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BUREAU OF  
ECONOMIC ANALYSIS

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U.S. Balance of Payments  
(Current Account and Long-Term Capital)  
Second Quarter 1975

The balance on current account and long-term capital was in surplus by \$1.6 billion in the second quarter, compared with a deficit of \$0.7 billion in the first, the Bureau of Economic Analysis, an agency of the Commerce Department announced today. (All quarterly figures are seasonally adjusted; previously published data have been revised.)

The balance on goods and services was in surplus by \$5.3 billion in the second quarter, compared with a \$3.2 billion surplus in the first. The merchandise trade surplus expanded \$1.5 billion to \$3.3 billion due to a larger decline in imports than in exports. Net investment income rose \$0.5 billion to \$1.6 billion, but remained below 1974 quarterly levels because of lower net income from the petroleum industry. The surplus on other services rose \$0.1 billion to \$0.3 billion. Unilateral transfers showed little change, so that there was a \$2.1 billion rise to a \$4.1 billion surplus in the balance on current account.

Net long-term private capital outflows declined \$0.1 billion to \$2.1 billion. U.S. direct investment outflows increased \$1.0 billion to \$2.0 billion, and foreign direct investment in the United States rose \$0.3 billion to \$0.6 billion. Net U.S. purchases of foreign securities declined from \$2.0 billion in the first quarter to \$1.0 billion in the second. Net foreign purchases of U.S. securities were unchanged at \$0.7 billion. Other long-term private outflows rose \$0.3 billion.

A summary of U.S. international transactions is shown in the table that follows. Complete balance of payments data for the second quarter and further analysis will be published in the September issue of the Survey of Current Business, the monthly journal of the Bureau of Economic Analysis. The Survey is available from District 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 \$48.30, including weekly supplements; single copies, \$3.00.

TABLE FOLLOWS:

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

Credits (+), Debits (-)	1974 <sup>r</sup>	1974 <sup>r</sup>				1975		Change: 1975 I-II
		I	II	III	IV	I <sup>p</sup>	II <sup>p</sup>	
1 Merchandise trade balance -----	-5,277	-123	-1,459	-2,315	-1,380	1,830	3,345	1,515
1a Exports -----	98,309	22,464	24,218	25,034	26,593	27,188	25,694	-1,494
1b Imports -----	-103,586	-22,587	-25,677	-27,349	-27,973	-25,358	-22,349	3,009
2 Net investment income -----	10,121	3,245	1,964	2,354	2,559	1,176	1,629	453
2a U.S. direct investment abroad -----	17,679	4,500	4,399	4,700	4,080	2,156	2,375	219
3 Other services, net -----	-1,020	-130	-427	-274	-190	172	285	113
4 Balance on goods and services -----	3,825	2,992	78	-235	989	3,178	5,259	2,081
5 Remittances, pensions and other transfers -----	-1,721	-370	-457	-457	-439	-448	-475	-27
6 Balance on goods, services and remittances -----	2,104	2,622	-379	-692	550	2,730	4,784	2,054
7 U.S. Government grants (excluding military grants of goods and services) -----	-5,461	-2,596	-1,408	-808	-649	-727	-723	4
8 Balance on current account -----	-3,357	26	-1,787	-1,500	-99	2,003	4,061	2,058
9 U.S. Government capital flows, net, and nonliquid liabilities to other than foreign official reserve agencies -----	1,118	1,411	484	83	-860	-474	-365	109
10 Long-term private capital flows, net -----	-8,447	264	-999	-2,157	-5,554	-2,202	-2,085	117
10a U.S. direct investment abroad -----	-7,455	-745	-1,572	-1,828	-3,310	-1,041	-2,001	-960
10b Foreign direct investment in the United States -----	2,224	1,177	1,700	-1	-653	340	623	283
10c Other long-term capital flows, net -----	-3,216	-168	-1,127	-328	-1,591	-1,501	-707	794
11 Balance on current account and long-term capital -----	-10,686	1,701	-2,302	-3,574	-6,513	-673	1,611	2,284
12 Nonliquid short-term private capital flows, net -----	-12,949	-3,908	-5,248	-1,462	-2,331	1,911	-1,036	-2,947
13 Errors and omissions, net -----	4,593	1,007	1,332	1,126	1,127	1,870	451	-1,419
14 Net liquidity balance † -----	-19,043	-1,200	-6,218	-3,910	-7,717	3,108	1,026	-2,082
15 Liquid private capital flows, net -----	10,669	1,751	2,020	4,028	2,870	-6,375	-2,642	3,733
16 Official reserve transactions balance † -----	-8,374	551	-4,198	118	-4,847	-3,267	-1,616	1,651

r Revised            p Preliminary

† These balances have been used to measure exchange market pressures on the dollar. Under current conditions these pressures are inadequately reflected in them.

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

Current international transactions made a healthy contribution towards improving the domestic economy of the United States in the second quarter of 1975, according to the Bureau of Economic Analysis of the Commerce Department. Thanks to the record quarterly surplus of \$3.3 billion in merchandise trade, the balance on current account moved into its largest quarterly surplus since these records were begun in 1960. The balance on current account measures the contribution current international transactions make to the gross national product. The balance on current account and long-term capital moved from a deficit in the first quarter into a \$1.6 billion surplus in the second quarter, aided by a small decline in net long-term capital outflows. The balance on current account and long-term capital is a rough measure of the basic long-term trend in U.S. international transactions.