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Statistics Administration

BUREAU OF  
ECONOMIC ANALYSIS

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U.S. BALANCE OF PAYMENTS  
THIRD QUARTER 1972 (REVISED)

The balance on current account and long-term capital was in deficit by \$2.2 billion in the third quarter, the Bureau of Economic Analysis, an agency of the Commerce Department's Social and Economic Statistics Administration, announced today. The deficit was about \$350 million more than the \$1.9 billion deficit in the second quarter. (All figures are seasonally adjusted.)

With the trade deficit narrowing in the third quarter and an improvement in the services surplus, the balance on goods and services was in deficit by \$895 million (revised) and the balance on goods, services and remittances was in deficit by \$1.3 billion, both measures improving by about \$700 million compared with the second quarter. The deficit on current account also declined, to \$1.8 billion, compared with \$2.5 billion in the second quarter.

There were net long-term capital outflows of \$425 million, an adverse shift of \$1.1 billion from the second quarter. Net U.S. Government long-term capital outflows were \$280 million, \$185 million more than in the second quarter.

Net long-term private capital flows registered an outflow of \$145 million in the third quarter, following a \$750 million inflow in the second. On the basis of preliminary data now available on U.S. direct investment abroad, there was a net outflow of \$1.1 billion in the third quarter, compared with the unusually low \$100 million (revised) in the second. The increase was in good part due to reversals of second quarter inflows from Canada. Foreign direct investment in the United States declined about \$90 million to \$260 million. Net U.S. transactions in foreign securities resulted in an inflow of \$225 million, a \$580 million favorable shift from the second quarter, largely reflecting a sharp drop in Canadian bond issues in the United States. However, net foreign purchases of U.S. securities declined \$280 million from the very high second quarter level but still totaled a substantial \$675 million. There was little net change in other long-term private capital flows.

The net liquidity balance was in deficit by \$4.5 billion (revised) in the third quarter and the official reserve transactions balance was in deficit by \$4.6 billion (revised). The corresponding deficits for the second quarter were \$2.2 billion and \$0.9 billion, respectively.

Complete balance of payments data for the third quarter and further analysis will be published in the December issue of the Survey of Current Business, the monthly journal of the Bureau of Economic Analysis. The Survey is available from Field Offices of the Department of Commerce, or from the Superintendent of Documents, U.S. Government Printing Office, Washington, D. C., 20402, at an annual subscription price of \$9.00 including weekly supplements; single copy, \$1.00.

Table A--Summary of U.S. International Transactions  
(Millions of dollars, seasonally adjusted)

Line	1971	1971				1972			Change : 1972 II-III
		I	II	III	IV <sup>r</sup>	I <sup>r</sup>	II <sup>r</sup>	III <sup>P</sup>	
1 Merchandise trade balance.....	-2,689	289	-1,012	-472	-1,494	-1,687	-1,948	-1,588	360
2 Services, net.....	3,417	847	1,048	563	957	499	347	692	345
3 Balance on goods and services.....	727	1,136	36	91	-537	-1,188	-1,601	-896	705
4 Remittances, pensions and other transfers.	-1,529	-355	-369	-402	-404	-389	-383	-357	26
5 Balance on goods, services, and remittances.	-802	781	-333	-311	-941	-1,577	-1,984	-1,253	731
6 U.S. Government grants (excl. military)...	-2,045	-436	-477	-544	-588	-601	-535	-538	-3
7 Balance on current account.....	-2,847	345	-810	-855	-1,529	-2,178	-2,519	-1,791	728
8 U.S. Government capital flows, net, and nonliquid liabilities to other than foreign official reserve agencies.....	-2,378	-702	-584	-558	-533	-343	-95	-281	-186
9 Long-term private capital flows, net.....	-4,079	-922	-1,605	-1,883	330	-1,081	750	-143	-893
10 Balance on current account and long-term capital.....	-9,304	-1,279	-2,999	-3,296	-1,732	-3,602	-1,864	-2,215	-351
11 Nonliquid short-term private capital flows, net.....	-2,386	-534	-315	-883	-654	-508	592	-542	-1,134
12 Allocations of SDR.....	717	180	179	179	179	178	178	177	-1
13 Errors and omissions, net.....	-11,031	-944	-2,586	-5,380	-2,122	800	-1,141	-1,872	-731
14 Net liquidity balance.....	-22,002	-2,577	-5,721	-9,380	-4,329	-3,132	-2,235	-4,453	-2,218
15 Liquid private capital flows, net.....	-7,763	-2,848	-745	-2,551	-1,619	-119	1,386	-171	-1,557
16 Official reserve transactions balance.....	-29,765	-5,425	-6,466	-11,931	-5,948	-3,251	-849	-4,624	-3,775

<sup>r</sup> Revised

<sup>P</sup> Preliminary

Note.--Details may not add to totals because of rounding.

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