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SELECTED DATA ON U.S. INTERNATIONAL TRANSACTIONS
SECOND QUARTER 1979

The Bureau of Economic Analysis, U.S. Department of Commerce, reports the following major developments in U.S. international transactions in the second quarter:

* Foreign official assets in the United States decreased $10.1 billion in the second quarter, following an $8.5 billion decrease in the first. Much of the decrease in both quarters reflected intervention sales of dollars in exchange markets by several major industrial countries to support their currencies. OPEC members and non-OPEC developing countries both increased their dollar holdings in the United States in the second quarter.

* Claims on foreigners reported by U.S. banks increased $5.0 billion in the second quarter, compared with a $5.8 billion decrease in the first. Liabilities to private foreigners and international financial institutions reported by U.S. banks increased $10.2 billion, compared with a $10.7 billion increase.

* U.S. purchases of foreign securities were $0.6 billion, compared with $1.1 billion in the first quarter. Net foreign purchases of U.S. securities other than Treasury securities were unchanged at $0.8 billion.

* As previously reported, the U.S. merchandise trade deficit increased $1.5 billion to $7.6 billion, as imports increased more than exports.

* From April to early June, the dollar appreciated against most major foreign currencies except the British pound. In the latter part of June, the dollar came under renewed pressure and depreciated against these currencies. For the quarter, the dollar appreciated against the Japanese, Dutch, and Canadian currencies, was unchanged against the Swiss and French francs, and depreciated against the British pound, German mark, and Italian lira.

These developments are summarized in the table below. The text which follows, together with the detailed table and the explanatory notes at the end of this release, provide additional information.

Billions of dollars

	1979			
	I	II	Change IQ-IIQ	Table lines
Merchandise trade balance	-6.1	-7.6	-1.5	1-2
U.S. assets abroad, net:*				
U.S. official reserve assets, net	-3.6	0.3	3.9	3
U.S. private assets, net:				
Foreign securities	-1.1	-0.6	0.4	8
Claims reported by U.S. banks	5.8	-5.0	-10.8	12+13
Foreign assets in the United States, net:*				
Foreign official assets in the United States, net	-8.5	-10.1	-1.6	14+17+18
Other foreign assets in the United States, net:				
U.S. securities other than U.S. Treasury securities	0.8	0.8	-	22
U.S. liabilities reported by U.S. banks	10.7	10.2	-0.5	19+29+30
Other transactions, SDR allocations, and statistical discrepancy	1.9	12.2	10.3	31+32

*An increase in U.S. assets abroad is an outflow (-), because U.S. funds flow out to acquire the assets. An increase in foreign assets in the United States is an inflow (+), because foreign funds flow in to acquire the assets.

Merchandise trade

The merchandise trade deficit was $7.6 billion in the second quarter, compared with $6.1 billion in the first. The $1.5 billion increase reflected a larger increase in imports than in exports.

Imports increased 6 percent to $50.4 billion; volume increased 3 percent. Petroleum imports increased 11 percent to $12.9 billion. Average unit prices increased 17 percent, more than accounting for the increase. The number of barrels imported daily fell to 8.7 million from 9.3 million in the first quarter. Nonpetroleum imports increased 5 percent to $37.5 billion; the entire increase was in volume. There were increases in all major end-use categories; the largest were in industrial supplies and materials (especially nonferrous metals), capital goods (machinery), and imports of passenger cars from areas other than Canada.

Exports increased 3 percent to $42.8 billion; volume increased 2 percent. Nonagricultural exports increased 4 percent to $35.1 billion. There were substantial increases in industrial supplies and materials (mainly nonferrous metals and chemicals), and machinery. Agricultural exports, at $7.7 billion, were unchanged in value and volume. Soybean exports declined 28 percent; the decline was offset by increases in grain and tobacco exports.

U.S. assets abroad

U.S. official reserve assets decreased $0.3 billion in the second quarter, compared with a $3.6 billion increase in the first. The decrease reflected a reduction in foreign currency holdings in June.

Claims on foreigners reported by U.S. banks increased $5.0 billion, compared with a $5.8 billion decrease in the first quarter. There were large increases (outflows) to France, the United Kingdom, and Mexico and a small net decrease (inflow) from Caribbean banking centers.

Net U.S. purchases of foreign securities were $0.6 billion, down from $1.1 billion. The decline was concentrated in new issues of Canadian securities, which dropped to $0.2 billion, the lowest level since the third quarter of 1973.

Foreign assets in the United States

Foreign official assets in the United States decreased $10.1 billion, compared with an $8.5 billion decrease in the first quarter. (These data exclude certain U.S. Government liabilities, mainly foreign prepayments on orders for military equipment, for which second-quarter data are not yet available.) A reduction in official dollar holdings by several industrial countries, which sold dollars in exchange markets, more than accounted for the decrease. When the dollar depreciated late in the quarter, these countries again increased their dollar holdings in the United States.

Among other foreign assets in the United States, net foreign purchases of U.S. securities other than Treasury securities were unchanged at $0.8 billion. Liabilities to private foreigners and international financial institutions increased $10.2 billion (inflows), $0.5 billion less than the first quarter inflow. There were large inflows from Western Europe, and a shift to outflows to Japan.

Selected Data on U.S. International Tran
Available as of the Mi
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	Credits (+); debits (-)	
1.	Merchandise exports 1, 2/	14
2.	Merchandise imports 1, 2/	-17
	U.S. assets abroad, net (increase/capital outflow (-)): 1/	
3.	U.S. official reserve assets, net	
4.	Gold	
5.	Special drawing rights	
6.	Reserve position in the International Monetary Fund	
7.	Foreign currencies	-
	U.S. private assets, net:	
8.	Foreign securities	-
9.	Newly issued in the United States	-
10.	Other bonds	
11.	Other stocks	
	Claims reported by U.S. banks: 3/	
12.	Long-term	-3
13.	Short-term	
	Foreign assets in the United States, net (increase/capital inflow (+)): 1/	
	Foreign official assets in the United States, net:	
14.	U.S. Government securities	2
15.	U.S. Treasury securities	2
16.	Other 4/	
17.	U.S. liabilities reported by U.S. banks, not included elsewhere	
18.	U.S. securities other than U.S. Government securities 5/	
	Other foreign assets in the United States, net:	
19.	U.S. Treasury securities	
20.	Marketable	
21.	Nonmarketable	
22.	U.S. securities other than U.S. Treasury securities	
23.	Stocks	
24.	Eurobonds newly issued abroad by U.S. corporations 6/	
25.	Other bonds	
	U.S. liabilities reported by U.S. banks, not included elsewhere:	
26.	To foreign commercial banks	1
27.	To international and regional organizations (excluding the International Monetary Fund)	
28.	To other foreigners	
29.	Long-term 7/	1
30.	Short-term 7/	
31.	Allocations of special drawing rights	
32.	Other transactions and statistical discrepancy (net payments (-))	1
	Memoranda:	
33.	Merchandise exports, not seasonally adjusted 2/	
34.	Merchandise imports, not seasonally adjusted 2/	

p Preliminary.

1. Data for merchandise exports and imports are adjusted for seasonal variations. Season assets in the United States have been suspended because of disruption in seasonal pa
2. Excludes exports under U.S. military grant programs and under U.S. military agency sal
3. Due to introduction of new reporting forms for bank-related transactions, the maturity
4. Consists of U.S. Treasury and Export-Import Bank obligations to foreign official reser corporations and agencies.
5. Consists of U.S. stocks and debt securities of private corporations and State and loca
6. Securities newly issued by finance subsidiaries incorporated in the Netherlands Antill to U.S. parent companies.
7. Beginning with estimates for the second quarter of 1978, the distinction betw short
8. Mark-denominated and Swiss franc-denominated notes sold to German and Swiss residents,

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

tions in the Second Quarter of 1979
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llars)

	1978				1979		Change:
r	I	II	III	IV	I	II[p]	IQ-IIQ
84	30,811	35,267	36,491	39,315	41,350	42,760	1,410
71	-42,710	-43,174	-44,503	-45,684	-47,448	-50,399	-2,951
32	187	248	115	182	-3,589	343	3,932
65	--	--	--	-65	--	--	--
49	-16	-104	-43	1,412	-1,142	6	1,148
31	324	437	195	3,275	-86	-78	8
83	-121	-85	-37	-4,440	-2,361	415	2,776
87	-999	-1,095	-475	-918	-1,056	-625	431
54	-1,093	-2,311	-959	-1,691	-1,503	-824	679
39	-237	1,110	475	591	449	137	-312
28	330	106	10	182	-2	62	64
23	{ -311 / -5,959 }	715	-5,488	-21,980	5,836	-4,989	-10,825
98	13,021	-5,602	3,472	13,307	-8,876	-12,640	-3,764
42	12,904	-5,813	3,029	13,422	-8,871	-12,734	-3,863
56	117	211	443	-115	-5	94	99
11	1,456	-164	963	3,156	153	2,370	2,217
95	418	637	84	256	215	145	-70
80	881	803	-1,053	1,549	2,586	-239	-2,825
85 8/	881	803	-1,053	-46	31	-239	-270
95	--	--	--	1,595 8/	2,555 8/	--	-2,555 8/
67	453	1,347	528	540	790	795	5
09	341	965	-26	29	422	274	-148
16	65	230	499	22	443	440	-3
42	46	152	56	488	-75	81	156
23	-262	1,420	7,478	6,787	8,625	9,674	1,049
21	-274	94	351	50	-274	498	772
31	132	351	129	719	-227	280	507
75	{ 250 / -654 }	1,865	7,958	7,556	8,124	10,452	2,328
-	--	--	--	--	1,139	--	-1,139
39	3,156	9,153	1,908	2,721	776	12,027	11,251
	30,789	36,599	34,495	40,001	41,324	44,410	3,086
	-41,899	-43,907	-44,155	-46,110	-46,524	-51,204	-4,680

adjustments for changes in U.S. assets abroad and foreign
rns in capital flows beginning in 1973.
contracts and imports of U.S. military agencies.
eakdown for bank claims is not available at this time.
agencies and of debt securities of U.S. Government

overnments.
are included to the extent that the proceeds are transferred

nd long-term liabilities is discontinued.
spectively.

U.S. dollar in exchange markets

From April to early June, the dollar appreciated against most major currencies, reflecting continued inflows of funds to the United States from several leading countries. Market perceptions regarding the unfavorable effect of higher petroleum prices on other countries heavily dependent on petroleum imports, particularly Japan, continued to favor the dollar. In contrast, the dollar depreciated against the British pound, as a Conservative Party victory in the Parliamentary elections improved market expectations regarding the economic outlook for the United Kingdom. In the latter part of June, renewed pressures against the dollar developed and it declined against major currencies. Some narrowing of interest rate differentials between the United States and several leading industrial countries, concern about the high U.S. inflation rate, inaction on an energy program, and a lack of improvement in the U.S. trade balance probably were contributing factors. From the end of March to the end of June, the dollar appreciated 4 percent against the Japanese yen, and 1 percent against the Dutch guilder and Canadian dollar. In contrast, the dollar depreciated 5 percent against the British pound and 1 percent against the German mark and Italian lira. The dollar was unchanged against the Swiss and French francs.

Measured in terms of its trade-weighted average value against the currencies of 22 OECD countries, the dollar appreciated 1 percent; against the currencies of 10 leading industrial countries, it depreciated 1 percent. The difference between the two measures is explained by differences in weighting schemes and currency composition.

* * *

Preliminary data for U.S. international transactions now available are shown in the accompanying table. Revisions of these data and additional information will be published in a press release on September 20. Complete second-quarter data 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 the Superintendent of Documents, U.S. Government Printing Office, Washington, D. C. 20402. First class mail (domestic only): annual subscription $35.00; single issue $2.40. Foreign airmail delivery rates available upon request. Second class mail; annual subscription $22.00 domestic, $27.50 foreign; single issue $1.90 domestic.

Explanatory Notes

In addition to the footnotes in the detailed table, the following explanations of items in the summary table are provided for users of this release.

Merchandise exports and imports. Census Bureau trade statistics are adjusted for coverage, timing, and valuation in order to bring them into conformity with balance of payments concepts.

U.S. assets abroad:

U.S. official reserve assets. Measures net *changes* in U.S. Government holdings of gold, special drawing rights, foreign currencies, and the U.S. reserve position in the International Monetary Fund.

Foreign securities. Measures net U.S. private purchases of foreign bonds and stocks with no contractual maturities or maturities of more than one year; the principal component is purchases of foreign bonds newly issued in the United States.

Claims reported by U.S. banks. Measures net *changes* in claims on foreigners held by U.S. banks. Included are loans, acceptances, deposits, collections, foreign government obligations, foreign commercial paper, and foreign finance paper.

Foreign assets in the United States:

Foreign official assets in the United States. Measures net *changes* in foreign official agencies' holdings of U.S. Government securities, U.S. private securities, and other U.S. private liabilities such as demand and time deposits at U.S. banks.

U.S. securities other than U.S. Treasury securities. Measures net purchases by private foreigners and international financial institutions of U.S. stocks, bonds, and other securities with no contractual maturities or maturities of more than one year.

U.S. liabilities reported by U.S. banks. Measures net *changes* in liabilities to private foreigners and international financial institutions, reported by U.S. banks for their own accounts and for others' accounts under their custody. Included are U.S. Treasury securities, loans, acceptances, deposits, and negotiable time certificates of deposit.

Other transactions, SDR allocations, and statistical discrepancy. Includes direct investments, services, allocations of special drawing rights, other transactions for which first-quarter data are not yet available, and errors and omissions that may occur in any account.