

U.S. International Transactions

Third Quarter 2019

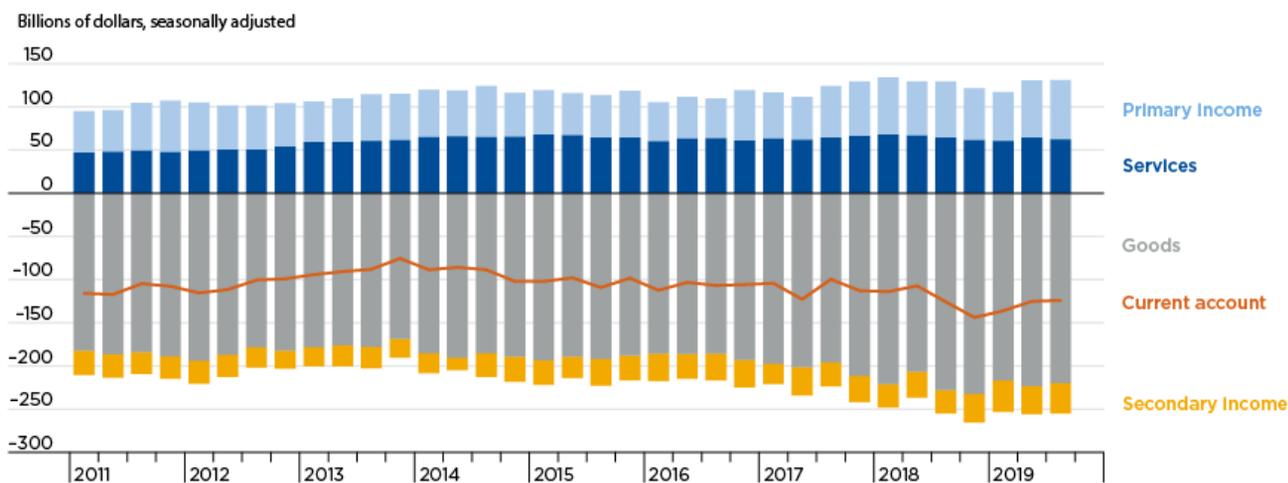
By Molly Garber

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 \$1.1 billion, or 0.9 percent, to \$124.1 billion in the third quarter of 2019 (chart 1 and table A). The revised second-quarter deficit was \$125.2 billion.

The deficit was 2.3 percent of current-dollar gross domestic product, down less than 0.1 percent from the second quarter.

The \$1.1 billion narrowing of the current-account deficit in the third quarter mainly reflected a reduced deficit on goods and an expanded surplus on primary income.

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



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Table A. U.S. International Transactions

[Millions of dollars, seasonally adjusted]

	2018	2019			Change 2019:II to 2019:III
	IV	I	II ^r	II ^p	
Current account					
Exports of goods and services and income receipts (credits)	938,689	940,922	948,676	944,386	-4,290
Exports of goods and services	623,761	626,970	626,953	625,795	-1,158
Goods	416,964	419,100	414,694	413,812	-882
Services	206,797	207,870	212,259	211,983	-276
Primary income receipts	276,483	278,138	286,142	282,007	-4,135
Secondary income (current transfer) receipts	38,445	35,814	35,581	36,584	1,003
Imports of goods and services and income payments (debits)	1,082,616	1,077,116	1,073,886	1,068,480	-5,406
Imports of goods and services	794,907	783,443	786,061	783,153	-2,908
Goods	649,288	635,844	637,911	633,370	-4,541
Services	145,620	147,599	148,150	149,784	1,634
Primary income payments	216,424	221,275	219,517	213,288	-6,229
Secondary income (current transfer) payments	71,285	72,399	68,307	72,039	3,732
Capital account					
Capital transfer receipts and other credits	2,723	0	0	0	0
Capital transfer payments and other debits	2	0	0	10	10
Financial account					
Net U.S. acquisition of financial assets excluding financial derivatives (net increase in assets / financial outflow (+))	147,259	110,967	142,153	123,516	-18,637
Direct investment assets	25,696	7,878	111,272	33,320	-77,952
Portfolio investment assets	-22,210	-41,876	26,706	18,461	-8,245
Other investment assets	141,668	144,757	1,815	69,852	68,037
Reserve assets	2,105	208	2,359	1,882	-477
Net U.S. incurrence of liabilities excluding financial derivatives (net increase in liabilities / financial inflow (+))	286,247	126,280	345,893	164,922	-180,971
Direct investment liabilities	52,720	110,079	93,251	37,642	-55,609
Portfolio investment liabilities	14,884	-42,822	181,016	86,479	-94,537
Other investment liabilities	218,644	59,023	71,626	40,801	-30,825
Financial derivatives other than reserves, net transactions	-22,632	-21,421	-9,642	-6,456	3,186
Statistical discrepancy					
Statistical discrepancy¹	-20,414	99,461	-88,173	76,242	164,415
Balances					
Balance on current account	-143,927	-136,194	-125,210	-124,094	1,116
Balance on goods and services	-171,146	-156,473	-159,108	-157,358	1,750
Balance on goods	-232,323	-216,744	-223,218	-219,558	3,660
Balance on services	61,177	60,271	64,109	62,199	-1,910
Balance on primary income	60,059	56,864	66,625	68,719	2,094
Balance on secondary income	-32,841	-36,585	-32,726	-35,454	-2,728
Balance on capital account	2,721	0	0	-10	-10
Net lending (+) or net borrowing (-) from current- and capital-account transactions²	-141,206	-136,194	-125,210	-124,105	1,105
Net lending (+) or net borrowing (-) from financial-account transactions³	-161,621	-36,734	-213,382	-47,862	165,520

p Preliminary

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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.

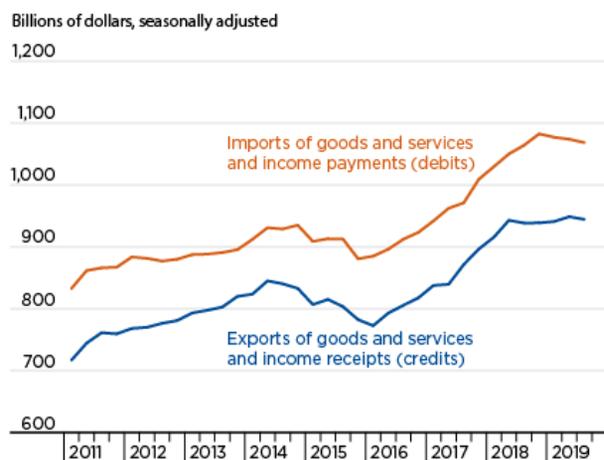
Data Availability and Methodology

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 (BEA) 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 decreased \$4.3 billion to \$944.4 billion in the third quarter (charts 2 and 3 and table B). Imports of goods and services from, and income paid to, foreign residents decreased \$5.4 billion to \$1.07 trillion (charts 2 and 4 and table C).

Chart 2. Current-Account Transactions



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Trade in goods

Exports of goods decreased \$0.9 billion to \$413.8 billion, and imports of goods decreased \$4.5 billion to \$633.4 billion. The decreases in both exports and imports mainly reflected decreases in industrial supplies and materials, primarily petroleum and products.

Trade in services

Exports of services decreased \$0.3 billion to \$212.0 billion, reflecting partly 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 \$1.6 billion to \$149.8 billion, reflecting increases in nearly all major categories. Increases were led by insurance services, mainly reinsurance.

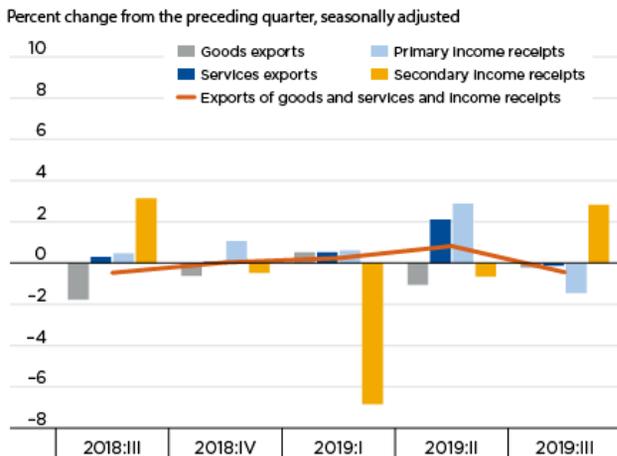
Primary income

Receipts of primary income decreased \$4.1 billion to \$282.0 billion, and payments of primary income decreased \$6.2 billion to \$213.3 billion. The decreases in both receipts and payments mainly reflected decreases in direct investment income and in other investment income. Within direct investment income receipts, dividends increased \$24.9 billion to \$95.3 billion in the third 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?”](#) The decreases in other investment income receipts and payments mainly reflected decreases in interest on loans and deposits.

Secondary income

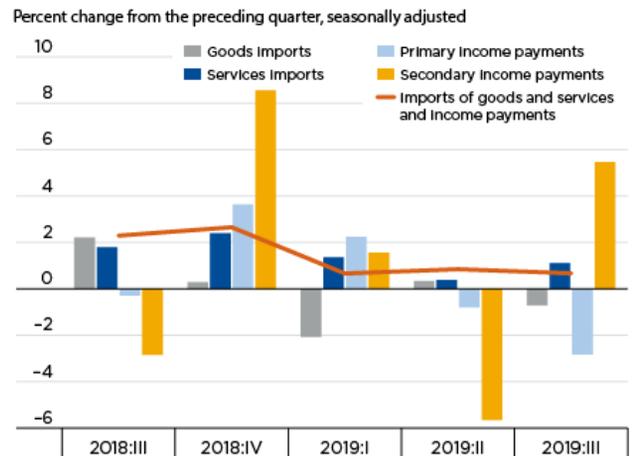
Receipts of secondary income increased \$1.0 billion to \$36.6 billion, mainly reflecting an increase in private sector fines and penalties, a component of private transfer receipts. Payments of secondary income increased \$3.7 billion to \$72.0 billion, mainly reflecting increases in U.S. government grants and in insurance-related transfers, a component of private transfer payments.

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



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



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Table B. Exports of Goods and Services and Income Receipts

[Millions of dollars, seasonally adjusted]

	2018	2019			Change 2019:II to 2019:III
	IV	I	II ^r	III ^p	
Exports of goods and services and income receipts	938,689	940,922	948,676	944,386	-4,290
Exports of goods	416,964	419,100	414,694	413,812	-882
General merchandise	412,683	414,383	410,444	408,782	-1,662
Foods, feeds, and beverages	29,988	32,737	35,206	34,829	-377
Industrial supplies and materials	136,077	130,689	132,934	129,810	-3,124
Energy products	57,659	53,445	56,953	54,851	-2,102
<i>Of which:</i> Petroleum and products	50,018	46,006	49,472	47,590	-1,882
Nonenergy products	78,418	77,244	75,981	74,959	-1,022
Capital goods except automotive	142,219	142,068	135,685	135,118	-567
Automotive vehicles, parts, and engines	37,827	41,274	40,255	41,460	1,205
Consumer goods except food and automotive	51,917	52,963	51,465	51,812	347
Other general merchandise	14,655	14,651	14,899	15,753	854
Net exports of goods under merchandising	68	92	85	87	2
Nonmonetary gold	4,214	4,625	4,165	4,943	778
Exports of services¹	206,797	207,870	212,259	211,983	-276
Maintenance and repair services n.i.e.	8,225	8,062	7,743	8,060	317
Transport	22,882	23,029	23,260	22,769	-491
Travel (for all purposes including education)	53,297	54,256	53,436	52,803	-633
Business	9,504	9,527	9,570	9,446	-124
Personal	43,793	44,729	43,867	43,357	-510
Insurance services	4,417	4,404	4,359	4,388	29
Financial services	27,854	27,319	28,714	28,915	201
Charges for the use of intellectual property n.i.e.	31,467	31,571	32,745	32,308	-437
Telecommunications, computer, and information services	11,230	11,407	11,887	12,122	235
Other business services	42,074	42,931	44,838	45,403	565
Government goods and services n.i.e.	5,350	4,890	5,276	5,215	-61
Primary income receipts	276,483	278,138	286,142	282,007	-4,135
Investment income	274,786	276,434	284,432	280,293	-4,139
Direct investment income	141,248	143,545	147,653	144,559	-3,094
Portfolio investment income	107,568	103,721	107,619	108,693	1,074
Income on equity and investment fund shares	71,983	68,621	72,181	72,820	639
Interest on debt securities	35,586	35,100	35,438	35,874	436
Other investment income	25,783	28,935	28,912	26,798	-2,114
Reserve asset income	187	231	248	243	-5
Compensation of employees	1,697	1,704	1,710	1,714	4
Secondary income (current transfer) receipts²	38,445	35,814	35,581	36,584	1,003

p Preliminary
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n.i.e. Not included elsewhere

1. See also Shari A. Allen, Thomas Anderson, and Alexis N. Grimm, "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:II to 2019:III
	IV	I	II ^r	III ^p	
Imports of goods and services and income payments	1,082,616	1,077,116	1,073,886	1,068,480	-5,406
Imports of goods	649,288	635,844	637,911	633,370	-4,541
General merchandise	646,669	633,933	636,136	630,446	-5,690
Foods, feeds, and beverages	37,358	37,488	38,609	38,383	-226
Industrial supplies and materials	144,308	134,257	136,596	129,948	-6,648
Energy products	60,804	54,733	60,771	53,835	-6,936
<i>Of which: Petroleum and products</i>	56,190	50,398	57,327	50,510	-6,817
Nonenergy products	83,504	79,524	75,825	76,113	288
Capital goods except automotive	175,102	172,328	170,702	169,820	-882
Automotive vehicles, parts, and engines	96,013	95,529	97,000	95,768	-1,232
Consumer goods except food and automotive	166,557	167,657	165,328	167,930	2,602
Other general merchandise	27,331	26,674	27,902	28,596	694
Nonmonetary gold	2,619	1,911	1,775	2,924	1,149
Imports of services¹	145,620	147,599	148,150	149,784	1,634
Maintenance and repair services n.i.e.	2,287	2,163	2,276	2,302	26
Transport	28,119	27,925	27,449	27,309	-140
Travel (for all purposes including education)	37,364	37,799	37,797	37,901	104
Business	4,082	4,039	3,968	4,133	165
Personal	33,282	33,759	33,829	33,768	-61
Insurance services	11,369	11,680	12,131	12,790	659
Financial services	7,932	8,451	8,388	8,621	233
Charges for the use of intellectual property n.i.e.	14,445	14,256	14,242	14,526	284
Telecommunications, computer, and information services	10,690	10,309	10,761	10,863	102
Other business services	27,635	29,114	29,143	29,410	267
Government goods and services n.i.e.	5,779	5,903	5,961	6,062	101
Primary income payments	216,424	221,275	219,517	213,288	-6,229
Investment income	211,467	216,322	214,522	208,166	-6,356
Direct investment income	62,648	65,318	61,767	57,489	-4,278
Portfolio investment income	119,879	119,776	121,649	122,234	585
Income on equity and investment fund shares	40,874	40,849	42,723	42,573	-150
Interest on debt securities	79,004	78,927	78,926	79,661	735
Other investment income	28,941	31,228	31,106	28,443	-2,663
Compensation of employees	4,956	4,953	4,995	5,122	127
Secondary income (current transfer) payments²	71,285	72,399	68,307	72,039	3,732

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

1. See also Shari A. Allen, Thomas Anderson, and Alexis N. Grimm, "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 $-\$47.9$ billion in the third quarter, reflecting net U.S. borrowing from foreign residents.

Financial assets

Third-quarter transactions increased U.S. residents' foreign financial assets by $\$123.5$ billion (charts 5 and 6 and table D). Transactions increased direct investment assets, primarily equity, by $\$33.3$ billion; portfolio investment assets, mainly debt securities, by $\$18.5$ billion; other investment assets, primarily loans, by $\$69.9$ billion; and reserve assets by $\$1.9$ billion.

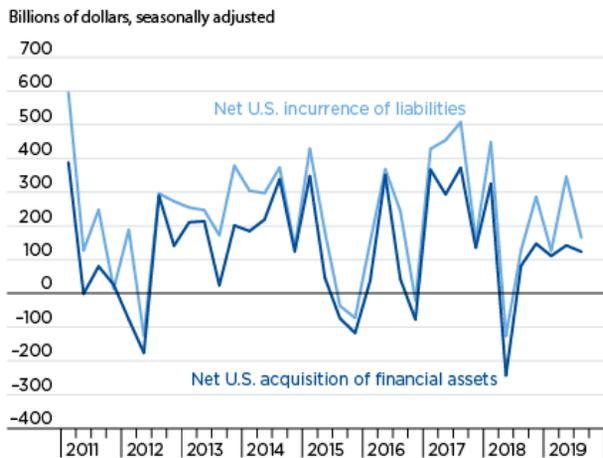
Liabilities

Third-quarter transactions increased U.S. liabilities to foreign residents by $\$164.9$ billion. Transactions increased direct investment liabilities, mainly equity, by $\$37.6$ billion; portfolio investment liabilities, mainly debt securities, by $\$86.5$ billion; and other investment liabilities, mainly bank deposits, by $\$40.8$ billion.

Financial derivatives

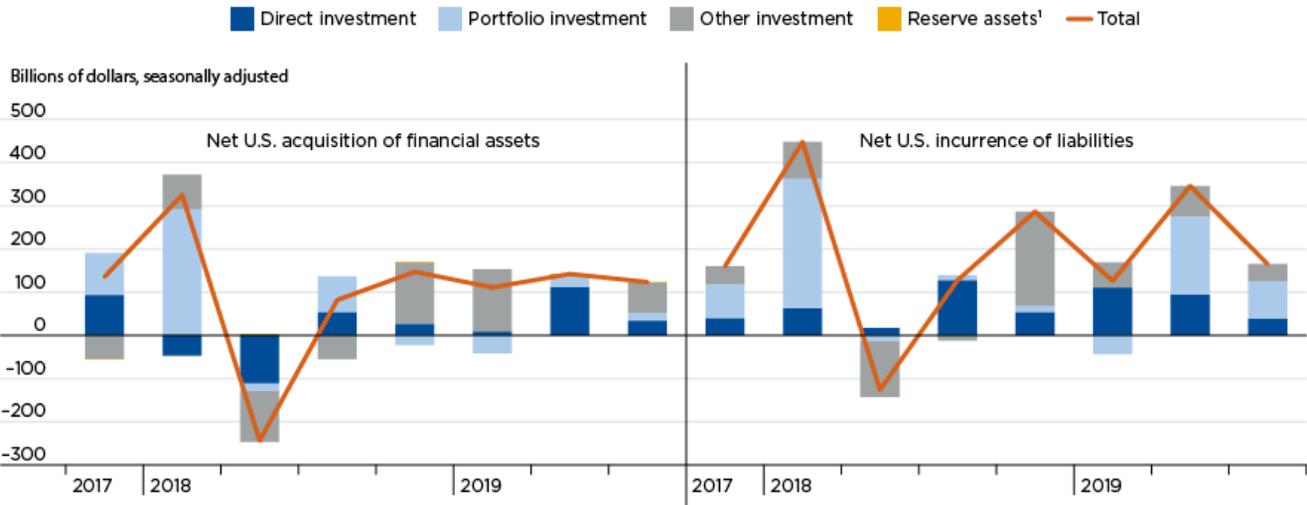
Net transactions in financial derivatives were $-\$6.5$ billion in the third quarter, reflecting net borrowing from foreign residents.

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:II to 2019:III
	IV	I	II ^r	III ^p	
Net U.S. acquisition of financial assets excluding financial derivatives (net increase in assets / financial outflow (+))	147,259	110,967	142,153	123,516	-18,637
Direct investment assets	25,696	7,878	111,272	33,320	-77,952
Equity	19,875	45,969	78,940	43,316	-35,624
Equity other than reinvestment of earnings	32,514	4,905	8,171	528	-7,643
Reinvestment of earnings	-12,639	41,065	70,769	42,788	-27,981
Debt instruments	5,821	-38,091	32,332	-9,996	-42,328
Portfolio investment assets	-22,210	-41,876	26,706	18,461	-8,245
Equity and investment fund shares	31,754	-50,488	-30,446	-61,109	-30,663
Debt securities	-53,964	8,612	57,152	79,570	22,418
Short-term securities	-33,155	16,591	23,109	43,554	20,445
Long-term corporate securities	-14,190	-8,415	23,801	22,895	-906
Other long-term securities	-6,619	436	10,242	13,121	2,879
Other investment assets	141,668	144,757	1,815	69,852	68,037
Currency and deposits	68,005	12,962	37,392	-6,516	-43,908
Loans	71,630	133,716	-34,814	71,837	106,651
Trade credit and advances	2,033	-1,921	-762	4,531	5,293
Reserve assets	2,105	208	2,359	1,882	-477
Monetary gold	0	0	0	0	0
Special drawing rights	47	57	60	63	3
Reserve position in the International Monetary Fund	2,049	114	2,248	1,754	-494
Other reserve assets	9	38	51	64	13
Net U.S. incurrence of liabilities excluding financial derivatives (net increase in liabilities / financial inflow (+))	286,247	126,280	345,893	164,922	-180,971
Direct investment liabilities	52,720	110,079	93,251	37,642	-55,609
Equity	117,667	87,529	71,597	41,272	-30,325
Equity other than reinvestment of earnings	80,200	45,889	33,316	9,907	-23,409
Reinvestment of earnings	37,468	41,641	38,281	31,365	-6,916
Debt instruments	-64,948	22,549	21,654	-3,630	-25,284
Portfolio investment liabilities	14,884	-42,822	181,016	86,479	-94,537
Equity and investment fund shares	117,758	-214,949	96,780	-64,803	-161,583
Debt securities	-102,874	172,127	84,236	151,283	67,047
Short term	13,045	22,022	-78,972	62,280	141,252
Treasury bills and certificates	30,182	18,041	-57,630	42,275	99,905
Federally sponsored agency securities	-2,082	3,901	47	-868	-915
Other short-term securities	-15,055	80	-21,389	20,873	42,262
Long term	-115,919	150,105	163,209	89,003	-74,206
Treasury bonds and notes	-83,006	121,286	112,919	33,844	-79,075
Federally sponsored agency securities	16,295	10,670	19,732	11,237	-8,495
Corporate bonds and notes	-47,683	17,366	31,959	43,087	11,128
Other	-1,525	783	-1,401	835	2,236
Other investment liabilities	218,644	59,023	71,626	40,801	-30,825
Currency (short term)	9,364	5,249	9,356	19,110	9,754
Deposits	95,229	-36,613	104,297	74,020	-30,277
Loans	114,887	83,326	-42,876	-51,388	-8,512
Trade credit and advances	-836	7,061	849	-942	-1,791
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 second quarter have been updated to incorporate newly available and revised source data (table E).

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

[Millions of dollars, seasonally adjusted]

	Preliminary Estimates	Revised Estimates
Balance on current account	-128,188	-125,210
Balance on goods	-223,328	-223,218
Balance on services	59,994	64,109
Balance on primary income	67,616	66,625
Balance on secondary income (current transfers)	-32,470	-32,726
Balance on capital account	0	0
Net lending or borrowing from financial-account transactions	-155,140	-213,382
Net U.S. acquisition of financial assets	208,217	142,153
Net U.S. incurrence of liabilities	354,137	345,893
Financial derivatives other than reserves, net transactions	-9,220	-9,642

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 have been updated to incorporate the statistics from the December 2019 release of the ITAs and continue to be 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 data application](#). Additional information is available in "[Prototype Tables for the International Transactions Accounts](#)."



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