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BEA 11-60

### U.S. International Transactions: Third Quarter 2011

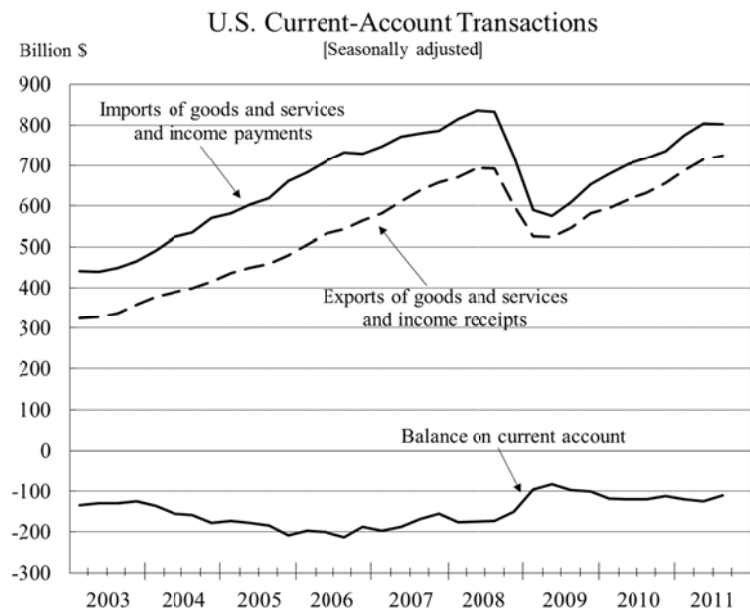
#### Current Account

The U.S. current-account deficit—the combined balances on trade in goods and services, income, and net unilateral current transfers—decreased to \$110.3 billion (preliminary) in the third quarter of 2011, from \$124.7 billion (revised) in the second quarter. More than half of the decrease reflected a decrease in the deficit on goods. A decrease in net unilateral current transfers and increases in the surpluses on services and on income also contributed.

#### Goods and services

The deficit on goods and services decreased to \$135.6 billion in the third quarter from \$146.2 billion in the second.

NOTE: This news release is available on [BEA's Web site](http://www.bea.gov) <www.bea.gov> along with [Highlights](#) related to this release. The latest [detailed statistics](#) for U.S. international transactions are also available on BEA's Web site. The third quarter statistics in this release are preliminary and will be revised on March 14, 2012. All links in the text of this release—including archived versions of this release—refer to the latest available revised statistics.



Goods The deficit on goods decreased to \$181.8 billion in the third quarter from \$190.6 billion in the second.

Goods exports increased to \$382.7 billion from \$373.0 billion. Most major end-use categories increased. Most of the increase was accounted for by increases in industrial supplies and materials and in capital goods. The increase in industrial supplies and materials largely reflected increases in nonmonetary gold and in petroleum and products. The increase in capital goods was mostly due to an increase in civilian aircraft ([Table 2a](#)).

Goods imports increased slightly to \$564.5 billion from \$563.6 billion despite decreases in most major end-use categories. The increase in total imports reflected an increase in automotive vehicles, parts, and engines that was mostly offset by decreases in industrial supplies and materials and in consumer goods. Most of the growth in automotive vehicles, parts, and engines was accounted for by passenger cars, new and used. Industrial supplies and materials decreased as a result of a decrease in petroleum and products. The decrease in consumer goods was primarily due to a reduction in “other” household goods ([Table 2a](#)).

Services The surplus on services increased to \$46.2 billion in the third quarter from \$44.4 billion in the second.

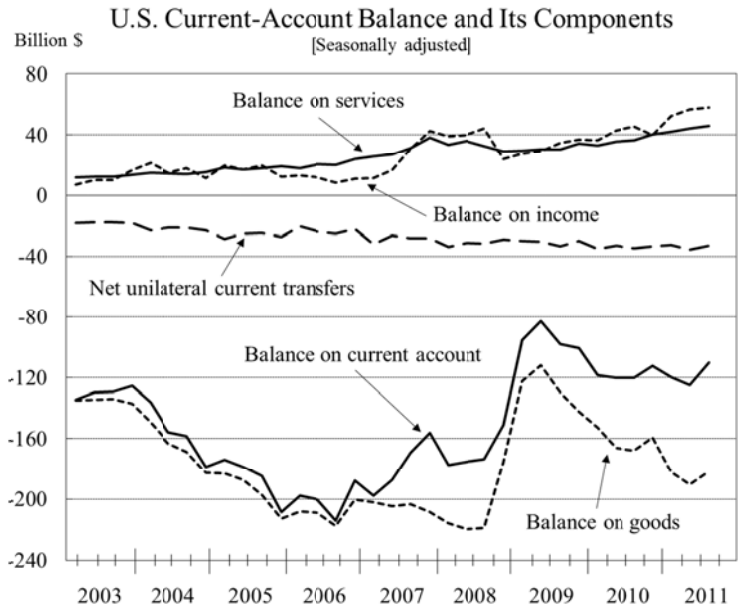
Services receipts increased to \$153.8 billion from \$150.8 billion. All of the major services categories increased; the increases were largest in passenger fares, in travel, in other private services, and in royalties and license fees.

Services payments increased to \$107.6 billion from \$106.4 billion. The largest increases were in other private services and in royalties and license fees. Most of the other major services categories also increased.

### Income

The surplus on income increased to \$58.3 billion in the third quarter from \$56.9 billion in the second.

Investment income Income receipts on U.S.-owned assets abroad decreased to \$187.0 billion from \$189.9 billion. The decrease was more than accounted for by a decrease in direct investment receipts; an increase in other private receipts (which consists of interest and dividends) was partly offsetting.



Income payments on foreign-owned assets in the United States decreased to \$126.5 billion from \$130.7 billion. The decrease was more than accounted for by a decrease in direct investment payments; an increase 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 \$1.4 billion. Payments for compensation of foreign workers in the United States remained at \$3.6 billion.

#### Unilateral current transfers

Net unilateral current transfers to foreigners were \$33.0 billion in the third quarter, down from \$35.4 billion in the second. The decrease mostly reflected a decrease in U.S. government grants.

#### Capital Account

Net capital account flows were zero in the third quarter, compared with net payments of \$0.8 billion in the second quarter.

#### Financial Account

Net financial inflows were \$183.9 billion in the third quarter, up from \$35.4 billion in the second. Both foreign-owned assets in the United States and U.S.-owned assets abroad increased; foreign-owned assets in the United States increased substantially more than U.S.-owned assets abroad. The third-quarter growth in U.S.-owned assets abroad was a reversal from a decrease in the second quarter.

#### U.S.-owned assets abroad

U.S.-owned assets abroad increased \$70.8 billion in the third quarter, following a decrease of \$25.1 billion in the second.

U.S. claims on foreigners reported by U.S. banks and securities brokers decreased \$13.9 billion in the third quarter, after a decrease of \$194.7 billion in the second. (Examples of these claims are U.S. banks' deposits at foreign banks and U.S. banks' loans to foreigners.) The third-quarter decrease reflected a significant decrease in claims for customers' accounts that was partly offset by a substantial increase in claims for own accounts ([Table 10a](#)).

U.S. net purchases of foreign securities were \$27.6 billion in the third quarter, following net purchases of \$30.4 billion in the second. Net purchases of foreign stocks slowed to \$22.8 billion from \$26.9 billion. Net purchases of foreign bonds were \$4.8 billion, up from \$3.5 billion ([Table 8a](#)).

U.S. direct investment abroad was \$70.8 billion in the third quarter, down from \$138.5 billion in the second. Most of the decrease was due to a decrease in equity investment and a shift to inflows of intercompany debt investment. A decrease in reinvested earnings also contributed ([Table 7a](#)).

U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns decreased \$18.9 billion in the third quarter, after a decrease of \$7.1 billion in the second.

U.S. official reserve assets increased \$4.1 billion in the third quarter, following an increase of \$6.3 billion in the second. The increase reflected an increase in the U.S. reserve position in the International Monetary Fund (IMF) due to an increase in the U.S. loan to the IMF under New Arrangements to Borrow.

U.S. government assets other than official reserve assets increased \$1.3 billion in the third quarter, after an increase of \$1.4 billion in the second.

#### Foreign-owned assets in the United States

Foreign-owned assets in the United States increased \$254.7 billion in the third quarter, following an increase of \$2.8 billion in the second.

U.S. liabilities to foreigners reported by U.S. banks and securities brokers (other than foreign official assets) increased \$63.7 billion in the third quarter, after a decrease of \$112.6 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.) The increase resulted from an increase in liabilities for own accounts; a large increase in deposits abroad was partly offset by decreases in repurchase agreements and other liabilities ([Table 11a](#)).

Foreign private net purchases of U.S. Treasury securities were \$123.8 billion in the third quarter, a shift from net sales of \$59.3 billion in the second.

Foreign private net sales of U.S. securities other than U.S. Treasury securities were \$23.0 billion in the third quarter, up from net sales of \$10.7 billion in the second. The third-quarter increase was due to a shift to net sales of U.S. stocks of \$27.1 billion from net purchases of \$27.6 billion. Partly offsetting were a shift to net purchases of U.S. federally sponsored agency bonds from net sales and a decrease in net sales of corporate bonds. Net purchases of U.S. federally sponsored agency bonds were \$13.0 billion in the third quarter, a shift from net sales of \$23.4 billion in the second. Net sales of U.S. corporate bonds were \$8.9 billion, down from \$15.0 billion ([Table 8a](#)).

Foreign direct investment in the United States was \$75.3 billion in the third quarter, following investment of \$52.1 billion in the second. The increase was accounted for by a shift to inflows of intercompany debt investment, and a slight increase in equity investment. Reinvested earnings edged slightly lower ([Table 7a](#)).

U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns decreased \$19.0 billion in the third quarter, following an increase of \$24.2 billion in the second.

Foreign official assets in the United States increased \$24.4 billion in the third quarter, after an increase of \$95.1 billion in the second. The increase was due to net purchases of U.S. Treasury securities, particularly by European countries.

Net shipments of U.S. currency to foreign countries were \$9.6 billion in the third quarter, down from \$14.0 billion in the second.

The statistical discrepancy—net errors and omissions in recorded transactions—was -\$73.6 billion in the third quarter compared with \$90.2 billion in the second.

In the third quarter, the U.S. dollar appreciated 0.3 percent on a trade-weighted quarterly average basis against a group of 7 major currencies. (Data are based on Federal Reserve Statistical Release H.10.)

### Revisions

The second-quarter 2011 international transactions are revised from previously published statistics. The current-account deficit was revised up to \$124.7 billion from \$118.0 billion. The goods deficit was revised up to \$190.6 billion from \$190.4 billion; the services surplus was revised down to \$44.4 billion from \$45.4 billion; the income surplus was revised down to \$56.9 billion from \$61.1 billion; and net outflows of unilateral current transfers were revised up to \$35.4 billion from \$34.2 billion. Net financial inflows were revised up to \$35.4 billion from \$25.7 billion.

\* \* \*

Release dates in 2012:

Fourth quarter and year 2011.....	March 14, 2012 (Wednesday)
First quarter 2012.....	June 14, 2012 (Thursday)
Second quarter 2012.....	September 18, 2012 (Tuesday)
Third quarter 2012.....	December 18, 2012 (Tuesday)

\* \* \*

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**Table 1. U.S. International Transactions**

[Millions of dollars, quarters seasonally adjusted]

	(Credits +, debits -)	2010	2010				2011			Change: 2011 II-III
			I	II	III	IV	I	II <sup>r</sup>	III <sup>p</sup>	
	<b>Current account</b>									
<b>1</b>	<b>Exports of goods and services and income receipts.....</b>	<b>2,500,817</b>	<b>595,359</b>	<b>616,163</b>	<b>632,309</b>	<b>656,986</b>	<b>687,815</b>	<b>715,046</b>	<b>724,845</b>	<b>9,799</b>
2	Exports of goods and services.....	1,837,577	436,501	451,134	465,194	484,747	507,557	523,834	536,473	12,639
3	Goods, balance of payments basis.....	1,288,699	304,572	315,954	325,514	342,659	361,544	373,045	382,718	9,673
4	Services.....	548,878	131,929	135,180	139,680	142,088	146,013	150,789	153,754	2,965
5	Transfers under U.S. military agency sales contracts.....	17,483	4,312	4,498	4,532	4,141	4,231	4,474	4,559	85
6	Travel.....	103,505	25,212	25,395	26,203	26,695	27,301	29,164	29,873	709
7	Passenger fares.....	30,931	7,135	7,725	8,076	7,994	8,362	9,122	9,859	737
8	Other transportation.....	39,936	9,719	9,998	10,098	10,121	10,464	10,636	10,722	86
9	Royalties and license fees.....	105,583	25,615	26,227	26,720	27,021	28,012	29,822	30,470	648
10	Other private services.....	250,320	59,568	61,097	63,805	65,851	67,329	67,306	67,985	679
11	U.S. government miscellaneous services.....	1,121	369	239	247	266	314	265	285	20
12	Income receipts.....	663,240	158,857	165,030	167,115	172,239	180,258	191,212	188,373	-2,839
13	Income receipts on U.S.-owned assets abroad.....	657,963	157,540	163,708	165,793	170,921	178,898	189,852	187,009	-2,843
14	Direct investment receipts.....	432,000	102,518	107,629	109,653	112,199	118,231	125,736	121,047	-4,689
15	Other private receipts.....	224,469	54,584	55,729	55,785	58,371	60,231	63,593	65,547	1,954
16	U.S. government receipts.....	1,494	438	350	355	351	436	523	415	-108
17	Compensation of employees.....	5,278	1,317	1,321	1,322	1,317	1,360	1,359	1,363	4
<b>18</b>	<b>Imports of goods and services and income payments.....</b>	<b>-2,835,620</b>	<b>-678,617</b>	<b>-703,516</b>	<b>-717,682</b>	<b>-735,804</b>	<b>-775,129</b>	<b>-804,315</b>	<b>-802,120</b>	<b>2,195</b>
19	Imports of goods and services.....	-2,337,604	-556,144	-581,657	-596,307	-603,496	-647,529	-670,040	-672,053	-2,013
20	Goods, balance of payments basis.....	-1,934,555	-457,404	-481,912	-493,336	-501,904	-543,767	-563,609	-564,469	-860
21	Services.....	-403,048	-98,740	-99,745	-102,971	-101,592	-103,763	-106,430	-107,584	-1,154
22	Direct defense expenditures.....	-30,391	-7,721	-7,590	-7,609	-7,471	-7,570	-7,545	-7,364	181
23	Travel.....	-75,507	-19,085	-18,291	-19,077	-19,054	-19,280	-19,850	-20,153	-303
24	Passenger fares.....	-27,279	-6,228	-6,770	-7,022	-7,259	-7,552	-7,701	-7,954	-253
25	Other transportation.....	-51,202	-11,919	-13,018	-13,600	-12,666	-13,451	-13,949	-13,718	231
26	Royalties and license fees.....	-33,450	-8,998	-7,916	-8,177	-8,359	-8,879	-8,587	-8,943	-356
27	Other private services.....	-180,598	-43,702	-45,045	-46,265	-45,585	-45,949	-47,741	-48,314	-573
28	U.S. government miscellaneous services.....	-4,621	-1,087	-1,116	-1,221	-1,198	-1,081	-1,057	-1,138	-81
29	Income payments.....	-498,016	-122,473	-121,859	-121,375	-132,309	-127,600	-134,276	-130,068	4,208
30	Income payments on foreign-owned assets in the United States.....	-483,504	-118,856	-118,222	-117,727	-128,700	-124,012	-130,702	-126,489	4,213
31	Direct investment payments.....	-151,361	-35,980	-35,056	-35,465	-44,861	-39,249	-45,200	-40,175	5,025
32	Other private payments.....	-196,004	-48,916	-48,997	-48,098	-49,993	-51,014	-51,731	-52,382	-651
33	U.S. government payments.....	-136,139	-33,960	-34,169	-34,164	-33,846	-33,749	-33,771	-33,932	-161
34	Compensation of employees.....	-14,512	-3,617	-3,637	-3,649	-3,609	-3,588	-3,574	-3,578	-4
<b>35</b>	<b>Unilateral current transfers, net.....</b>	<b>-136,095</b>	<b>-35,034</b>	<b>-32,947</b>	<b>-34,754</b>	<b>-33,360</b>	<b>-32,277</b>	<b>-35,449</b>	<b>-33,006</b>	<b>2,443</b>
36	U.S. government grants.....	-44,717	-12,285	-10,005	-11,031	-11,396	-10,987	-13,179	-10,956	2,223
37	U.S. government pensions and other transfers.....	-10,365	-2,548	-2,590	-2,616	-2,611	-2,629	-2,654	-2,675	-21
38	Private remittances and other transfers.....	-81,013	-20,201	-20,352	-21,107	-19,353	-18,661	-19,617	-19,375	242

**Table 1. U.S. International Transactions (Continued)**

[Millions of dollars, quarters seasonally adjusted]

	(Credits +, debits -)	2010	2010				2011			Change: 2011 II-III
			I	II	III	IV	I	II <sup>r</sup>	III <sup>p</sup>	
<b>Capital account</b>										
<b>39</b>	<b>Capital account transactions, net.....</b>	<b>-152</b>	<b>-3</b>	<b>-2</b>	<b>-146</b>	<b>-2</b>	<b>-29</b>	<b>-829</b>	<b>0</b>	<b>829</b>
<b>Financial account</b>										
<b>40</b>	<b>U.S.-owned assets abroad, excluding financial derivatives (increase/financial outflow (-)).....</b>	<b>-1,005,182</b>	<b>-313,010</b>	<b>-168,537</b>	<b>-286,834</b>	<b>-236,802</b>	<b>-334,359</b>	<b>25,115</b>	<b>-70,833</b>	<b>-95,948</b>
41	U.S. official reserve assets.....	-1,834	-773	-165	-1,096	200	-3,619	-6,267	-4,079	2,188
42	Gold.....	0	0	0	0	0	0	0	0	0
43	Special drawing rights.....	-31	-7	-6	-8	-10	1,961	-159	-27	132
44	Reserve position in the International Monetary Fund.....	-1,293	-581	-77	-956	321	-6,428	-5,974	-3,909	2,065
45	Foreign currencies.....	-510	-185	-82	-132	-111	848	-134	-143	-9
46	U.S. government assets, other than official reserve assets.....	7,540	9,433	-2,441	788	-240	-547	-1,358	-1,265	93
47	U.S. credits and other long-term assets.....	-4,976	-1,247	-1,835	-1,027	-867	-1,307	-2,337	-1,034	1,303
48	Repayments on U.S. credits and other long-term assets.....	2,408	399	783	679	547	610	1,259	407	-852
49	U.S. foreign currency holdings and U.S. short-term assets.....	10,108	10,281	-1,389	1,136	80	150	-279	-638	-359
50	U.S. private assets.....	-1,010,888	-321,669	-165,931	-286,526	-236,762	-330,193	32,740	-65,490	-98,230
51	Direct investment.....	-351,350	-110,148	-69,478	-78,734	-92,990	-89,205	-138,539	-70,765	67,774
52	Foreign securities.....	-151,916	-47,028	-22,114	-39,336	-43,438	-58,171	-30,444	-27,561	2,883
53	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns.....	7,421	10,932	4,382	-2,146	-5,747	-95,007	7,069	18,944	11,875
54	U.S. claims reported by U.S. banks and securities brokers.....	-515,043	-175,425	-78,721	-166,310	-94,587	-87,810	194,654	13,892	-180,762
<b>55</b>	<b>Foreign-owned assets in the United States, excluding financial derivatives (increase/financial inflow (+)).....</b>	<b>1,245,736</b>	<b>329,340</b>	<b>186,636</b>	<b>463,115</b>	<b>266,646</b>	<b>487,194</b>	<b>2,767</b>	<b>254,742</b>	<b>251,975</b>
56	Foreign official assets in the United States.....	349,754	89,751	66,736	135,477	57,790	48,764	95,143	24,371	-70,772
57	U.S. government securities.....	316,980	84,837	45,128	123,736	63,279	48,814	76,346	15,733	-60,613
58	U.S. Treasury securities.....	397,797	97,364	31,751	188,994	79,688	33,510	79,552	31,311	-48,241
59	Other.....	-80,817	-12,527	13,377	-65,258	-16,409	15,304	-3,206	-15,578	-12,372
60	Other U.S. government liabilities.....	12,124	4,007	2,503	1,773	3,841	2,645	2,089	2,365	276
61	U.S. liabilities reported by U.S. banks and securities brokers.....	-9,375	-16,005	3,888	10,019	-7,277	-3,073	15,319	5,041	-10,278
62	Other foreign official assets.....	30,025	16,912	15,217	-51	-2,053	378	1,389	1,232	-157
63	Other foreign assets in the United States.....	895,982	239,589	119,900	327,638	208,856	438,430	-92,376	230,371	322,747
64	Direct investment.....	236,226	52,085	33,930	79,655	70,557	28,493	52,102	75,267	23,165
65	U.S. Treasury securities.....	256,428	84,193	82,062	60,659	29,514	3,466	-59,320	123,814	183,134
66	U.S. securities other than U.S. Treasury securities.....	120,453	5,421	-15,475	82,076	48,431	-2,590	-10,743	-22,962	-12,219
67	U.S. currency.....	28,319	2,265	2,100	10,514	13,440	12,576	13,989	9,614	-4,375
68	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns.....	77,456	27,728	21,302	11,668	16,758	42,045	24,204	-19,020	-43,224
69	U.S. liabilities reported by U.S. banks and securities brokers.....	177,100	67,897	-4,019	83,066	30,156	354,440	-112,608	63,658	176,266
<b>70</b>	<b>Financial derivatives, net.....</b>	<b>13,735</b>	<b>16,152</b>	<b>9,980</b>	<b>-11,893</b>	<b>-504</b>	<b>3,220</b>	<b>7,504</b>	<b>n.a.</b>	<b>n.a.</b>
<b>71</b>	<b>Statistical discrepancy (sum of above items with sign reversed).....</b>	<b>216,761</b>	<b>85,813</b>	<b>92,223</b>	<b>-44,116</b>	<b>82,841</b>	<b>-36,436</b>	<b>90,161</b>	<sup>1</sup> <b>-73,627</b>	<sup>2</sup> <b>-163,788</b>
<b>Memoranda:</b>										
72	Balance on goods (lines 3 and 20).....	-645,857	-152,832	-165,958	-167,822	-159,245	-182,222	-190,564	-181,750	8,814
73	Balance on services (lines 4 and 21).....	145,830	33,189	35,435	36,709	40,496	42,250	44,359	46,170	1,811
74	Balance on goods and services (lines 2 and 19).....	-500,027	-119,642	-130,523	-131,113	-118,749	-139,972	-146,205	-135,580	10,625
75	Balance on income (lines 12 and 29).....	165,224	36,384	43,170	45,740	39,930	52,658	56,936	58,305	1,369
76	Unilateral current transfers, net (line 35).....	-136,095	-35,034	-32,947	-34,754	-33,360	-32,277	-35,449	-33,006	2,443
77	Balance on current account (lines 1, 18, and 35 or lines 74, 75, and 76).....	-470,898	-118,292	-120,300	-120,127	-112,179	-119,591	-124,719	-110,281	14,438
78	Net financial flows (lines 40, 55, and 70).....	254,289	32,482	28,079	164,388	29,340	156,055	35,386	<sup>1</sup> 183,909	<sup>2</sup> 148,523

<sup>1</sup> Calculated excluding financial derivatives, net (line 70).<sup>2</sup> The change shown here is calculated as the change from the prior period, not as the sum of changes in the above items.

p Preliminary

r Revised

n.a. Not available

NOTE: Details may not add to totals because of rounding. Source: U. S. Bureau of Economic Analysis