

UNITED STATES DEPARTMENT OF  
**COMMERCE**  
**NEWS**  
WASHINGTON, D.C. 20230

BUREAU OF  
ECONOMIC ANALYSIS

FOR WIRE TRANSMISSION 3:00 P.M., EDT, THURSDAY, MAY 22, 1980

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BEA 80-31

Selected Data on U.S. International Transactions  
First Quarter 1980

The Bureau of Economic Analysis, U.S. Department of Commerce, reports the following major developments in U.S. international transactions in the first quarter of 1980:

- \* Foreign official assets in the United States decreased \$7.7 billion, compared with a decrease of \$0.5 billion in the fourth quarter of 1979. Most of the decrease reflected net intervention sales of dollars in exchange markets by several major industrial countries to support their currencies.
- \* U.S. official reserve assets increased \$3.2 billion, compared with a \$0.6 billion increase. The increase was accounted for by an allocation of special drawing rights (SDRs) by the International Monetary Fund (IMF), and the acquisition of foreign currencies.
- \* Liabilities to private foreigners and international institutions reported by U.S. banks increased \$8.9 billion, compared with \$1.4 billion, due to the strong demand for credit from U.S. banks and record high interest rates in the United States during the quarter. Claims on foreigners reported by U.S. banks decreased \$2.9 billion, compared with an increase of \$7.3 billion.
- \* Net foreign purchases of U.S. securities other than U.S. Treasury securities were \$2.5 billion, largely reflecting record purchases of \$2.0 billion of U.S. stocks.
- \* The dollar appreciated 9 percent from the end of December to the end of March, measured in terms of its trade-weighted average value, against the currencies of 10 industrial countries and the currencies of 22 OECD countries. The appreciation--which was related to the sharper rise in U.S. than in foreign interest rates, especially in March--occurred against all major foreign currencies.
- \* The merchandise trade deficit was \$12.2 billion, compared with \$8.6 billion in the fourth quarter, as previously reported.

These developments are summarized in the table below. Additional information is provided in the text that follows and the table and explanatory notes at the end of this release.

Billions of dollars

	1979	1980	Change: IVQ-IQ	Table lines
	IV	I		
Merchandise trade balance-----	-8.6	-12.2	-3.6	1-2
U.S. assets abroad, net:*				
U.S. official reserve assets, net----	-0.6	-3.2	-2.6	3
U.S. private assets, net:				
Foreign securities-----	-1.1	-0.8	0.3	8
Claims reported by U.S. banks-----	-7.3	2.9	10.2	12
Foreign assets in the United States, net:*				
Foreign official assets in the United States, net-----	-0.5	-7.7	-7.2	13+16+17
Other foreign assets in the United States, net:				
U.S. securities other than U.S. Treasury securities-----	0.3	2.5	2.2	21
U.S. liabilities reported by U.S. banks-----	1.4	8.9	7.5	18+25
Other transactions, SDR allocations, and statistical discrepancy-----	16.4	9.8	-6.6	29+30

\*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 U.S. merchandise trade balance was in deficit by \$12.2 billion in the first quarter, compared with a deficit of \$8.6 billion in the fourth. The deficit was the largest since the \$11.9 billion deficit in the first quarter of 1978.

Imports increased \$7.0 billion, or 12 percent, to \$66.2 billion. Petroleum imports increased \$2.8 billion, or 15 percent, to \$21.6 billion. Higher prices more than accounted for the increase. The average number of barrels imported daily declined 2 percent, reflecting higher inventories and lower consumption. Nonpetroleum imports increased \$4.3 billion, or 11 percent, to \$44.5 billion; volume increased 7 percent. Nonferrous metals, up \$1.4 billion, showed the largest increase. Other increases were in capital goods and automotive products from areas other than Canada. Partly offsetting were decreases in durable consumer goods and foods.

Exports increased \$3.4 billion, or 7 percent, to \$53.9 billion; volume increased 5 percent. Agricultural exports declined \$0.2 billion, or 2 percent, all in volume, to \$10.3 billion. The decline was concentrated in grains and soybeans, principally because of the partial embargo on shipments of these commodities to the Soviet Union announced on January 4. Nonagricultural exports increased \$3.6 billion, or 9 percent, to \$43.6 billion; volume increased 7 percent. The largest increase was in consumer goods, up \$1.3 billion. Other increases were in machinery and silver metal, each up \$0.6 billion, and civilian aircraft, up \$0.3 billion.

## U.S. assets abroad

U.S. official reserve assets increased \$3.2 billion, compared with a \$0.6 billion increase in the fourth quarter. The increase was accounted for by an allocation of \$1.2 billion in SDRs by the IMF, and the acquisition of \$2.1 billion in foreign currencies, partly from the sale of foreign currency-denominated U.S. Treasury notes abroad.

Net U.S. purchases of foreign securities were \$0.8 billion, \$0.3 billion less than in the fourth quarter. Foreign new issues were \$1.0 billion, despite high interest rates, reflecting issues by a few Canadian and European borrowers. Net sales and redemptions of outstanding bonds were \$0.8 billion. Net U.S. purchases of foreign stocks, primarily of Canadian issues in January and February, were \$0.6 billion.

Claims on foreigners reported by U.S. banks decreased \$2.9 billion, after increasing \$7.3 billion. The decline may have partly reflected the reversal of yearend transactions, and was largely accounted for by Western Europe and branches of U.S. banks in the Caribbean; there were large increases in claims on Japan.

## Foreign assets in the United States

Foreign official assets in the United States declined \$7.7 billion in the first quarter, compared with a \$0.5 billion decline in the fourth. (These data exclude certain U.S. Government liabilities, mainly foreign prepayments on orders for military equipment, for which first-quarter data are not yet available.) The decline reflected intervention sales of dollars in exchange markets by several major industrial countries to support their currencies. OPEC members and non-OPEC developing countries increased their assets in the United States at a slower rate than in the fourth quarter.

Selected Data on U.S. International Transactions in the First Quarter of 1980  
Available as of the Middle of May, 1980  
(Millions of dollars)

Credits (+); debits (-)	1979				1980	Change: IVQ-IQ	
	Year	I	II	III	IV		I <sup>p</sup>
1. Merchandise exports <u>1,2/</u> -----	182,074	41,435	42,890	47,235	50,514	53,934	3,420
2. Merchandise imports <u>1,2/</u> -----	-211,524	-47,632	-50,299	-54,483	-59,110	-66,156	-7,046
U.S. assets abroad, net (increase/capital outflow (-)): <u>1/</u>							
3. U.S. official reserve assets, net-----	-1,107	-3,585	343	2,779	-644	-3,246	-2,602
4. Gold-----	-65	--	--	--	-65	--	65
5. Special drawing rights-----	-1,136	-1,142	6	--	--	-1,152	-1,152
6. Reserve position in the International Monetary Fund-----	-189	-86	-78	-52	27	-34	-61
7. Foreign currencies-----	283	-2,357	415	2,831	-606	-2,060	-1,454
U.S. private assets, net:							
8. Foreign securities-----	-4,967	-1,056	-629	-2,164	-1,118	-829	289
9. Newly issued in the United States-----	-4,589	-1,503	-824	-1,528	-734	-1,006	-272
10. Other bonds-----	380	449	134	-231	28	838	810
11. Other stocks-----	-758	-2	61	-405	-412	-661	-249
12. Claims reported by U.S. banks-----	-26,089	6,572	-8,266	-17,127	-7,268	2,917	10,185
Foreign assets in the United States, net (increase/capital inflow (+)): <u>1/</u>							
Foreign official assets in the United States, net:							
13. U.S. Government securities-----	-22,005	-8,877	-12,765	5,365	-5,728	-4,702	1,026
14. U.S. Treasury securities-----	-22,470	-8,872	-12,859	5,030	-5,769	-5,502	267
15. Other <u>3/</u> -----	465	-5	94	335	41	800	759
16. U.S. liabilities reported by U.S. banks, not included elsewhere-----	6,553	-563	2,321	83	4,712	-3,371	-8,083
17. U.S. securities other than U.S. Government securities <u>4/</u> -----	1,008	213	145	106	544	335	-209
Other foreign assets in the United States, net:							
18. U.S. Treasury securities-----	4,725	2,583	-239	1,460	921	3,281	2,360
19. Marketable-----	1,051	28	-239	1,460	-198	2,113	2,311
20. Nonmarketable <u>5/</u> -----	3,674	2,555	--	--	1,119	1,168	49
21. U.S. securities other than U.S. Treasury securities-----	2,874	790	1,161	605	319	2,480	2,161
22. Stocks-----	1,026	422	274	136	194	1,997	1,803
23. Eurobonds newly issued abroad by U.S. corporations <u>6/</u> -----	1,764	443	732	481	108	80	-28
24. Other bonds-----	85	-75	155	-12	17	403	386
25. U.S. liabilities reported by U.S. banks, not included elsewhere-----	32,702	7,157	12,067	13,006	472	5,581	5,109
26. To foreign commercial banks-----	30,494	7,626	10,753	12,991	-876	6,056	6,932
27. To international and regional organizations (excluding the International Monetary Fund)-----	-110	-274	486	-656	334	-649	-983
28. To other foreigners-----	2,318	-195	828	671	1,014	174	-840
29. Allocations of special drawing rights-----	1,139	1,139	--	--	--	1,152	1,152
30. Other transactions and statistical discrepancy (net payments (-))-----	34,617	1,824	13,271	3,135	16,386	8,624	-7,762
<u>Memoranda:</u>							
31. Merchandise exports, not seasonally adjusted <u>2/</u> -----		41,322	44,441	44,614	51,697	53,780	2,083
32. Merchandise imports, not seasonally adjusted <u>2/</u> -----		-46,533	-51,308	-54,120	-59,563	-64,801	-5,238

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1. Data for merchandise exports and imports are adjusted for seasonal variations. Seasonal adjustments for changes in U.S. assets abroad and foreign assets in the United States have been suspended because of disruption in seasonal patterns in capital flows beginning in 1973.
2. Excludes exports under U.S. military grant programs and under U.S. military agency sales contracts and imports of U.S. military agencies.
3. Consists of U.S. Treasury and Export-Import Bank obligations to foreign official reserve agencies and of debt securities of U.S. Government corporations and agencies.
4. Consists of U.S. stocks and debt securities of private corporations and State and local governments.
5. Mark-denominated and Swiss franc-denominated notes sold to German and Swiss residents, respectively.
6. Securities newly issued by finance subsidiaries incorporated in the Netherlands Antilles are included to the extent that the proceeds are transferred to U.S. parent companies.

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

Among other foreign assets in the United States, liabilities to private foreign and international institutions reported by U.S. banks increased \$8.9 billion, compared with \$1.4 billion in the fourth quarter. There were large increases in borrowings by U.S. banks from their foreign branches, reflecting strong U.S. credit demands and record high interest rates, and large foreign purchases of high-yielding U.S. Treasury securities. Net foreign purchases of U.S. securities other than U.S. Treasury securities were \$2.5 billion, due to record stock purchases of \$2.0 billion, mostly during the stock market rally in January and February.

#### U.S. dollar in exchange markets

After approximate stability in the first half of the quarter, the dollar appreciated sharply in the second half, largely due to the steeper rise in U.S. than in foreign interest rates, especially in March. The appreciation occurred despite substantial intervention in exchange markets and actions by several foreign monetary authorities to increase interest rates and to ease exchange controls. From the end of December 1979 to the end of March 1980, the dollar appreciated 16 percent against the Swiss franc; 12 percent against the German mark, Italian lira, and Netherlands guilder; 11 percent against the French franc; 4 percent against the Japanese yen; 3 percent against the British pound; and 2 percent against the Canadian dollar. Measured in terms of its trade-weighted average value, the dollar appreciated 9 percent against the currencies of 22 OECD countries and the currencies of 10 major industrial countries.

Preliminary data for U.S. international transactions are shown in the accompanying tables. Revisions of these data and additional information will be published in a press release June 19. Complete first-quarter data and data for 1979 will be published in the June 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. Foreign airmail delivery rates available upon request. Second class mail: annual subscription \$22.00 domestic, \$25.50 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 transactions in special drawing rights, foreign currencies, the U.S. reserve position with the International Monetary Fund (IMF), and transfers of monetary gold between U.S. Government agencies and foreign governments or international monetary institutions.

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.