

U.S. International Transactions

Second Quarter 2019

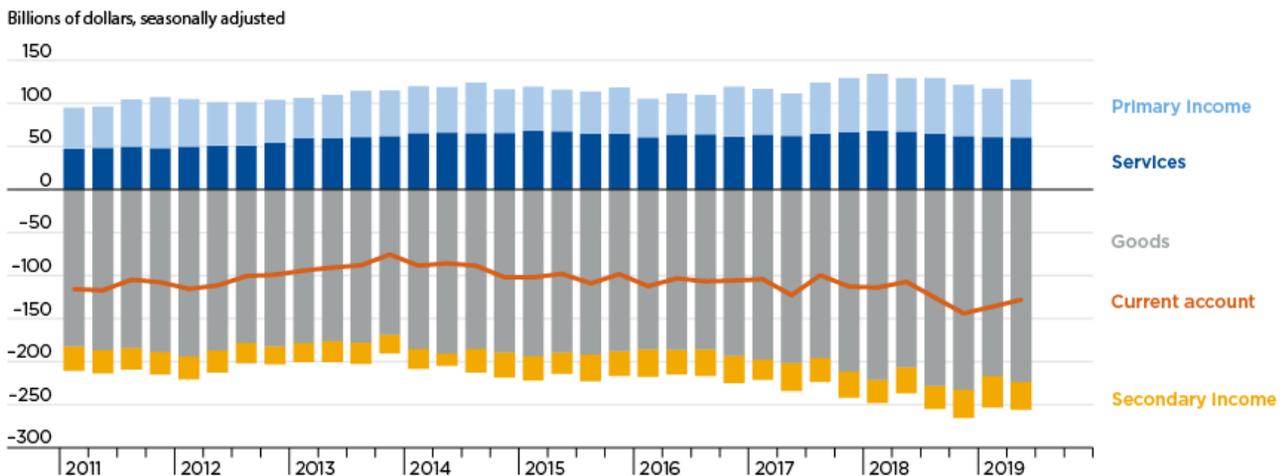
By Nathan Hansen

The U.S. current-account deficit, which reflects the combined balances on trade in goods and services and income flows between U.S. residents and residents of other countries, narrowed by \$8.0 billion, or 5.9 percent, to \$128.2 billion in the second quarter of 2019 (chart 1 and table A). The revised first-quarter deficit was \$136.2 billion.

The deficit was 2.4 percent of current-dollar gross domestic product, down from 2.6 percent in the first quarter.

The \$8.0 billion narrowing of the current-account deficit in the second quarter mainly reflected an expanded surplus on primary income.

Chart 1. U.S. Current-Account Balance and Its Components



U.S. Bureau of Economic Analysis

Table A. U.S. International Transactions

[Millions of dollars, seasonally adjusted]

	2018		2019		Change 2019:I to 2019:II
	III	IV	I ^r	II ^p	
Current account					
Exports of goods and services and income receipts (credits)	938,438	938,689	940,922	942,986	2,064
Exports of goods and services	626,239	623,761	626,970	622,322	-4,648
Goods	419,545	416,964	419,100	414,554	-4,546
Services	206,694	206,797	207,870	207,768	-102
Primary income receipts	273,570	276,483	278,138	285,197	7,059
Secondary income (current transfer) receipts	38,629	38,445	35,814	35,466	-348
Imports of goods and services and income payments (debits)	1,064,177	1,082,616	1,077,116	1,071,174	-5,942
Imports of goods and services	789,663	794,907	783,443	785,656	2,213
Goods	647,447	649,288	635,844	637,882	2,038
Services	142,216	145,620	147,599	147,774	175
Primary income payments	208,846	216,424	221,275	217,581	-3,694
Secondary income (current transfer) payments	65,669	71,285	72,399	67,936	-4,463
Capital account					
Capital transfer receipts and other credits	524	2,723	0	0	0
Capital transfer payments and other debits	3	2	0	n.a.	n.a.
Financial account					
Net U.S. acquisition of financial assets excluding financial derivatives (net increase in assets / financial outflow (+))	81,893	147,259	110,967	208,217	97,250
Direct investment assets	52,845	25,696	7,878	86,040	78,162
Portfolio investment assets	83,415	-22,210	-41,876	38,180	80,056
Other investment assets	-54,189	141,668	144,757	81,639	-63,118
Reserve assets	-177	2,105	208	2,359	2,151
Net U.S. incurrence of liabilities excluding financial derivatives (net increase in liabilities / financial inflow (+))	127,770	286,247	126,280	354,137	227,857
Direct investment liabilities	126,925	52,720	110,079	81,182	-28,897
Portfolio investment liabilities	12,274	14,884	-42,822	167,492	210,314
Other investment liabilities	-11,430	218,644	59,023	105,463	46,440
Financial derivatives other than reserves, net transactions	-11,505	-22,632	-21,421	-9,220	12,201
Statistical discrepancy					
Statistical discrepancy¹	67,837	-20,414	99,461	-26,951	-126,412
Balances					
Balance on current account	-125,739	-143,927	-136,194	-128,188	8,006
Balance on goods and services	-163,424	-171,146	-156,473	-163,334	-6,861
Balance on goods	-227,902	-232,323	-216,744	-223,328	-6,584
Balance on services	64,478	61,177	60,271	59,994	-277
Balance on primary income	64,724	60,059	56,864	67,616	10,752
Balance on secondary income	-27,039	-32,841	-36,585	-32,470	4,115
Balance on capital account	521	2,721	0	0	0
Net lending (+) or net borrowing (-) from current- and capital-account transactions²	-125,218	-141,206	-136,194	-128,188	8,006
Net lending (+) or net borrowing (-) from financial-account transactions³	-57,381	-161,621	-36,734	-155,140	-118,406

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.

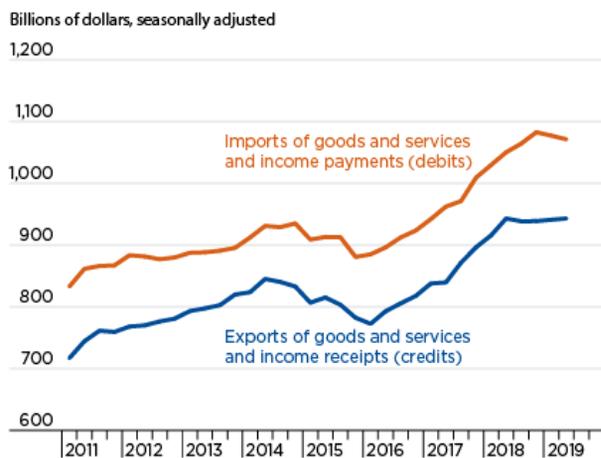
Data Availability and Methodology

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 the Bureau of Economic Analysis 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 Transactions, International Services, and International Investment Position Tables](#).” For the methods, see [U.S. International Economic Accounts: Concepts and Methods](#).

Current Account

Exports of goods and services to, and income received from, foreign residents increased \$2.1 billion to \$943.0 billion in the second quarter (charts 2 and 3 and table B). Imports of goods and services from, and income paid to, foreign residents decreased \$5.9 billion to \$1.07 trillion (chart 4 and table C).

Chart 2. Current-Account Transactions



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Trade in goods

Exports of goods decreased \$4.5 billion to \$414.6 billion, mainly reflecting a decrease in capital goods, mostly civilian aircraft. Imports of goods increased \$2.0 billion to \$637.9 billion, led by an increase in industrial supplies and materials. Changes in the other major categories were nearly offsetting.

Trade in services

Exports of services decreased \$0.1 billion to \$207.8 billion, reflecting nearly offsetting changes across major categories. Decreases were led by travel, mainly other personal travel, and increases were led by other business services, mainly professional and management consulting services. Imports of services increased \$0.2 billion to \$147.8 billion, also reflecting nearly offsetting changes across major categories. Increases were led by insurance services, mainly reinsurance, and decreases were led by transport, mostly sea freight transport.

Primary income

Receipts of primary income increased \$7.1 billion to \$285.2 billion, mostly reflecting increases in portfolio investment income, mainly dividends on equity securities, and in direct investment income. Within direct investment income, dividends were \$88.3 billion in the second quarter and remain elevated since the passage of the 2017 Tax Cuts and Jobs Act, which generally eliminated taxes on repatriated earnings beginning in 2018. For more information, see [“How do the effects of](#)

the 2017 Tax Cuts and Jobs Act appear in BEA's direct investment statistics?" Payments of primary income decreased \$3.7 billion to \$217.6 billion, mostly reflecting a decrease in direct investment income.

Secondary income

Receipts of secondary income decreased \$0.3 billion to \$35.5 billion. Payments of secondary income decreased \$4.5 billion to \$67.9 billion, mostly reflecting decreases in U.S. government grants and in private sector payments of fines and penalties.

Chart 3. Percent Change in Exports of Goods and Services and Income Receipts

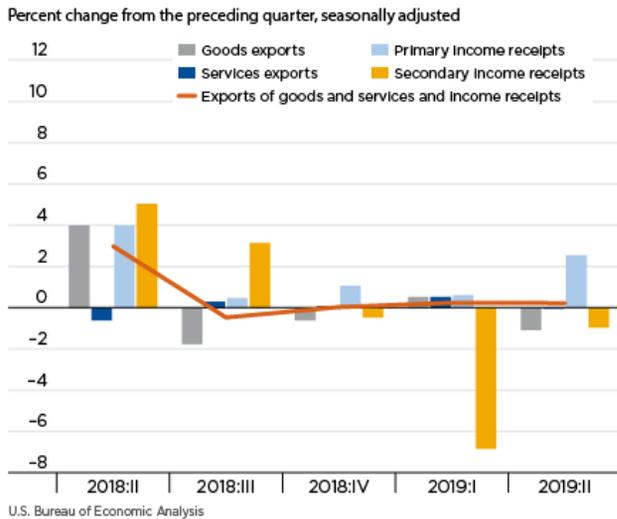


Chart 4. Percent Change in Imports of Goods and Services and Income Payments

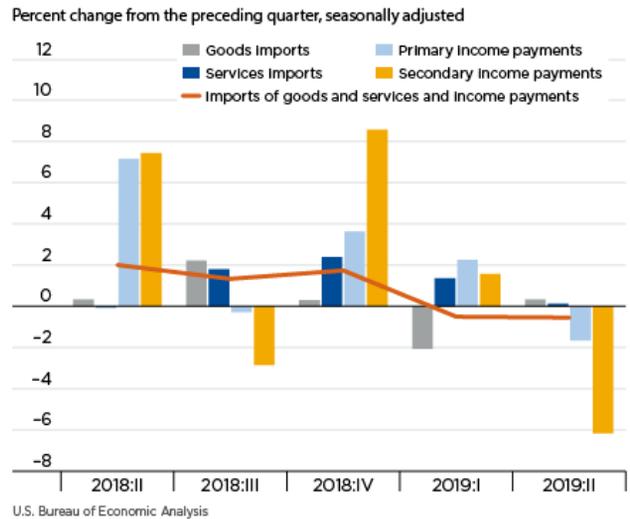


Table B. Exports of Goods and Services and Income Receipts

[Millions of dollars, seasonally adjusted]

	2018		2019		Change 2019:I to 2019:II
	III	IV	I ^r	II ^p	
Exports of goods and services and income receipts	938,438	938,689	940,922	942,986	2,064
Exports of goods	419,545	416,964	419,100	414,554	-4,546
General merchandise	413,442	412,683	414,383	410,315	-4,068
Foods, feeds, and beverages	33,829	29,988	32,737	35,206	2,469
Industrial supplies and materials	135,990	136,077	130,689	132,798	2,109
Energy products	56,374	57,659	53,445	56,817	3,372
<i>Of which: Petroleum and products</i>	49,597	50,018	46,006	49,336	3,330
Nonenergy products	79,616	78,418	77,244	75,981	-1,263
Capital goods except automotive	140,316	142,219	142,068	135,685	-6,383
Automotive vehicles, parts, and engines	38,864	37,827	41,274	40,255	-1,019
Consumer goods except food and automotive	51,121	51,917	52,963	51,465	-1,498
Other general merchandise	13,323	14,655	14,651	14,907	256
Net exports of goods under merchandising	68	68	92	73	-19
Nonmonetary gold	6,034	4,214	4,625	4,165	-460
Exports of services¹	206,694	206,797	207,870	207,768	-102
Maintenance and repair services n.i.e.	7,856	8,225	8,062	8,122	60
Transport	23,098	22,882	23,029	23,123	94
Travel (for all purposes including education)	53,013	53,297	54,256	53,423	-833
Business	9,559	9,504	9,527	9,622	95
Personal	43,455	43,793	44,729	43,801	-928
Insurance services	4,506	4,417	4,404	4,361	-43
Financial services	28,003	27,854	27,319	27,435	116
Charges for the use of intellectual property n.i.e.	31,879	31,467	31,571	31,330	-241
Telecommunications, computer, and information services	10,760	11,230	11,407	11,483	76
Other business services	42,319	42,074	42,931	43,309	378
Government goods and services n.i.e.	5,259	5,350	4,890	5,182	292
Primary income receipts	273,570	276,483	278,138	285,197	7,059
Investment income	271,881	274,786	276,434	283,485	7,051
Direct investment income	145,910	141,248	143,545	146,428	2,883
Portfolio investment income	102,991	107,568	103,721	107,568	3,847
Income on equity and investment fund shares	68,031	71,983	68,621	72,125	3,504
Interest on debt securities	34,961	35,586	35,100	35,443	343
Other investment income	22,750	25,783	28,935	29,240	305
Reserve asset income	230	187	231	248	17
Compensation of employees	1,689	1,697	1,704	1,712	8
Secondary income (current transfer) receipts²	38,629	38,445	35,814	35,466	-348

p Preliminary
r Revised
n.i.e. Not included elsewhere

1. See also Shari A. Allen, Thomas Anderson, Alexis N. Grimm, and Michael Mann, "Trade in Services in 2018 and Services Supplied Through Affiliates in 2017," *Survey of Current Business* 99 (October 2019).
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.

Table C. Imports of Goods and Services and Income Payments

[Millions of dollars, seasonally adjusted]

	2018		2019		Change 2019:I to 2019:II
	III	IV	I ^r	II ^p	
Imports of goods and services and income payments	1,064,177	1,082,616	1,077,116	1,071,174	-5,942
Imports of goods	647,447	649,288	635,844	637,882	2,038
General merchandise	644,988	646,669	633,933	636,107	2,174
Foods, feeds, and beverages	37,105	37,358	37,488	38,609	1,121
Industrial supplies and materials	149,999	144,308	134,257	136,566	2,309
Energy products	67,746	60,804	54,733	60,742	6,009
<i>Of which: Petroleum and products</i>	64,211	56,190	50,398	57,298	6,900
Nonenergy products	82,253	83,504	79,524	75,824	-3,700
Capital goods except automotive	176,328	175,102	172,328	170,702	-1,626
Automotive vehicles, parts, and engines	93,978	96,013	95,529	97,000	1,471
Consumer goods except food and automotive	161,564	166,557	167,657	165,328	-2,329
Other general merchandise	26,014	27,331	26,674	27,902	1,228
Nonmonetary gold	2,458	2,619	1,911	1,775	-136
Imports of services¹	142,216	145,620	147,599	147,774	175
Maintenance and repair services n.i.e.	2,286	2,287	2,163	2,205	42
Transport	27,226	28,119	27,925	27,288	-637
Travel (for all purposes including education)	36,148	37,364	37,799	37,667	-132
Business	4,144	4,082	4,039	4,211	172
Personal	32,005	33,282	33,759	33,456	-303
Insurance services	10,433	11,369	11,680	11,952	272
Financial services	7,776	7,932	8,451	8,625	174
Charges for the use of intellectual property n.i.e.	13,771	14,445	14,256	14,292	36
Telecommunications, computer, and information services	10,342	10,690	10,309	10,465	156
Other business services	28,426	27,635	29,114	29,298	184
Government goods and services n.i.e.	5,808	5,779	5,903	5,984	81
Primary income payments	208,846	216,424	221,275	217,581	-3,694
Investment income	203,887	211,467	216,322	212,643	-3,679
Direct investment income	61,217	62,648	65,318	59,908	-5,410
Portfolio investment income	117,851	119,879	119,776	121,546	1,770
Income on equity and investment fund shares	39,186	40,874	40,849	42,656	1,807
Interest on debt securities	78,665	79,004	78,927	78,890	-37
Other investment income	24,820	28,941	31,228	31,189	-39
Compensation of employees	4,958	4,956	4,953	4,938	-15
Secondary income (current transfer) payments²	65,669	71,285	72,399	67,936	-4,463

p Preliminary
r Revised
n.i.e. Not included elsewhere

1. See also Shari A. Allen, Thomas Anderson, Alexis N. Grimm, and Michael Mann, "Trade in Services in 2018 and Services Supplied Through Affiliates in 2017," *Survey of Current Business* 99 (October 2019).
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

Net financial-account transactions were $-\$155.1$ billion in the second quarter, reflecting net U.S. borrowing from foreign residents.

Financial assets

Second-quarter transactions increased U.S. residents' foreign financial assets by $\$208.2$ billion (charts 5 and 6 and table D). Transactions increased direct investment assets, primarily equity, by $\$86.0$ billion; portfolio investment assets, mainly long-term debt securities, by $\$38.2$ billion; other investment assets, primarily currency and deposits, by $\$81.6$ billion; and reserve assets by $\$2.4$ billion.

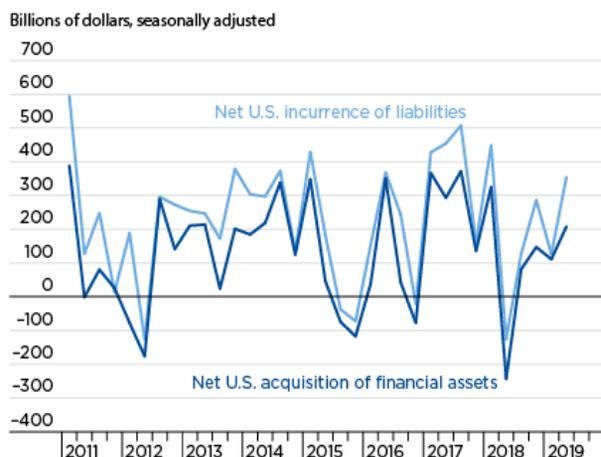
Liabilities

Second-quarter transactions increased U.S. liabilities to foreign residents by $\$354.1$ billion. Transactions increased direct investment liabilities, mostly equity, by $\$81.2$ billion; portfolio investment liabilities, both equity and debt securities, by $\$167.5$ billion; and other investment liabilities, mostly bank deposits, by $\$105.5$ billion.

Financial derivatives

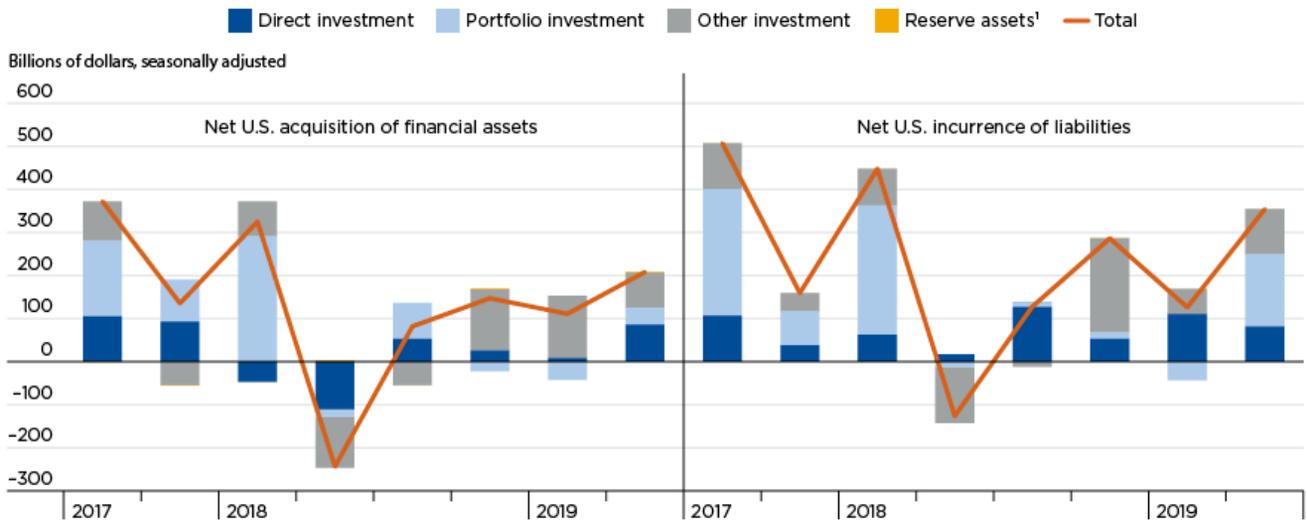
Net transactions in financial derivatives were $-\$9.2$ billion in the second quarter, reflecting net borrowing from foreign residents.

Chart 5. Acquisition of Financial Assets and Incurrence of Liabilities Excluding Financial Derivatives



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



¹ Transactions in reserve assets are relatively small and may not be clearly visible. See table D for these statistics.
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Table D. Net U.S. Acquisition of Financial Assets and Net U.S. Incurrence of Liabilities

[Millions of dollars, seasonally adjusted]

	2018		2019		Change 2019:I to 2019:II
	III	IV	I ^r	II ^p	
Net U.S. acquisition of financial assets excluding financial derivatives (net increase in assets / financial outflow (+))	81,893	147,259	110,967	208,217	97,250
Direct investment assets	52,845	25,696	7,878	86,040	78,162
Equity	56,999	19,875	45,969	58,506	12,537
Equity other than reinvestment of earnings	38,068	32,514	4,905	6,913	2,008
Reinvestment of earnings	18,931	-12,639	41,065	51,593	10,528
Debt instruments	-4,154	5,821	-38,091	27,534	65,625
Portfolio investment assets	83,415	-22,210	-41,876	38,180	80,056
Equity and investment fund shares	31,868	31,754	-50,488	-27,939	22,549
Debt securities	51,547	-53,964	8,612	66,119	57,507
Short-term securities	20,797	-33,155	16,591	23,109	6,518
Long-term corporate securities	21,212	-14,190	-8,415	30,270	38,685
Other long-term securities	9,538	-6,619	436	12,740	12,304
Other investment assets	-54,189	141,668	144,757	81,639	-63,118
Currency and deposits	-22,998	68,005	12,962	61,189	48,227
Loans	-29,151	71,630	133,716	21,220	-112,496
Trade credit and advances	-2,040	2,033	-1,921	-770	1,151
Reserve assets	-177	2,105	208	2,359	2,151
Monetary gold	0	0	0	0	0
Special drawing rights	43	47	57	60	3
Reserve position in the International Monetary Fund	-288	2,049	114	2,248	2,134
Other reserve assets	68	9	38	51	13
Net U.S. incurrence of liabilities excluding financial derivatives (net increase in liabilities / financial inflow (+))	127,770	286,247	126,280	354,137	227,857
Direct investment liabilities	126,925	52,720	110,079	81,182	-28,897
Equity	116,455	117,667	87,529	62,775	-24,754
Equity other than reinvestment of earnings	80,043	80,200	45,889	25,685	-20,204
Reinvestment of earnings	36,412	37,468	41,641	37,090	-4,551
Debt instruments	10,470	-64,948	22,549	18,407	-4,142
Portfolio investment liabilities	12,274	14,884	-42,822	167,492	210,314
Equity and investment fund shares	-90,582	117,758	-214,949	85,496	300,445
Debt securities	102,856	-102,874	172,127	81,996	-90,131
Short term	-53,228	13,045	22,022	-80,808	-102,830
Treasury bills and certificates	-35,170	30,182	18,041	-59,826	-77,867
Federally sponsored agency securities	-6,121	-2,082	3,901	48	-3,853
Other short-term securities	-11,937	-15,055	80	-21,030	-21,110
Long term	156,085	-115,919	150,105	162,804	12,699
Treasury bonds and notes	96,764	-83,006	121,286	112,536	-8,750
Federally sponsored agency securities	19,460	16,295	10,670	18,541	7,871
Corporate bonds and notes	39,939	-47,683	17,366	33,101	15,735
Other	-78	-1,525	783	-1,374	-2,157
Other investment liabilities	-11,430	218,644	59,023	105,463	46,440
Currency (short term)	19,606	9,364	5,249	9,356	4,107
Deposits	-26,639	95,229	-36,613	102,575	139,188
Loans	-6,605	114,887	83,326	-7,172	-90,498
Trade credit and advances	2,208	-836	7,061	704	-6,357
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.

Updates to Statistics

The U.S. international transactions statistics for the first quarter have been updated to incorporate newly available and revised source data (table E).

Table E. Updates to the First Quarter 2019 International Transactions Aggregates

[Millions of dollars, seasonally adjusted]

	Preliminary Estimates	Revised Estimates
Balance on current account	-130,403	-136,194
Balance on goods	-216,525	-216,744
Balance on services	61,916	60,271
Balance on primary income	61,111	56,864
Balance on secondary income (current transfers)	-36,905	-36,585
Balance on capital account	0	0
Net lending or borrowing from financial-account transactions	-37,754	-36,734
Net U.S. acquisition of financial assets	151,569	110,967
Net U.S. incurrence of liabilities	167,902	126,280
Financial derivatives other than reserves, net transactions	-21,421	-21,421

New Prototype Tables

With the September 2019 release of the international transactions accounts (ITAs), BEA introduced two new tables that present: (1) geographic detail by type of transaction ([ITA table 1.4](#)) and (2) annual trade in goods and services with expanded country and geographic area detail ([ITA table 1.5](#)). These tables were released as prototypes, along with prototypes for the other standard ITA tables that reflect changes that will be introduced with the annual update in June 2020. These prototype tables are provided alongside the current standard presentation to prepare data users for the upcoming changes. The two sets of tables will be published concurrently until June 2020, when the prototype tables will replace the existing tables as the standard presentation. The prototype tables, published as addenda to the current tables, are available in BEA's [interactive tables](#). Additional information is available in "[Prototype Tables for the International Transactions Accounts](#)."



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