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U.S. International Transactions, 3rd quarter 2010

NOTE: See the navigation bar at the right side of the news release text for links to data tables, contact personnel and their telephone numbers, and supplementary materials.

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U.S. International Transactions: Third Quarter 2010

Current Account

The U.S. current-account deficit—the combined balances on trade in goods and services, income, and net unilateral current transfers—increased to \$127.2 billion (preliminary) in the third quarter of 2010, from \$123.2 billion (revised) in the second quarter of 2010. The increase was the fifth consecutive quarterly increase since the deficit of \$84.4 billion in the second quarter of 2009, which was the smallest deficit since the third quarter of 1999. The increase was largely accounted for by a reduction in the surplus on income and an increase in the deficit on goods. An increase in net unilateral current transfers also contributed; an increase in the surplus on services was partly offsetting.

Goods and services

The deficit on goods and services increased to \$134.4 billion in the third quarter from \$133.1 billion in the second.

Goods

The deficit on goods increased to \$171.2 billion in the third quarter from \$169.6 billion in the second.

Goods exports increased to \$323.1 billion from \$316.2 billion. Most major end-use categories increased in the third quarter. Capital goods and foods, feeds, and beverages accounted for most of the increase. The increase in capital goods mainly reflected gains in machinery and equipment and in civilian aircraft. The increase in exports of foods, feeds, and beverages was mostly accounted for by gains in soybeans.

Goods imports increased to \$494.2 billion from \$485.7 billion. Most major end-use categories increased; most of the increase was accounted for by consumer goods and capital goods. Consumer goods increased as a result of pickups in both durable and nondurable goods. The third-quarter gain within capital goods was widespread across commodities, led by a 24 percent jump in semiconductors. The gains in consumer and capital goods were partly offset by a decrease in industrial supplies and materials, mostly as a result of a decrease in petroleum imports.

Services

The surplus on services increased to \$36.8 billion in the third quarter from \$36.5 billion in the second.

Services receipts increased to \$136.8 billion from \$133.7 billion. The largest increases were in travel and in other private services. Most of the other services categories also increased.

Services payments increased to \$100.0 billion from \$97.2 billion. The largest increases were in travel, in other transportation, and in other private services. Most of the other services categories also increased.

Income

The surplus on income decreased to \$41.1 billion in the third quarter from \$43.0 billion in the second.

Investment income

Income receipts on U.S.-owned assets abroad increased to \$164.7 billion from \$163.1 billion. The largest increase was in direct investment receipts. Other private receipts (which consists of interest and dividends) and U.S. government receipts also increased.

Income payments on foreign-owned assets in the United States increased to \$121.6 billion from \$118.0 billion. The increase was more than accounted for by direct investment payments. A decrease in other private payments (which consists of interest and dividends) was partly offsetting.

Compensation of employees

Receipts for compensation of U.S. workers abroad remained at \$0.8 billion in the third quarter. Payments for compensation of foreign workers in the United States remained at \$2.9 billion.

Unilateral current transfers

Net unilateral current transfers to foreigners were \$33.9 billion in the third quarter, up from \$33.2 billion in the second. The increase was more than accounted for by U.S. government grants.

Capital Account

Net capital account payments (outflows) remained close to zero for the third consecutive quarter.

Financial Account

Net financial inflows were \$181.6 billion in the third quarter, up from \$31.0 billion in the second. Growth in both U.S.-owned assets abroad and foreign-owned assets in the United States picked up considerably, however the pickup in foreign-owned assets in the United States was greater than that of U.S.-owned assets abroad.

U.S.-owned assets abroad

U.S.-owned assets abroad increased \$324.5 billion in the third quarter, following an increase of \$141.2 billion in the second.

U.S. claims on foreigners reported by U.S. banks and securities brokers increased \$195.7 billion in the third quarter, following an increase of \$57.0 billion in the second. (Examples of these claims are U.S. banks deposits at foreign banks and U.S. banks loans to foreigners.)

Net U.S. purchases of foreign securities were \$44.5 billion in the third quarter following net U.S. purchases of \$20.3 billion in the second. Net U.S. purchases of foreign stocks slowed to \$16.5 billion from \$22.2 billion. Transactions in foreign bonds shifted to net U.S. purchases of \$28.0 billion from small net U.S. sales of \$1.8 billion.

U.S. direct investment abroad was \$83.1 billion in the third quarter, up from \$72.5 billion in the second. The increase in direct investment was more than accounted for by a shift to outflows from inflows in net intercompany debt investment abroad and an increase in reinvested earnings. A shift to equity inflows was partly offsetting.

U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns

increased \$0.7 billion in the third quarter, following a decrease of \$11.3 billion in the second.

U.S. official reserve assets increased \$1.1 billion in the third quarter, following an increase of \$0.2 billion in the second.

U.S. government assets other than official reserve assets decreased \$0.6 billion in the third quarter, following an increase of \$2.4 billion in the second.

Foreign-owned assets in the United States

Foreign-owned assets in the United States increased \$506.1 billion in the third quarter, following an increase of \$162.1 billion in the second.

U.S. liabilities to foreigners reported by U.S. banks and securities brokers (other than foreign official assets) increased \$107.1 billion in the third quarter, following a decrease of \$6.7 billion in the second. (Examples of these liabilities are deposits of foreign residents at banks in the United States and loans by banks abroad to banks in the United States.)

Net private foreign purchases of U.S. Treasury securities were \$65.0 billion in the third quarter, down from \$101.3 billion in the second.

Net private foreign transactions in U.S. securities other than U.S. Treasury securities shifted to net foreign purchases of \$108.8 billion in the third quarter from net foreign sales of \$5.6 billion in the second. Transactions in U.S. federally sponsored agency bonds were a record net purchases of \$54.0 billion in the third quarter, up from net purchases of \$8.1 billion in the second. Net foreign transactions in U.S. corporate bonds shifted to net purchases of \$18.0 billion from net foreign sales of \$18.1 billion. Net foreign purchases of U.S. stocks were \$36.8 billion, up from \$4.4 billion.

Foreign direct investment in the United States was \$70.5 billion in the third quarter, following investment of \$18.0 billion in the second. The increase was mostly accounted for by growth in equity investment and a shift to net inflows from net outflows in net intercompany debt investment in the United States.

U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns increased \$2.7 billion in the third quarter, following an increase of \$9.4 billion in the second.

Foreign official assets in the United States increased \$141.6 billion in the third quarter, following an increase of \$43.6 billion in the second.

Net shipments of U.S. currency to foreign countries were \$10.5 billion in the third quarter, up from \$2.1 billion in the second.

The statistical discrepancy errors and omissions in recorded transactions was -\$54.4 billion in the third quarter compared with \$92.2 billion in the second.

In the third quarter, the U.S. dollar depreciated 2.2 percent on a trade-weighted quarterly average basis against a group of 7 major currencies.

Revisions

The second-quarter 2010 international transactions are revised from previously published statistics. The current-account deficit was revised down slightly to \$123.2 billion from \$123.3 billion. The goods deficit was nearly unrevised at \$169.6 billion;

the services surplus was revised to \$36.5 billion from \$38.0 billion; the income surplus was revised to \$43.0 billion from \$41.2 billion; and unilateral current transfers were revised to net outflows of \$33.2 billion from \$32.9 billion. Net financial inflows were revised to \$31.0 billion from \$36.6 billion.

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Release dates in 2011:

Fourth quarter and year 2010.....March 16, 2011 (Wednesday)
First quarter 2011.....June 16, 2011 (Thursday)
Second quarter 2011.....September 15, 2011 (Thursday)
Third quarter 2011.....December 15, 2011 (Thursday)

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Summary BEA statistics are available on recorded messages at the time of public release at the following telephone numbers:

(202) 606-5306 Gross domestic product
-5303 Personal income and outlays

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