

Technical Note

U.S. International Transactions, 2nd Quarter 2023

September 21, 2023

This technical note provides background information about the estimation methods the U.S. Bureau of Economic Analysis (BEA) uses to produce the estimates presented in the U.S. international transactions news release. The [complete set of estimates for the second quarter](#), as well as a brief summary of “[highlights](#),” is available on the BEA website.

Transactions in portfolio investment assets and liabilities

With this release of U.S. international transactions, beginning with the first quarter of 2023, reported transactions on the Treasury International Capital System “[Aggregate Holdings, Purchases and Sales, and Fair Value Changes of Long-Term Securities by U.S. and Foreign Residents](#)” form (TIC SLT) serve as the primary data source for BEA’s estimates of financial asset and liability transactions in portfolio investment equity and investment fund shares and in long-term debt securities. The newly available TIC SLT transactions data replace BEA’s long-standing estimation methodology for imputing transactions from the TIC SLT positions data for these instruments. This estimation methodology, which remains relevant for periods prior to 2023, is outlined in chapter 17 of [U.S. International Economic Accounts: Concepts and Methods](#):

“Statistics for U.S. residents’ net purchases of foreign equity and long-term debt securities and for foreign residents’ net purchases of U.S. equity and long-term debt securities are based on (1) changes in quarterly holdings of these securities reported on the TIC SLT form; (2) changes in the value of the holdings based on broad market price indexes from MSCI, S&P Dow Jones Indices, and ICE; and (3) other changes in reported holdings not due to transactions or valuation such as changes in reporting panels.¹ Price indexes denominated in U.S. dollars are used to measure changes in prices. For foreign-currency-denominated equity and debt securities, changes in value caused by changes in exchange rates are included in the price changes computed from the U.S.-dollar-denominated price indexes. (See paragraph 24.29 for information on the estimation of exchange-rate changes.) Transactions equal holdings reported at the end of the reference quarter, less holdings reported at the end of the preceding quarter, less the sum of changes in the value of the holdings caused by changes in prices and exchange rates and other changes in holdings not due to transactions or valuation.”

¹ These indexes are from Morgan Stanley Capital International (MSCI), S&P Dow Jones Indices, and Intercontinental Exchange (ICE).

The expansion of the TIC SLT form in late 2022 to provide directly reported transactions facilitates the replacement of this approach of deriving transactions from reported positions data and improves the accuracy of BEA's measures of financial transactions in portfolio investment. The reported transactions on the TIC SLT will also serve as the primary data source for BEA's estimates of transactions in these instruments in subsequent quarters.