Table K.1.—Personal Income and Per Capita Personal Income by Metropolitan Area, 1994–96—Continued

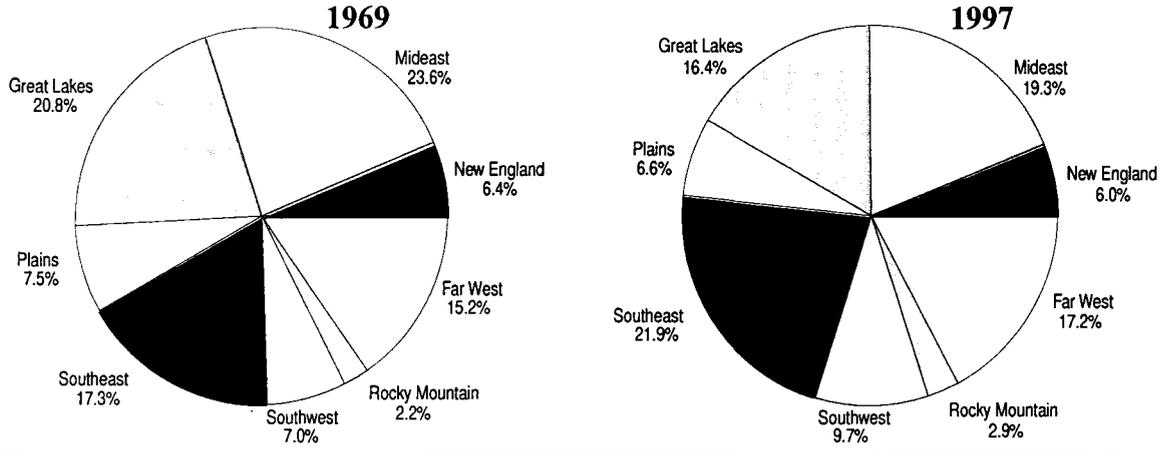
Table with columns: Area name, Personal income (Millions of dollars, Percent change), Per capita personal income (Dollars, Rank in U.S.), Area name, Personal income (Millions of dollars, Percent change), Per capita personal income (Dollars, Rank in U.S.). Rows list various metropolitan areas like Jonesboro, AR, Joplin, MO, Kalamazoo-Battle Creek, MI, etc.

1. The personal income level shown for the United States is derived as the sum of the county estimates; it differs from the national income and product accounts (NIPA) estimate of personal income because, by definition, it omits the earnings of Federal civilian and military personnel stationed abroad and of U.S. residents employed abroad temporarily by private U.S. firms. It can also differ from the NIPA estimate because of different data sources and revision schedules.
2. Percent change was calculated from unrounded data.
3. Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 1994-96 reflect county population estimates available as of March 1998.
4. Includes Metropolitan Statistical Areas, Primary Metropolitan Statistical Areas (PMSAs designated by \*), and New England County Metropolitan Areas (NECMAs). The New Haven-Bridgeport-Stamford-Danbury-Waterbury, CT NECMA is presented as a PMSA (part of the New York CMSA).
Source: Table 1 in "Local Area Personal Income, 1969-96" in the May 1998 issue of the SURVEY OF CURRENT BUSINESS.

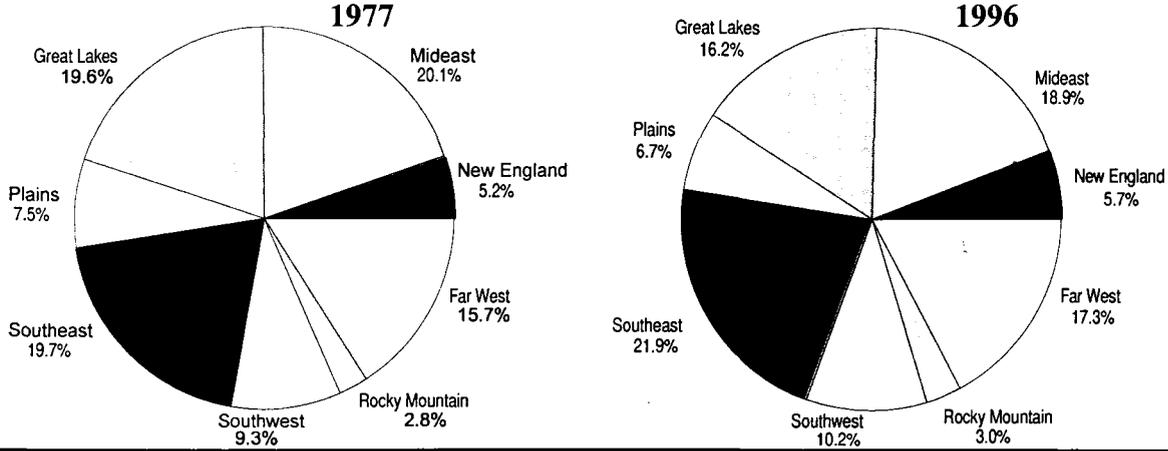
L. Charts

# SELECTED REGIONAL ESTIMATES

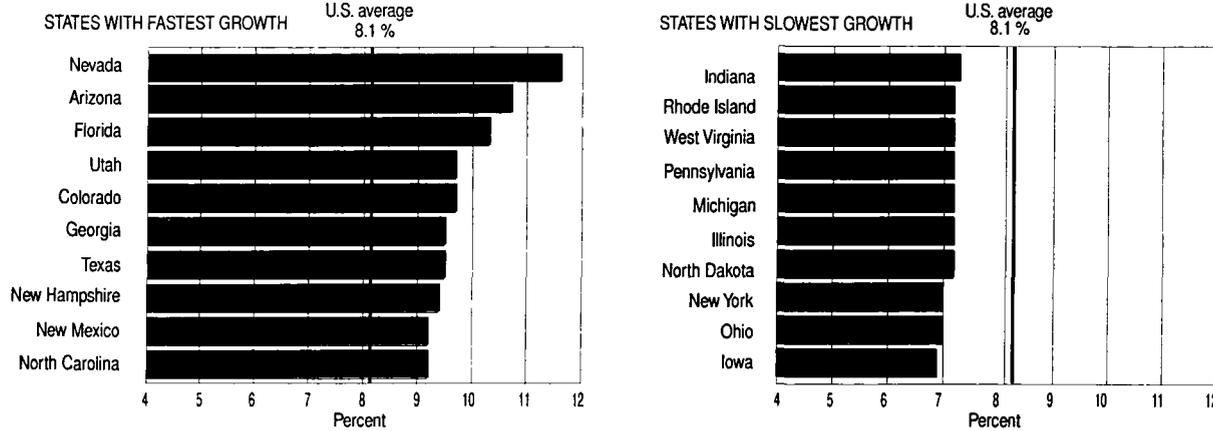
SHARES OF U.S. PERSONAL INCOME BY REGION



SHARES OF U.S. GROSS STATE PRODUCT BY REGION

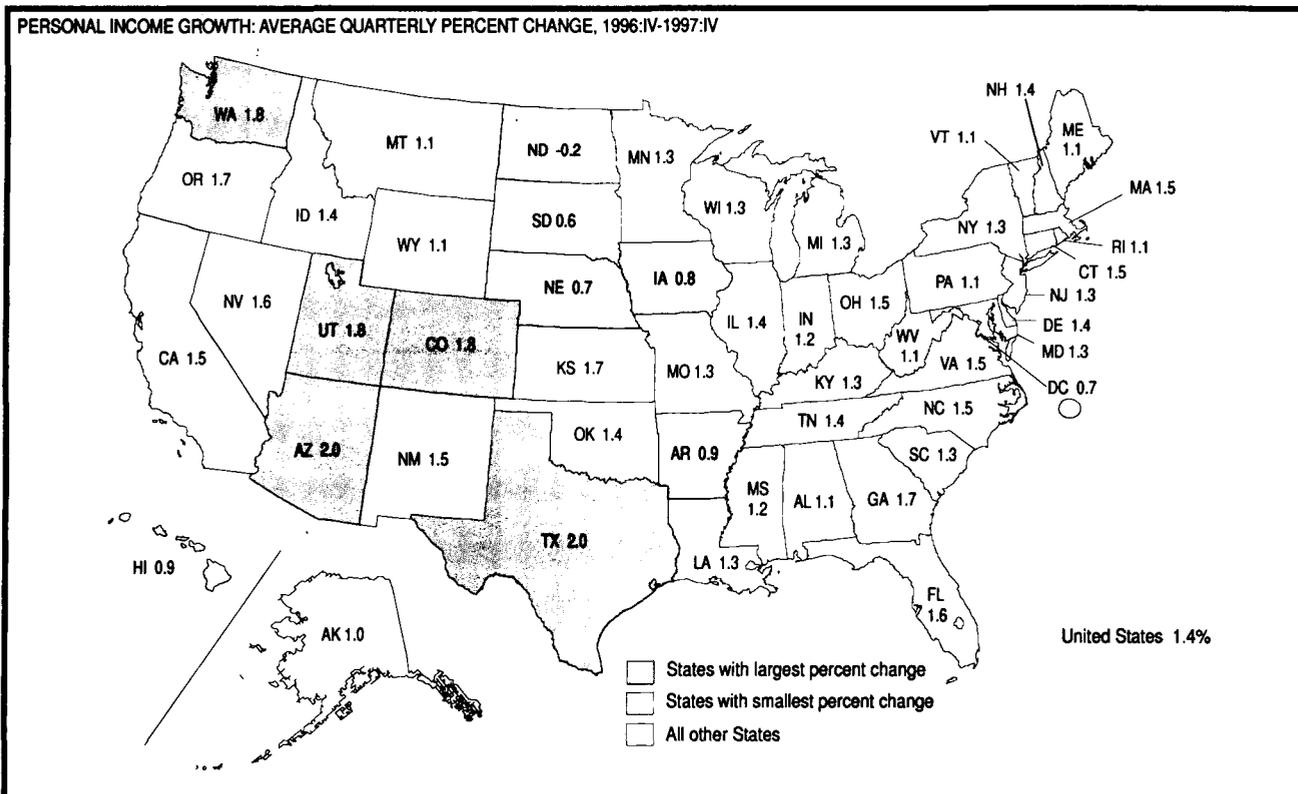
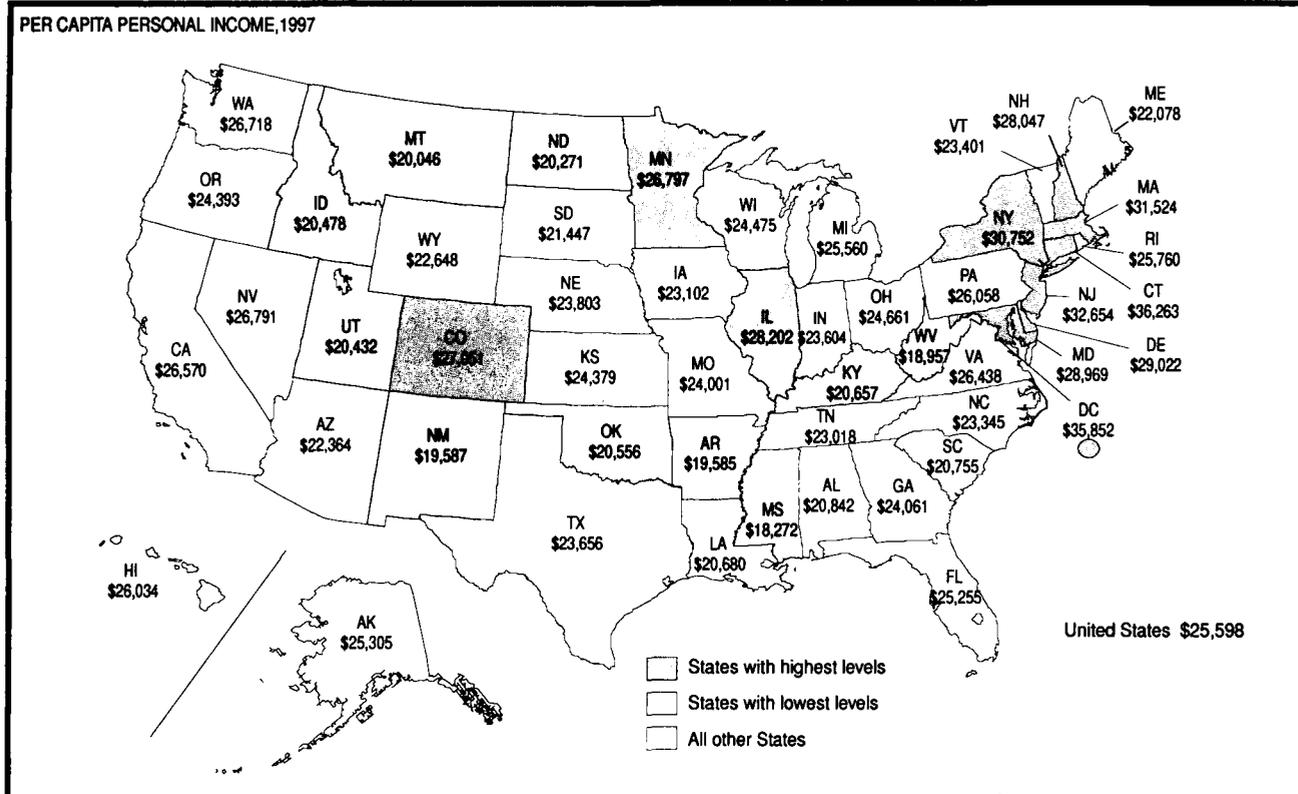


AVERAGE ANNUAL GROWTH RATE OF PERSONAL INCOME, 1969-97



U.S. Department of Commerce, Bureau of Economic Analysis

## SELECTED REGIONAL ESTIMATES



U.S. Department of Commerce, Bureau of Economic Analysis

## Appendix A

### Additional Information About BEA's NIPA Estimates

#### Statistical Conventions

Changes in current-dollar GDP measure changes in the market value of goods and services produced in the economy in a particular period. For many purposes, it is necessary to decompose these changes into quantity and price components. To compute the quantity indexes, changes in the quantities of individual goods and services are weighted by their prices. (Quantity changes for GDP are often referred to as changes in "real GDP.") For the price indexes, changes in the prices for individual goods and services are weighted by quantities produced. (In practice, the current-dollar value and price indexes for most GDP components are determined largely using data from Federal Government surveys, and the real values of these components are calculated by deflation at the most detailed level for which all the required data are available.)

Except for the most recent period, the annual and quarterly changes in real GDP and prices are "chain-type" measures that are both based on the "Fisher Ideal" formula that incorporates weights from two adjacent years. For example, the 1992-93 percent change in real GDP uses prices for 1992 and 1993 as weights, and the 1992-93 percent change in price uses quantities for 1992 and 1993 as weights. Because the quantity and price index numbers calculated in this way are symmetric, the product of the index of real GDP and the index of prices equals the index of current-dollar GDP.

In the most recent period, a variant of the formula is used because only 1 year's information is available for computing the index number weights. Accordingly, BEA uses the prices and quantities from the two adjacent quarters as weights to calculate Fisher chain-type measures for those estimates. For example, the 1996:II-1996:III percent change in real GDP uses prices for 1996:II and 1996:III as weights, and the 1996:II-1996:III percent change in the GDP price index uses quantities for 1996:II and 1996:III as weights.

BEA also presents another measure, known as the "implicit price deflator," in the NIPA tables. The implicit price deflator is calculated as the ratio of current-dollar value to the corresponding chained-dollar value multiplied by 100.

In addition, BEA prepares measures of real GDP and its components in a dollar-denominated form, designated "*chained (1992) dollar estimates*." These estimates are computed by multiplying the 1992 current-dollar value of GDP, or of a GDP component, by the corresponding quantity index number. For example, if a current-dollar GDP component equaled \$100 in

1992 and if real output for this component increased by 10 percent in 1993, then the "chained (1992) dollar" value of this component in 1993 would be \$110 ( $\$100 \times 1.10$ ). Note that percentage changes in the chained (1992) dollar estimates and the percentage changes calculated from the quantity indexes are identical, except for small differences due to rounding.

Because of the formula used for calculating real GDP, the chained (1992) dollar estimates for detailed GDP components *do not add* to the chained-dollar value of GDP or to any intermediate aggregates. A "residual" line is shown as the difference between GDP and the sum of the most detailed components shown in each table. The residual generally is small close to the base period but tends to become larger as one moves further from it. The table of contributions of the major components to the change in real GDP (NIPA table 8.2) provides a better basis for determining the composition of GDP growth than the chained-dollar estimates.

For quarters and months, the estimates are presented at annual rates, which show the value that would be registered if the rate of activity measured for a quarter or a month were maintained for a full year. Annual rates are used so that time periods of different lengths—for example, quarters and years—may be compared easily. These annual rates are determined simply by multiplying the estimated rate of activity by 4 (for quarterly data) or 12 (for monthly data).

Percent changes in the estimates are also expressed at annual rates. Calculating these changes requires a variant of the compound interest formula:

$$r = \left[ \left( \frac{X_t}{X_o} \right)^{m/n} - 1 \right] \times 100,$$

where  $r$  is the percent change at an annual rate;  
 $X_t$  is the level of activity in the later period;  
 $X_o$  is the level of activity in the earlier period;  
 $m$  is the yearly periodicity of the data (for example, 1 for annual data, 4 for quarterly, or 12 for monthly); and  
 $n$  is the number of periods between the earlier and later periods (that is,  $t - o$ ).

Quarterly and monthly NIPA estimates are seasonally adjusted, if necessary. Seasonal adjustment removes from the time series the average impact of variations that normally occur at about the same time and in about the same magnitude each year—for example, weather, holidays, and tax payment dates. After seasonal adjustment, cyclical and other short-term changes in the economy stand out more clearly.



## Appendix B Suggested Reading

### Mid-Decade Strategic Plan

BEA has published the following articles in the SURVEY OF CURRENT BUSINESS on the development and implementation of its strategic plan for improving the accuracy, reliability, and relevance of the national, regional, and international accounts.

"Mid-Decade Strategic Review of BEA's Economic Accounts: Maintaining and Improving Their Performance" (February 1995)

"Mid-Decade Strategic Review of BEA's Economic Accounts: An Update" (April 1995)

"BEA's Mid-Decade Strategic Plan: A Progress Report" (June 1996)

*Mid-Decade Strategic Review of BEA's Economic Accounts: Background Papers* (1995) presents seven background papers that evaluate the state of the U.S. economic accounts and that identify the problems and the prospects for improving the accounts.

### Methodology

BEA has published a wealth of information about the methodology used to prepare its national, regional, and international estimates.

#### National

*National income and product accounts (NIPA's)*

*NIPA Methodology Papers*: This series documents the conceptual framework of the NIPA's and the methodology used to prepare the estimates.

*An Introduction to National Economic Accounting* (NIPA Methodology Paper No. 1, 1985) [Also appeared in the March 1985 issue of the SURVEY]

*Corporate Profits: Profits Before Tax, Profits Tax Liability, and Dividends* (NIPA Methodology Paper No. 2, 1985)

*Foreign Transactions* (NIPA Methodology Paper No. 3, 1987) [Revised version forthcoming]

*GNP: An Overview of Source Data and Estimating Methods* (NIPA Methodology Paper No. 4, 1987) [Largely superseded by "A Guide to the NIPA's" (March 1998 SURVEY)]

*Government Transactions* (NIPA Methodology Paper No. 5, 1988)

*Personal Consumption Expenditures* (NIPA Methodology Paper No. 6, 1990)

The methodologies described in these papers are subject to periodic improvements that are typically introduced as part of the annual and comprehensive revisions of the NIPA's; these improvements are

described in the SURVEY articles that cover these revisions.

"Annual Revision of the U.S. National Income and Product Accounts": This series of SURVEY articles, the latest of which was published in the August 1997 issue, describes the annual NIPA revisions and the improvements in methodology.

"Completion of the Comprehensive Revision of the National Income and Product Accounts, 1929-96" (May 1997) is the last in a series of SURVEY articles that describe the most recent comprehensive revision of the NIPA's.

"A Guide to the NIPA's" (March 1998 SURVEY) provides the definitions of the major NIPA aggregates and components; discusses the measures of real output and prices; explains how production is classified and how the NIPA's are presented; describes the statistical conventions that are used; and lists the principal source data and methods used to prepare the estimates of gross domestic product (GDP).

Information on the sources and methods used to prepare the national estimates of personal income, which provide the basis for the State estimates of personal income, can be found in *State Personal Income, 1929-93* (1995).

"Gross Domestic Product as a Measure of U.S. Production" (August 1991 SURVEY) briefly explains the difference between GDP and gross national product.

"BEA's Chain Indexes, Time Series, and Measures of Long-Term Economic Growth" (May 1997) is the most recent in a series of SURVEY articles that describe the conceptual basis for the chain-type measures of real output and prices used in the NIPA's.

"Reliability and Accuracy of the Quarterly Estimates of GDP" (October 1993 SURVEY) evaluates GDP estimates by examining the record of revisions in the quarterly estimates.

#### Availability

Most of the items listed here are available on BEA's Web site at <http://www.bea.doc.gov>. In addition, see the inside back cover of this issue for the availability of some of the publications.

The Catalog of BEA Products is available on BEA's Web site; a printed copy can be obtained by writing to the Public Information Office, BE-53, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230, or by calling 202-606-9900.

*Wealth and related estimates*

"Improved Estimates of Fixed Reproducible Tangible Wealth, 1929–95" (May 1997 SURVEY) describes the most recent comprehensive revision of the estimates of fixed reproducible tangible wealth.

*Gross product by industry*

"Improved Estimates of Gross Product by Industry, 1959–94" (August 1996 SURVEY) describes the most recent comprehensive revision of the estimates of gross product by industry.

"Gross Product by Industry, 1947–96" (November 1997 SURVEY) presents the most recent revision to the estimates of gross product by industry and briefly describes changes in methodology.

*Input-output accounts*

"Benchmark Input-Output Accounts for the U.S. Economy, 1992" (November 1997 SURVEY) describes the preparation of the 1992 input-output accounts and the concepts and methods underlying the U.S. input-output accounts.

*Satellite accounts*

Satellite accounts that extend the analytical capacity of the national accounts by focusing on a particular aspect of activity are presented in the following SURVEY articles.

"Integrated Economic and Environmental Satellite Accounts" and "Accounting for Mineral Resources: Issues and BEA's Initial Estimates" (April 1994)

"A Satellite Account for Research and Development" (November 1994)

"U.S. Transportation Satellite Accounts for 1992" (April 1998)

"U.S. Travel and Tourism Satellite Accounts for 1992" (July 1998)

*International**Balance of payments accounts (BPA's)*

*The Balance of Payments of the United States: Concepts, Data Sources, and Estimating Procedures* (1990) describes the methodologies used in preparing the estimates in the BPA's and of the international investment position of the United States. These methodologies are subject to periodic improvements that are typically introduced as part of the annual revisions of the BPA's.

"U.S. International Transactions, Revised Estimates": This series of SURVEY articles, the latest of

which is published in this issue, describes the annual BPA revisions and the improvements in methodology.

*Direct investment*

The coverage, concepts, definitions, and classifications used in the benchmark surveys of U.S. direct investment abroad and of foreign direct investment in the United States are presented in the publications of the final results of the following benchmark surveys.

*U.S. Direct Investment Abroad: 1994 Benchmark Survey, Final Results* (1998)

*Foreign Direct Investment in the United States: 1992 Benchmark Survey, Final Results* (1995)

The types of data on direct investment that are collected and published by BEA and the clarifications of the differences between the data sets are presented in the following SURVEY articles.

"A Guide to BEA Statistics on U.S. Multinational Companies" (March 1995)

"A Guide to BEA Statistics on Foreign Direct Investment in the United States" (February 1990)

*Surveys of international services*

*U.S. International Transactions in Private Services: A Guide to the Surveys Conducted by the Bureau of Economic Analysis* (1998) provides information on the 11 surveys that BEA conducts on these transactions—including classifications, definitions, release schedules, and methods used to prepare the estimates—and samples of the survey forms.

*Regional**Personal income*

*State Personal Income, 1929–93* (1995) includes a description of the methodology used to prepare the estimates of State personal income. [Also available on the CD-ROM "State Personal Income, 1958–96"]

*Local Area Personal Income, 1969–92* (1994) includes a description of the methodology used to prepare the estimates of local area personal income. [Also available on the CD-ROM "Regional Economic Information System, 1969–96"]

*Gross state product*

"Comprehensive Revision of Gross State Product by Industry, 1977–94" (June 1997 SURVEY) summarizes the sources and methods for BEA's estimates of gross state product.

"Gross State Product by Industry, 1977–96" (June 1998 SURVEY) presents the most recent revision to the estimates of gross state product by industry and briefly describes changes in methodology. 

## BEA INFORMATION

The economic information prepared by the Bureau of Economic Analysis (BEA) is available in news releases, in publications, on computer diskettes, on CD-ROM's, and on the Internet. For a description of these products in the free *User's Guide to BEA Information*, write to the Public Information Office, BE-53, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230, or call (202) 606-9900. The *User's Guide* and other information are also available on BEA's home page at <http://www.bea.doc.gov>.

The free publication *U.S. International Transactions in Private Services: A Guide to the Surveys Conducted by the Bureau of Economic Analysis* provides information about 11 surveys. For each survey, it details the frequency of the survey, the transactions covered, and the methods used to prepare the estimates that are derived from the survey data; it includes a sample of each survey. To receive your copy, write to Sylvia Bargas, BE-50, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230, or call (202) 606-9804.

In addition, the following publications are available from the Superintendent of Documents of the Government Printing Office (GPO). To order, write to Superintendent of Documents, P.O. Box 371954, Pittsburgh, PA 15250-7954, call (202) 512-1800 or fax (202) 512-2250. Pay by check to the Superintendent of Documents or charge to a GPO deposit account, to Visa, or to MasterCard.

**New!**

**National Income and Product Accounts of the United States, 1929-94.** (1998) This two-volume set presents the estimates of the national income and product accounts (NIPA's) that reflect the most recent comprehensive revision and the 1997 annual revision. The text describes the definitions and classifications that underlie the NIPA's and the statistical conventions used in the NIPA's; an appendix lists the principal source data and methods that are used in preparing the estimates. \$58.00, stock no. 003-010-00272-7.

**Benchmark Input-Output Accounts of the United States, 1987.** (1994) Presents summary and detailed make and use tables for industries and commodities; tables showing commodity- and industry-output-requirements per dollar of commodity demanded; and tables showing the input-output (I-O) commodity composition of personal consumption expenditures and producers' durable equipment expenditures in the national income and product accounts. Presents concepts and methods used in the 1987 benchmark accounts; concordance between I-O and 1987 Standard Industrial Classification codes; description of the components of the measures of output, intermediate inputs, and value added; and mathematical derivation of total requirements tables. \$29.00, stock no. 003-010-00251-4.

**Regional Multipliers: A User Handbook for the Regional Input-Output Modeling System (RIMS II), Third Edition.** (1997) This handbook describes the five types of RIMS II multipliers that are available for nearly 500 industries and for any county or for any group of counties. It details the information that the users need in order to effectively use the RIMS II multipliers to analyze the economic and industrial impact of public and private projects and programs on State and local areas. The handbook also includes case studies that illustrate the uses of the RIMS II multipliers and a description of the methodology that the Bureau of Economic Analysis uses to estimate the multipliers. \$6.00, stock no. 003-010-00264-6.

**Foreign Direct Investment in the United States: 1992 Benchmark Survey, Final Results.** (1995) Presents detailed data on the financial structure and operations of U.S. affiliates of foreign direct investors, on the foreign direct investment position in the United States, and on the balance-of-payments transactions between U.S. affiliates and their foreign parent companies in 1992. Includes data for items, such as employment covered by collective bargaining agreements and merchandise trade by product and country of destination and origin, that are only collected in comprehensive benchmark surveys. The data are classified by industry of affiliate and by country of ultimate beneficial owner, and selected data are classified by State. The text describes the coverage, the concepts

and definitions, and the classifications used in the survey. \$20.00, stock no. 003-010-00259-0.

**Foreign Direct Investment in the United States: Operations of U.S. Affiliates of Foreign Companies.** (1997) Two publications: One presents the revised estimates for 1994, and the other, the preliminary estimates for 1995 from BEA's annual surveys of the financial structure and operations of nonbank U.S. affiliates of foreign direct investors. The estimates are presented by industry of the U.S. affiliate and by country of the ultimate beneficial owner (UBO) and for selected estimates, by industry of UBO and by State. Preliminary 1995 Estimates. \$8.50, stock no. 003-010-00268-9; Revised 1994 Estimates. \$8.50, stock no. 003-010-00267-1.

**Foreign Direct Investment in the United States: Establishment Data for 1992.** (1997) This publication, which presents the results of a project by BEA and the Bureau of the Census, provides the most recently available data on the number, employment, payroll, and shipments or sales of foreign-owned U.S. establishments in more than 800 industries at the Standard Industrial Classification four-digit level and by State and by country of owner. Presents additional information—such as data on value added, employee benefits, hourly wage rates of production workers, and expenditures for plant and equipment—for manufacturing establishments. \$28.00, stock no. 003-010-00265-4.

**New!**

**U.S. Direct Investment Abroad: 1994 Benchmark Survey, Final Results.** (1998) This publication presents the data on the worldwide operations of U.S. multinational companies in 1994 from the most recent comprehensive survey of U.S. direct investment abroad. It contains 243 tables that present data on the financial structure and operations of U.S. parent companies and their foreign affiliates and data on the direct investment position and balance of payments between the parents and their affiliates. The data are presented by industry of the parent and by industry and country of the affiliate. The text describes the coverage, the definitions and concepts, and the classifications used in the survey. \$37.00, stock no. 003-010-00271-9.

**U.S. Direct Investment Abroad: Operations of U.S. Parent Companies and Their Foreign Affiliates, Preliminary 1995 Estimates.** (1997) Provides preliminary results for 1995 from BEA's annual survey of the worldwide operations of U.S. multinational companies. Contains information on the financial structure and operations of U.S. parent companies and their foreign affiliates. Data are classified by country and industry of affiliate and by industry of U.S. parent. \$9.00, stock no. 003-010-00270-1.

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\* Joint release by the Bureau of the Census and BEA.

For information, call (202) 606-9900, Bureau of Economic Analysis, U.S. Department of Commerce.