

FOR WIRE TRANSMISSION: 8:30 A.M. EDT, THURSDAY, September 16, 2010

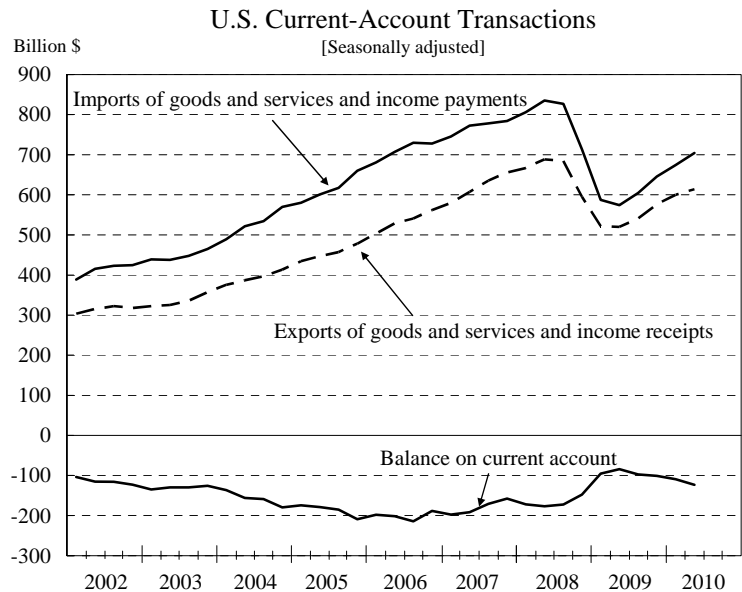
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BEA 10-44

U.S. International Transactions: Second 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 \$123.3 billion (preliminary) in the second quarter of 2010, from \$109.2 billion (revised) in the first quarter of 2010. The increase was the fourth 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 more than accounted for by an increase in the deficit on goods. Increases in the surpluses on services and income and a drop in net unilateral current transfers were partly offsetting.



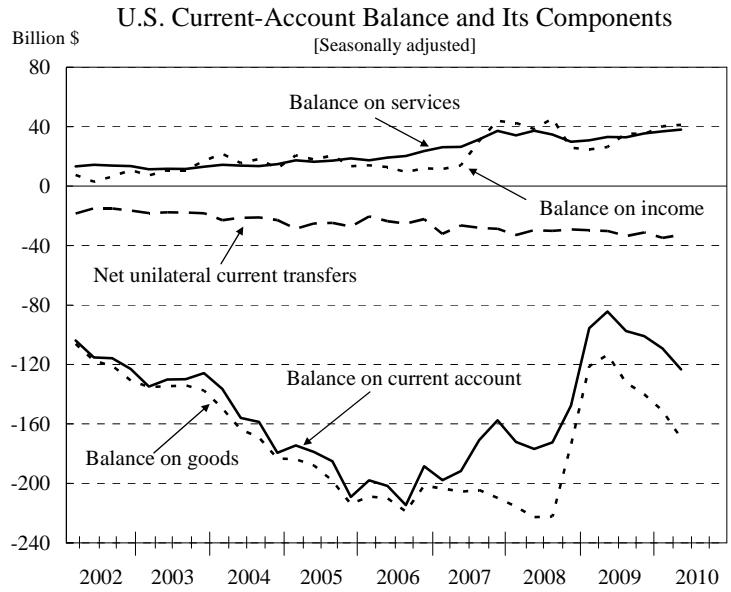
Goods and services

The deficit on goods and services increased to \$131.6 billion in the second quarter from \$114.5 billion in the first.

Goods The deficit on goods increased to \$169.6 billion in the second quarter from \$151.3 billion in the first.

NOTE: This news release and detailed statistics for U.S. international transactions are available on [BEA's Web site](http://www.bea.gov) <www.bea.gov> along with [Highlights](#) related to this release.

Goods exports increased to \$316.1 billion from \$305.6 billion. Most major end-use categories increased in the second quarter. Industrial supplies and materials and capital goods more than accounted for the increase in exports. Within the industrial supplies and materials category, petroleum and products accounted for much of the increase, with metals and nonmetallic products also contributing to the gain. A decrease in foods, feeds, and beverages, primarily soybeans, offset some of the other gains in exports.



Goods imports increased to \$485.7 billion from \$457.0 billion. Most major end-use categories increased; most of the increase was accounted for by capital goods, automotive products, and consumer goods. Within capital goods, computers were particularly strong. The increase in automotive products was mostly accounted for by passenger cars. Consumer goods increased as a result of pickups in both durable and nondurable goods.

Services The surplus on services increased to \$38.0 billion in the second quarter from \$36.9 billion in the first.

Services receipts increased to \$135.9 billion from \$133.3 billion. Within services, the largest increases were in other private services, royalties and license fees, and passenger fares. Most of the other services categories also increased.

Services payments increased to \$97.9 billion from \$96.4 billion. The increase was more than accounted for by other transportation and other private services. Decreases in travel and royalties and license fees were partly offsetting.

Income

The surplus on income increased to \$41.2 billion in the second quarter from \$40.2 billion in the first.

Investment income Income receipts on U.S.-owned assets abroad increased to \$161.1 billion from \$160.5 billion. The increase was more than accounted for by other private receipts (which consists of interest and dividends). Direct investment receipts and U.S. government receipts declined.

Income payments on foreign-owned assets in the United States declined to \$117.8 billion from \$118.3 billion. The decrease was more than accounted for by direct investment payments. Other private payments (which consists of interest and dividends) and U.S. government payments increased.

Compensation of employees Receipts for compensation of U.S. workers abroad remained at \$0.8 billion in the second quarter. Payments for compensation of foreign workers in the United States increased to \$2.9 billion from \$2.8 billion.

Unilateral current transfers

Net unilateral current transfers to foreigners were \$32.9 billion in the second quarter, down from \$34.9 billion in the first. The decrease was more than accounted for by U.S. government grants.

Capital Account

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

Financial Account

Net financial inflows were \$36.6 billion in the second quarter, up from \$34.7 billion in the first. Growth in both U.S.-owned assets abroad and foreign-owned assets in the United States slowed, but the slowdown in U.S.-owned assets abroad exceeded that of foreign-owned assets in the United States.

U.S.-owned assets abroad

U.S.-owned assets abroad increased \$139.1 billion in the second quarter, following an increase of \$301.4 billion in the first.

U.S. claims on foreigners reported by U.S. banks and securities brokers increased \$16.5 billion in the second quarter, following an increase of \$171.8 billion in the first. (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 \$20.7 billion in the second quarter following net U.S. purchases of \$46.1 billion in the first. Net U.S. purchases of foreign stocks increased to \$22.2 billion from \$10.8 billion. Transactions in foreign bonds shifted to net U.S. sales of \$1.5 billion from net U.S. purchases of \$35.4 billion.

U.S. direct investment abroad was \$81.5 billion in the second quarter, down from \$102.9 billion in the first. The decrease in direct investment was mostly accounted for by a decrease in net equity investment; reinvested earnings also contributed.

U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns increased \$17.9 billion in the second quarter, following a decrease of \$10.8 billion in the first.

U.S. official reserve assets increased \$0.2 billion in the second quarter, following an increase of \$0.8 billion in the first.

U.S. government assets other than official reserve assets increased \$2.4 billion in the second quarter, following a decrease of \$9.4 billion in the first.

Foreign-owned assets in the United States

Foreign-owned assets in the United States increased \$175.6 billion in the second quarter, following an increase of \$320.2 billion in the first.

U.S. liabilities to foreigners reported by U.S. banks and securities brokers (other than foreign official assets) decreased \$12.0 billion in the second quarter, following an increase of \$63.8 billion in the first. (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 \$99.0 billion in the second quarter, down from \$103.1 billion in the first.

Net private foreign transactions in U.S. securities other than U.S. Treasury securities shifted to net foreign sales of \$5.7 billion in the second quarter from net foreign purchases of \$6.1 billion in the first. Transactions in U.S. federally sponsored agency bonds shifted to net foreign purchases of \$8.1 billion in the second quarter, from net sales of \$1.5 billion in the first. Net foreign sales of U.S. corporate bonds were \$18.1 billion, down from \$28.1 billion. Net foreign purchases of U.S. stocks were \$4.2 billion, down from \$35.6 billion.

Foreign direct investment in the United States was \$27.2 billion in the second quarter, following investment of \$51.6 billion in the first. The decrease was more than accounted for by a shift in net intercompany debt investment in the United States to net outflows from net inflows. In contrast, equity investment and reinvested earnings both increased.

U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns increased \$15.4 billion in the second quarter, following an increase of \$20.9 billion in the first.

Foreign official assets in the United States increased \$49.6 billion in the second quarter, following an increase of \$72.5 billion in the first.

Net shipments of U.S. currency to foreign countries were \$2.1 billion in the second quarter, down from \$2.3 billion in the first.

The statistical discrepancy—errors and omissions in recorded transactions—was \$86.7 billion in the second quarter compared to \$74.5 billion in the first.

In the second quarter, the U.S. dollar appreciated 3.7 percent on a trade-weighted quarterly average basis against a group of 7 major currencies.

Revisions

The first-quarter 2010 international transactions are revised from previously published statistics. The current-account deficit was revised to \$109.2 billion from \$109.0 billion. The goods deficit was virtually unrevised at \$151.3 billion; the services surplus was revised to \$36.9 billion from \$36.0 billion; the income surplus was revised to \$40.2 billion from \$41.7 billion; and unilateral current transfers were revised to net outflows of \$34.9 billion from \$35.5 billion. Net financial inflows were revised to \$34.7 billion from \$31.3 billion.

* * *

Release dates in 2010:

Fourth quarter and year 2009.....March 18, 2010 (Thursday)
First quarter 2010.....June 17, 2010 (Thursday)
Second quarter 2010.....September 16, 2010 (Thursday)
Third quarter 2010.....December 16, 2010 (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

BEA's national, international, regional, and industry statistics; the Survey of Current Business; and BEA news releases are available without charge on BEA's Web site at www.bea.gov. By visiting the site, you can also subscribe to receive free e-mail summaries of BEA releases and announcements.

Table 1. U.S. International Transactions

[Millions of dollars, quarters seasonally adjusted]

	(Credits +, debits -)	2009	2009				2010		Change: 2010:I - 2010:II
			I	II	III	IV	I ^r	II ^p	
	Current account								
1	Exports of goods and services and income receipts.....	2,159,000	521,735	520,110	540,729	576,426	600,182	613,859	13,677
2	Exports of goods and services.....	1,570,797	378,378	377,829	394,145	420,444	438,914	451,977	13,063
3	Goods, balance of payments basis.....	1,068,499	255,044	254,021	268,858	290,576	305,640	316,112	10,472
4	Services.....	502,298	123,334	123,808	125,287	129,868	133,274	135,865	2,591
5	Transfers under U.S. military agency sales contracts.....	17,096	3,381	4,561	5,445	3,709	4,242	4,506	264
6	Travel.....	93,917	23,631	23,006	23,311	23,969	25,006	25,298	292
7	Passenger fares.....	26,424	7,035	6,534	6,498	6,356	7,167	7,694	527
8	Other transportation.....	35,406	8,652	8,549	8,834	9,371	9,691	9,998	307
9	Royalties and license fees.....	89,791	21,502	22,363	21,396	24,530	24,138	24,672	534
10	Other private services.....	238,332	58,831	58,487	59,458	61,555	62,576	63,379	803
11	U.S. government miscellaneous services.....	1,333	302	309	345	377	454	318	-136
12	Income receipts.....	588,203	143,356	142,281	146,584	155,982	161,268	161,883	615
13	Income receipts on U.S.-owned assets abroad.....	585,256	142,618	141,543	145,855	155,239	160,509	161,104	595
14	Direct investment receipts.....	346,073	75,363	82,354	89,626	98,730	104,130	103,224	-906
15	Other private receipts.....	234,458	64,788	58,080	55,506	56,084	55,981	57,557	1,576
16	U.S. government receipts.....	4,724	2,467	1,109	723	425	398	323	-75
17	Compensation of employees.....	2,947	738	738	728	743	759	779	20
18	Imports of goods and services and income payments.....	-2,412,489	-587,564	-574,265	-604,594	-646,066	-674,473	-704,274	-29,801
19	Imports of goods and services.....	-1,945,705	-468,817	-458,270	-493,467	-525,152	-553,365	-583,577	-30,212
20	Goods, balance of payments basis.....	-1,575,443	-376,241	-367,528	-400,977	-430,698	-456,961	-485,725	-28,764
21	Services.....	-370,262	-92,576	-90,742	-92,490	-94,454	-96,404	-97,852	-1,448
22	Direct defense expenditures.....	-30,474	-7,395	-7,662	-7,728	-7,689	-7,721	-7,726	-5
23	Travel.....	-73,230	-18,702	-17,721	-18,459	-18,348	-18,651	-18,296	355
24	Passenger fares.....	-25,980	-6,784	-6,163	-6,455	-6,578	-6,638	-7,045	-407
25	Other transportation.....	-41,586	-11,295	-10,141	-9,880	-10,269	-11,287	-12,404	-1,117
26	Royalties and license fees.....	-25,230	-5,988	-6,442	-6,137	-6,663	-7,662	-7,312	350
27	Other private services.....	-168,892	-41,274	-41,461	-42,611	-43,546	-43,250	-43,861	-611
28	U.S. government miscellaneous services.....	-4,871	-1,138	-1,152	-1,220	-1,360	-1,194	-1,208	-14
29	Income payments.....	-466,783	-118,747	-115,995	-111,127	-120,914	-121,108	-120,697	411
30	Income payments on foreign-owned assets in the United States.....	-456,027	-116,032	-113,323	-108,460	-118,212	-118,304	-117,833	471
31	Direct investment payments.....	-94,010	-13,663	-22,810	-23,348	-34,189	-35,143	-32,280	2,863
32	Other private payments.....	-218,020	-63,460	-54,146	-50,473	-49,941	-48,426	-49,925	-1,499
33	U.S. government payments.....	-143,997	-38,909	-36,367	-34,639	-34,082	-34,735	-35,628	-893
34	Compensation of employees.....	-10,757	-2,715	-2,673	-2,667	-2,702	-2,804	-2,865	-61
35	Unilateral current transfers, net.....	-124,943	-29,747	-30,292	-33,638	-31,268	-34,867	-32,868	1,999
36	U.S. government grants.....	-41,638	-8,641	-10,969	-13,067	-8,962	-12,311	-10,112	2,199
37	U.S. government pensions and other transfers.....	-8,874	-2,180	-2,222	-2,233	-2,241	-2,548	-2,585	-37
38	Private remittances and other transfers.....	-74,431	-18,927	-17,101	-18,338	-20,065	-20,008	-20,170	-162

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

[Millions of dollars, quarters seasonally adjusted]

	(Credits +, debits -)	2009	2009				2010		Change: 2010:I - 2010:II
			I	II	III	IV	I ^r	II ^p	
Capital account									
39	Capital account transactions, net.....	-140	-20	-29	-36	-56	-3	-1	2
Financial account									
40	U.S.-owned assets abroad, excluding financial derivatives (increase/financial outflow (-)).....	-140,465	112,726	31,734	-276,241	-8,685	-301,389	-139,056	162,333
41	U.S. official reserve assets.....	-52,256	-982	-3,632	-49,021	1,379	-773	-165	608
42	Gold.....	0	0	0	0	0	0	0	0
43	Special drawing rights.....	-48,230	-15	-8	-47,720	-487	-7	-6	1
44	Reserve position in the International Monetary Fund.....	-3,357	-754	-3,485	-1,098	1,980	-581	-77	504
45	Foreign currencies.....	-669	-213	-139	-203	-114	-185	-82	103
46	U.S. government assets, other than official reserve assets.....	541,342	244,102	193,750	57,736	45,754	9,433	-2,352	-11,785
47	U.S. credits and other long-term assets.....	-4,069	-240	-1,947	-616	-1,266	-1,247	-1,709	-462
48	Repayments on U.S. credits and other long-term assets.....	2,133	484	432	534	683	399	662	263
49	U.S. foreign currency holdings and U.S. short-term assets.....	543,278	243,858	195,265	57,818	46,337	10,281	-1,305	-11,586
50	U.S. private assets.....	-629,552	-130,394	-158,384	-284,956	-55,817	-310,048	-136,539	173,509
51	Direct investment.....	-268,680	-45,145	-62,066	-78,313	-83,155	-102,940	-81,476	21,464
52	Foreign securities.....	-208,213	-29,176	-86,725	-46,823	-45,489	-46,147	-20,665	25,482
53	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns.....	124,428	2,717	22,161	83,302	16,248	10,821	-17,905	-28,726
54	U.S. claims reported by U.S. banks and securities brokers.....	-277,087	-58,790	-31,754	-243,122	56,579	-171,782	-16,493	155,289
55	Foreign-owned assets in the United States, excluding financial derivatives (increase/financial inflow (+)).....	305,736	-111,916	-28,348	342,385	103,615	320,217	175,642	-144,575
56	Foreign official assets in the United States.....	450,030	107,912	128,667	96,616	116,835	72,507	49,645	-22,862
57	U.S. government securities.....	441,056	145,512	120,776	73,293	101,475	83,384	44,168	-39,216
58	U.S. Treasury securities.....	561,125	163,809	149,213	123,675	124,428	89,654	24,549	-65,105
59	Other.....	-120,069	-18,297	-28,437	-50,382	-22,953	-6,270	19,619	25,889
60	Other U.S. government liabilities.....	57,971	2,534	685	53,455	1,297	4,060	2,515	-1,545
61	U.S. liabilities reported by U.S. banks and securities brokers.....	-70,851	-44,928	-4,900	-33,735	12,712	-15,968	3,612	19,580
62	Other foreign official assets.....	21,854	4,794	12,106	3,603	1,351	1,031	-650	-1,681
63	Other foreign assets in the United States.....	-144,294	-219,828	-157,015	245,769	-13,220	247,710	125,997	-121,713
64	Direct investment.....	134,707	5,866	31,524	55,803	41,514	51,568	27,176	-24,392
65	U.S. Treasury securities.....	22,781	46,084	-29,321	-9,203	15,221	103,092	99,026	-4,066
66	U.S. securities other than U.S. Treasury securities.....	59	-67,781	-221	47,708	20,353	6,077	-5,723	-11,800
67	U.S. currency.....	12,632	11,816	-1,935	4,179	-1,428	2,265	2,100	-165
68	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns.....	-1,460	-11,614	26,564	8,572	-24,982	20,877	15,368	-5,509
69	U.S. liabilities reported by U.S. banks and securities brokers.....	-313,013	-204,199	-183,626	138,710	-63,898	63,831	-11,950	-75,781
70	Financial derivatives, net.....	50,804	7,221	11,275	11,496	20,812	15,838	n.a.	n.a.
71	Statistical discrepancy (sum of above items with sign reversed).....	162,497	87,565	69,815	19,899	-14,779	74,494	¹ 86,697	² 12,203
Memoranda:									
72	Balance on goods (lines 3 and 20).....	-506,944	-121,197	-113,507	-132,119	-140,121	-151,321	-169,613	-18,292
73	Balance on services (lines 4 and 21).....	132,036	30,758	33,066	32,797	35,414	36,870	38,013	1,143
74	Balance on goods and services (lines 2 and 19).....	-374,908	-90,439	-80,441	-99,322	-104,707	-114,451	-131,600	-17,149
75	Balance on income (lines 12 and 29).....	121,419	24,609	26,286	35,457	35,068	40,160	41,185	1,025
76	Unilateral current transfers, net (line 35).....	-124,943	-29,747	-30,292	-33,638	-31,268	-34,867	-32,868	1,999
77	Balance on current account (lines 1, 18, and 35 or lines 74, 75, and 76).....	-378,432	-95,577	-84,447	-97,503	-100,907	-109,158	-123,283	-14,125
78	Net financial flows (lines 40, 55, and 70).....	216,075	8,031	14,661	77,640	115,742	34,666	¹ 36,586	² 1,920

¹ Calculated excluding financial derivatives, net (line 70).² 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