

FOR WIRE TRANSMISSION: 8:30 A.M. EST, TUESDAY, December 18, 2012

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BEA 12-57

## U.S. International Transactions: Third Quarter 2012

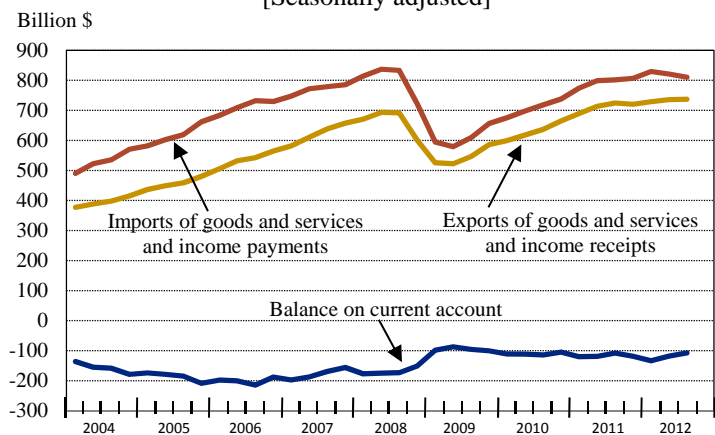
### Current Account

The U.S. current-account deficit—the combined balances on trade in goods and services, income, and net unilateral current transfers—decreased to \$107.5 billion (preliminary) in the third quarter from \$118.1 billion (revised) in the second quarter. The decrease in the current-account deficit was more than accounted for by a decrease in the deficit on goods. Changes in the other balances were relatively small.

#### Goods and services

The deficit on goods and services decreased to \$124.5 billion in the third quarter from \$137.4 billion in the second.

U.S. Current-Account Transactions  
[Seasonally adjusted]



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, and a description of the [estimation methods](#) used to compile them. The third-quarter statistics in this release are preliminary and will be revised on March 14, 2013. 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 \$173.9 billion in the third quarter from \$185.7 billion in the second.

Goods exports decreased to \$393.4 billion from \$394.1 billion. Decreases in three of the six major end-use categories were mostly offset by increases in the other three categories. The largest decrease was in industrial supplies and materials, which reflected decreases in nonferrous metals, in chemicals, and in petroleum and products. The major end-use categories with the largest increases were foods, feeds, and beverages and capital goods. The increase in foods, feeds, and beverages was largely due to an increase in soybeans, and the increase in capital goods was more than accounted for by an increase in completed civilian aircraft ([Table 2a](#)).

Goods imports decreased to \$567.3 billion from \$579.9 billion. Four of the six major end-use categories decreased. The largest decreases were in industrial supplies and materials and in capital goods. The decrease in industrial supplies and materials was more than accounted for by a decrease in petroleum and products. The decrease in capital goods was more than accounted for by a decrease in machinery and equipment, which was mostly due to a decrease in computers, peripherals, and parts. Changes in the other major categories were relatively small ([Table 2a](#)).

Services The surplus on services increased to \$49.4 billion in the third quarter from \$48.3 billion in the second.

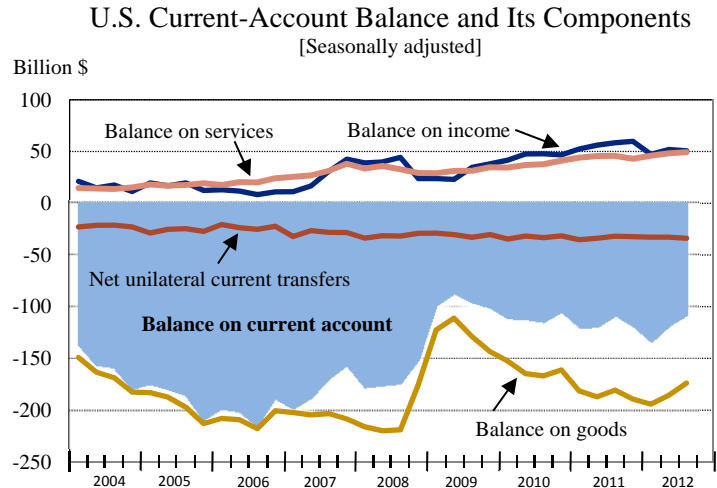
Services receipts increased to \$159.1 billion from \$157.6 billion. Five of the seven major services categories increased. The largest increase was in other private services, which includes items such as financial services, insurance services, and business, professional, and technical services.

Services payments increased to \$109.7 billion from \$109.2 billion. Four of the seven major services categories increased. The largest increase was in royalties and license fees, which included payments for the rights to broadcast the Summer Olympic Games in July and August.

### Income

The surplus on income decreased to \$50.8 billion in the third quarter from \$52.1 billion in the second.

Investment income Income receipts on U.S.-owned assets abroad increased to \$182.9 billion from \$182.5 billion. The increase was more than accounted for by an increase in direct investment receipts. Other private receipts, which consists of interest and dividends, decreased.



Income payments on foreign-owned assets in the United States increased to \$130.2 billion from \$128.5 billion. The increase was more than accounted for by an increase in direct investment payments. Other private payments decreased.

Compensation of employees Receipts for compensation of U.S. residents paid by nonresidents remained at \$1.5 billion in the third quarter. Payments for compensation of foreign residents paid by U.S. residents remained at \$3.4 billion.

#### Unilateral current transfers

Net unilateral current transfers to foreigners were \$33.8 billion in the third quarter, up from \$32.7 billion in the second. The increase was mostly due to an increase in the category of private remittances and other transfers. Examples of these transactions include U.S. immigrants' remittances to households abroad, taxes withheld on international transactions, U.S. charitable donations to foreign residents, and transfers between U.S. and foreign insurance companies.

#### Capital Account

Net capital-account transactions are not available for the third quarter because source data are not yet available. Net payments were \$0.3 billion in the second quarter, which was accounted for by capital transfers resulting from the forgiveness of debt owed to the U.S. government by foreign governments.

#### Financial Account

Net financial inflows were \$45.8 billion in the third quarter, down from \$105.0 billion in the second. Both U.S.-owned assets abroad and foreign-owned assets in the United States increased in the third quarter after decreasing in the second. The slowing of net financial inflows in the third quarter was primarily the result of a greater change in flows from the second quarter for U.S.-owned assets abroad than for foreign-owned assets in the United States.

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

U.S.-owned assets abroad increased \$229.8 billion in the third quarter after decreasing \$248.2 billion in the second.

U.S. claims on foreigners reported by U.S. banks and securities brokers increased \$144.0 billion in the third quarter after decreasing \$267.0 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 increase was due to increases in claims for both customers' accounts and banks' own accounts ([Table 10a](#)).

U.S. sales of foreign securities exceeded purchases (net sales) by \$2.2 billion in the third quarter after net sales of \$6.5 billion in the second. Net sales of foreign stocks were \$2.1 billion, a shift from net purchases of \$21.0 billion in the second quarter. Net sales of foreign bonds were \$0.1 billion, down from \$27.5 billion in net sales in the second quarter ([Table 8a](#)).

U.S. direct investment abroad was \$101.4 billion in the third quarter, up from \$63.3 billion in the second. The increase was mostly accounted for by a shift of intercompany debt investment to net outflows in the third quarter from net inflows in the second quarter ([Table 7a](#)).

U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns decreased \$0.2 billion in the third quarter after decreasing \$24.6 billion in the second.

U.S. official reserve assets increased \$0.8 billion in the third quarter after increasing \$3.3 billion in the second. The third-quarter increase reflected an increase in the U.S. reserve position in the International Monetary Fund (IMF) associated with U.S. loans to the IMF under New Arrangements to Borrow.

U.S. government assets other than official reserve assets decreased \$14.2 billion in the third quarter after decreasing \$16.7 billion in the second. The decreases in both quarters reflected reductions of central bank liquidity swaps between the U.S. Federal Reserve System and foreign central banks.

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

Foreign-owned assets in the United States increased \$282.0 billion in the third quarter after decreasing \$143.6 billion in the second.

U.S. liabilities to foreigners reported by U.S. banks and securities brokers, other than those recorded under foreign official assets, increased \$11.8 billion in the third quarter after decreasing \$214.4 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 ([Table 11a](#)).

Foreign private purchases of U.S. Treasury securities exceeded sales by \$47.9 billion in the third quarter, an increase from second-quarter net purchases of \$6.0 billion. The increase from the second quarter reflected a shift from foreign net sales of U.S. Treasury bills to net purchases ([Table 8a](#) and [Table 11a](#)).

Foreign private purchases of U.S. securities other than U.S. Treasury securities exceeded sales by \$47.7 billion in the third quarter, a shift from foreign net sales of \$43.1 billion in the second. Net purchases of U.S. stocks were \$37.4 billion, shifting from net sales of \$8.5 billion in the second quarter. Net sales of U.S. corporate bonds decreased to \$6.1 billion from \$38.2 billion in the second quarter. Net purchases of U.S. federally sponsored agency bonds increased to \$16.4 billion from \$3.6 billion in the second quarter ([Table 8a](#)).

Foreign direct investment in the United States was \$34.2 billion in the third quarter, down from \$48.0 billion in the second. The decrease was more than accounted for by lower net inflows of intercompany debt investment; equity investment was also lower. These decreases were partly offset by an increase in reinvested earnings in the third quarter ([Table 7a](#)).

U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns decreased \$6.0 billion in the third quarter after decreasing \$27.0 billion in the second.

Foreign official assets in the United States increased \$130.3 billion in the third quarter after increasing \$79.8 billion in the second. The third-quarter increase was mostly due to net purchases of U.S. Treasury securities.

Net shipments of U.S. currency to foreign countries were \$16.2 billion in the third quarter, up from \$7.1 billion in the second.

### Financial derivatives

Net outflows of financial derivatives were \$6.4 billion in the third quarter after net inflows of \$0.5 billion in the second.

The statistical discrepancy—the amount that balances the sum of the recorded credits and debits across all the accounts in the international transactions accounts—was \$61.7 billion in the third quarter compared with \$13.4 billion in the second.

In the third quarter, the U.S. dollar appreciated 0.1 percent on a trade-weighted quarterly average basis against a group of 7 major currencies. In the second quarter, the U.S. dollar appreciated 1.5 percent on the same basis. Exchange rate data are based on Federal Reserve Statistical Release H.10.

### **Revisions**

The second-quarter 2012 international transactions are revised from previously published statistics. The current-account deficit was revised upward to \$118.1 billion from \$117.4 billion. The goods deficit was revised downward to \$185.7 billion from \$185.8 billion. The services surplus was revised upward to \$48.3 billion from \$46.5 billion. The income surplus was revised downward to \$52.1 billion from \$55.5 billion. Net outflows of unilateral current transfers were revised downward to \$32.7 billion from \$33.6 billion. Net financial inflows were revised upward to \$105.0 billion from \$88.5 billion.

\* \* \*

#### Release dates in 2013:

Fourth quarter and year 2012.....	March 14, 2013 (Thursday)
First quarter 2013.....	June 14, 2013 (Friday)
Second quarter 2013.....	September 19, 2013 (Thursday)
Third quarter 2013.....	December 17, 2013 (Tuesday)

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

[Millions of dollars, quarters seasonally adjusted]

	(Credits +, debits -) <sup>1</sup>	2011	2011				2012			Change: 2012:II to 2012: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>2,847,988</b>	<b>689,593</b>	<b>713,499</b>	<b>724,800</b>	<b>720,095</b>	<b>728,724</b>	<b>735,670</b>	<b>736,935</b>	<b>1,265</b>
2	Exports of goods and services.....	2,103,367	508,811	524,000	537,351	533,204	544,016	551,668	552,519	851
3	Goods, balance of payments basis.....	1,497,406	360,917	372,160	382,161	382,167	388,523	394,114	393,395	-719
4	Services.....	605,961	147,894	151,839	155,190	151,037	155,493	157,554	159,124	1,570
5	Transfers under U.S. military agency sales contracts.....	17,946	4,122	4,545	4,664	4,615	4,406	4,267	4,644	377
6	Travel.....	116,115	27,407	29,260	30,194	29,254	30,900	32,282	32,572	290
7	Passenger fares.....	36,631	8,374	9,080	9,889	9,287	9,734	10,189	10,003	-186
8	Other transportation.....	43,064	10,520	10,760	10,956	10,827	10,863	10,948	10,730	-218
9	Royalties and license fees.....	120,836	29,405	30,343	31,055	30,033	30,429	29,994	30,419	425
10	Other private services.....	270,193	67,749	67,585	68,123	66,736	68,833	69,560	70,426	866
11	U.S. government miscellaneous services.....	1,176	317	267	309	284	327	314	330	16
12	Income receipts.....	744,621	180,781	189,499	187,449	186,891	184,708	184,002	184,416	414
13	Income receipts on U.S.-owned assets abroad.....	738,810	179,328	188,047	185,994	185,441	183,230	182,520	182,921	401
14	Direct investment receipts.....	480,238	118,621	123,417	119,106	119,094	116,321	112,140	113,564	1,424
15	Other private receipts.....	256,649	60,262	64,123	66,361	65,903	66,146	69,893	68,865	-1,028
16	U.S. government receipts.....	1,923	445	506	527	444	763	488	493	5
17	Compensation of employees.....	5,811	1,453	1,452	1,455	1,450	1,479	1,482	1,495	13
<b>18</b>	<b>Imports of goods and services and income payments.....</b>	<b>-3,180,861</b>	<b>-774,367</b>	<b>-798,839</b>	<b>-801,143</b>	<b>-806,512</b>	<b>-829,657</b>	<b>-821,039</b>	<b>-810,603</b>	<b>10,436</b>
19	Imports of goods and services.....	-2,663,247	-646,036	-665,549	-672,173	-679,489	-692,380	-689,090	-677,007	12,083
20	Goods, balance of payments basis.....	-2,235,819	-542,276	-559,344	-562,778	-571,421	-582,821	-579,850	-567,294	12,556
21	Services.....	-427,428	-103,761	-106,205	-109,395	-108,068	-109,559	-109,240	-109,713	-473
22	Direct defense expenditures.....	-29,510	-7,570	-7,545	-7,343	-7,052	-6,838	-6,726	-6,508	218
23	Travel.....	-78,651	-19,257	-19,628	-19,895	-19,871	-21,228	-21,387	-20,737	650
24	Passenger fares.....	-31,109	-7,542	-7,698	-7,946	-7,923	-8,936	-8,821	-8,421	400
25	Other transportation.....	-54,711	-13,439	-13,736	-13,767	-13,769	-13,716	-13,808	-13,841	-33
26	Royalties and license fees.....	-36,620	-8,921	-8,543	-9,503	-9,652	-9,859	-10,083	-11,249	-1,166
27	Other private services.....	-191,973	-45,825	-47,916	-49,656	-48,576	-47,866	-47,311	-47,807	-496
28	U.S. government miscellaneous services.....	-4,854	-1,207	-1,138	-1,284	-1,225	-1,115	-1,104	-1,149	-45
29	Income payments.....	-517,614	-128,330	-133,290	-128,971	-127,022	-137,277	-131,949	-133,596	-1,647
30	Income payments on foreign-owned assets in the United States.....	-503,796	-124,863	-129,835	-125,508	-123,590	-133,885	-128,543	-130,177	-1,634
31	Direct investment payments.....	-158,559	-39,891	-43,855	-38,261	-36,552	-45,585	-39,234	-42,027	-2,793
32	Other private payments.....	-212,506	-51,501	-53,193	-54,157	-53,655	-55,396	-56,568	-55,576	992
33	U.S. government payments.....	-132,731	-33,471	-32,787	-33,090	-33,383	-32,904	-32,741	-32,574	167
34	Compensation of employees.....	-13,817	-3,467	-3,455	-3,463	-3,433	-3,392	-3,406	-3,419	-13
<b>35</b>	<b>Unilateral current transfers, net.....</b>	<b>-133,053</b>	<b>-35,223</b>	<b>-33,777</b>	<b>-31,815</b>	<b>-32,240</b>	<b>-32,692</b>	<b>-32,743</b>	<b>-33,839</b>	<b>-1,096</b>
36	U.S. government grants.....	-47,350	-11,136	-13,486	-11,176	-11,551	-11,910	-11,471	-11,698	-227
37	U.S. government pensions and other transfers.....	-8,947	-2,202	-2,227	-2,250	-2,269	-2,541	-2,574	-2,606	-32
38	Private remittances and other transfers.....	-76,756	-21,884	-18,064	-18,389	-18,419	-18,241	-18,698	-19,535	-837

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

[Millions of dollars, quarters seasonally adjusted]

	(Credits +, debits -) <sup>1</sup>	2011	2011				2012			Change: 2012:II to 2012: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>-1,212</b>	<b>-29</b>	<b>-829</b>	<b>-300</b>	<b>-55</b>	<b>-1</b>	<b>-291</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Financial account</b>										
<b>40</b>	<b>U.S.-owned assets abroad, excluding financial derivatives (increase/financial outflow (-)).....</b>	<b>-483,653</b>	<b>-372,944</b>	<b>7,418</b>	<b>-91,896</b>	<b>-26,231</b>	<b>106,549</b>	<b>248,186</b>	<b>-229,774</b>	<b>-477,960</b>
41	U.S. official reserve assets.....	-15,877	-3,619	-6,267	-4,079	-1,912	-1,233	-3,289	-833	2,456
42	Gold.....	0	0	0	0	0	0	0	0	0
43	Special drawing rights.....	1,752	1,961	-159	-27	-23	-11	-10	-10	0
44	Reserve position in the International Monetary Fund.....	-18,079	-6,428	-5,974	-3,909	-1,768	-1,078	-3,179	-744	2,435
45	Foreign currencies.....	450	848	-134	-143	-121	-144	-100	-79	21
46	U.S. government assets, other than official reserve assets.....	-103,666	-547	-1,358	-1,137	-100,624	51,076	16,650	14,151	-2,499
47	U.S. credits and other long-term assets.....	-7,307	-1,307	-2,337	-1,396	-2,267	-2,631	-2,538	-1,786	752
48	Repayments on U.S. credits and other long-term assets.....	3,333	610	1,259	812	653	352	680	466	-214
49	U.S. foreign currency holdings and U.S. short-term assets.....	-99,692	150	-279	-553	-99,010	53,356	18,508	15,471	-3,037
50	U.S. private assets.....	-364,110	-368,778	15,042	-86,679	76,305	56,706	234,826	-243,092	-477,918
51	Direct investment.....	-419,332	-104,404	-133,397	-70,323	-111,208	-116,094	-63,347	-101,434	-38,087
52	Foreign securities.....	-146,797	-85,472	-57,195	-40,110	35,980	3,604	6,519	2,166	-4,353
53	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns.....	-11,608	-92,203	6,147	9,326	65,122	-49,183	24,608	203	-24,405
54	U.S. claims reported by U.S. banks and securities brokers.....	213,627	-86,699	199,487	14,428	86,411	218,379	267,046	-144,027	-411,073
<b>55</b>	<b>Foreign-owned assets in the United States, excluding financial derivatives (increase/financial inflow (+)).....</b>	<b>1,000,990</b>	<b>578,972</b>	<b>98,554</b>	<b>266,397</b>	<b>57,067</b>	<b>59,564</b>	<b>-143,607</b>	<b>281,960</b>	<b>425,567</b>
56	Foreign official assets in the United States.....	211,826	72,974	121,822	19,889	-2,859	69,711	79,772	130,281	50,509
57	U.S. government securities.....	158,735	67,719	97,184	11,249	-17,417	85,431	71,093	115,425	44,332
58	U.S. Treasury securities.....	171,179	56,274	104,363	28,115	-17,573	85,068	85,239	104,914	19,675
59	Other.....	-12,444	11,445	-7,179	-16,866	156	363	-14,146	10,511	24,657
60	Other U.S. government liabilities.....	9,063	2,714	2,236	2,287	1,826	2,833	2,661	1,382	-1,279
61	U.S. liabilities reported by U.S. banks and securities brokers.....	30,010	-3,090	15,764	5,121	12,215	-19,305	2,404	7,447	5,043
62	Other foreign official assets.....	14,018	5,631	6,638	1,232	517	752	3,614	6,027	2,413
63	Other foreign assets in the United States.....	789,164	505,998	-23,268	246,508	59,926	-10,147	-223,379	151,679	375,058
64	Direct investment.....	233,988	33,365	61,281	63,222	76,120	22,202	48,018	34,204	-13,814
65	U.S. Treasury securities.....	240,878	55,054	-17,613	120,918	82,519	43,834	5,992	47,882	41,890
66	U.S. securities other than U.S. Treasury securities.....	-56,442	4,338	-5,108	-20,396	-35,276	3,654	-43,065	47,683	90,748
67	U.S. currency.....	54,996	12,576	13,989	9,614	18,817	18,057	7,116	16,156	9,040
68	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns.....	6,567	40,688	25,538	-19,670	-39,989	24,212	-27,008	-6,028	20,980
69	U.S. liabilities reported by U.S. banks and securities brokers.....	309,177	359,977	-101,355	92,820	-42,265	-122,106	-214,432	11,782	226,214
<b>70</b>	<b>Financial derivatives, net.....</b>	<b>39,010</b>	<b>2,927</b>	<b>7,419</b>	<b>-3,949</b>	<b>32,613</b>	<b>-1,396</b>	<b>464</b>	<b>-6,406</b>	<b>-6,870</b>
<b>71</b>	<b>Statistical discrepancy (lines 1, 18, 35, 39, 40, 55, and 70 with sign reversed).....</b>	<b>-89,208</b>	<b>-88,930</b>	<b>6,555</b>	<b>-62,094</b>	<b>55,263</b>	<b>-31,092</b>	<b>13,360</b>	<b><sup>2</sup> 61,727</b>	<b><sup>3</sup> 48,367</b>
<b>Memoranda:</b>										
72	Balance on goods (lines 3 and 20).....	-738,413	-181,358	-187,184	-180,617	-189,254	-194,298	-185,736	-173,899	11,837
73	Balance on services (lines 4 and 21).....	178,533	44,133	45,634	45,795	42,969	45,934	48,314	49,411	1,097
74	Balance on goods and services (lines 2 and 19).....	-559,880	-137,225	-141,549	-134,822	-146,286	-148,364	-137,423	-124,488	12,935
75	Balance on income (lines 12 and 29).....	227,007	52,451	56,209	58,478	59,869	47,431	52,054	50,820	-1,234
76	Unilateral current transfers, net (line 35).....	-133,053	-35,223	-33,777	-31,815	-32,240	-32,692	-32,743	-33,839	-1,096
77	Balance on current account (lines 1, 18, and 35 or lines 74, 75, and 76).....	-465,926	-119,997	-119,117	-108,158	-118,656	-133,624	-118,112	-107,507	10,605
78	Net financial flows (lines 40, 55, and 70).....	556,347	208,955	113,391	170,552	63,449	164,717	105,043	45,780	-59,263

p Preliminary r Revised n.a. Not available

<sup>1</sup> **Credits, +:** Exports of goods and services and income receipts; unilateral current transfers to the United States; capital account receipts; financial inflows—increase in foreign-owned assets (U.S. liabilities) or decrease in U.S.-owned assets (U.S. claims). **Debits, -:** Imports of goods and services and income payments; unilateral current transfers to foreigners; capital account payments; financial outflows—decrease in foreign-owned assets (U.S. liabilities) or increase in U.S.-owned assets (U.S. claims).

<sup>2</sup> Calculated excluding capital account transactions, net (line 39).

<sup>3</sup> The change shown here is calculated as the change from the prior period, not as the sum of changes in the above items.

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