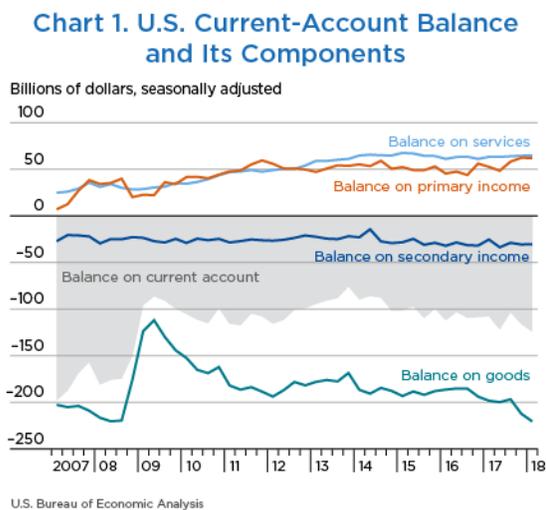


U.S. International Transactions

First Quarter 2018

Prepared by Michelle Murillo

The U.S. current-account deficit—a net measure of transactions between the United States and the rest of the world in goods, services, primary income, and secondary income—increased to \$124.1 billion (preliminary) in the first quarter of 2018 from \$116.1 billion (revised) in the fourth quarter of 2017 (chart 1 and table A). The deficit was 2.5 percent of current-dollar gross domestic product (GDP) in the first quarter, up from 2.4 percent in the fourth quarter.



The \$8.0 billion increase in the current-account deficit reflected an \$8.1 billion increase in the deficit on goods and relatively small, nearly offsetting changes in the balances on services, primary income, and secondary income.

Net U.S. borrowing measured by financial-account transactions was \$180.6 billion in the first quarter, an increase from net borrowing of \$31.3 billion in the fourth quarter.

Table A. U.S. International Transactions

[Millions of dollars, seasonally adjusted]

	2017			2018	Change 2017:IV to 2018:I
	II ^r	III ^r	IV ^r	I ^p	
Current account					
Exports of goods and services and income receipts (credits)	839,280	868,997	890,393	913,358	22,965
Exports of goods and services	579,743	589,107	605,916	619,243	13,327
Goods	382,492	387,814	401,939	411,416	9,477
Services	197,252	201,293	203,977	207,828	3,851
Primary income receipts	223,979	237,632	248,940	258,786	9,846
Secondary income (current transfer) receipts	35,557	42,258	35,537	35,329	-208
Imports of goods and services and income payments (debits)	961,117	972,445	1,006,541	1,037,464	30,923
Imports of goods and services	716,443	721,899	753,742	774,870	21,128
Goods	582,440	584,637	614,317	631,934	17,617
Services	134,004	137,261	139,426	142,936	3,510
Primary income payments	175,444	179,410	186,569	196,775	10,206
Secondary income (current transfer) payments	69,229	71,136	66,229	65,819	-410
Capital account					
Capital transfer receipts and other credits	0	24,788	0	0	0
Capital transfer payments and other debits	0	1	40	n.a.	n.a.
Financial account					
Net U.S. acquisition of financial assets excluding financial derivatives (net increase in assets / financial outflow (+))	315,922	373,591	127,135	254,728	127,593
Direct investment assets	49,976	102,936	91,256	-119,662	-210,918
Portfolio investment assets	180,700	175,910	88,301	365,467	277,166
Other investment assets	85,095	94,804	-50,883	8,930	59,813
Reserve assets	150	-61	-1,539	-7	1,532
Net U.S. incurrence of liabilities excluding financial derivatives (net increase in liabilities / financial inflow (+))	445,338	504,082	159,164	464,054	304,890
Direct investment liabilities	97,118	107,107	38,250	97,344	59,094
Portfolio investment liabilities	263,170	294,275	81,626	292,084	210,458
Other investment liabilities	85,050	102,701	39,288	74,626	35,338
Financial derivatives other than reserves, net transactions	9,306	18,600	777	28,678	27,901
Statistical discrepancy					
Statistical discrepancy¹	1,727	-33,231	84,936	-56,544	-141,480
Balances					
Balance on current account	-121,837	-103,447	-116,148	-124,105	-7,957
Balance on goods and services	-136,700	-132,791	-147,826	-155,626	-7,800
Balance on goods	-199,948	-196,823	-212,378	-220,518	-8,140
Balance on services	63,248	64,032	64,551	64,892	341
Balance on primary income	48,535	58,222	62,371	62,012	-359
Balance on secondary income	-33,672	-28,878	-30,692	-30,491	201
Balance on capital account	0	24,787	-40	0	40
Net lending (+) or net borrowing (-) from current- and capital-account transactions²	-121,837	-78,660	-116,188	-124,105	-7,917
Net lending (+) or net borrowing (-) from financial-account transactions³	-120,111	-111,891	-31,252	-180,649	-149,397

p Preliminary
r Revised
n.a. Not available

1. The statistical discrepancy is the difference between net acquisition of financial assets and net incurrence of liabilities in the financial account (including financial derivatives) less the difference between total credits and total debits recorded in the current and capital accounts.
2. Sum of current- and capital-account balances.
3. Sum of net U.S. acquisition of financial assets and net transactions in financial derivatives less net U.S. incurrence of liabilities.

Note. The statistics are presented in [table 1.2](#) on BEA's website.

Data Availability and Methodology

Detailed statistics for U.S. international transactions accompany this article in tables 1.1–9.1. The statistics and a description of the estimation methods are also available on BEA’s website. The links in the text and tables of this article provide the latest available statistics in the interactive tables.

For the statistics, see “[International Data](#).” For the methods, see *U.S. International Economic Accounts: Concepts and Methods*.

Overview

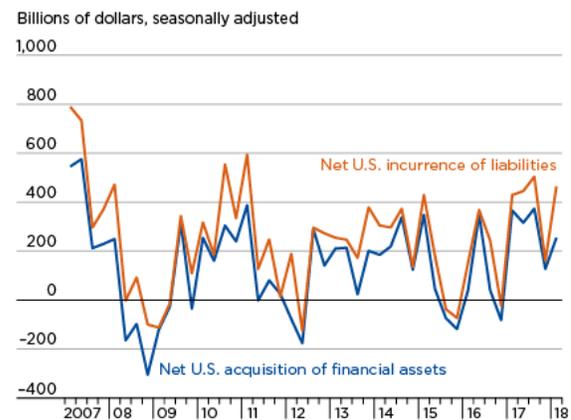
Current-account highlights

- The deficit on goods increased \$8.1 billion in the first quarter to \$220.5 billion.
- The surplus on primary income decreased \$0.4 billion to \$62.0 billion.
- The surplus on services increased \$0.3 billion to \$64.9 billion.
- The deficit on secondary income decreased \$0.2 billion to \$30.5 billion.

Financial-account highlights

- Net U.S. acquisition of financial assets excluding financial derivatives increased \$127.6 billion to \$254.7 billion (chart 2).
- Net U.S. incurrence of liabilities excluding financial derivatives increased \$304.9 billion to \$464.1 billion.
- Transactions in financial derivatives other than reserves reflected first-quarter net lending of \$28.7 billion, a \$27.9 billion increase from the fourth quarter.

Chart 2. Acquisition of Financial Assets and Incurrence of Liabilities Excluding Financial Derivatives



Statistical discrepancy

The statistical discrepancy was $-\$56.5$ billion in the first quarter following a statistical discrepancy of $\$84.9$ billion in the fourth quarter.

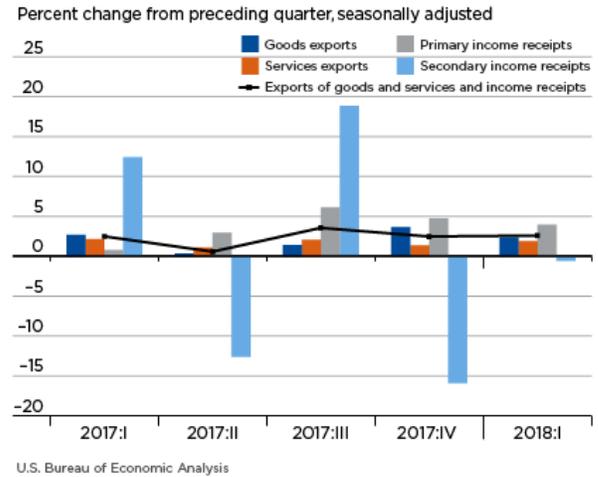
Current Account—Exports of Goods and Services and Income Receipts

Exports of goods and services and income receipts increased \$23.0 billion, or 2.6 percent, in the first quarter to \$913.4 billion (charts 3 and 4 and table B).

Chart 3. Current-Account Transactions



Chart 4. Percent Change in Exports of Goods and Services and Income Receipts



- Primary income receipts increased \$9.8 billion, or 4.0 percent, to \$258.8 billion, reflecting increases in direct investment income, portfolio investment income, and other investment income. For more information on direct investment income, see ["Effects of the 2017 Tax Cuts and Jobs Act on Components of Direct Investment."](#)
- Goods exports increased \$9.5 billion, or 2.4 percent, to \$411.4 billion, mostly reflecting increases in automotive vehicles, parts, and engines, in consumer goods, primarily jewelry and collectibles, and in nonmonetary gold.

Table B. Exports of Goods and Services and Income Receipts

[Millions of dollars, seasonally adjusted]

	2017			2018	Change 2017:IV to 2018:I
	II ^r	III ^r	IV ^r	I ^p	
Exports of goods and services and income receipts	839,280	868,997	890,393	913,358	22,965
Exports of goods	382,492	387,814	401,939	411,416	9,477
General merchandise	376,756	382,828	397,143	404,919	7,776
Foods, feeds, and beverages	33,752	34,209	32,099	33,338	1,239
Industrial supplies and materials	110,346	111,819	124,271	125,403	1,132
Energy products	38,318	38,716	46,234	46,945	711
<i>Of which: Petroleum and products</i>	32,441	33,122	40,384	40,071	-313
Nonenergy products	72,028	73,103	78,037	78,458	421
Capital goods except automotive	130,882	134,985	137,341	138,209	868
Automotive vehicles, parts, and engines	39,047	39,078	39,761	42,207	2,446
Consumer goods except food and automotive	49,198	48,879	49,807	51,598	1,791
Other general merchandise	13,531	13,858	13,866	14,163	297
Net exports of goods under merchanting	47	47	56	47	-9
Nonmonetary gold	5,689	4,940	4,740	6,450	1,710
Exports of services¹	197,252	201,293	203,977	207,828	3,851
Maintenance and repair services n.i.e.	6,574	6,213	6,740	7,171	431
Transport	21,756	22,483	22,696	23,116	420
Travel (for all purposes including education)	52,391	52,980	53,429	53,800	371
Business	9,931	9,906	9,956	9,918	-38
Personal	42,460	43,074	43,473	43,882	409
Insurance services	4,392	4,708	4,755	4,862	107
Financial services	26,854	27,927	28,751	29,443	692
Charges for the use of intellectual property n.i.e.	32,214	32,273	32,762	33,359	597
Telecommunications, computer, and information services	10,341	10,735	10,902	11,184	282
Other business services	37,886	38,936	39,326	40,144	818
Government goods and services n.i.e.	4,844	5,037	4,617	4,748	131
Primary income receipts	223,979	237,632	248,940	258,786	9,846
Investment income	222,406	236,058	247,367	257,193	9,826
Direct investment income	120,486	127,799	135,929	137,995	2,066
Portfolio investment income	86,627	91,154	93,614	98,978	5,364
Income on equity and investment fund shares	57,597	61,241	62,535	65,997	3,462
Interest on debt securities	29,031	29,913	31,078	32,981	1,903
Other investment income	15,158	16,996	17,741	20,051	2,310
Reserve asset income	135	109	82	169	87
Compensation of employees	1,573	1,573	1,573	1,593	20
Secondary income (current transfer) receipts²	35,557	42,258	35,537	35,329	-208

p Preliminary

r Revised

n.i.e. Not included elsewhere

1. See also Alexis N. Grimm and Shari Allen, "U.S. International Services: Trade in Services in 2016 and Services Supplied Through Affiliates in 2015," *Survey of Current Business* 97 (October 2017).
2. Secondary income receipts include U.S. government and private transfers, such as fines and penalties, withholding taxes, insurance-related transfers, and other current transfers.

Note. The statistics are presented in [table 1.2](#), [table 2.1](#), [table 3.1](#), [table 4.1](#), and [table 5.1](#) on BEA's website.

Current Account—Imports of Goods and Services and Income Payments

Imports of goods and services and income payments increased \$30.9 billion, or 3.1 percent, in the first quarter to \$1,037.5 billion (charts 3 and 5 and table C).

- Goods imports increased \$17.6 billion, or 2.9 percent, to \$631.9 billion, mostly reflecting increases in industrial supplies and materials, primarily petroleum and products, and in consumer goods, primarily medicinal, dental, and pharmaceutical products.
- Primary income payments increased \$10.2 billion, or 5.5 percent, to \$196.8 billion, reflecting increases in direct investment income, portfolio investment income, and other investment income.

Chart 5. Percent Change in Imports of Goods and Services and Income Payments

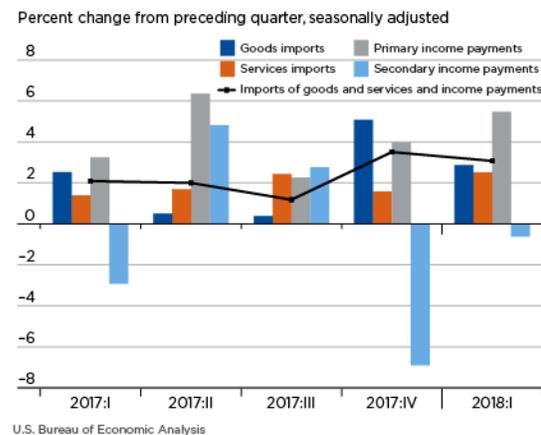


Table C. Imports of Goods and Services and Income Payments

[Millions of dollars, seasonally adjusted]

	2017			2018	Change 2017:IV to 2018:I
	II ^r	III ^r	IV ^r	I ^p	
Imports of goods and services and income payments	961,117	972,445	1,006,541	1,037,464	30,923
Imports of goods	582,440	584,637	614,317	631,934	17,617
General merchandise	579,845	581,849	610,844	629,125	18,281
Foods, feeds, and beverages	34,470	35,069	35,551	37,014	1,463
Industrial supplies and materials	125,834	123,450	133,707	142,001	8,294
Energy products	52,427	49,448	55,863	61,760	5,897
<i>Of which: Petroleum and products</i>	48,025	45,444	51,926	58,352	6,426
Nonenergy products	73,407	74,002	77,844	80,241	2,397
Capital goods except automotive	157,945	163,218	169,186	170,589	1,403
Automotive vehicles, parts, and engines	89,551	89,455	90,589	92,885	2,296
Consumer goods except food and automotive	149,365	148,197	157,597	164,007	6,410
Other general merchandise	22,679	22,460	24,214	22,630	-1,584
Nonmonetary gold	2,594	2,789	3,473	2,809	-664
Imports of services¹	134,004	137,261	139,426	142,936	3,510
Maintenance and repair services n.i.e.	2,136	2,004	2,059	2,016	-43
Transport	25,319	25,352	25,872	26,284	412
Travel (for all purposes including education)	33,525	33,813	34,906	35,615	709
Business	4,220	4,147	4,140	4,189	49
Personal	29,306	29,666	30,766	31,426	660
Insurance services	12,820	13,094	12,434	12,095	-339
Financial services	7,076	7,478	7,628	7,965	337
Charges for the use of intellectual property n.i.e.	12,298	13,136	13,808	15,318	1,510
Telecommunications, computer, and information services	9,805	10,068	10,280	10,465	185
Other business services	25,549	26,774	26,929	27,607	678
Government goods and services n.i.e.	5,477	5,541	5,510	5,572	62
Primary income payments	175,444	179,410	186,569	196,775	10,206
Investment income	170,545	174,430	181,601	191,803	10,202
Direct investment income	52,298	51,342	55,978	58,914	2,936
Portfolio investment income	106,870	109,845	111,305	115,353	4,048
Income on equity and investment fund shares	36,032	36,670	36,625	38,841	2,216
Interest on debt securities	70,838	73,175	74,680	76,512	1,832
Other investment income	11,377	13,243	14,317	17,536	3,219
Compensation of employees	4,899	4,980	4,969	4,972	3
Secondary income (current transfer) payments²	69,229	71,136	66,229	65,819	-410

p Preliminary

r Revised

n.i.e. Not included elsewhere

1. See also Alexis N. Grimm and Shari Allen, "U.S. International Services: Trade in Services in 2016 and Services Supplied Through Affiliates in 2015," *Survey of Current Business* 97 (October 2017).
2. Secondary income payments include U.S. government and private transfers, such as U.S. government grants and pensions, fines and penalties, withholding taxes, personal transfers (remittances), insurance-related transfers, and other current transfers.

Note. The statistics are presented in [table 1.2](#), [table 2.1](#), [table 3.1](#), [table 4.1](#), and [table 5.1](#) on BEA's website.

Financial Account

Acquisition of financial assets

- Net U.S. acquisition of portfolio investment assets increased \$277.2 billion to \$365.5 billion, reflecting net U.S. purchases of foreign equity and investment fund shares following net sales in the fourth quarter (chart 6 and table D).
- Net U.S. acquisition of other investment assets was \$8.9 billion, following net liquidation of \$50.9 billion in the fourth quarter. This change mostly reflected net U.S. provision of loans to foreigners, following net foreign repayment in the fourth quarter.
- Net U.S. withdrawal of direct investment assets was \$119.7 billion, following net U.S. acquisition of \$91.3 billion in the fourth quarter. This change partly offset the changes in portfolio investment assets and other investment assets. The net withdrawal of direct investment assets reflected U.S. parent repatriation of previously reinvested earnings. For more information, see ["Effects of the 2017 Tax Cuts and Jobs Act on Components of Direct Investment."](#)

Chart 6. Transactions in Financial Assets and Liabilities Excluding Financial Derivatives

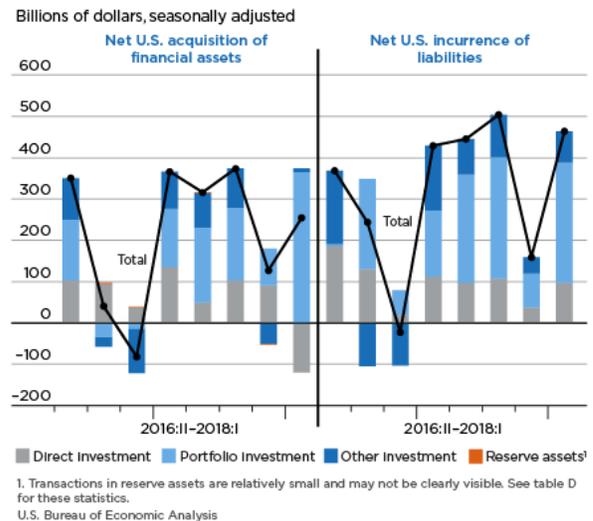


Table D. Net U.S. Acquisition of Financial Assets and Net U.S. Incurrence of Liabilities

[Millions of dollars, seasonally adjusted]

	2017			2018	Change 2017:IV to 2018:I
	II ^r	III ^r	IV ^r	I ^p	
Net U.S. acquisition of financial assets excluding financial derivatives (net increase in assets / financial outflow (+))	315,922	373,591	127,135	254,728	127,593
Direct investment assets	49,976	102,936	91,256	-119,662	-210,918
Equity	92,569	69,079	101,537	-170,162	-271,699
Equity other than reinvestment of earnings	13,047	3,850	-472	4,859	5,331
Reinvestment of earnings	79,521	65,229	102,009	-175,022	-277,031
Debt instruments	-42,593	33,857	-10,281	50,500	60,781
Portfolio investment assets	180,700	175,910	88,301	365,467	277,166
Equity and investment fund shares	110,542	63,399	-39,233	242,518	281,751
Debt securities	70,158	112,512	127,534	122,949	-4,585
Short-term securities	38,799	74,149	40,467	21,945	-18,522
Long-term corporate securities	21,717	26,957	62,231	72,160	9,929
Other long-term securities	9,642	11,406	24,836	28,844	4,008
Other investment assets	85,095	94,804	-50,883	8,930	59,813
Currency and deposits	25,883	78,488	4,850	-22,575	-27,425
Loans	59,564	15,099	-55,760	33,191	88,951
Trade credit and advances	-352	1,217	26	-1,686	-1,712
Reserve assets	150	-61	-1,539	-7	1,532
Monetary gold	0	0	0	0	0
Special drawing rights	15	26	26	33	7
Reserve position in the International Monetary Fund	82	-98	-1,535	-73	1,462
Other reserve assets	54	11	-29	34	63
Net U.S. incurrence of liabilities excluding financial derivatives (net increase in liabilities / financial inflow (+))	445,338	504,082	159,164	464,054	304,890
Direct investment liabilities	97,118	107,107	38,250	97,344	59,094
Equity	77,022	72,927	64,320	62,395	-1,925
Equity other than reinvestment of earnings	52,806	42,799	36,488	26,165	-10,323
Reinvestment of earnings	24,215	30,127	27,832	36,229	8,397
Debt instruments	20,097	34,180	-26,070	34,949	61,019
Portfolio investment liabilities	263,170	294,275	81,626	292,084	210,458
Equity and investment fund shares	21,024	80,561	-3,377	150,345	153,722
Debt securities	242,147	213,713	85,003	141,739	56,736
Short term	15,264	-20,035	25,215	31,354	6,139
Treasury bills and certificates	3,820	9,132	20,270	13,560	-6,710
Federally sponsored agency securities	-4,592	-1,927	2,160	2,214	54
Other short-term securities	16,036	-27,240	2,785	15,580	12,795
Long term	226,882	233,748	59,788	110,385	50,597
Treasury bonds and notes	51,155	150,035	546	76,491	75,945
Federally sponsored agency securities	21,605	14,153	8,523	28,912	20,389
Corporate bonds and notes	148,860	70,281	51,058	4,731	-46,327
Other	5,262	-721	-339	251	590
Other investment liabilities	85,050	102,701	39,288	74,626	35,338
Currency (short term)	15,830	15,850	17,262	16,970	-292
Deposits	94,915	-31,642	44,161	-18,689	-62,850
Loans	-25,350	112,549	-23,436	67,255	90,691
Trade credit and advances	-346	5,943	1,302	9,090	7,788
Special drawing rights allocations	0	0	0	0	0

p Preliminary

r Revised

Note. The statistics are presented in [table 1.2](#), [table 6.1](#), [table 7.1](#), and [table 8.1](#) on BEA's website.

Incurrence of liabilities

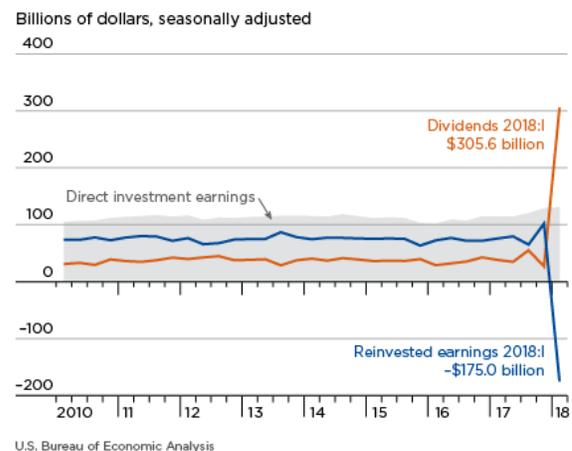
- Net U.S. incurrence of portfolio investment liabilities increased \$210.5 billion to \$292.1 billion, mostly reflecting net foreign purchases of U.S. equity and investment fund shares following net foreign sales in the fourth quarter.
- Net U.S. incurrence of direct investment liabilities increased \$59.1 billion to \$97.3 billion, mostly reflecting net U.S. incurrence of debt liabilities following net repayment in the fourth quarter.
- Net U.S. incurrence of other investment liabilities increased \$35.3 billion to \$74.6 billion, reflecting partly offsetting changes in transactions in loan and deposit liabilities. Net U.S. incurrence of loan liabilities in the first quarter followed net repayment in the fourth quarter. Net foreign withdrawal of deposits in the United States followed net incurrence in the fourth quarter.

Effects of the 2017 Tax Cuts and Jobs Act on Components of Direct Investment

In the international transactions accounts, income on equity, or earnings, of foreign affiliates of U.S. multinational enterprises consist of repatriated earnings to the parent company in the United States in the form of dividends and reinvested earnings in foreign affiliates. When dividends exceed earnings in a given period, there is a net withdrawal of equity assets. In the first quarter of 2018, direct investment earnings were \$130.6 billion, reflecting dividends and withdrawals of \$305.6 billion and reinvested earnings of $-\$175.0$ billion (chart 7).

The large magnitudes for dividends and withdrawals and the negative reinvested earnings reflect the repatriation of accumulated earnings by foreign affiliates of U.S. multinational enterprises to their parent companies in the United States in response to the 2017 Tax Cuts and Jobs Act (TCJA). The TCJA requires U.S. parent companies to pay a one-time tax on their accumulated earnings held abroad but generally eliminates taxes on repatriated earnings. The negative reinvested earnings of $-\$175.0$ billion reflect the fact that dividends exceeded earnings in the first quarter and U.S parent companies withdrew accumulated prior earnings from their

Chart 7. Direct Investment Income Receipts and Components



U.S. parent companies withdrew accumulated prior earnings from their

foreign affiliates. The negative reinvested earnings are also reflected in the net acquisition of direct investment assets in the financial account, which was -\$119.7 billion in the first quarter of 2018 (table D).

For more information, see [“How does the 2017 Tax Cuts and Jobs Act affect BEA’s business income statistics?”](#) and [“How are the international transactions accounts affected by an increase in direct investment dividend receipts?”](#)

Updates to Statistics

The U.S. international transactions statistics for the first quarter of 2010 through the fourth quarter of 2017 have been updated to incorporate newly available and revised source data, updated seasonal factors, and improved estimation methodologies (table E).

Table E. Updates to the Fourth Quarter 2017 International Transactions Aggregates
[Millions of dollars, seasonally adjusted]

	Preliminary estimates	Revised estimates
Balance on goods	-214,261	-212,378
Balance on services	60,375	64,551
Balance on primary income	57,195	62,371
Balance on secondary income (current transfers)	-31,467	-30,692
Balance on current account	-128,158	-116,148
Net U.S. acquisition of financial assets	177,861	127,135
Net U.S. incurrence of liabilities	208,437	159,164
Net lending or borrowing from financial-account transactions	-29,799	-31,252

For more information, see Barbara Berman and Erin (Yiran) Xin, [“Annual Update of the U.S. International Transactions Accounts”](#) in this issue of the *Survey of Current Business*.



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