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Summary of U.S. International Transactions
Third Quarter 1978

The U.S. current-account deficit widened $0.7 billion to $3.8 billion in the third quarter, according to the Bureau of Economic Analysis, U.S. Department of Commerce. The merchandise trade deficit increased $0.2 billion to $8.0 billion, as imports increased more than exports. Net service receipts decreased $0.5 billion to $5.5 billion, largely reflecting decreases in net military receipts and net investment income receipts. Unilateral transfers were unchanged at $1.3 billion.

In the capital accounts, there were substantial increases in both foreign assets in the United States and U.S. assets abroad. Foreign assets in the United States increased $14.6 billion, compared with $0.4 billion in the second quarter. Foreign official assets increased $4.9 billion, in contrast to a $5.7 billion second-quarter reduction. Official dollar holdings of industrial countries increased $6.4 billion, reflecting net dollar purchases in exchange markets by several major countries. Official dollar holdings of OPEC countries decreased $1.6 billion, the second consecutive quarterly decrease; non-OPEC developing countries increased their dollar holdings by less than $0.1 billion. Other foreign assets increased $9.7 billion, $3.6 billion more than in the second quarter. Liabilities to private foreigners and international financial institutions reported by U.S. banks increased $7.0 billion, compared with $2.7 billion in the second quarter. In contrast, net foreign purchases of U.S. securities other than U.S. Treasury securities decreased $0.9 billion to $0.4 billion. Inflows for foreign direct investments in the United States were virtually unchanged, at $1.8 billion.

U.S. assets abroad increased $11.0 billion, compared with $6.1 billion in the second quarter. Claims on foreigners reported by U.S. banks more than accounted for the change, increasing $7.1 billion, compared with $0.5 billion in the second quarter. In contrast, outflows for U.S. direct investments abroad decreased $1.6 billion to $2.4 billion, and net U.S. purchases of foreign securities decreased $0.6 billion to $0.5 billion, as foreign new issued decreased. U.S. official reserve assets declined $0.2 billion, slightly less than in the second quarter.

The statistical discrepancy (errors and omissions in reported transactions) was an inflow of $0.2 billion, compared with the record inflow of $8.8 billion in the second quarter. The sharp reduction in the inflow may have partly reflected the decline of the dollar in exchange markets during the third quarter.

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

| Line | Credits (+), Debits (-) | Year | 1977r I | 1977r II | 1977r III | 1977r IV | 1978 I | 1978 IIr | 1978 IIIp | Change: 1978 II-III |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Exports of goods and services[1] | 183,205 | 44,751 | 46,276 | 47,131 | 45,050 | 48,221 | 53,976 | 55,559 | 1,583 |
| 2 | Merchandise, adjusted, excluding military[2] | 120,576 | 29,477 | 30,629 | 31,009 | 29,461 | 30,664 | 35,067 | 36,930 | 1,863 |
| | Receipts of income on U.S. assets abroad: | | | | | | | | | |
| 3 | Direct investments | 19,851 | 4,928 | 5,088 | 5,155 | 4,681 | 5,603 | 5,963 | 5,752 | -211 |
| 4 | Of which: Reinvested earnings of incorporated affiliates | 7,312 | 1,839 | 1,693 | 1,849 | 1,931 | 2,491 | 2,065 | 2,475 | 410 |
| 5 | Other private receipts | 10,881 | 2,520 | 2,633 | 2,698 | 3,030 | 3,455 | 3,703 | 3,961 | 258 |
| 6 | U.S. Government receipts | 1,368 | 348 | 367 | 367 | 286 | 323 | 337 | 233 | -104 |
| 7 | Other goods and services | 30,529 | 7,478 | 7,559 | 7,902 | 7,592 | 8,176 | 8,906 | 8,683 | -223 |
| 8 | Imports of goods and services[2] | -193,789 | -46,381 | -47,716 | -48,740 | -50,953 | -53,797 | -55,761 | -58,116 | -2,355 |
| 9 | Merchandise, adjusted, excluding military[2] | -151,706 | -36,502 | -37,263 | -38,277 | -39,664 | -41,865 | -42,869 | -44,975 | -2,106 |
| | Payments of income of foreign assets in the United States: | | | | | | | | | |
| 10 | Direct investments | -2,829 | -553 | -767 | -702 | -807 | -535 | -1,154 | -1,075 | 79 |
| 11 | Of which: Reinvested earnings of incorporated affiliates | -1,572 | -309 | -404 | -408 | -452 | -244 | -702 | -600 | 102 |
| 12 | Other private payments | -6,224 | -1,433 | -1,527 | -1,541 | -1,723 | -1,996 | -2,132 | -2,216 | -84 |
| 13 | U.S. Government payments | -5,540 | -1,211 | -1,307 | -1,367 | -1,655 | -1,972 | -2,134 | -2,105 | 29 |
| 14 | Other goods and services | -27,490 | -6,682 | -6,852 | -6,853 | -7,104 | -7,429 | -7,472 | -7,745 | -273 |
| 15 | Unilateral transfers (excluding military grants of goods and services), net | -4,708 | -1,126 | -1,243 | -1,277 | -1,064 | -1,282 | -1,317 | -1,267 | 50 |
| 16 | U.S. Government grants (excluding military grants of goods and services) | -2,776 | -636 | -763 | -787 | -591 | -778 | -781 | -774 | 7 |
| 17 | U.S. Government pensions, private remittances, and other transfers | -1,932 | -490 | -480 | -490 | -473 | -504 | -536 | -493 | 43 |
| 18 | U.S. assets abroad, net (increase/capital outflow (-)) | -34,650 | -1,334 | -12,003 | -6,615 | -14,700 | -15,036 | -6,134 | -11,006 | -4,872 |
| 19 | U.S. official reserve assets, net | -231 | -388 | 6 | 151 | (*) | 246 | 329 | 180 | -149 |
| 20 | U.S. Government assets, other than official reserve assets, net | -3,679 | -949 | -795 | -1,098 | -838 | -896 | -1,176 | -1,494 | -318 |
| 21 | U.S. private assets, net | -30,740 | 3 | -11,214 | -5,668 | -13,862 | -14,386 | -5,287 | -9,692 | -4,405 |
| 22 | Direct investments abroad | -12,215 | -2,177 | -3,729 | -3,113 | -3,197 | -4,945 | -3,948 | -2,363 | 1,585 |
| 23 | Of which: Reinvested earnings of incorporated affiliates | -7,312 | -1,839 | -1,693 | -1,849 | -1,931 | -2,491 | -2,065 | -2,475 | -410 |
| 24 | Foreign securities | -5,398 | -736 | -1,766 | -2,165 | -731 | -949 | -1,103 | -467 | 636 |
| 25 | Claims on unaffiliated foreigners reported by U.S. nonbanking concerns | -1,700 | -768 | -1,137 | 1,389 | -1,184 | -2,222 | 267 | 275 | 8 |
| 26 | Claims reported by U.S. banks | -11,427 | 684 | -4,582 | -1,779 | -8,750 | -6,270 | -503 | -7,137 | -6,634 |
| 27 | Foreign assets in the United States, net (increase/capital inflow (+)) | 50,869 | 2,490 | 14,064 | 14,251 | 20,065 | 18,095 | 406 | 14,612 | 14,206 |
| 28 | Foreign official assets in the United States, net | 37,124 | 5,451 | 7,884 | 8,246 | 15,543 | 15,760 | -5,685 | 4,904 | 10,589 |
| 29 | U.S. Government securities | 32,602 | 5,421 | 5,733 | 7,575 | 13,873 | 13,082 | -5,517 | 3,589 | 9,106 |
| 30 | Other U.S. Government liabilities | 1,644 | 505 | 417 | 332 | 390 | 804 | -312 | 350 | 662 |
| 31 | U.S. liabilities reported by U.S. banks, not included elsewhere | 773 | -725 | 752 | -163 | 909 | 1,456 | -493 | 881 | 1,374 |
| 32 | Other foreign official assets | 2,105 | 250 | 982 | 502 | 371 | 418 | 637 | 84 | -553 |
| 33 | Other foreign assets in the United States, net | 13,746 | -2,962 | 6,180 | 6,005 | 4,522 | 2,336 | 6,090 | 9,708 | 3,618 |
| 34 | Direct investments in the United States | 3,338 | 880 | 996 | 1,012 | 450 | 812 | 1,852 | 1,793 | -59 |
| 35 | Of which: Reinvested earnings of incorporated affiliates | 1,572 | 309 | 404 | 408 | 452 | 244 | 702 | 600 | -102 |
| 36 | U.S. Treasury securities | 563 | 981 | -1,370 | 1,251 | -299 | 881 | 847 | -1,053 | -1,900 |
| 37 | U.S. securities other than U.S. Treasury securities | 2,869 | 828 | 725 | 513 | 803 | 462 | 1,308 | 442 | -866 |
| 38 | U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns | 257 | -346 | -412 | 590 | 425 | 495 | 248 | 482 | 234 |
| 39 | U.S. liabilities reported by U.S. banks, not included elsewhere | 6,719 | -5,304 | 6,240 | 2,640 | 3,143 | -314 | 1,836 | 8,044 | 6,208 |
| 40 | Allocations of special drawing rights | - | - | - | - | - | - | - | - | - |
| 41 | Statistical discrepancy (sum of above items with sign reversed) | -927 | 1,600 | 622 | -4,751 | 1,602 | 3,798 | 8,830 | 218 | -8,612 |
| | Of which: seasonal adjustment discrepancy | - | 131 | -179 | -2,229 | 2,276 | 160 | -1 | -2,411 | -2,410 |
| | MEMORANDA: | | | | | | | | | |
| 42 | Balance on merchandise trade (lines 2 and 9) | -31,130 | -7,025 | -6,634 | -7,268 | -10,203 | -11,201 | -7,802 | -8,045 | -243 |
| 43 | Balance on goods and services (lines 1 and 8) | -10,585 | -1,630 | -1,440 | -1,609 | -5,903 | -5,576 | -1,785 | -2,557 | -772 |
| 44 | Balance on goods, services, and remittances (lines 43 and 17) | -12,516 | -2,120 | -1,920 | -2,099 | -6,376 | -6,080 | -2,321 | -3,050 | -729 |
| 45 | Balance on current account (lines 43 and 15) | -15,292 | -2,756 | -2,683 | -2,886 | -6,967 | -6,858 | -3,102 | -3,824 | -722 |
| | Transactions in U.S. official reserve assets and in foreign official assets in the United States: | | | | | | | | | |
| 46 | Increase (-) in U.S. official reserve assets, net (line 19) | -231 | -388 | 6 | 151 | (*) | 246 | 329 | 180 | -149 |
| 47 | Increase (+) in foreign official assets in the United States (line 29, 31, and 32) | 35,480 | 4,946 | 7,467 | 7,914 | 15,153 | 14,956 | -5,373 | 4,554 | 9,927 |

r Revised. p Preliminary. *Less than $500,000 (±)

1. Excludes transfers of goods and services under U.S. military grant programs.
2. Adjusted for timing, valuation, and coverage to balance of payments basis; excludes exports under U.S. military agency sales contracts and imports of U.S. military agencies.

NOTE:—Details may not add to totals because of rounding.

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

Complete data for the third quarter and their 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 the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. First class mail: annual subscription $31.00 domestic. Foreign airmail delivery rates available upon request. Second class mail: annual subscription $19.00 domestic, $23.75 foreign. Single copy $1.60 domestic, $2.00 foreign.