



Bureau of Economic Analysis

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Special in this issue

8. Real Gross Product of U.S. Companies' Majority Owned Foreign Affiliates in Manufacturing

BEA has developed experimental estimates of real gross product of majority owned foreign affiliates in manufacturing for 1982–94. These estimates are more useful than the current-dollar estimates for comparisons over time or across countries because they exclude changes in value that arise from movements in prices or exchange rates. As might be expected, removing the effects of changes in prices and exchange rates produces a gross product series that is generally both slower growing and less volatile than the current-dollar series. The new, experimental estimates are largely based on a newly developed procedure that uses “purchasing-power-parity” exchange rates to construct estimates for a base year and then constructs the estimates for other years by extrapolating the base year estimates with chain-weighted Fisher quantity indexes similar to those used by BEA to estimate changes in U.S. gross domestic product.

Regular features

1. Business Situation

Real GDP increased 3.8 percent in the fourth quarter of 1996, up from a 2.1- percent increase in the third quarter. Real GNP increased 4.2 percent in the fourth quarter. Corporate profits decreased \$7.1 billion, in contrast to a \$5.4 billion increase in the third quarter; profits of domestic financial corporations decreased much more in the fourth quarter than in the third, and profits of domestic non-financial corporations decreased after increasing. In the fourth quarter, the Federal Government current deficit decreased \$14.9 billion, to \$105.9 billion, the smallest deficit since the third quarter of 1989; the State and local government surplus increased \$1.7 billion, to \$90.9 billion.

18. U.S. International Transactions, Fourth Quarter and Year 1996

In the fourth quarter of 1996, the U.S. current-account deficit decreased \$6.5 billion, to \$41.4 billion; the deficits on goods and services and on investment income decreased, while net unilateral transfers increased. In the capital account, net recorded inflows were \$68.0 billion in the fourth quarter, \$1.7 billion lower than in the third. For the year 1996, the current-account deficit increased \$16.9 billion, to \$165.1 billion; the deficits on goods and services and on investment income increased, and net unilateral transfers increased. In the capital account, net recorded inflows were \$218.2 billion in 1996, \$101.6 billion higher than in 1995.

Reports and statistical presentations

6. Real Inventories, Sales, and Inventory Sales Ratios for Manufacturing and Trade

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LOOKING AHEAD

National Income and Product Accounts. In the May SURVEY, BEA will publish the following NIPA and wealth estimates that reflect the completion of the most recent comprehensive revision of the NIPA's: Revised NIPA summary estimates for 1929–96, revised estimates of reproducible tangible wealth for 1929–95, and newly available and revised NIPA estimates of selected series for 1991–96. For more information, see the box on page 5.

B U S I N E S S S I T U A T I O N

Larry R. Moran prepared the first section of this article, Daniel Larkins prepared the section on corporate profits, and Ann M. Groszkiewicz prepared the section on the government sector.

THE "FINAL" estimate of growth in real gross domestic product (GDP) for the fourth quarter of 1996 is 3.8 percent, 0.1 percentage point lower than the "preliminary" estimate reported in the March "Business Situation" (table 1 and chart 1); for 1981–96, the average revision from the preliminary to the final estimate, without regard to sign, was 0.3 percentage point.¹

1. Quarterly estimates in the national income and product accounts are expressed at seasonally adjusted annual rates, and quarter-to-quarter dollar

**Table 1.—Revisions to Real Gross Domestic Product and Prices,
Fourth Quarter 1996**

[Seasonally adjusted at annual rates]

	Percent change from preceding quarter		Final estimate minus preliminary estimate	
	Preliminary estimate	Final estimate	Percentage points	Billions of chained (1992) dollars
Gross domestic product	3.9	3.8	-0.1	-0.8
<i>Less:</i> Exports of goods and services	24.8	25.0	.2	.4
Goods	31.1	30.7	-.4	-.5
Services	9.1	10.8	1.7	.8
<i>Plus:</i> Imports of goods and services	3.8	3.3	-.5	-1.2
Goods	3.4	3.5	.1	.1
Services	5.8	2.3	-3.5	-1.2
Equals: Gross domestic purchases	1.7	1.6	-.1	-2.3
Personal consumption expenditures	3.4	3.4	0	-.8
Durable goods	4.1	5.0	.9	1.3
Nondurable goods	1.4	1.8	.4	1.2
Services	4.3	3.8	-.5	-3.1
Fixed investment	3.8	3.5	-.3	-.9
Nonresidential	5.5	5.5	0	.2
Structures	25.2	25.8	.6	.3
Producers' durable equipment	-.8	-.9	-.1	-.1
Residential	-.4	-1.8	-1.4	-1.0
Change in business inventories .....				.9
Nonfarm .....				.9
Farm .....				.1
Government consumption expenditures and gross investment	-.4	-.9	-.5	-1.4
Federal	-4.9	-5.3	-.4	-.5
National defense	-7.1	-6.9	.2	.2
Nondefense	-.6	-2.1	-1.5	-1.6
State and local	2.4	1.9	-.5	-1.0
Addenda:				
Final sales of domestic product	5.0	4.9	-.1	
Gross domestic purchases price index (chain-type weights) ¹	2.5	2.6	.1	
GDP price index (chain-type weights) ¹	1.8	1.9	.1	

1. Based on chained (1992) weights.

NOTE.—The final estimates for the fourth quarter of 1996 incorporate the following revised or additional major source data that were not available when the preliminary estimates were prepared.

Personal consumption expenditures: Revised retail sales for December.

Nonresidential fixed investment: Revised construction put in place for November and December and revised manufacturers' shipments of machinery and equipment for December.

Residential fixed investment: Revised construction put in place for November and December.

Change in business inventories: Revised manufacturing and trade inventories for November and December.

Exports and imports of goods and services: Revised exports and imports of goods for December and revised balance of payments data on exports and imports of services for the fourth quarter.

Government consumption expenditures and gross investment: Revised State and local construction put in place for November and December.

Wages and salaries: Revised employment, average hourly earnings, and average weekly hours for December.

GDP prices: Revised values and quantities of petroleum imports for December and revised prices of single-family homes under construction for the fourth quarter.

The general picture of the economy that is indicated by the final estimates is little changed from that shown in the preliminary estimates. GDP increased more in the fourth quarter than in the third, and the larger increase was more than accounted for by exports and consumer spending. Exports increased sharply in the fourth quarter after decreasing slightly in the third, and consumer spending increased much more in the fourth quarter than in the third. In addition, imports increased less in the fourth quarter than in the third, and residential investment decreased less in the fourth quarter than in the third. In contrast, inventory investment decreased in the fourth quarter after increasing in the third, nonresidential fixed investment increased less in the fourth quarter than in the third, and government spending decreased slightly more in the fourth quarter than in the third.

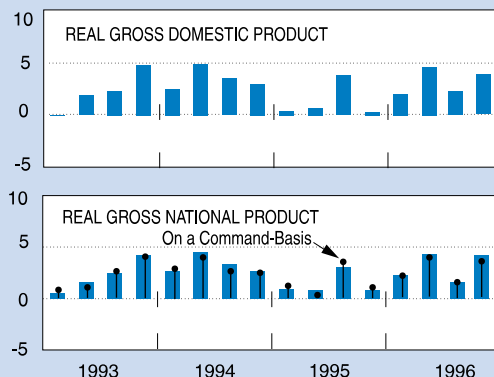
Revisions to the components of GDP were small. The largest revision was a \$3.1 billion downward revision to consumer spending for services,

changes are differences between these estimates. Quarter-to-quarter percent changes are annualized and are calculated from unrounded data. Real estimates are expressed in chained (1992) dollars, and price indexes are chain-type indexes.

CHART 1

Selected Product Measures: Change From Preceding Quarter

Percent



Note.—Percent change at annual rate from preceding quarter; based on seasonally adjusted estimates.

U.S. Department of Commerce, Bureau of Economic Analysis

which primarily reflected newly available trade association data for November.

Real final sales of domestic product increased 4.9 percent in the fourth quarter, 0.1 percentage point less than the preliminary estimate. Real gross domestic purchases increased 1.6 percent, also 0.1 percentage point less than the preliminary estimate.

The price indexes for gross domestic purchases and for GDP increased 2.6 percent and 1.9 percent, respectively; each was 0.1 percentage point more than the preliminary estimate.

Real disposable personal income increased 2.6 percent, 0.1 percentage point more than the preliminary estimate. The personal saving rate was 5.1 percent, the same as the preliminary estimate.

Gross national product (GNP).—Real GNP increased 4.2 percent in the fourth quarter, 0.4 percentage point more than the increase in real GDP (chart 1 and table 2).² Receipts of factor income from the rest of the world increased more than payments of factor income; corporate profits accounted for most of the increase in receipts, and interest income accounted for most of the increase in payments.

2. GNP—goods and services produced by labor and property supplied by U.S. residents—equals GDP plus receipts of factor income from the rest of the world less payments of factor income to the rest of the world.

Table 2.—Relation of Real Gross Domestic Product, Real Gross National Product, and Real Command-Basis Gross National Product

[Seasonally adjusted at annual rates]

	Billions of chained (1992) dollars			Percent change from preceding quarter	
	Level	Change from preceding quarter		1996	
		1996:IV	III	IV	III	IV
Gross domestic product	6,993.6	35.8	65.2	2.1	3.8
Plus: Receipts of factor income from the rest of the world	221.0	1.6	14.0	3.1	30.0
Less: Payments of factor income to the rest of the world	229.0	10.3	7.6	20.8	14.5
Equals: Gross national product	6,985.2	27.2	71.5	1.6	4.2
Less: Exports of goods and services and receipts of factor income from the rest of the world	1,085.0	–1	61.0	–1	26.0
Plus: Command-basis exports of goods and services and receipts of factor income	1,096.2	1.0	53.1	.4	22.0
Equals: Command-basis gross national product	6,996.5	28.4	63.7	1.7	3.7
Addendum:					
Terms of trade ¹	101.0	.1	–9	.4	–3.5

1. Ratio of the implicit price deflator for the sum of exports of goods and services and of receipts of factor income to the corresponding implicit price deflator for imports with the decimal point shifted two places to the right.

NOTE.—Levels of these series are found in NIPA tables 1.10 and 1.11.

Real GNP on a command basis increased less than real GNP in the fourth quarter—3.7 percent, compared with 4.2 percent—reflecting a deterioration in the terms of trade.³ In the third quarter, command-basis GNP increased slightly more than real GNP—1.7 percent, compared with 1.6 percent—reflecting a small improvement in the terms of trade.

Corporate Profits

Profits from current production decreased \$7.1 billion in the fourth quarter after increasing \$5.4 billion in the third (table 3).⁴

Profits from domestic industries decreased \$20.4 billion after increasing \$7.3 billion. Profits of financial corporations decreased much more in the fourth quarter than in the third; the sharper fourth-quarter decrease was more than accounted for by a special assessment on thrift institutions to recapitalize the Savings Association Insurance Fund. (For additional information, see the discussion on Federal receipts in the “Government Sector.”) Profits of nonfinancial corporations decreased after increasing, as a decrease in unit profits more than offset an increase in real output; the decrease in unit profits reflected a larger increase in unit labor costs than in unit prices. Profits from the rest of the world increased \$13.3 billion after decreasing \$1.8 billion; receipts picked up sharply, and payments slowed slightly.⁵

Cash flow from current production, a profits-related measure of internally generated funds available for investment, decreased \$1.1 billion after increasing \$12.4 billion. The ratio of cash flow to nonresidential fixed investment, an indicator of

3. In the estimation of command-basis GNP—a measure of the goods and services produced by the U.S. economy in terms of their purchasing power—the current-dollar value of the sum of exports of goods and services and of receipts of factor income is deflated by the implicit price deflator for the sum of imports of goods and services and of payments of factor income.

The terms of trade is a measure of the relationship between the prices that are received by U.S. producers for exports of goods and services and the prices that are paid by U.S. purchasers for imports of goods and services. It is measured by the following ratio, with the decimal point shifted two places to the right: In the numerator, the implicit price deflator for the sum of exports of goods and services and of receipts of factor income; in the denominator, the implicit price deflator for the sum of imports of goods and services and of payments of factor income. Changes in the terms of trade reflect the interaction of a number of factors—including movements in exchange rates, changes in the composition of the traded goods and services, adjustment lags, and changes in producers' profit margins. For example, if the U.S. dollar were to appreciate against a foreign currency, a foreign manufacturer may choose to absorb this cost by reducing the profit margin on the product it sells to the United States rather than by raising prices and risking a loss in market share.

4. Profits from current production is estimated as the sum of profits before tax, the inventory valuation adjustment, and the capital consumption adjustment; it is shown in national income and product account tables 1.14, 1.16, and 6.16c as “corporate profits with inventory valuation and capital consumption adjustments.”

5. Profits from the rest of the world are receipts of profits from foreign affiliates of U.S. companies less payments of profits by U.S. affiliates of foreign companies.

the share of the current level of investment that could be financed by internally generated funds, decreased to 80.9 percent from 81.7 percent. These levels are near the low end of the range in which the ratio has fluctuated during most of this decade.

Industry profits.—Industry profits decreased \$9.7 billion after increasing \$4.1 billion.⁶ For domestic financial corporations, a much sharper decrease in the fourth quarter than in the third was more than accounted for by the special assessment on thrift institutions. Profits of domestic nonfinancial corporations declined in the fourth quarter after increasing in the third. The downturn was accounted for by retail trade, by transportation and public utilities, and by manufacturing; in contrast, profits in wholesale trade picked up, and profits in “other” nonfinancial industries increased about as much in the fourth quarter as in the third.

6. Industry profits, which are estimated as the sum of corporate profits before tax and the inventory valuation adjustment, are shown in national income and product accounts table 6.16c. Estimates of the capital consumption adjustment do not exist at a detailed industry level; they are available only for total financial and total nonfinancial industries.

Table 3.—Corporate Profits

[Seasonally adjusted at annual rates]

	Level		Change from preceding year
	1996:IV	1996:III		1996:IV
Billions of dollars			
Profits from current production	654.1	5.4	-7.1
Domestic industries	564.2	7.3	-20.4
Financial	128.1	-1.7	-13.7
Nonfinancial	436.1	9.0	-6.7
Rest of the world	89.9	-1.8	13.3
IVA	-9.2	13.0	-11.2
CCAdj	26.2	1.3	2.6
Profits before tax	637.1	-9.0	1.5
Profits tax liability	228.9	-3.0	-4.5
Profits after tax	408.2	-5.9	6.0
Cash flow from current production	658.6	12.4	-1.1
Profits by industry:			
Corporate profits with IVA	627.9	4.1	-9.7
Domestic industries	538.0	5.9	-23.0
Financial	121.3	-1.6	-13.7
Nonfinancial	416.7	7.6	-9.4
Manufacturing	169.4	5.9	-1.2
Transportation and public utilities	93.2	-2.0	-9.3
Wholesale trade	41.5	1.7	7.0
Retail trade	36.7	.2	-7.8
Other	75.9	1.7	2.0
Rest of the world	89.9	-1.8	13.3
Receipts (inflows)	137.0	.3	14.1
Payments (outflows)	47.1	2.1	.8
Dollars			
Unit price, costs, and profits of nonfinancial corporations:			
Unit price	1.066	0	.001
Unit labor cost .....	.708	0	.002
Unit nonlabor cost .....	.246	0	-.001
Unit profits from current production .....	.111	.001	-.003

IVA Inventory valuation adjustment
CCAdj Capital consumption adjustment

NOTE.—Levels of these and other profits series are found in NIPA tables 1.14, 1.16, 6.16C, and 7.15.

Related measures.—Profits before tax (PBT) increased \$1.5 billion in the fourth quarter after decreasing \$9.0 billion in the third. The difference between the \$10.5 billion upturn in PBT and the \$12.5 billion downturn in profits from current production was more than accounted for by inventory profits, which increased in the fourth quarter after decreasing in the third. (Inventory profits are represented in the national income and product accounts by the inventory valuation adjustment, with the sign reversed.)

Government Sector

The combined current deficit of the Federal Government and State and local governments decreased \$16.6 billion, to \$15.0 billion, in the fourth quarter (table 4). The decrease was primarily accounted for by a decrease in the Federal deficit; the State and local government surplus increased slightly.

Federal

The Federal Government current deficit decreased \$14.9 billion, to \$105.9 billion, in the fourth quarter after decreasing \$5.9 billion in the third. The fourth-quarter deficit is the smallest since the third quarter of 1989.

Receipts.—Receipts increased \$37.4 billion in the fourth quarter after increasing \$6.3 billion in the third. Both the fourth-quarter increase and the acceleration were accounted for by indirect business tax and nontax accruals and by personal tax and nontax receipts.

Indirect business tax and nontax accruals increased \$23.0 billion after increasing \$2.5 billion. Indirect business nontaxes increased \$18.2 billion after increasing \$0.1 billion. The step-up was accounted for by a special assessment of \$18.0 billion (annual rate) that was paid to the Saving Association Insurance Fund by thrift institutions; this assessment recapitalized the fund, bringing the deposit fund to the target reserve ratio of \$1.25 per \$100 in deposits.⁷ Air transport excise taxes increased \$4.5 billion after increasing \$0.9 billion; these excise taxes, which had expired at the end of December 1995 as a result of the Federal budget impasse, were reinstated in late August.

Personal tax and nontax receipts increased \$10.9 billion after decreasing \$1.2 billion. Estimated income tax payments and final settlements, less refunds, increased \$1.5 billion after decreasing

7. The Federal Deposit Insurance Corporation authorized the assessment on October 8, 1996.

\$11.5 billion; the third-quarter decrease followed a second-quarter boost in tax receipts that reflected the third and final installment payment allowed by the provisions of the Omnibus Budget Reconciliation Act of 1993 that retroactively increased tax rates for high-income taxpayers. Withheld income taxes increased \$10.4 billion after increasing \$9.8 billion, reflecting an acceleration in wages and salaries.

Corporate profits tax accruals decreased \$3.7 billion after decreasing \$2.5 billion, reflecting the pattern of domestic corporate profits.

Table 4.—Government Sector Receipts and Current Expenditures

[Billions of dollars, seasonally adjusted at annual rates]

	Level 1996:IV	Change from preceding quarter				
		1996				
		IV	I	II	III	IV
Government sector						
Receipts	2,462.3	14.3	40.0	63.5	12.9	47.4
Current expenditures	2,477.3	16.2	37.7	24.9	18.9	30.8
Current surplus or deficit (-)	-15.0	-1.8	2.1	38.6	-5.9	16.6
Social insurance funds	115.2	.9	-8.4	1.8	2.8	.7
Other	-130.2	-2.7	10.6	36.7	-8.7	15.9
Federal Government						
Receipts	1,619.3	8.1	28.4	52.5	6.3	37.4
Personal tax and nontax receipts	691.1	6.0	16.3	41.8	-1.2	10.9
Corporate profits tax accruals	192.8	-4.8	12.1	2.6	-2.5	-3.7
Indirect business tax and nontax accruals	108.7	2.9	-6.9	-1.2	2.5	23.0
Contributions for social insurance	626.7	4.1	6.7	9.4	7.4	7.3
Current expenditures	1,725.2	4.3	29.0	24.0	.3	22.6
Consumption expenditures	457.7	-2.2	2.2	9.9	-2.2	-3.6
National defense	304.7	-1.3	-1.4	8.7	-2.7	0
Nondefense	153.0	-9	3.6	1.2	.5	-3.6
Transfer payments (net)	779.8	6.7	25.3	1.7	5.0	16.9
To persons	756.6	6.3	17.9	8.8	5.2	5.4
To the rest of the world	23.3	.3	7.4	-7.2	-1	11.6
Grants-in-aid to State and local governments	216.8	-5	4.3	11.7	-4.8	2.3
Net interest paid	238.8	1.6	-3.4	.3	2.9	5.1
Subsidies less current surplus of government enterprises	32.0	-1.2	.5	.4	-5	1.7
Subsidies	32.4	-1.3	0	.1	.3	.7
Of which: Agricultural subsidies	5.6	-7	.3	.2	.1	-1
Less: Current surplus of government enterprises .....	.4	-2	-5	-3	.8	-1.0
Less: Wage accruals less disbursements	0	0	0	0	0	0
Current surplus or deficit (-)	-105.9	4.0	-7	28.5	5.9	14.9
Social insurance funds	61.2	1.4	-7.7	2.2	3.9	2.1
Other	-167.1	2.6	6.9	26.4	2.0	12.8
State and local governments						
Receipts	1,059.8	5.7	15.9	22.7	1.9	12.2
Personal tax and nontax receipts	196.2	2.6	1.5	3.9	3.1	3.9
Corporate profits tax accruals	36.1	-1.0	2.5	.5	-5	-8
Indirect business tax and nontax accruals	535.2	3.9	6.9	5.8	3.4	6.3
Contributions for social insurance	75.5	.6	.8	.8	.7	.6
Federal grants-in-aid	216.8	-5	4.3	11.7	-4.8	2.3
Current expenditures	968.9	11.5	13.0	12.7	13.7	10.5
Consumption expenditures	725.3	5.7	9.4	8.9	9.1	6.0
Transfer payments to persons	315.3	5.1	3.5	3.7	4.3	4.4
Net interest paid	-44.1	.6	.7	.6	.5	.5
Less: Dividends received by government	13.9	.3	.3	.4	0	.2
Subsidies less current surplus of government enterprises	-13.7	.2	-1	-2	-1	-3
Subsidies .....	.4	0	0	0	0	0
Less: Current surplus of government enterprises	14.1	-2	.1	.1	.2	.3
Less: Wage accruals less disbursements	0	0	0	0	0	0
Current surplus or deficit (-)	90.9	-5.8	2.9	10.0	-11.8	1.7
Social insurance funds	54.0	-5	-8	-4	-1.1	-1.3
Other	36.9	-5.3	3.6	10.5	-10.8	3.1

NOTE.—Dollar levels are found in NIPA tables 3.1, 3.2, and 3.3.

Current expenditures.—Current expenditures increased \$22.6 billion in the fourth quarter after increasing \$0.3 billion in the third. The acceleration was mostly accounted for by transfer payments (net) and grants-in-aid to State and local governments.

Transfer payments (net) increased \$16.9 billion after increasing \$5.0 billion. Transfer payments to the rest of the world increased \$11.6 billion after decreasing \$0.1 billion; the upturn was more than accounted for by \$12.0 billion (annual rate) in economic support and other payments to Israel. Transfer payments to persons increased \$5.4 billion after increasing \$5.2 billion.

Grants-in-aid to State and local governments increased \$2.3 billion after decreasing \$4.8 billion. The upturn was mostly accounted for by grants for medicaid, which increased \$0.8 billion after decreasing \$4.5 billion. Grants for highways, human development services, community development services, and other programs also turned up. Subsidies less current surplus of government enterprises increased \$1.7 billion after decreasing \$0.5 billion. The turnaround was mainly accounted for by a downturn in the surplus of the Postal Service.

Net interest paid increased \$5.1 billion after increasing \$2.9 billion. The acceleration was accounted for by a downturn in interest received on foreign currency holdings.

Consumption expenditures decreased \$3.6 billion after decreasing \$2.2 billion. Nondefense consumption expenditures decreased \$3.6 billion after increasing \$0.5 billion. The downturn was accounted for by services, which decreased \$3.1 billion after increasing \$0.6 billion. Within services, sales of services increased \$3.3 billion after decreasing \$0.3 billion. (Sales by government, except those by government enterprises, of goods and services similar to those provided by the private sector are treated as deductions from current expenditures.)

State and local

The State and local government current surplus increased \$1.7 billion, to \$90.9 billion, in the fourth quarter after decreasing \$11.8 billion in the third. The turnaround was largely attributable to receipts.

Receipts increased \$12.2 billion after increasing \$1.9 billion. The acceleration was mostly accounted for by an upturn in Federal grants-in-aid, which increased \$2.3 billion after decreasing \$4.8 billion. Indirect business tax and nontax accruals increased \$6.3 billion after increasing \$3.4 billion; the acceleration was mostly accounted for by sales

taxes. Personal tax and nontax receipts increased \$3.9 billion after increasing \$3.1 billion.


Current expenditures increased \$10.5 billion after increasing \$13.7 billion. The deceleration was accounted for by consumption expenditures, which increased \$6.0 billion after increasing \$9.1 billion. Within consumption expenditures, a slowdown in compensation of employees reflected a deceleration in employment.

Government Sector in 1996

The combined current deficit of the Federal Government and State and local governments decreased \$32.6 billion in 1996 after decreasing \$23.8 billion in 1995. The combined deficit has declined every year, beginning in 1993, and the 1996 deficit was the smallest since 1982. The 1996 decrease was more than accounted for by a decrease in the Federal current deficit; the current surplus of the State and local governments registered a small decrease.

The Federal current deficit decreased \$34.6 billion, to \$127.1 billion, the smallest Federal deficit since 1989; the decrease was attributable to a larger

increase in receipts than in current expenditures.⁸ Federal receipts increased \$96.6 billion; the increase was mostly attributable to personal tax and nontax receipts, contributions for social insurance, and corporate profits tax accruals. Federal current expenditures increased \$62.0 billion; the increase was mostly accounted for by transfer payments to persons and by grants-in-aid to State and local governments.

The State and local government current surplus decreased \$2.0 billion, to \$93.0 billion; the decrease was attributable to a larger increase in current expenditures than in receipts. Current expenditures increased \$49.9 billion; the increase was mostly accounted for by consumption expenditures and by transfer payments to persons. Receipts increased \$47.9 billion; the increase was mostly attributable to indirect business tax and nontax accruals, personal tax and nontax receipts, and Federal grants-in-aid. 

8. The budget estimates in the national income and product accounts differ from the official U.S. Budget estimates in several respects, including the timing of transactions, the treatment of investment, and other coverage differences. For more information, see "Federal Budget Estimates, Fiscal Year 1998," SURVEY OF CURRENT BUSINESS 77 (March 1997): 8–16.

Release of Revised NIPA and Wealth Estimates

In May, the release of the following estimates will mark the completion of the most recent comprehensive revision of the national income and product accounts (NIPA's).

Revised NIPA estimates for 1929–58: The May SURVEY will present summary tables of revised NIPA estimates beginning in 1929 that will reflect the following major changes that were incorporated last year into the NIPA estimates beginning with 1959: Adoption of BEA's improved measures of real output and prices, the definitional change that recognizes government investment, and the improved methodology for calculating depreciation. More detailed estimates will be available electronically through STAT-USA's Economic Bulletin Board or Internet services and on diskette from BEA.

Revised estimates of reproducible tangible wealth for 1929–95: The May SURVEY will contain an article that presents revised estimates of reproducible tangible wealth for 1929–95 and that describes the methodology used to prepare these estimates, including the improved methodology for calculating depreciation. The complete set of wealth estimates will be available electronically through STAT-USA's Economic Bulletin Board or Internet services and

on diskette from BEA. In addition, these estimates, along with the definitions, classifications, and methodologies that underlie them, will be published later this year in *Fixed Reproducible Tangible Wealth of the United States, 1925–96*.

Newly available and revised NIPA estimates of selected series for 1959–96: The May SURVEY will present a set of tables showing newly available series that reflect the work undertaken to complete the estimates of reproducible tangible wealth—namely the estimates of real consumption of fixed capital and related net product and net investment series—and revised series that primarily reflect the incorporation into the NIPA's of the revisions to the wealth estimates. The largest revisions will be to capital consumption adjustment and consumption of fixed capital and to the series that depend upon them—including corporate profits from current production and some components of personal income; revisions to other series are expected to be small. The tables in the May SURVEY will present the estimates for 1991–96; all the newly available and revised estimates for 1959–96, including the more detailed estimates, will be available electronically through STAT-USA's Economic Bulletin Board or Internet services and on diskette from BEA.

B U S I N E S S S I T U A T I O N

Larry R. Moran prepared the first section of this article, Daniel Larkins prepared the section on corporate profits, and Ann M. Groszkiewicz prepared the section on the government sector.

THE "FINAL" estimate of growth in real gross domestic product (GDP) for the fourth quarter of 1996 is 3.8 percent, 0.1 percentage point lower than the "preliminary" estimate reported in the March "Business Situation" (table 1 and chart 1); for 1981–96, the average revision from the preliminary to the final estimate, without regard to sign, was 0.3 percentage point.¹

1. Quarterly estimates in the national income and product accounts are expressed at seasonally adjusted annual rates, and quarter-to-quarter dollar

Table 1.—Revisions to Real Gross Domestic Product and Prices, Fourth Quarter 1996

[Seasonally adjusted at annual rates]

	Percent change from preceding quarter		Final estimate minus preliminary estimate	
	Preliminary estimate	Final estimate	Percentage points	Billions of chained (1992) dollars
Gross domestic product	3.9	3.8	-0.1	-0.8
<i>Less:</i> Exports of goods and services	24.8	25.0	.2	.4
Goods	31.1	30.7	-.4	-.5
Services	9.1	10.8	1.7	.8
<i>Plus:</i> Imports of goods and services	3.8	3.3	-.5	-1.2
Goods	3.4	3.5	.1	.1
Services	5.8	2.3	-3.5	-1.2
Equals: Gross domestic purchases	1.7	1.6	-.1	-2.3
Personal consumption expenditures	3.4	3.4	0	-.8
Durable goods	4.1	5.0	.9	1.3
Nondurable goods	1.4	1.8	.4	1.2
Services	4.3	3.8	-.5	-3.1
Fixed investment	3.8	3.5	-.3	-.9
Nonresidential	5.5	5.5	0	.2
Structures	25.2	25.8	.6	.3
Producers' durable equipment	-.8	-.9	-.1	-.1
Residential	-.4	-1.8	-1.4	-1.0
Change in business inventories .....				.9
Nonfarm .....				.9
Farm .....				.1
Government consumption expenditures and gross investment	-.4	-.9	-.5	-1.4
Federal	-4.9	-5.3	-.4	-.5
National defense	-7.1	-6.9	.2	.2
Nondefense	-.6	-2.1	-1.5	-1.6
State and local	2.4	1.9	-.5	-1.0
Addenda:				
Final sales of domestic product	5.0	4.9	-.1	
Gross domestic purchases price index (chain-type weights) ¹	2.5	2.6	.1	
GDP price index (chain-type weights) ¹	1.8	1.9	.1	

1. Based on chained (1992) weights.

NOTE.—The final estimates for the fourth quarter of 1996 incorporate the following revised or additional major source data that were not available when the preliminary estimates were prepared.

Personal consumption expenditures: Revised retail sales for December.

Nonresidential fixed investment: Revised construction put in place for November and December and revised manufacturers' shipments of machinery and equipment for December.

Residential fixed investment: Revised construction put in place for November and December.

Change in business inventories: Revised manufacturing and trade inventories for November and December.

Exports and imports of goods and services: Revised exports and imports of goods for December and revised balance of payments data on exports and imports of services for the fourth quarter.

Government consumption expenditures and gross investment: Revised State and local construction put in place for November and December.

Wages and salaries: Revised employment, average hourly earnings, and average weekly hours for December.

GDP prices: Revised values and quantities of petroleum imports for December and revised prices of single-family homes under construction for the fourth quarter.

The general picture of the economy that is indicated by the final estimates is little changed from that shown in the preliminary estimates. GDP increased more in the fourth quarter than in the third, and the larger increase was more than accounted for by exports and consumer spending. Exports increased sharply in the fourth quarter after decreasing slightly in the third, and consumer spending increased much more in the fourth quarter than in the third. In addition, imports increased less in the fourth quarter than in the third, and residential investment decreased less in the fourth quarter than in the third. In contrast, inventory investment decreased in the fourth quarter after increasing in the third, nonresidential fixed investment increased less in the fourth quarter than in the third, and government spending decreased slightly more in the fourth quarter than in the third.

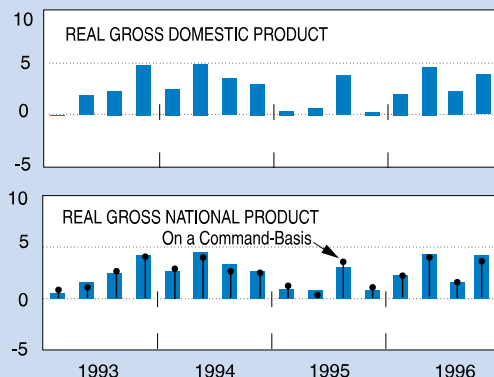
Revisions to the components of GDP were small. The largest revision was a \$3.1 billion downward revision to consumer spending for services,

changes are differences between these estimates. Quarter-to-quarter percent changes are annualized and are calculated from unrounded data. Real estimates are expressed in chained (1992) dollars, and price indexes are chain-type indexes.

CHART 1

Selected Product Measures: Change From Preceding Quarter

Percent



Note.—Percent change at annual rate from preceding quarter; based on seasonally adjusted estimates.

U.S. Department of Commerce, Bureau of Economic Analysis

which primarily reflected newly available trade association data for November.

Real final sales of domestic product increased 4.9 percent in the fourth quarter, 0.1 percentage point less than the preliminary estimate. Real gross domestic purchases increased 1.6 percent, also 0.1 percentage point less than the preliminary estimate.

The price indexes for gross domestic purchases and for GDP increased 2.6 percent and 1.9 percent, respectively; each was 0.1 percentage point more than the preliminary estimate.

Real disposable personal income increased 2.6 percent, 0.1 percentage point more than the preliminary estimate. The personal saving rate was 5.1 percent, the same as the preliminary estimate.

Gross national product (GNP).—Real GNP increased 4.2 percent in the fourth quarter, 0.4 percentage point more than the increase in real GDP (chart 1 and table 2).² Receipts of factor income from the rest of the world increased more than payments of factor income; corporate profits accounted for most of the increase in receipts, and interest income accounted for most of the increase in payments.

2. GNP—goods and services produced by labor and property supplied by U.S. residents—equals GDP plus receipts of factor income from the rest of the world less payments of factor income to the rest of the world.

Table 2.—Relation of Real Gross Domestic Product, Real Gross National Product, and Real Command-Basis Gross National Product

[Seasonally adjusted at annual rates]

	Billions of chained (1992) dollars			Percent change from preceding quarter	
	Level	Change from preceding quarter		1996	
		1996:IV	III	IV	III	IV
Gross domestic product	6,993.6	35.8	65.2	2.1	3.8
<i>Plus:</i> Receipts of factor income from the rest of the world	221.0	1.6	14.0	3.1	30.0
<i>Less:</i> Payments of factor income to the rest of the world	229.0	10.3	7.6	20.8	14.5
Equals: Gross national product	6,985.2	27.2	71.5	1.6	4.2
<i>Less:</i> Exports of goods and services and receipts of factor income from the rest of the world	1,085.0	–1	61.0	–1	26.0
<i>Plus:</i> Command-basis exports of goods and services and receipts of factor income	1,096.2	1.0	53.1	.4	22.0
Equals: Command-basis gross national product	6,996.5	28.4	63.7	1.7	3.7
Addendum:					
Terms of trade ¹	101.0	.1	–9	.4	–3.5

1. Ratio of the implicit price deflator for the sum of exports of goods and services and of receipts of factor income to the corresponding implicit price deflator for imports with the decimal point shifted two places to the right.

NOTE.—Levels of these series are found in NIPA tables 1.10 and 1.11.

Real GNP on a command basis increased less than real GNP in the fourth quarter—3.7 percent, compared with 4.2 percent—reflecting a deterioration in the terms of trade.³ In the third quarter, command-basis GNP increased slightly more than real GNP—1.7 percent, compared with 1.6 percent—reflecting a small improvement in the terms of trade.

Corporate Profits

Profits from current production decreased \$7.1 billion in the fourth quarter after increasing \$5.4 billion in the third (table 3).⁴

Profits from domestic industries decreased \$20.4 billion after increasing \$7.3 billion. Profits of financial corporations decreased much more in the fourth quarter than in the third; the sharper fourth-quarter decrease was more than accounted for by a special assessment on thrift institutions to recapitalize the Savings Association Insurance Fund. (For additional information, see the discussion on Federal receipts in the “Government Sector.”) Profits of nonfinancial corporations decreased after increasing, as a decrease in unit profits more than offset an increase in real output; the decrease in unit profits reflected a larger increase in unit labor costs than in unit prices. Profits from the rest of the world increased \$13.3 billion after decreasing \$1.8 billion; receipts picked up sharply, and payments slowed slightly.⁵

Cash flow from current production, a profits-related measure of internally generated funds available for investment, decreased \$1.1 billion after increasing \$12.4 billion. The ratio of cash flow to nonresidential fixed investment, an indicator of

3. In the estimation of command-basis GNP—a measure of the goods and services produced by the U.S. economy in terms of their purchasing power—the current-dollar value of the sum of exports of goods and services and of receipts of factor income is deflated by the implicit price deflator for the sum of imports of goods and services and of payments of factor income.

The terms of trade is a measure of the relationship between the prices that are received by U.S. producers for exports of goods and services and the prices that are paid by U.S. purchasers for imports of goods and services. It is measured by the following ratio, with the decimal point shifted two places to the right: In the numerator, the implicit price deflator for the sum of exports of goods and services and of receipts of factor income; in the denominator, the implicit price deflator for the sum of imports of goods and services and of payments of factor income. Changes in the terms of trade reflect the interaction of a number of factors—including movements in exchange rates, changes in the composition of the traded goods and services, adjustment lags, and changes in producers' profit margins. For example, if the U.S. dollar were to appreciate against a foreign currency, a foreign manufacturer may choose to absorb this cost by reducing the profit margin on the product it sells to the United States rather than by raising prices and risking a loss in market share.

4. Profits from current production is estimated as the sum of profits before tax, the inventory valuation adjustment, and the capital consumption adjustment; it is shown in national income and product account tables 1.14, 1.16, and 6.16c as “corporate profits with inventory valuation and capital consumption adjustments.”

5. Profits from the rest of the world are receipts of profits from foreign affiliates of U.S. companies less payments of profits by U.S. affiliates of foreign companies.

the share of the current level of investment that could be financed by internally generated funds, decreased to 80.9 percent from 81.7 percent. These levels are near the low end of the range in which the ratio has fluctuated during most of this decade.

Industry profits.—Industry profits decreased \$9.7 billion after increasing \$4.1 billion.⁶ For domestic financial corporations, a much sharper decrease in the fourth quarter than in the third was more than accounted for by the special assessment on thrift institutions. Profits of domestic nonfinancial corporations declined in the fourth quarter after increasing in the third. The downturn was accounted for by retail trade, by transportation and public utilities, and by manufacturing; in contrast, profits in wholesale trade picked up, and profits in “other” nonfinancial industries increased about as much in the fourth quarter as in the third.

6. Industry profits, which are estimated as the sum of corporate profits before tax and the inventory valuation adjustment, are shown in national income and product accounts table 6.16c. Estimates of the capital consumption adjustment do not exist at a detailed industry level; they are available only for total financial and total nonfinancial industries.

Table 3.—Corporate Profits

[Seasonally adjusted at annual rates]

	Level		Change from preceding year
	1996:IV	1996:III		1996:IV
Billions of dollars			
Profits from current production	654.1	5.4	-7.1
Domestic industries	564.2	7.3	-20.4
Financial	128.1	-1.7	-13.7
Nonfinancial	436.1	9.0	-6.7
Rest of the world	89.9	-1.8	13.3
IVA	-9.2	13.0	-11.2
CCAadj	26.2	1.3	2.6
Profits before tax	637.1	-9.0	1.5
Profits tax liability	228.9	-3.0	-4.5
Profits after tax	408.2	-5.9	6.0
Cash flow from current production	658.6	12.4	-1.1
Profits by industry:			
Corporate profits with IVA	627.9	4.1	-9.7
Domestic industries	538.0	5.9	-23.0
Financial	121.3	-1.6	-13.7
Nonfinancial	416.7	7.6	-9.4
Manufacturing	169.4	5.9	-1.2
Transportation and public utilities	93.2	-2.0	-9.3
Wholesale trade	41.5	1.7	7.0
Retail trade	36.7	.2	-7.8
Other	75.9	1.7	2.0
Rest of the world	89.9	-1.8	13.3
Receipts (inflows)	137.0	.3	14.1
Payments (outflows)	47.1	2.1	.8
Dollars			
Unit price, costs, and profits of nonfinancial corporations:			
Unit price	1.066	0	.001
Unit labor cost .....	.708	0	.002
Unit nonlabor cost .....	.246	0	-.001
Unit profits from current production .....	.111	.001	-.003

IVA Inventory valuation adjustment
CCAadj Capital consumption adjustment

NOTE.—Levels of these and other profits series are found in NIPA tables 1.14, 1.16, 6.16C, and 7.15.

Related measures.—Profits before tax (PBT) increased \$1.5 billion in the fourth quarter after decreasing \$9.0 billion in the third. The difference between the \$10.5 billion upturn in PBT and the \$12.5 billion downturn in profits from current production was more than accounted for by inventory profits, which increased in the fourth quarter after decreasing in the third. (Inventory profits are represented in the national income and product accounts by the inventory valuation adjustment, with the sign reversed.)

Government Sector

The combined current deficit of the Federal Government and State and local governments decreased \$16.6 billion, to \$15.0 billion, in the fourth quarter (table 4). The decrease was primarily accounted for by a decrease in the Federal deficit; the State and local government surplus increased slightly.

Federal

The Federal Government current deficit decreased \$14.9 billion, to \$105.9 billion, in the fourth quarter after decreasing \$5.9 billion in the third. The fourth-quarter deficit is the smallest since the third quarter of 1989.

Receipts.—Receipts increased \$37.4 billion in the fourth quarter after increasing \$6.3 billion in the third. Both the fourth-quarter increase and the acceleration were accounted for by indirect business tax and nontax accruals and by personal tax and nontax receipts.

Indirect business tax and nontax accruals increased \$23.0 billion after increasing \$2.5 billion. Indirect business nontaxes increased \$18.2 billion after increasing \$0.1 billion. The step-up was accounted for by a special assessment of \$18.0 billion (annual rate) that was paid to the Saving Association Insurance Fund by thrift institutions; this assessment recapitalized the fund, bringing the deposit fund to the target reserve ratio of \$1.25 per \$100 in deposits.⁷ Air transport excise taxes increased \$4.5 billion after increasing \$0.9 billion; these excise taxes, which had expired at the end of December 1995 as a result of the Federal budget impasse, were reinstated in late August.

Personal tax and nontax receipts increased \$10.9 billion after decreasing \$1.2 billion. Estimated income tax payments and final settlements, less refunds, increased \$1.5 billion after decreasing

7. The Federal Deposit Insurance Corporation authorized the assessment on October 8, 1996.

\$11.5 billion; the third-quarter decrease followed a second-quarter boost in tax receipts that reflected the third and final installment payment allowed by the provisions of the Omnibus Budget Reconciliation Act of 1993 that retroactively increased tax rates for high-income taxpayers. Withheld income taxes increased \$10.4 billion after increasing \$9.8 billion, reflecting an acceleration in wages and salaries.

Corporate profits tax accruals decreased \$3.7 billion after decreasing \$2.5 billion, reflecting the pattern of domestic corporate profits.

Table 4.—Government Sector Receipts and Current Expenditures

[Billions of dollars, seasonally adjusted at annual rates]

	Level 1996:IV	Change from preceding quarter				
		1996				
		IV	I	II	III	IV
Government sector						
Receipts	2,462.3	14.3	40.0	63.5	12.9	47.4
Current expenditures	2,477.3	16.2	37.7	24.9	18.9	30.8
Current surplus or deficit (-)	-15.0	-1.8	2.1	38.6	-5.9	16.6
Social insurance funds	115.2	.9	-8.4	1.8	2.8	.7
Other	-130.2	-2.7	10.6	36.7	-8.7	15.9
Federal Government						
Receipts	1,619.3	8.1	28.4	52.5	6.3	37.4
Personal tax and nontax receipts	691.1	6.0	16.3	41.8	-1.2	10.9
Corporate profits tax accruals	192.8	-4.8	12.1	2.6	-2.5	-3.7
Indirect business tax and nontax accruals	108.7	2.9	-6.9	-1.2	2.5	23.0
Contributions for social insurance	626.7	4.1	6.7	9.4	7.4	7.3
Current expenditures	1,725.2	4.3	29.0	24.0	.3	22.6
Consumption expenditures	457.7	-2.2	2.2	9.9	-2.2	-3.6
National defense	304.7	-1.3	-1.4	8.7	-2.7	0
Nondefense	153.0	-9	3.6	1.2	.5	-3.6
Transfer payments (net)	779.8	6.7	25.3	1.7	5.0	16.9
To persons	756.6	6.3	17.9	8.8	5.2	5.4
To the rest of the world	23.3	.3	7.4	-7.2	-1	11.6
Grants-in-aid to State and local governments	216.8	-5	4.3	11.7	-4.8	2.3
Net interest paid	238.8	1.6	-3.4	.3	2.9	5.1
Subsidies less current surplus of government enterprises	32.0	-1.2	.5	.4	-5	1.7
Subsidies	32.4	-1.3	0	.1	.3	.7
Of which: Agricultural subsidies	5.6	-7	.3	.2	.1	-1
Less: Current surplus of government enterprises .....	.4	-2	-5	-3	.8	-1.0
Less: Wage accruals less disbursements	0	0	0	0	0	0
Current surplus or deficit (-)	-105.9	4.0	-7	28.5	5.9	14.9
Social insurance funds	61.2	1.4	-7.7	2.2	3.9	2.1
Other	-167.1	2.6	6.9	26.4	2.0	12.8
State and local governments						
Receipts	1,059.8	5.7	15.9	22.7	1.9	12.2
Personal tax and nontax receipts	196.2	2.6	1.5	3.9	3.1	3.9
Corporate profits tax accruals	36.1	-1.0	2.5	.5	-5	-8
Indirect business tax and nontax accruals	535.2	3.9	6.9	5.8	3.4	6.3
Contributions for social insurance	75.5	.6	.8	.8	.7	.6
Federal grants-in-aid	216.8	-5	4.3	11.7	-4.8	2.3
Current expenditures	968.9	11.5	13.0	12.7	13.7	10.5
Consumption expenditures	725.3	5.7	9.4	8.9	9.1	6.0
Transfer payments to persons	315.3	5.1	3.5	3.7	4.3	4.4
Net interest paid	-44.1	.6	.7	.6	.5	.5
Less: Dividends received by government	13.9	.3	.3	.4	0	.2
Subsidies less current surplus of government enterprises	-13.7	.2	-1	-2	-1	-3
Subsidies .....	.4	0	0	0	0	0
Less: Current surplus of government enterprises	14.1	-2	.1	.1	.2	.3
Less: Wage accruals less disbursements	0	0	0	0	0	0
Current surplus or deficit (-)	90.9	-5.8	2.9	10.0	-11.8	1.7
Social insurance funds	54.0	-5	-8	-4	-1.1	-1.3
Other	36.9	-5.3	3.6	10.5	-10.8	3.1

NOTE.—Dollar levels are found in NIPA tables 3.1, 3.2, and 3.3.

Current expenditures.—Current expenditures increased \$22.6 billion in the fourth quarter after increasing \$0.3 billion in the third. The acceleration was mostly accounted for by transfer payments (net) and grants-in-aid to State and local governments.

Transfer payments (net) increased \$16.9 billion after increasing \$5.0 billion. Transfer payments to the rest of the world increased \$11.6 billion after decreasing \$0.1 billion; the upturn was more than accounted for by \$12.0 billion (annual rate) in economic support and other payments to Israel. Transfer payments to persons increased \$5.4 billion after increasing \$5.2 billion.

Grants-in-aid to State and local governments increased \$2.3 billion after decreasing \$4.8 billion. The upturn was mostly accounted for by grants for medicaid, which increased \$0.8 billion after decreasing \$4.5 billion. Grants for highways, human development services, community development services, and other programs also turned up. Subsidies less current surplus of government enterprises increased \$1.7 billion after decreasing \$0.5 billion. The turnaround was mainly accounted for by a downturn in the surplus of the Postal Service.

Net interest paid increased \$5.1 billion after increasing \$2.9 billion. The acceleration was accounted for by a downturn in interest received on foreign currency holdings.

Consumption expenditures decreased \$3.6 billion after decreasing \$2.2 billion. Nondefense consumption expenditures decreased \$3.6 billion after increasing \$0.5 billion. The downturn was accounted for by services, which decreased \$3.1 billion after increasing \$0.6 billion. Within services, sales of services increased \$3.3 billion after decreasing \$0.3 billion. (Sales by government, except those by government enterprises, of goods and services similar to those provided by the private sector are treated as deductions from current expenditures.)

State and local

The State and local government current surplus increased \$1.7 billion, to \$90.9 billion, in the fourth quarter after decreasing \$11.8 billion in the third. The turnaround was largely attributable to receipts.

Receipts increased \$12.2 billion after increasing \$1.9 billion. The acceleration was mostly accounted for by an upturn in Federal grants-in-aid, which increased \$2.3 billion after decreasing \$4.8 billion. Indirect business tax and nontax accruals increased \$6.3 billion after increasing \$3.4 billion; the acceleration was mostly accounted for by sales

taxes. Personal tax and nontax receipts increased \$3.9 billion after increasing \$3.1 billion.


Current expenditures increased \$10.5 billion after increasing \$13.7 billion. The deceleration was accounted for by consumption expenditures, which increased \$6.0 billion after increasing \$9.1 billion. Within consumption expenditures, a slowdown in compensation of employees reflected a deceleration in employment.

Government Sector in 1996

The combined current deficit of the Federal Government and State and local governments decreased \$32.6 billion in 1996 after decreasing \$23.8 billion in 1995. The combined deficit has declined every year, beginning in 1993, and the 1996 deficit was the smallest since 1982. The 1996 decrease was more than accounted for by a decrease in the Federal current deficit; the current surplus of the State and local governments registered a small decrease.

The Federal current deficit decreased \$34.6 billion, to \$127.1 billion, the smallest Federal deficit since 1989; the decrease was attributable to a larger

increase in receipts than in current expenditures.⁸ Federal receipts increased \$96.6 billion; the increase was mostly attributable to personal tax and nontax receipts, contributions for social insurance, and corporate profits tax accruals. Federal current expenditures increased \$62.0 billion; the increase was mostly accounted for by transfer payments to persons and by grants-in-aid to State and local governments.

The State and local government current surplus decreased \$2.0 billion, to \$93.0 billion; the decrease was attributable to a larger increase in current expenditures than in receipts. Current expenditures increased \$49.9 billion; the increase was mostly accounted for by consumption expenditures and by transfer payments to persons. Receipts increased \$47.9 billion; the increase was mostly attributable to indirect business tax and nontax accruals, personal tax and nontax receipts, and Federal grants-in-aid. 

8. The budget estimates in the national income and product accounts differ from the official U.S. Budget estimates in several respects, including the timing of transactions, the treatment of investment, and other coverage differences. For more information, see "Federal Budget Estimates, Fiscal Year 1998," SURVEY OF CURRENT BUSINESS 77 (March 1997): 8–16.

Release of Revised NIPA and Wealth Estimates

In May, the release of the following estimates will mark the completion of the most recent comprehensive revision of the national income and product accounts (NIPA's).

Revised NIPA estimates for 1929–58: The May SURVEY will present summary tables of revised NIPA estimates beginning in 1929 that will reflect the following major changes that were incorporated last year into the NIPA estimates beginning with 1959: Adoption of BEA's improved measures of real output and prices, the definitional change that recognizes government investment, and the improved methodology for calculating depreciation. More detailed estimates will be available electronically through STAT-USA's Economic Bulletin Board or Internet services and on diskette from BEA.

Revised estimates of reproducible tangible wealth for 1929–95: The May SURVEY will contain an article that presents revised estimates of reproducible tangible wealth for 1929–95 and that describes the methodology used to prepare these estimates, including the improved methodology for calculating depreciation. The complete set of wealth estimates will be available electronically through STAT-USA's Economic Bulletin Board or Internet services and

on diskette from BEA. In addition, these estimates, along with the definitions, classifications, and methodologies that underlie them, will be published later this year in *Fixed Reproducible Tangible Wealth of the United States, 1925–96*.

Newly available and revised NIPA estimates of selected series for 1959–96: The May SURVEY will present a set of tables showing newly available series that reflect the work undertaken to complete the estimates of reproducible tangible wealth—namely the estimates of real consumption of fixed capital and related net product and net investment series—and revised series that primarily reflect the incorporation into the NIPA's of the revisions to the wealth estimates. The largest revisions will be to capital consumption adjustment and consumption of fixed capital and to the series that depend upon them—including corporate profits from current production and some components of personal income; revisions to other series are expected to be small. The tables in the May SURVEY will present the estimates for 1991–96; all the newly available and revised estimates for 1959–96, including the more detailed estimates, will be available electronically through STAT-USA's Economic Bulletin Board or Internet services and on diskette from BEA.

Real Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade

Tables 1, 2, and 3 show quarterly and monthly estimates of real inventories, sales, and inventory-sales ratios, respectively. Real manufacturing inventories by stage of fabrication are shown in table 4. Real estimates are in chained (1992) dollars.

Data availability

Quarterly estimates for 1977–95 of real manufacturing and trade inventories, sales, and inventory-sales ratios and of real manufacturing inventories by stage of fabrication were published in the May 1996 SURVEY OF CURRENT BUSINESS.

Estimates for 1967 forward are available electronically to subscribers to STAT-USA's Economic Bulletin Board

Table 1.—Real Manufacturing and Trade Inventories, Seasonally Adjusted, End of Period
[Billions of chained (1992) dollars]

	1996		1996					
	III	IV	Aug.	Sep.	Oct. ^r	Nov. ^r	Dec. ^r	Jan. ^p
Manufacturing and trade	931.5	935.9	930.2	931.5	934.7	937.0	935.9	937.4
Manufacturing	405.4	406.4	404.4	405.4	406.5	407.9	406.4	406.5
Durable goods	261.8	261.8	261.1	261.8	262.6	263.2	261.8	262.6
Primary metal industries	22.4	22.7	22.0	22.4	22.4	22.5	22.7	22.3
Fabricated metal products	23.3	23.4	23.3	23.3	23.3	23.4	23.4	23.5
Industrial machinery and equipment	58.2	57.4	58.7	58.2	58.2	58.4	57.4	57.6
Electronic and other electric equipment	44.3	44.4	44.2	44.3	44.4	44.7	44.4	44.2
Transportation equipment	58.2	58.6	57.8	58.2	58.7	58.9	58.6	59.5
Motor vehicles and equipment	13.6	13.4	13.6	13.6	13.6	13.3	13.4	13.4
Other transportation equipment	44.6	45.3	44.1	44.6	45.1	45.6	45.3	46.1
Other durable goods ¹	56.2	55.9	56.0	56.2	56.4	56.1	55.9	56.2
Nondurable goods	143.9	144.9	143.7	143.9	144.3	145.0	144.9	144.2
Food and kindred products	30.9	31.4	30.6	30.9	31.0	31.4	31.4	31.4
Paper and allied products	15.1	15.0	15.0	15.1	15.0	15.0	15.0	14.9
Chemicals and allied products	35.3	35.6	35.2	35.3	35.4	35.4	35.6	35.4
Petroleum and coal products	9.8	9.3	10.2	9.8	9.5	9.4	9.3	9.4
Rubber and miscellaneous plastic products	13.9	14.0	13.8	13.9	13.9	13.9	14.0	14.1
Other nondurable goods ²	38.6	39.3	38.6	38.6	39.0	39.5	39.3	38.7
Merchant wholesalers	244.4	247.1	245.7	244.4	245.7	246.5	247.1	249.9
Durable goods	157.9	157.4	157.7	157.9	157.1	157.5	157.4	158.8
Nondurable goods	86.7	89.8	88.3	86.7	88.7	89.2	89.8	91.3
Groceries and farm products	26.6	27.5	27.6	26.6	27.6	27.6	27.5	27.7
Other nondurable goods	60.3	62.5	60.9	60.3	61.3	61.8	62.5	63.8
Retail trade	281.2	281.9	279.5	281.2	282.0	282.0	281.9	280.5
Durable goods	148.8	148.3	147.1	148.8	149.2	149.0	148.3	146.7
Motor vehicle dealers ³	68.4	67.9	67.0	68.4	67.5	68.0	67.9	67.1
Other durable goods ³	80.8	80.8	80.5	80.8	82.1	81.3	80.8	80.0
Nondurable goods	132.2	133.4	132.2	132.2	132.6	132.9	133.4	133.6
Food stores	26.9	27.4	26.9	26.9	27.1	27.2	27.4	27.5
Other nondurable goods	105.4	106.2	105.4	105.4	105.7	105.8	106.2	106.3

^p Preliminary.

1. Includes lumber and wood products; furniture and fixtures; stone, clay, and glass products; instruments and related products; and miscellaneous manufacturing industries.

2. Includes tobacco manufacturers; textile mill products; apparel products; printing and publishing; and leather and leather products.

3. Prior to 1981, inventories and sales of auto and home supply stores are included in motor vehicle dealers. Beginning with 1981, these inventories are included in "other durable goods".

NOTES.—Manufacturing inventories are classified by the type of product produced by the establishment holding the inventory. Trade inventories are classified by the type of product sold by the establishment holding the inventory. Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines for inventories.

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The estimates for 1967–95 are also available on printouts and diskette. To order, write to the National Income and Wealth Division, BE-54, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230. Specify "Real Manufacturing and Trade Inventories, Sales, and Ratios" (Accession Nos. BEA 54-91-20-014 for printouts, BEA 54-91-40-409 for diskette), and include a check or money order for \$55.00 for printouts or \$20.00 for diskette, payable to the Bureau of Economic Analysis. To order by telephone, call (202) 606-9700; MasterCard and VISA are accepted.

Table 2.—Real Manufacturing and Trade Sales, Seasonally Adjusted at Monthly Rate
[Billions of chained (1992) dollars]

	1996		1996					
	III	IV	Aug.	Sep.	Oct. ^r	Nov. ^r	Dec. ^r	Jan. ^p
Manufacturing and trade	689.1	695.8	687.4	690.9	693.5	697.4	696.4	704.7
Manufacturing	300.8	303.0	300.3	301.7	301.9	304.4	302.6	306.4
Durable goods	166.9	167.7	166.5	168.5	167.1	168.5	167.5	169.7
Primary metal industries	13.7	13.9	13.7	13.7	13.8	14.0	13.9	14.2
Fabricated metal products	16.4	16.3	16.5	16.4	16.3	16.4	16.2	16.4
Industrial machinery and equipment	36.1	36.7	36.1	36.8	36.1	36.3	37.6	37.6
Electronic and other electric equipment	28.3	29.5	28.0	28.7	29.1	30.0	29.4	28.6
Transportation equipment	38.2	37.3	38.1	38.9	37.4	37.6	36.8	38.5
Motor vehicles and equipment	27.5	24.8	27.3	27.6	25.5	25.0	24.0	26.2
Other transportation equipment	10.7	11.1	10.8	11.3	10.6	11.2	11.4	10.9
Other durable goods ¹	40.6	41.1	40.5	41.1	41.3	41.3	40.7	41.6
Nondurable goods	133.6	134.7	133.3	133.0	134.4	135.4	134.4	136.2
Food and kindred products	35.9	36.3	35.8	35.4	36.2	36.7	35.9	36.8
Paper and allied products	11.9	12.0	11.8	11.9	11.9	11.9	12.0	12.1
Chemicals and allied products	28.2	28.5	28.2	28.1	28.6	28.5	28.6	28.8
Petroleum and coal products	13.8	14.3	13.8	14.0	14.4	14.4	14.3	14.3
Rubber and miscellaneous plastic products	11.5	11.4	11.4	11.3	11.4	11.5	11.4	11.6
Other nondurable goods ²	32.6	32.8	32.7	32.4	32.3	33.1	33.1	33.3
Merchant wholesalers	186.1	189.1	185.1	186.2	187.8	189.7	189.8	191.2
Durable goods	99.3	100.8	98.3	99.7	100.2	101.1	101.1	101.4
Nondurable goods	86.8	88.3	86.8	86.5	87.6	88.5	88.7	89.8
Groceries and farm products	31.5	32.6	31.5	31.4	32.2	32.9	32.8	32.7
Other nondurable goods	51.2	52.1	51.2	51.0	51.7	52.3	52.4	53.0
Retail trade	202.2	203.6	202.0	203.0	203.8	203.2	203.9	207.0
Durable goods	81.4	82.4	81.3	81.9	82.5	82.2	82.7	84.0
Motor vehicle dealers ³	43.1	43.7	43.0	43.6	43.7	43.5	43.9	44.9
Other durable goods ³	38.4	38.8	38.3	38.3	38.8	38.8	38.8	39.2
Nondurable goods	120.5	121.0	120.5	121.0	121.1	120.8	121.1	122.7
Food stores	33.1	33.1	33.0	33.2	33.2	33.0	33.1	33.3
Other nondurable goods	87.4	87.9	87.5	87.8	87.9	87.8	88.0	89.5

^p Preliminary.

1. Includes lumber and wood products; furniture and fixtures; stone, clay, and glass products; instruments and related products; and miscellaneous manufacturing industries.

2. Includes tobacco manufacturers; textile mill products; apparel products; printing and publishing; and leather and leather products.

3. Prior to 1981, inventories and sales of auto and home supply stores are included in motor vehicle dealers. Beginning with 1981, these inventories are included in "other durable goods".

NOTES.—Manufacturing inventories are classified by the type of product produced by the establishment holding the inventory. Trade inventories are classified by the type of product sold by the establishment holding the inventory. Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines for inventories.

Table 3.—Real Inventory-Sales Ratios for Manufacturing and Trade, Seasonally Adjusted

[Ratio, based on chained (1992) dollars]

	1996		1996					
	III	IV	Aug.	Sep.	Oct. ^r	Nov. ^r	Dec. ^r	Jan. ^p
Manufacturing and trade	1.35	1.35	1.35	1.35	1.35	1.34	1.34	1.33
Manufacturing	1.35	1.34	1.35	1.34	1.35	1.34	1.34	1.33
Durable goods	1.57	1.56	1.57	1.55	1.57	1.56	1.56	1.55
Primary metal industries	1.63	1.63	1.60	1.64	1.62	1.61	1.63	1.57
Fabricated metal products	1.42	1.44	1.42	1.42	1.43	1.42	1.45	1.44
Industrial machinery and equipment	1.61	1.56	1.63	1.58	1.61	1.61	1.53	1.53
Electronic and other electric equipment	1.57	1.51	1.58	1.54	1.52	1.49	1.51	1.54
Transportation equipment	1.52	1.57	1.52	1.50	1.57	1.57	1.59	1.55
Motor vehicles and equipment .....	.50	.54	.50	.49	.54	.53	.56	.51
Other transportation equipment	4.17	4.09	4.08	3.95	4.26	4.07	3.96	4.25
Other durable goods ¹	1.39	1.36	1.38	1.37	1.37	1.36	1.37	1.35
Nondurable goods	1.08	1.08	1.08	1.08	1.07	1.07	1.08	1.06
Food and kindred products .....	.86	.87	.85	.87	.86	.86	.85	.85
Paper and allied products	1.27	1.25	1.27	1.27	1.26	1.26	1.25	1.24
Chemicals and allied products	1.25	1.25	1.25	1.26	1.24	1.24	1.25	1.23
Petroleum and coal products .....	.71	.65	.74	.70	.66	.65	.66	.66
Rubber and miscellaneous plastic products	1.21	1.23	1.21	1.22	1.22	1.21	1.23	1.21
Other nondurable goods ²	1.18	1.20	1.18	1.19	1.21	1.20	1.19	1.16
Merchant wholesalers	1.31	1.31	1.33	1.31	1.31	1.30	1.30	1.31
Durable goods	1.59	1.56	1.60	1.58	1.57	1.56	1.56	1.57
Nondurable goods	1.00	1.02	1.02	1.00	1.01	1.01	1.01	1.02
Groceries and farm products .....	.85	.84	.87	.85	.86	.84	.84	.85
Other nondurable goods	1.18	1.20	1.19	1.18	1.19	1.18	1.19	1.20
Retail trade	1.39	1.38	1.38	1.39	1.38	1.39	1.38	1.36
Durable goods	1.83	1.80	1.81	1.82	1.81	1.81	1.79	1.75
Motor vehicle dealers ³	1.59	1.55	1.56	1.57	1.54	1.57	1.55	1.50
Other durable goods ³	2.10	2.08	2.10	2.11	2.12	2.10	2.08	2.04
Nondurable goods	1.10	1.10	1.10	1.09	1.10	1.10	1.10	1.09
Food stores .....	.81	.83	.82	.81	.82	.83	.83	.83
Other nondurable goods	1.21	1.21	1.21	1.20	1.20	1.21	1.21	1.19

^p Preliminary.

1. Includes lumber and wood products; furniture and fixtures; stone, clay, and glass products; instruments and related products; and miscellaneous manufacturing industries.

2. Includes tobacco manufacturers; textile mill products; apparel products; printing and publishing; and leather and leather products.

3. Prior to 1981, inventories and sales of auto and home supply stores are included in motor vehicle dealers. Beginning with 1981, these inventories are included in "other durable goods".

NOTE.—Manufacturing inventories are classified by the type of product produced by the establishment holding the inventory. Trade inventories are classified by the type of product sold by the establishment holding the inventory.

Table 4.—Real Manufacturing Inventories by Stage of Fabrication, Seasonally Adjusted, End of Period

[Billions of chained (1992) dollars]

	1996		1996					
	III	IV	Aug.	Sep.	Oct. ^r	Nov. ^r	Dec. ^r	Jan. ^p
Materials and supplies								
Manufacturing	134.0	133.0	133.7	134.0	133.6	133.6	133.0	132.6
Durable goods	81.0	79.7	80.7	81.0	80.2	80.2	79.7	79.8
Primary metal industries	7.5	7.5	7.3	7.5	7.5	7.6	7.5	7.5
Fabricated metal products	8.5	8.6	8.6	8.5	8.7	8.7	8.6	8.7
Industrial machinery and equipment	18.1	17.1	18.3	18.1	17.4	17.4	17.1	17.1
Electronic and other electric equipment	15.6	15.5	15.6	15.6	15.6	15.6	15.5	15.3
Motor vehicles and equipment	5.8	6.3	5.8	5.8	6.0	6.2	6.3	6.5
Other transportation equipment	6.0	5.4	6.0	6.0	5.8	5.6	5.4	5.5
Other durable goods ¹	19.6	19.4	19.4	19.6	19.4	19.4	19.4	19.5
Nondurable goods	53.1	53.3	53.1	53.1	53.4	53.4	53.3	52.8
Food and kindred products	10.1	10.3	10.0	10.1	10.2	10.3	10.3	10.3
Paper and allied products	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Chemicals and allied products	11.5	11.4	11.3	11.5	11.4	11.4	11.4	11.3
Petroleum and coal products	3.4	3.1	3.5	3.4	3.3	3.2	3.1	3.2
Rubber and miscellaneous plastic products	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3
Other nondurable goods ²	16.0	16.1	16.1	16.0	16.2	16.2	16.1	15.6
Work-in-process								
Manufacturing	133.1	134.8	133.0	133.1	134.3	135.4	134.8	134.8
Durable goods	110.0	111.6	109.8	110.0	111.1	112.1	111.6	111.6
Primary metal industries	8.0	8.2	8.0	8.0	8.1	8.1	8.2	8.0
Fabricated metal products	6.7	6.5	6.7	6.7	6.5	6.6	6.5	6.6
Industrial machinery and equipment	21.3	22.0	21.6	21.3	21.7	22.1	22.0	21.9
Electronic and other electric equipment	16.3	16.1	16.3	16.3	16.2	16.4	16.1	15.9
Motor vehicles and equipment	4.5	4.1	4.5	4.5	4.4	4.1	4.1	3.6
Other transportation equipment	36.4	37.8	35.9	36.4	37.1	38.2	37.8	38.7
Other durable goods ¹	17.0	17.0	17.1	17.0	17.3	17.0	17.0	17.1
Nondurable goods	23.2	23.3	23.3	23.2	23.4	23.4	23.3	23.3
Food and kindred products	4.4	4.3	4.4	4.4	4.4	4.5	4.3	4.4
Paper and allied products	1.6	1.7	1.6	1.6	1.6	1.6	1.7	1.6
Chemicals and allied products	5.6	5.7	5.7	5.6	5.6	5.5	5.7	5.6
Petroleum and coal products	2.0	1.9	2.1	2.0	2.0	2.0	1.9	2.0
Rubber and miscellaneous plastic products	2.0	1.9	1.9	2.0	1.9	1.9	1.9	1.9
Other nondurable goods ²	7.4	7.7	7.5	7.4	7.6	7.8	7.7	7.6
Finished goods								
Manufacturing	138.4	138.8	137.7	138.4	138.8	139.1	138.8	139.3
Durable goods	70.7	70.5	70.4	70.7	71.2	70.9	70.5	71.1
Primary metal industries	6.8	6.9	6.8	6.8	6.7	6.9	6.9	6.8
Fabricated metal products	8.1	8.2	8.0	8.1	8.1	8.2	8.2	8.2
Industrial machinery and equipment	18.8	18.3	18.7	18.8	19.2	19.0	18.3	18.7
Electronic and other electric equipment	12.4	12.8	12.3	12.4	12.6	12.7	12.8	13.0
Motor vehicles and equipment	3.3	3.0	3.3	3.3	3.2	3.1	3.0	3.3
Other transportation equipment	2.1	2.1	2.2	2.1	2.2	1.9	2.1	2.0
Other durable goods ¹	19.6	19.6	19.5	19.6	19.7	19.6	19.6	19.6
Nondurable goods	67.7	68.4	67.4	67.7	67.6	68.2	68.4	68.3
Food and kindred products	16.5	16.7	16.3	16.5	16.4	16.6	16.7	16.7
Paper and allied products	6.5	6.4	6.5	6.5	6.5	6.4	6.4	6.3
Chemicals and allied products	18.2	18.6	18.2	18.2	18.4	18.5	18.6	18.4
Petroleum and coal products	4.4	4.3	4.6	4.4	4.2	4.2	4.3	4.3
Rubber and miscellaneous plastic products	6.7	6.8	6.6	6.7	6.7	6.7	6.8	6.8
Other nondurable goods ²	15.2	15.5	15.1	15.2	15.3	15.6	15.5	15.6

^p Preliminary.

1. Includes lumber and wood products; furniture and fixtures; stone, clay, and glass products; instruments and related products; and miscellaneous manufacturing industries.

2. Includes tobacco manufacturers; textile mill products; apparel products; printing and publishing; and leather and leather products.

NOTES.—Manufacturing inventories are classified by the type of product produced by the establishment holding the inventory. Trade inventories are classified by the type of product sold by the establishment holding the inventory.

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Real Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade

Tables 1, 2, and 3 show quarterly and monthly estimates of real inventories, sales, and inventory-sales ratios, respectively. Real manufacturing inventories by stage of fabrication are shown in table 4. Real estimates are in chained (1992) dollars.

Data availability

Quarterly estimates for 1977–95 of real manufacturing and trade inventories, sales, and inventory-sales ratios and of real manufacturing inventories by stage of fabrication were published in the May 1996 SURVEY OF CURRENT BUSINESS.

Estimates for 1967 forward are available electronically to subscribers to STAT-USA's Economic Bulletin Board

or Internet services. For information, call (202) 482–1986.

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Table 1.—Real Manufacturing and Trade Inventories, Seasonally Adjusted, End of Period
[Billions of chained (1992) dollars]

	1996		1996					
	III	IV	Aug.	Sep.	Oct. ^p	Nov. ^r	Dec. ^r	Jan. ^p
Manufacturing and trade	931.5	935.9	930.2	931.5	934.7	937.0	935.9	937.4
Manufacturing	405.4	406.4	404.4	405.4	406.5	407.9	406.4	406.5
Durable goods	261.8	261.8	261.1	261.8	262.6	263.2	261.8	262.6
Primary metal industries	22.4	22.7	22.0	22.4	22.4	22.5	22.7	22.3
Fabricated metal products	23.3	23.4	23.3	23.3	23.3	23.4	23.4	23.5
Industrial machinery and equipment	58.2	57.4	58.7	58.2	58.2	58.4	57.4	57.6
Electronic and other electric equipment	44.3	44.4	44.2	44.3	44.4	44.7	44.4	44.2
Transportation equipment	58.2	58.6	57.8	58.2	58.7	58.9	58.6	59.5
Motor vehicles and equipment	13.6	13.4	13.6	13.6	13.6	13.3	13.4	13.4
Other transportation equipment	44.6	45.3	44.1	44.6	45.1	45.6	45.3	46.1
Other durable goods ¹	56.2	55.9	56.0	56.2	56.4	56.1	55.9	56.2
Nondurable goods	143.9	144.9	143.7	143.9	144.3	145.0	144.9	144.2
Food and kindred products	30.9	31.4	30.6	30.9	31.0	31.4	31.4	31.4
Paper and allied products	15.1	15.0	15.0	15.1	15.0	15.0	15.0	14.9
Chemicals and allied products	35.3	35.6	35.2	35.3	35.4	35.4	35.6	35.4
Petroleum and coal products	9.8	9.3	10.2	9.8	9.5	9.4	9.3	9.4
Rubber and miscellaneous plastic products	13.9	14.0	13.8	13.9	13.9	13.9	14.0	14.1
Other nondurable goods ²	38.6	39.3	38.6	38.6	39.0	39.5	39.3	38.7
Merchant wholesalers	244.4	247.1	245.7	244.4	245.7	246.5	247.1	249.9
Durable goods	157.9	157.4	157.7	157.9	157.1	157.5	157.4	158.8
Nondurable goods	86.7	89.8	88.3	86.7	88.7	89.2	89.8	91.3
Groceries and farm products	26.6	27.5	27.6	26.6	27.6	27.6	27.5	27.7
Other nondurable goods	60.3	62.5	60.9	60.3	61.3	61.8	62.5	63.8
Retail trade	281.2	281.9	279.5	281.2	282.0	282.0	281.9	280.5
Durable goods	148.8	148.3	147.1	148.8	149.2	149.0	148.3	146.7
Motor vehicle dealers ³	68.4	67.9	67.0	68.4	67.5	68.0	67.9	67.1
Other durable goods ³	80.8	80.8	80.5	80.8	82.1	81.3	80.8	80.0
Nondurable goods	132.2	133.4	132.2	132.2	132.6	132.9	133.4	133.6
Food stores	26.9	27.4	26.9	26.9	27.1	27.2	27.4	27.5
Other nondurable goods	105.4	106.2	105.4	105.4	105.7	105.8	106.2	106.3

^p Preliminary.

1. Includes lumber and wood products; furniture and fixtures; stone, clay, and glass products; instruments and related products; and miscellaneous manufacturing industries.

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Table 2.—Real Manufacturing and Trade Sales, Seasonally Adjusted at Monthly Rate
[Billions of chained (1992) dollars]

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Manufacturing and trade	689.1	695.8	687.4	690.9	693.5	697.4	696.4	704.7
Manufacturing	300.8	303.0	300.3	301.7	301.9	304.4	302.6	306.4
Durable goods	166.9	167.7	166.5	168.5	167.1	168.5	167.5	169.7
Primary metal industries	13.7	13.9	13.7	13.7	13.8	14.0	13.9	14.2
Fabricated metal products	16.4	16.3	16.5	16.4	16.3	16.4	16.2	16.4
Industrial machinery and equipment	36.1	36.7	36.1	36.8	36.1	36.3	37.6	37.6
Electronic and other electric equipment	28.3	29.5	28.0	28.7	29.1	30.0	29.4	28.6
Transportation equipment	38.2	37.3	38.1	38.9	37.4	37.6	36.8	38.5
Motor vehicles and equipment	27.5	24.8	27.3	27.6	25.5	25.0	24.0	26.2
Other transportation equipment	10.7	11.1	10.8	11.3	10.6	11.2	11.4	10.9
Other durable goods ¹	40.6	41.1	40.5	41.1	41.3	41.3	40.7	41.6
Nondurable goods	133.6	134.7	133.3	133.0	134.4	135.4	134.4	136.2
Food and kindred products	35.9	36.3	35.8	35.4	36.2	36.7	35.9	36.8
Paper and allied products	11.9	12.0	11.8	11.9	11.9	11.9	12.0	12.1
Chemicals and allied products	28.2	28.5	28.2	28.1	28.6	28.5	28.6	28.8
Petroleum and coal products	13.8	14.3	13.8	14.0	14.4	14.4	14.3	14.3
Rubber and miscellaneous plastic products	11.5	11.4	11.4	11.3	11.4	11.5	11.4	11.6
Other nondurable goods ²	32.6	32.8	32.7	32.4	32.3	33.1	33.1	33.3
Merchant wholesalers	186.1	189.1	185.1	186.2	187.8	189.7	189.8	191.2
Durable goods	99.3	100.8	98.3	99.7	100.2	101.1	101.1	101.4
Nondurable goods	86.8	88.3	86.8	86.5	87.6	88.5	88.7	89.8
Groceries and farm products	31.5	32.6	31.5	31.4	32.2	32.9	32.8	32.7
Other nondurable goods	51.2	52.1	51.2	51.0	51.7	52.3	52.4	53.0
Retail trade	202.2	203.6	202.0	203.0	203.8	203.2	203.9	207.0
Durable goods	81.4	82.4	81.3	81.9	82.5	82.2	82.7	84.0
Motor vehicle dealers ³	43.1	43.7	43.0	43.6	43.7	43.5	43.9	44.9
Other durable goods ³	38.4	38.8	38.3	38.3	38.8	38.8	38.8	39.2
Nondurable goods	120.5	121.0	120.5	121.0	121.1	120.8	121.1	122.7
Food stores	33.1	33.1	33.0	33.2	33.2	33.0	33.1	33.3
Other nondurable goods	87.4	87.9	87.5	87.8	87.9	87.8	88.0	89.5

^p Preliminary.

1. Includes lumber and wood products; furniture and fixtures; stone, clay, and glass products; instruments and related products; and miscellaneous manufacturing industries.

2. Includes tobacco manufacturers; textile mill products; apparel products; printing and publishing; and leather and leather products.

3. Prior to 1981, inventories and sales of auto and home supply stores are included in motor vehicle dealers. Beginning with 1981, these inventories are included in "other durable goods".

NOTES.—Manufacturing inventories are classified by the type of product produced by the establishment holding the inventory. Trade inventories are classified by the type of product sold by the establishment holding the inventory. Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines for inventories.

Table 3.—Real Inventory-Sales Ratios for Manufacturing and Trade, Seasonally Adjusted

[Ratio, based on chained (1992) dollars]

	1996		1996					
	III	IV	Aug.	Sep.	Oct. ^r	Nov. ^r	Dec. ^r	Jan. ^p
Manufacturing and trade	1.35	1.35	1.35	1.35	1.35	1.34	1.34	1.33
Manufacturing	1.35	1.34	1.35	1.34	1.35	1.34	1.34	1.33
Durable goods	1.57	1.56	1.57	1.55	1.57	1.56	1.56	1.55
Primary metal industries	1.63	1.63	1.60	1.64	1.62	1.61	1.63	1.57
Fabricated metal products	1.42	1.44	1.42	1.42	1.43	1.42	1.45	1.44
Industrial machinery and equipment	1.61	1.56	1.63	1.58	1.61	1.61	1.53	1.53
Electronic and other electric equipment	1.57	1.51	1.58	1.54	1.52	1.49	1.51	1.54
Transportation equipment	1.52	1.57	1.52	1.50	1.57	1.57	1.59	1.55
Motor vehicles and equipment .....	.50	.54	.50	.49	.54	.53	.56	.51
Other transportation equipment	4.17	4.09	4.08	3.95	4.26	4.07	3.96	4.25
Other durable goods ¹	1.39	1.36	1.38	1.37	1.37	1.36	1.37	1.35
Nondurable goods	1.08	1.08	1.08	1.08	1.07	1.07	1.08	1.06
Food and kindred products .....	.86	.87	.85	.87	.86	.86	.85	.85
Paper and allied products	1.27	1.25	1.27	1.27	1.26	1.26	1.25	1.24
Chemicals and allied products	1.25	1.25	1.25	1.26	1.24	1.24	1.25	1.23
Petroleum and coal products .....	.71	.65	.74	.70	.66	.65	.66	.66
Rubber and miscellaneous plastic products	1.21	1.23	1.21	1.22	1.22	1.21	1.23	1.21
Other nondurable goods ²	1.18	1.20	1.18	1.19	1.21	1.20	1.19	1.16
Merchant wholesalers	1.31	1.31	1.33	1.31	1.31	1.30	1.30	1.31
Durable goods	1.59	1.56	1.60	1.58	1.57	1.56	1.56	1.57
Nondurable goods	1.00	1.02	1.02	1.00	1.01	1.01	1.01	1.02
Groceries and farm products .....	.85	.84	.87	.85	.86	.84	.84	.85
Other nondurable goods	1.18	1.20	1.19	1.18	1.19	1.18	1.19	1.20
Retail trade	1.39	1.38	1.38	1.39	1.38	1.39	1.38	1.36
Durable goods	1.83	1.80	1.81	1.82	1.81	1.81	1.79	1.75
Motor vehicle dealers ³	1.59	1.55	1.56	1.57	1.54	1.57	1.55	1.50
Other durable goods ³	2.10	2.08	2.10	2.11	2.12	2.10	2.08	2.04
Nondurable goods	1.10	1.10	1.10	1.09	1.10	1.10	1.10	1.09
Food stores .....	.81	.83	.82	.81	.82	.83	.83	.83
Other nondurable goods	1.21	1.21	1.21	1.20	1.20	1.21	1.21	1.19

^p Preliminary.

1. Includes lumber and wood products; furniture and fixtures; stone, clay, and glass products; instruments and related products; and miscellaneous manufacturing industries.

2. Includes tobacco manufacturers; textile mill products; apparel products; printing and publishing; and leather and leather products.

3. Prior to 1981, inventories and sales of auto and home supply stores are included in motor vehicle dealers. Beginning with 1981, these inventories are included in "other durable goods".

NOTE.—Manufacturing inventories are classified by the type of product produced by the establishment holding the inventory. Trade inventories are classified by the type of product sold by the establishment holding the inventory.

Table 4.—Real Manufacturing Inventories by Stage of Fabrication, Seasonally Adjusted, End of Period

[Billions of chained (1992) dollars]

	1996		1996					
	III	IV	Aug.	Sep.	Oct. ^r	Nov. ^r	Dec. ^r	Jan. ^p
Materials and supplies								
Manufacturing	134.0	133.0	133.7	134.0	133.6	133.6	133.0	132.6
Durable goods	81.0	79.7	80.7	81.0	80.2	80.2	79.7	79.8
Primary metal industries	7.5	7.5	7.3	7.5	7.5	7.6	7.5	7.5
Fabricated metal products	8.5	8.6	8.6	8.5	8.7	8.7	8.6	8.7
Industrial machinery and equipment	18.1	17.1	18.3	18.1	17.4	17.4	17.1	17.1
Electronic and other electric equipment	15.6	15.5	15.6	15.6	15.6	15.6	15.5	15.3
Motor vehicles and equipment	5.8	6.3	5.8	5.8	6.0	6.2	6.3	6.5
Other transportation equipment	6.0	5.4	6.0	6.0	5.8	5.6	5.4	5.5
Other durable goods ¹	19.6	19.4	19.4	19.6	19.4	19.4	19.4	19.5
Nondurable goods	53.1	53.3	53.1	53.1	53.4	53.4	53.3	52.8
Food and kindred products	10.1	10.3	10.0	10.1	10.2	10.3	10.3	10.3
Paper and allied products	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Chemicals and allied products	11.5	11.4	11.3	11.5	11.4	11.4	11.4	11.3
Petroleum and coal products	3.4	3.1	3.5	3.4	3.3	3.2	3.1	3.2
Rubber and miscellaneous plastic products	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3
Other nondurable goods ²	16.0	16.1	16.1	16.0	16.2	16.2	16.1	15.6
Work-in-process								
Manufacturing	133.1	134.8	133.0	133.1	134.3	135.4	134.8	134.8
Durable goods	110.0	111.6	109.8	110.0	111.1	112.1	111.6	111.6
Primary metal industries	8.0	8.2	8.0	8.0	8.1	8.1	8.2	8.0
Fabricated metal products	6.7	6.5	6.7	6.7	6.5	6.6	6.5	6.6
Industrial machinery and equipment	21.3	22.0	21.6	21.3	21.7	22.1	22.0	21.9
Electronic and other electric equipment	16.3	16.1	16.3	16.3	16.2	16.4	16.1	15.9
Motor vehicles and equipment	4.5	4.1	4.5	4.5	4.4	4.1	4.1	3.6
Other transportation equipment	36.4	37.8	35.9	36.4	37.1	38.2	37.8	38.7
Other durable goods ¹	17.0	17.0	17.1	17.0	17.3	17.0	17.0	17.1
Nondurable goods	23.2	23.3	23.3	23.2	23.4	23.4	23.3	23.3
Food and kindred products	4.4	4.3	4.4	4.4	4.4	4.5	4.3	4.4
Paper and allied products	1.6	1.7	1.6	1.6	1.6	1.6	1.7	1.6
Chemicals and allied products	5.6	5.7	5.7	5.6	5.6	5.5	5.7	5.6
Petroleum and coal products	2.0	1.9	2.1	2.0	2.0	2.0	1.9	2.0
Rubber and miscellaneous plastic products	2.0	1.9	1.9	2.0	1.9	1.9	1.9	1.9
Other nondurable goods ²	7.4	7.7	7.5	7.4	7.6	7.8	7.7	7.6
Finished goods								
Manufacturing	138.4	138.8	137.7	138.4	138.8	139.1	138.8	139.3
Durable goods	70.7	70.5	70.4	70.7	71.2	70.9	70.5	71.1
Primary metal industries	6.8	6.9	6.8	6.8	6.7	6.9	6.9	6.8
Fabricated metal products	8.1	8.2	8.0	8.1	8.1	8.2	8.2	8.2
Industrial machinery and equipment	18.8	18.3	18.7	18.8	19.2	19.0	18.3	18.7
Electronic and other electric equipment	12.4	12.8	12.3	12.4	12.6	12.7	12.8	13.0
Motor vehicles and equipment	3.3	3.0	3.3	3.3	3.2	3.1	3.0	3.3
Other transportation equipment	2.1	2.1	2.2	2.1	2.2	1.9	2.1	2.0
Other durable goods ¹	19.6	19.6	19.5	19.6	19.7	19.6	19.6	19.6
Nondurable goods	67.7	68.4	67.4	67.7	67.6	68.2	68.4	68.3
Food and kindred products	16.5	16.7	16.3	16.5	16.4	16.6	16.7	16.7
Paper and allied products	6.5	6.4	6.5	6.5	6.5	6.4	6.4	6.3
Chemicals and allied products	18.2	18.6	18.2	18.2	18.4	18.5	18.6	18.4
Petroleum and coal products	4.4	4.3	4.6	4.4	4.2	4.2	4.3	4.3
Rubber and miscellaneous plastic products	6.7	6.8	6.6	6.7	6.7	6.7	6.8	6.8
Other nondurable goods ²	15.2	15.5	15.1	15.2	15.3	15.6	15.5	15.6

^p Preliminary.

1. Includes lumber and wood products; furniture and fixtures; stone, clay, and glass products; instruments and related products; and miscellaneous manufacturing industries.

2. Includes tobacco manufacturers; textile mill products; apparel products; printing and publishing; and leather and leather products.

NOTES.—Manufacturing inventories are classified by the type of product produced by the establishment holding the inventory. Trade inventories are classified by the type of product sold by the establishment holding the inventory.

Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines for inventories.

Real Gross Product of U.S. Companies' Majority-Owned Foreign Affiliates in Manufacturing

By Raymond J. Mataloni, Jr.

IN AN initial attempt to remove valuation effects from its measures of the foreign manufacturing activities of U.S. multinational companies (MNC's), the Bureau of Economic Analysis (BEA) has developed experimental estimates of the real gross product of majority-owned foreign affiliates (MOFA's) in manufacturing for 1982–94.¹ Gross product—a measure of value added—is used as a summary measure of economic activity because it is free of double counting, unlike sales or receipts data, which reflect not only value added within the firm, but also the value of intermediate inputs purchased from outside the firm. BEA has long provided current-dollar estimates of gross product for MOFA's and for their U.S. parent companies, but the usefulness of these estimates for comparisons over time or across countries has been limited by the fact that they do not allow changes in real value added to be distinguished from changes in value arising from movements in prices or exchange rates.²

1. A foreign affiliate is a foreign business enterprise in which there is U.S. direct investment; that is, a U.S. person ("U.S. parent") owns or controls, directly or indirectly, 10 percent or more of the voting securities or the equivalent. (In this definition, "person" is broadly defined to include any individual, branch, partnership, associated group, association, estate, trust, corporation or other organization—whether or not organized under the laws of any State—or any government entity.) A MOFA is a foreign affiliate in which the combined ownership of all U.S. parents exceeds 50 percent.

A U.S. parent comprises the domestic (U.S.) operations of a U.S. MNC. Foreign affiliates comprise the foreign operations of a U.S. MNC over which the parent is presumed to have a degree of managerial influence. MOFA's comprise the foreign operations over which the parent(s) has a controlling interest.

2. For the most recent current-dollar estimates of gross product, see "Operations of U.S. Multinational Companies: Preliminary Results From the 1994 Benchmark Survey," SURVEY OF CURRENT BUSINESS 76 (December 1996): 11–37. For information on methodology and for illustrations of the uses of these estimates, see "Gross Product of U.S. Multinational Companies, 1977–91," SURVEY 74 (February 1994): 42–63.

Employment has sometimes been used as an indicator of MNC economic activity because it is not directly affected by prices or exchange rates, but it is an imperfect measure because it measures the usage of a factor of production rather than production itself and because it does not reflect changes in the hours worked per employee or the usage of nonlabor factors of production.

This article benefited significantly from comments by two reviewers from outside BEA—Peter Hooper and Robert E. Lipsey.

As might be expected, removing the effects of changes in prices and exchange rates produces a gross product series that is generally both slower growing and less volatile than the current-dollar series. In real terms, the gross product of MOFA's in manufacturing grew at an average annual rate of 2.5 percent from 1982 to 1994, a rate similar to the rate of growth in host-country industrial production.³ Year to year, the changes ranged from –4.4 percent in 1991 to 8.4 percent in 1994 (table 1 and chart 1). In terms of current dollars, the product of MOFA's grew at a 5.9-percent rate, and the year-to-year changes ranged from –4.8 percent in 1983 to 18.8 percent in 1987.

Two procedures were used to prepare the estimates of real gross product—a preferred procedure for 19 major host countries that account for over three-quarters of the total gross product of MOFA's in manufacturing and a cruder procedure for other host countries. The preferred procedure consisted of two steps: Estimates for a base year (1993) were

3. Industrial production indexes are used for this comparison because estimates of real gross product originating in manufacturing are not available for all countries or for all years.

Table 1.—Indexes of Current-Dollar and Real Gross Product of Majority-Owned Foreign Affiliates in Manufacturing, 1982–94

	[1993=100]			
	Current-dollar	Real	Percent change from previous year	
			Current-dollar	Real
1982	56.1	80.7	.....	.....
1983	53.4	78.9	–4.8	–2.2
1984	54.9	83.3	2.7	5.5
1985	55.7	85.3	1.5	2.4
1986	65.1	85.7	16.8	.5
1987	77.3	90.2	18.8	5.2
1988	89.8	97.1	16.2	7.7
1989	96.8	104.5	7.7	7.6
1990	105.5	103.5	9.0	–1.0
1991	102.4	98.9	–2.9	–4.4
1992	102.4	96.6	–1	–2.3
1993	100.0	100.0	–2.3	3.5
1994	111.1	108.4	11.1	8.4
Addendum:				
Average annual rate of growth, 1982–94			5.9	2.5

first constructed using “purchasing power parity” (PPP) exchange rates rather than the market exchange rates (MER’s) that are the basis of the current-dollar estimates; then estimates for other years were constructed by extrapolating the base-year estimates with chain-weighted Fisher quantity indexes similar to those used by BEA to estimate changes in U.S. gross domestic product.

Unlike MER’s, the PPP exchange rates used to establish the base-year levels under the preferred procedure approximate the number of foreign currency units required to purchase goods and services—whether or not traded internationally—equivalent to those that can be purchased in the United States with 1 U.S. dollar.⁴ MER’s, on the other hand, reflect a variety of factors, such as international capital movements and expectations of financial market conditions, that are not directly related to the prices of goods and services. As an example of how MER’s may move counter to purchasing power parity, from 1980 to 1985, the U.S.

dollar price of German marks fell by nearly 40 percent even though the average rate of inflation, measured in consumer prices, was more than 2 percentage points *higher* in the United States than in Germany.⁵ MER-based translation of a given volume of production by MOFA’s under these conditions would have shown a dramatic decrease, even though in fact none had occurred.

For other host countries, the data needed for the preferred procedure were unavailable, and real dollar-denominated estimates were derived simply by deflating the current-dollar estimates (which had been translated at MER’s) by the implicit price deflator for U.S. gross domestic product originating in nonpetroleum manufacturing industries. The estimates constructed using this procedure, though crude, appear to provide reasonable approximations of the true values of real gross product for the group even if not for each country. (See the section “Methodology” for further discussion of both procedures.)

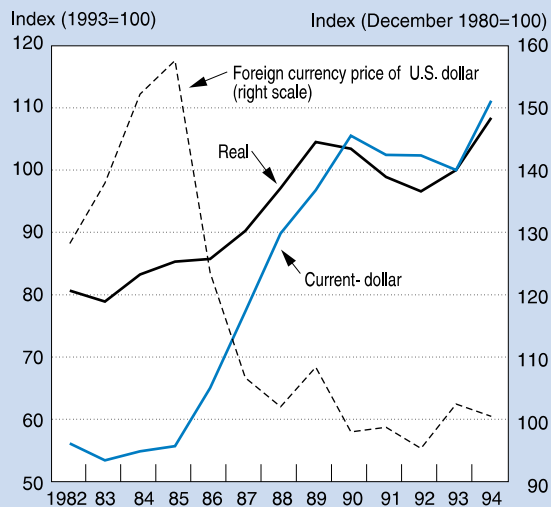
The remainder of the article comprises two parts and an appendix. The first part examines trends in the real gross product estimates and their relationship to the current-dollar estimates. The second part provides a detailed description of the methodology used to prepare the estimates. The appendix provides a brief introduction to PPP exchange rates.

4. PPP exchange rates are not directly observable in the marketplace, but are estimated by international organizations—such as the Organisation for Economic Co-Operation and Development, the United Nations, and the World Bank—by comparing prices for specific goods and services across countries. For additional information on PPP exchange rates see the appendix.

Although more appropriate for this exercise than MER’s, the PPP exchange rates used pertain to prices to the consumer rather than to the producer, which can cause some measurement error.

CHART 1

Indexes of Current-Dollar and Real Gross Product of Majority-Owned Foreign Affiliates in Manufacturing and the Foreign-Currency Price of the U.S. Dollar, 1982-94



NOTE—The index of the foreign currency price of the U.S. dollar is a trade-weighted average against the currencies of the following 10 countries: Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, and the United Kingdom.

U.S. Department of Commerce, Bureau of Economic Analysis

Trends in 1982–94

This section examines trends in the real gross product estimates for MOFA’s in manufacturing. The trends in the estimates of real gross product are then compared with those in the current-dollar estimates of gross product.

All countries

The real gross product of MOFA’s in manufacturing grew at an average annual rate of 2.5 percent in 1982–94—below the 3.1-percent growth rate in real gross product originating in manufacturing industries in the United States but above the about 2-percent growth rate in the real gross product of U.S. parents in manufacturing.⁶

5. As an example of the failure of MER’s to track absolute price levels of a particular good or service, the U.S.-dollar prices of a popular fast-food sandwich in various countries have been compared under the prevailing MER’s: In 1994, the sandwich cost \$2.30 in the United States, \$3.77 in Japan, and \$1.66 in Hungary. See Michael R. Pakko and Patricia S. Pollard, “For Here or To Go? Purchasing Power Parity and the Big Mac,” *Review* (Federal Reserve Bank of St. Louis, January/February 1996): 3–17.

6. For MOFA’s, the industry group “manufacturing” excludes petroleum and coal product manufacturing. MOFA’s (and U.S. parents) are classified by an enterprise-based system in which all petroleum-related activities (such as oil extraction, refining, and gasoline retailing) are classified in a separate “petroleum” category. For this reason, the estimate of real gross product originating in all U.S. manufacturing industries used in this comparison excludes petroleum

The patterns of growth in the real gross product of MOFA's in manufacturing differed throughout 1982–94, but these patterns can be roughly divided into three parts: An average annual growth of 3.8 percent from 1982 to 1989, an average annual decline of 2.6 percent from 1989 to 1992, and an average annual growth of 5.9 percent from 1992 to 1994.

Changes in MOFA gross product are the net result of several factors—changes in the capacity utilization of existing MOFA facilities, changes in

productive capacity that result from expansion or contraction of existing affiliates, establishment of new affiliates (or “greenfield investments”), acquisitions of existing foreign firms, and sell-offs. Because the direction of the changes in MOFA gross product corresponds with the direction of the changes in economic conditions in several major host-country locations (including Europe, Canada, and Australia), growth in MOFA gross product during 1982–94 probably was mostly accounted for by growth in existing operations, which would be expected to mirror host-country economic conditions. However, greenfield investments and acquisitions also appear to have contributed significantly to the growth in the gross product of MOFA's in some countries.

and coal products manufacturing. For details on the industrial classification of MOFA's, see “A Guide to BEA Statistics on U.S. Multinational Companies,” SURVEY 75 (March 1995): 38–55.

Rough estimates of real gross product for U.S. parents in manufacturing were derived by deflating the current-dollar estimates at the broad industry level shown in table 4 by the implicit price deflators for U.S. gross domestic product originating in those industries.

Table 2.—Current-Dollar and Real Gross Product of Majority-Owned Foreign Affiliates in Manufacturing, by Country, 1982–94

	Billions of current dollars													Average annual rate of growth			
	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1982–89	1989–92	1992–94	1982–94
All countries	99.8	94.9	97.5	99.0	115.6	137.4	159.7	172.0	187.6	182.1	181.9	177.7	197.5	8.1	1.9	4.2	5.9
19 OECD countries	76.9	75.5	78.3	79.9	95.7	115.0	133.2	141.4	155.0	149.4	143.9	135.7	152.7	9.1	.6	3.0	5.9
Australia	4.3	3.8	4.0	3.4	3.1	3.7	5.0	6.9	6.3	5.3	5.1	5.0	5.7	6.9	-9.2	5.8	2.4
Austria .....	.2	.4	.4	.4	.5	.4	.5	.7	.7	.8	.9	.9	1.3	16.0	9.3	18.8	14.7
Belgium	2.4	2.7	2.8	2.9	3.8	4.2	4.8	5.0	5.5	5.4	5.9	5.6	6.8	11.0	5.9	7.4	9.1
Canada	16.4	18.0	20.2	20.1	20.7	21.9	25.8	28.9	27.4	23.8	21.6	22.0	25.0	8.4	-9.1	7.6	3.6
Denmark .....	.2	.2	.2	.2	.3	.4	.4	.4	.4	.5	.5	.5	.6	6.7	7.9	12.7	8.0
Finland	(*)	(*)	(*)	(*)	(*)	(*)	(*)	.1	.1	.1	.1	.1	.3	18.3	24.2	39.2	23.1
France	7.4	6.5	6.5	6.6	8.1	10.5	11.0	11.8	14.0	13.8	14.2	14.1	16.3	6.8	6.3	7.0	6.7
Germany	15.3	15.3	14.0	14.8	19.5	23.5	25.0	25.8	33.6	34.5	35.6	32.8	32.0	7.8	11.2	-5.1	6.4
Greece .....	.1	.1	.1	.1	.1	.1	.2	.2	.2	.2	.3	.3	.3	5.3	10.5	9.1	7.2
Ireland	1.3	1.5	1.8	1.8	1.7	3.0	3.5	3.5	4.3	4.2	4.6	3.9	4.6	14.8	9.1	.3	10.8
Italy	3.9	3.8	4.2	4.3	5.7	7.0	7.5	7.8	9.2	9.3	8.9	7.1	8.2	10.2	7.5	4.6	6.3
Japan	2.2	2.5	3.0	3.2	4.5	5.9	7.4	7.7	7.3	8.0	7.9	8.5	10.8	19.7	.9	17.1	14.3
Luxembourg .....	.2	.2	.2	.2	.4	.5	.5	.5	.6	.6	.7	.6	.7	14.8	8.3	3.7	11.3
Netherlands	2.6	2.7	2.8	2.8	3.9	5.2	5.9	7.8	6.9	6.7	7.0	6.4	7.5	17.2	-3.4	3.7	9.4
New Zealand .....	.3	.2	.3	.2	.3	.4	.3	.3	.2	.2	.2	.2	.4	1.0	-13.7	37.1	2.2
Norway .....	.3	.2	.2	.2	.1	.1	.1	.1	.2	.1	.1	.2	.3	-10.3	.3	68.6	2.5
Spain	1.9	1.8	2.0	2.3	3.3	4.3	5.3	5.7	6.4	6.4	5.8	4.8	5.4	17.5	.3	-3.4	9.3
Sweden .....	.6	.6	.6	.7	.8	.8	.9	1.0	1.0	1.1	.9	.8	.8	7.0	-4.2	-5.0	2.1
United Kingdom	17.3	14.9	15.1	15.8	19.1	23.0	29.0	27.4	30.5	28.4	23.7	21.8	25.7	6.8	-4.7	4.3	3.4
All other countries	22.8	19.5	19.2	19.0	19.9	22.4	26.5	30.6	32.6	32.7	38.1	42.0	44.8	4.3	7.5	8.5	5.8
	Billions of chained (1993) dollars																
All countries	123.6	120.9	127.6	130.7	131.3	138.2	148.8	160.1	158.5	151.5	148.0	153.2	166.1	3.8	-2.6	5.9	2.5
19 OECD countries	94.0	96.1	103.8	107.0	107.6	111.5	117.8	126.1	123.2	117.4	109.3	111.2	121.6	4.3	-4.6	5.5	2.2
Australia	5.3	4.8	4.9	4.9	4.4	4.6	5.1	6.5	5.8	4.7	4.7	4.9	5.2	2.9	-10.0	4.2	-3
Austria .....	.3	.4	.4	.5	.4	.3	.4	.6	.5	.5	.6	.6	.9	11.5	1.4	21.6	10.5
Belgium	3.2	3.9	4.2	4.3	4.4	4.1	4.5	4.7	4.4	4.4	4.5	4.6	5.3	5.6	-1.6	8.6	4.3
Canada	20.2	21.3	24.0	24.3	24.8	24.6	25.8	27.4	25.7	21.8	20.6	21.7	24.8	4.5	-9.0	9.6	1.7
Denmark .....	.2	.2	.2	.2	.3	.3	.3	.3	.3	.3	.3	.3	.3	1.7	(*)	15.2	3.4
Finland	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	.1	.1	.1	.1	.2	12.4	23.2	47.4	20.3
France	8.4	7.8	8.3	8.2	7.8	8.7	8.6	9.5	9.6	9.9	9.7	10.5	11.7	17.7	.7	10.1	2.8
Germany	20.1	20.8	20.6	22.0	21.4	21.1	21.7	23.3	25.5	26.3	24.9	24.1	23.0	2.1	2.3	-3.9	1.1
Greece .....	.2	.2	.2	.2	.2	.2	.2	.3	.2	.3	.3	.3	.3	2.3	.9	9.5	3.1
Ireland	1.6	2.0	2.4	2.5	1.9	3.0	3.4	3.4	3.7	3.7	3.8	3.6	4.1	11.4	2.9	3.9	8.0
Italy	5.2	5.1	5.9	6.2	6.2	6.3	6.5	6.7	6.7	6.8	6.4	6.3	7.0	3.6	-1.5	4.7	2.5
Japan	2.4	2.6	3.2	3.4	3.5	4.1	4.6	5.0	4.9	4.9	4.6	4.4	5.2	10.9	-2.3	6.2	6.7
Luxembourg .....	.2	.3	.3	.3	.4	.4	.4	.5	.5	.5	.5	.5	.5	9.8	3.2	6.1	7.5
Netherlands	2.9	3.1	3.6	3.6	3.9	4.5	4.8	6.5	5.1	5.1	5.1	5.0	5.7	12.6	-8.1	5.9	5.9
New Zealand .....	.4	.3	.4	.4	.4	.4	.3	.3	.2	.2	.2	.3	.4	-1.9	-12.6	31.1	(*)
Norway .....	.2	.2	.2	.2	.1	.1	.1	.1	.1	.1	.1	.1	.2	-12.8	-5.1	77.8	.3
Spain	2.3	2.6	2.9	3.3	3.7	4.2	4.7	5.0	4.6	4.6	4.0	4.1	4.7	11.5	-6.5	7.3	6.0
Sweden .....	.7	.7	.7	.8	.7	.6	.7	.7	.7	.5	.6	.6	.6	1.2	-9.5	4.2	-1.2
United Kingdom	21.6	20.5	22.3	22.6	23.4	24.1	26.4	25.7	24.9	22.4	18.3	19.2	21.6	2.5	-10.6	8.5	(*)
All other countries	29.2	24.6	23.6	23.4	23.5	26.5	30.8	33.9	35.3	34.0	38.7	42.0	44.5	2.2	5.5	7.2	3.6
Residual	-1.1	-5	-9	-7	(*)	-1	-6	-2	-2	.3	.1	0	(*)				

* Less than \$50 million or less than 0.05 percent.

NOTE.—Chained (1993) dollar series were derived by extrapolating the base-year (1993) PPP-exchange-rate-based current-dollar value of the corresponding series by a Fisher quantity index (see the text for details). Because the formula for the Fisher quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the total line and the sum of the most detailed lines.

Although the real estimates are denominated in dollars of 1993, the estimate for 1993 does not equal the current-

dollar estimate for that year, because the two estimates are based on different exchange rates. As explained in the text, the current-dollar estimates are based on market exchange rates and the real estimates are based on purchasing-power-parity exchange rates.

OECD Organisation for Economic Co-Operation and Development

19 OECD countries

From 1982 to 1994, real gross product of MOFA's in manufacturing in 19 member countries of the Organisation for Economic Co-Operation and Development (OECD) grew at an average annual rate of 2.2 percent—the same as the (weighted) average annual rate of growth in total industrial production in these countries (table 2 and chart 2).⁷ Even on a year-to-year basis, the movements in the gross product estimates generally tracked the industrial production in the host countries.

From 1982 to 1989, the estimates of real gross product for MOFA's in the 19 countries grew at an average annual rate of 4.3 percent, compared with a 3.1-percent growth rate for host-country

industrial production. The growth in gross product was widespread, reflecting an extended period of economic growth in most of the OECD countries. Greenfield investments and acquisitions may have also contributed to the growth in several host countries—such as Ireland, Japan, the Netherlands, and Spain—where MOFA gross product grew much faster than the worldwide average.

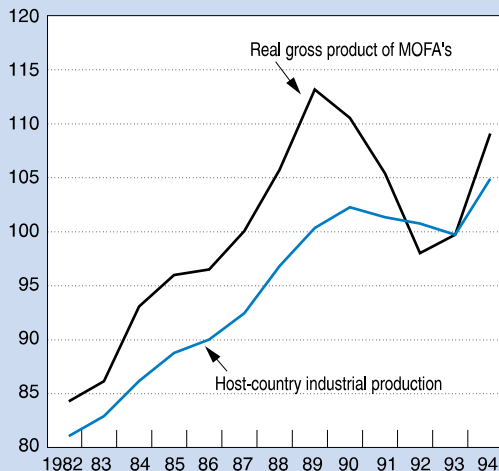
From 1989 to 1992, the estimates of real gross product for MOFA's decreased at an average annual rate of 4.6 percent, compared with a growth rate of 0.1 percent for host-country industrial production. The decrease reflected falling capacity utilization for MOFA's (related to slow growth or recession in host-country economies) that more than offset the modest growth in the productive capacity of MOFA's during this period. Among the larger host countries, Australia, Canada, and the United Kingdom had the largest decreases, perhaps because economic recessions began earlier in those countries than in most other OECD countries.

From 1992 to 1994, the estimates of real gross product for MOFA's increased at an average annual rate of 5.5 percent, compared with a 2.0-percent growth rate for host-country industrial production. The increases in gross product were widespread and mainly reflected renewed economic growth in the host countries.

CHART 2

Indexes of Real Gross Product of Majority-Owned Foreign Affiliates in Manufacturing and Host-Country Industrial Production, in 19 OECD Countries, 1982-94

Index (1993=100)



MOFA Majority-owned foreign affiliate
OECD Organisation for Economic Co-Operation and Development

NOTES—The 19 OECD countries covered in this chart are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Spain, Sweden, and the United Kingdom.

The composite index of industrial production was derived by weighting each country's index by the country's share in the cumulative dollar value of real gross product of MOFA's in manufacturing in 1982-94.

U.S. Department of Commerce, Bureau of Economic Analysis

All other countries

From 1982 to 1994, real gross product of MOFA's in manufacturing in "all other countries" grew at an average annual rate of 3.6 percent. Unlike the growth in the 19 OECD countries, the growth in these countries was slowest from 1982 to 1989, partly reflecting the effects of a debt crisis in Latin America. From 1989 to 1994, growth accelerated, reflecting renewed economic growth in Latin America and new investments by U.S. MNC's in emerging markets worldwide.

Comparison of real and current-dollar estimates

All countries.—The real and current-dollar estimates of gross product present very different pictures of the level and growth of U.S. companies' overseas manufacturing activities in 1982-94. The differences can be explained largely by exchange-rate conditions rather than by changes in prices.

Unlike most real and current-dollar series, the levels of the estimates of real and current-dollar gross product do not match in the base year, 1993, of the real series; the current-dollar estimate is \$177.7 billion, whereas the real estimate is

\$153.2 billion (table 2). The difference results from differences in the exchange rates on which the estimates are based: The current-dollar estimates are based on MER's, and the real estimates are based on PPP exchange rates. The lower level of the real series in 1993 reflects the higher exchange value of the dollar under PPP exchange rates in 1993 than under MER's. Under the prevailing MER, one unit of currency could have purchased more, on average, in the United States than it could have abroad.

During 1982–94, the year-to-year changes in the real estimates differed from those in the current-dollar estimates. Real gross product of MOFA's in manufacturing grew at an average annual rate of 2.5 percent, compared with an average annual growth rate of 5.9 percent for the current-dollar estimates. Most of the divergence occurred in 1985–90 (chart 1). From 1982 to 1985, the two series moved roughly in tandem, probably because changes in the MER value of the dollar were consistent with those needed to maintain purchasing power parity between the dollar and the currencies of the countries where U.S. MNC's were producing; the dollar appreciated at a time when U.S. inflation was generally milder than that of the major host countries (table 3). From 1985 to 1990, the real estimates grew at an average annual rate of 3.9 percent, compared with a 14.0-percent rate for the current-dollar estimates. The difference in the growth rates probably reflects the depreciation of the MER value of the dollar; the dollar depreciated substantially even though U.S. inflation continued to be generally milder than that abroad. From 1990 to 1994, the differences between the two series were smaller, probably reflecting relative stability in the MER value of the dollar.

19 OECD countries.—For most of the 19 OECD countries, the relationship between the current-dollar and the real estimates of gross product was similar to that for all countries. In 1993, the levels of the current-dollar estimates exceeded those of the real estimates in all but two countries (Greece and New Zealand). Like the estimates for all countries, the current-dollar estimates for the 19 countries grew more than twice as fast, on average, as the esti-

mates of real gross product. The differences in the growth rates for the largest OECD host countries were generally most pronounced between 1985 and 1988 (chart 3).

All other countries.—In contrast to the levels for the 19 OECD countries, the levels of the estimates of current-dollar and real gross product for all other countries are identical in 1993, and in the other years, the differences between the two series simply reflect inflation as measured by the U.S. implicit price deflator for gross domestic product originating in nonpetroleum manufacturing industries. This relationship results from the method used to produce the real gross product estimates for these countries.

Methodology

This section describes the methodology for preparing the estimates of real gross product, which were derived by adjusting the current-dollar estimates.

Current-dollar gross product estimates

Gross product for a firm, such as a MOFA, can be measured as its gross output (sales or receipts and other operating income, plus inventory change) less its purchased intermediate inputs (purchased goods and services). Alternatively, gross product can be measured as the sum of the costs incurred (other than for intermediate inputs) and the profits earned in production. The current-dollar gross product estimates for MOFA's are prepared by summing costs and profits. The data on costs and profits are collected in BEA's annual and benchmark surveys of U.S. direct investment abroad and are combined with BEA estimates of some items.⁸ Survey respondents are asked to follow U.S. generally-accepted accounting principles (GAAP), which require that revenues and costs denominated in foreign currencies be translated to U.S. dollars, using the average MER for the year.⁹ Therefore, the gross product estimates that are derived from these data reflect what a U.S. buyer would pay, at the prevailing MER, to purchase the gross product of MOFA's from abroad.

Real gross product estimates

Two procedures were used to prepare the estimates of real gross product. A preferred procedure was

Table 3.—Average Annual Change in Consumer Prices
[Percent]

	1982–85	1985–90	1990–94
United States	4.3	3.9	3.2
OECD Europe	8.9	5.9	7.3
Canada	6.2	4.4	2.3
Japan	2.2	1.5	1.7

Sources: OECD, *Historical Statistics, 1960–1990* (OECD, Paris, 1992) and *Main Economic Indicators* (OECD, Paris, November 1995)
OECD Organisation for Economic Co-Operation and Development

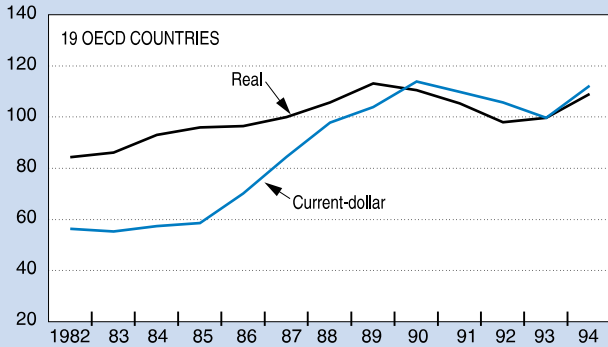
8. See "Gross Product of U.S. Multinational Companies, 1977–91."

9. However, in accordance with GAAP, the revenues and expenses of affiliates operating in hyperinflationary economies are translated daily into U.S. dollars at the prevailing daily MER's; thus, the accounts for these affiliates are, in effect, kept in dollars.

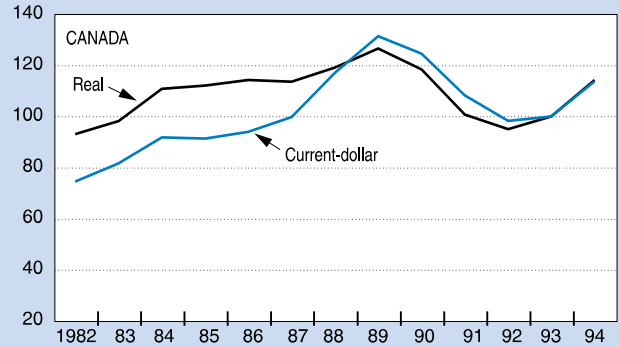
CHART 3

Indexes of Current-Dollar and Real Gross Product of Majority-Owned Foreign Affiliates in Manufacturing, by Selected Country, 1982-94

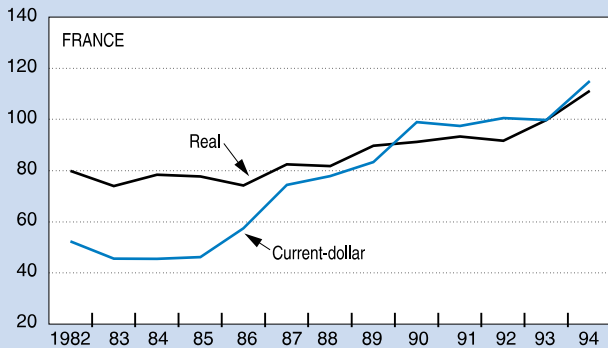
Index (1993=100)



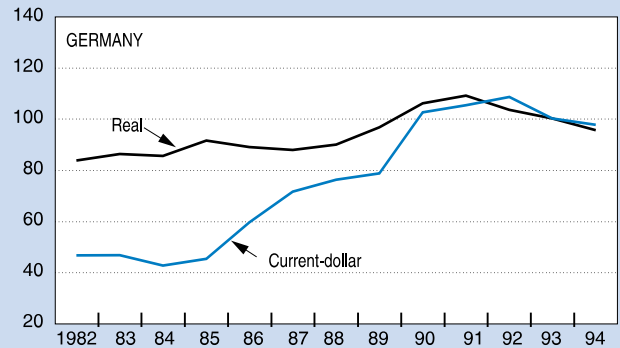
Index (1993=100)



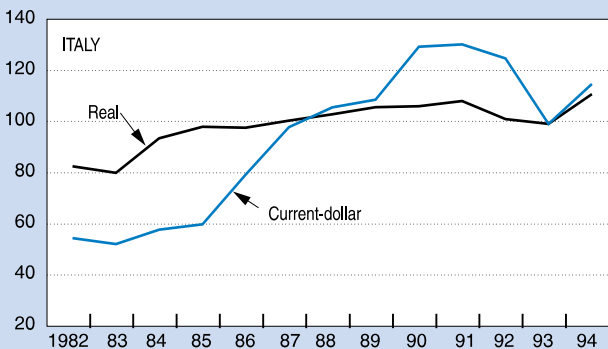
Index (1993=100)



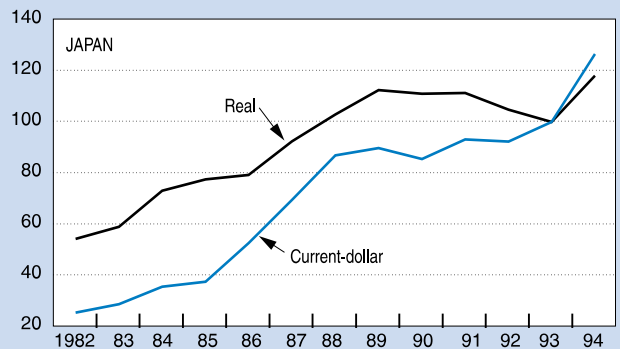
Index (1993=100)



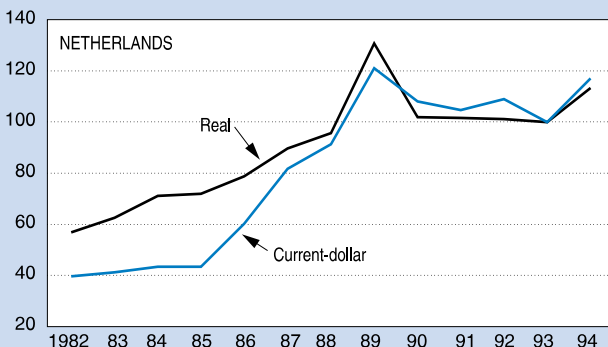
Index (1993=100)



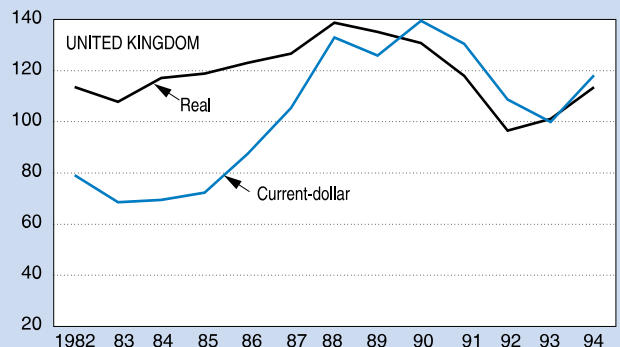
Index (1993=100)



Index (1993=100)



Index (1993=100)



used for the estimates for 19 major host countries that account for over three-quarters of the total gross product of MOFA's in manufacturing. A cruder procedure was used for the estimates for other host countries, because the data needed for the preferred procedure were unavailable.

19 OECD countries.—The estimates of real gross product for the 19 OECD countries were prepared in two steps (chart 4). First, estimates for a base year, 1993, were prepared using PPP exchange rates in place of MER's.

Product-specific, rather than economywide, PPP exchange rates were used because they are considered more appropriate for translating gross product for a particular group of industries, such as manufacturing industries.¹⁰ For the 19 OECD countries, PPP exchange rates for specific final consumption and investment expenditure categories were available from the OECD and were used in deriving the base-year estimates of real gross product for MOFA's in these countries.¹¹

10. See, for example, Peter Hooper, "Comparing Manufacturing Output Levels Among the Major Industrial Countries," in *Industry Productivity: International Comparison and Measurement Issues* (Paris: OECD, 1996).

11. The exchange rates used in this study were published in OECD, *Purchasing Power Parities and Real Expenditures 1993, EKS Results, Volume 1* (Paris: OECD, 1995).

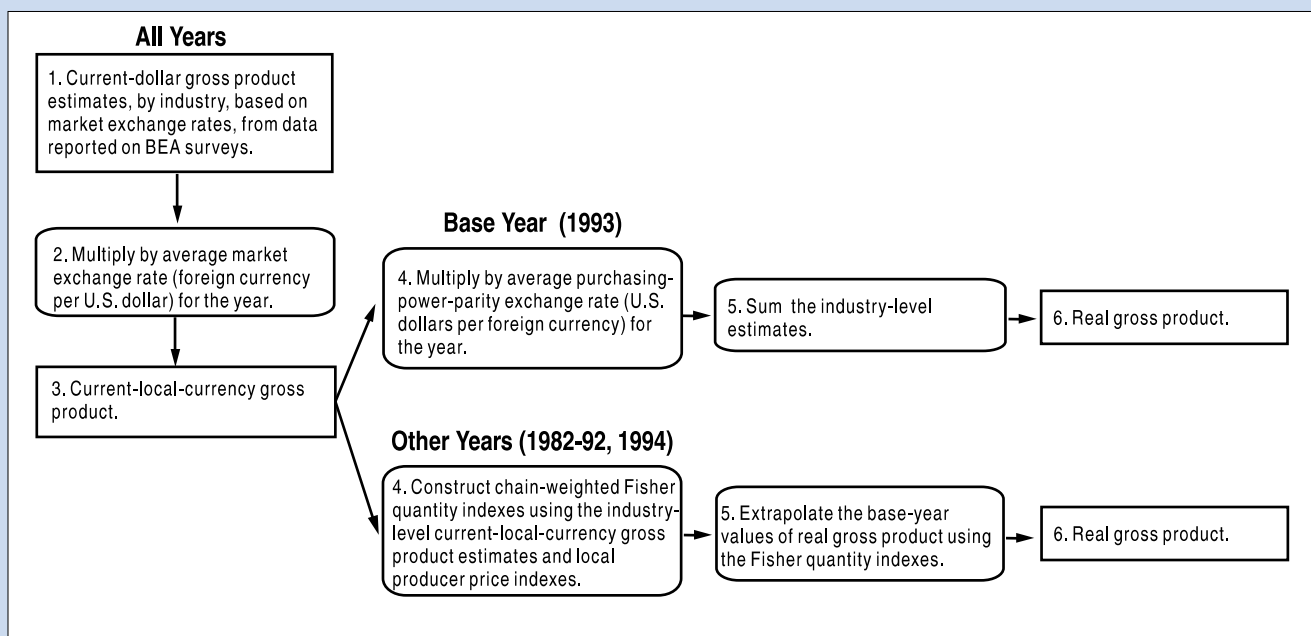
The estimates for the base year were derived as follows (chart 4, "Base Year"). First, the current-dollar estimates for each of the 19 OECD countries and for 7 major manufacturing industries (table 4, column 1) in each country were translated back into current local currency by using the average MER for the year. Second, the estimates for each industry were retranslated into U.S. dollars by using the most appropriate PPP exchange rate (table 4, column 3). Third, the industry-level estimates for each country were summed to produce the base-year estimates by country. Fourth, the estimates for each country were summed to produce the base-year estimate for all 19 countries.

The second step in producing the real gross product estimates was to extrapolate the base-year estimates to other years (1982–92 and 1994) by using chain-weighted Fisher quantity indexes (chart 4, "Other Years"). The current-dollar estimates at the country and industry level were first translated back into current local currency.

It would have been preferable to use PPP exchange rates that were based on producers' prices rather than on consumers' prices, or that had otherwise been adjusted for differences between expenditure and output prices, but none were readily available. Some analysts, such as Hooper (1996), have attempted to make rough adjustments for some of these factors (such as cross-country differences in distribution margins and indirect taxes).

CHART 4

Derivation of Real Gross Product of Majority-Owned Foreign Affiliates in Manufacturing in 19 OECD Countries



The resulting estimates by industry were then used, along with country- and industry-specific producer price indexes (table 4, column 2), to construct a chain-weighted Fisher quantity index for each country.¹²

The following Fisher quantity index (Q) was used to estimate the change in the real gross product for MOFA's in a country between any two adjacent years:¹³

$$Q = \sqrt{\frac{\sum p_{i1}q_{i2}}{\sum p_{i1}q_{i1}} \times \frac{\sum p_{i2}q_{i2}}{\sum p_{i2}q_{i1}}}$$

where the *p*'s are prices in local currency, the *q*'s are quantities, the *i*'s are industries, and 1 and 2 are adjacent years.

Because the variables that represent the composites of prices in one period and the quantities in another (such as *p*_{*i*1} *q*_{*i*2}) are not directly observable, the quantity indexes were actually computed using an algebraically equivalent formula consisting of combinations of prices and quantities of the same period (the current-local-currency estimates) and indexes of relative prices in the two periods (the ratios of producer price indexes).¹⁴

The Fisher quantity indexes were used as the bases for extrapolating the dollar-denominated PPP-based estimates for the base year (1993) to the other years covered (1982–92 and 1994).¹⁵

12. The industry-specific producer price indexes are from the OECD *Indicators of Industrial Activities* (Paris, OECD, various quarterly issues).

13. A similar equation is used to measure changes in total U.S. gross domestic product. See, for example, "A Look at How BEA Presents the National Income and Product Accounts," SURVEY 76 (May 1996): 36.

14. The rewritten Fisher quantity index is as follows:

$$Q = \sqrt{\frac{\sum \frac{p_{i1}}{p_{i2}} \cdot p_{i2}q_{i2}}{\sum p_{i1}q_{i1}} \times \frac{\sum p_{i2}q_{i2}}{\sum \frac{p_{i2}}{p_{i1}} \cdot p_{i1}q_{i1}}}$$

15. Ideally, the gross product estimates would have been derived using a double-deflation method (applying separate price deflators to output in current local currency and to purchased inputs in current local currency), but source data were not available to use this method. For this reason and because the gross product of MOFA's is calculated from the "income" components (rather than by subtracting purchased inputs from gross output), the quantity index of real output had to be derived by applying a price deflator directly to the current-price gross product estimates.

The estimate for all 19 countries for each year was derived by extrapolating the base-year estimate using a Fisher quantity index that aggregated across countries as well as across industries.¹⁶

All other countries.—Real gross product estimates for all other countries were derived using a cruder method because of the limited availability of data. The estimates were prepared on the basis of the assumption that MER's tend to maintain purchasing power parity between these countries' currencies and the U.S. dollar. Therefore, the real gross product estimates were derived by simply deflating the current-dollar gross product estimates with the U.S. implicit price deflator for gross domestic product originating in manufacturing.

The assumption that MER's maintain purchasing power parity between currencies is clearly naive, but certain factors precluded the use of the method followed for the 19 OECD countries. First, some of the most important host countries in this group experienced hyperinflation during much of the period being examined, and the use of the available average annual MER's could not be relied upon to produce estimates that approximated the actual local-currency-denominated values.¹⁷ Second, although economywide PPP exchange rates were available for many (if not all) of these countries, PPP exchange rates can be very imprecise and difficult to interpret for pairs of countries—such as the United States and many lower income non-OECD countries—for which the patterns of consumption and production differ so sharply as to almost preclude the construction of a common representative market basket of goods and services.¹⁸ Because of

16. In contrast to the computation of the index for each country, the current-local-currency estimates (such as *p*_{*i*1} *q*_{*i*1}) for each country had to be translated to a common currency before they could be used in computing the index for the 19 countries combined. The current-local-currency estimates for all years (1982–94) were translated to U.S. dollars using the PPP exchange rates for 1993, yielding dollar-denominated series that reflected host-country price conditions. Though not true PPP-based current-dollar series (because they reflected foreign rather than U.S. price conditions), these dollar-denominated series had to be constructed as an intermediate step in deriving an extrapolator for the base-year aggregate.

17. As noted earlier, the data underlying the estimates for such countries typically would have been translated into dollars by MNC's on a daily basis.

18. These limitations notwithstanding, future refinements to the estimates might include incorporating PPP-exchange-rate data for some of these

Table 4.—Categories Within the Manufacturing Industry Used for Price Deflation and Currency Translation

Gross product	Producer price index for foreign countries ¹	Purchasing-power-parity exchange rate ²
Food and kindred products	Food and beverages	Food consumption
Chemicals and allied products	Chemicals	Total gross domestic product
Primary and fabricated metals	Primary and fabricated metals	Total gross domestic product
Industrial machinery and equipment	Nonelectrical machinery	Nonelectrical equipment investment
Electronic and other electric equipment	Electrical machinery	Electrical equipment investment
Transportation equipment	Motor vehicles	Personal transportation equipment consumption
Other manufacturing	Total manufacturing except petroleum	Total gross domestic product

1. See chart 4, "Other Years," item 4.

2. See chart 4, "Base Year," item 4.

these methodological limitations, real gross product estimates were not produced for these countries individually.

Despite the widespread divergences of MER's from PPP exchange rates, there is reason to believe that the cruder methodology provides reasonable estimates at a highly aggregated level. MER's and PPP exchange rates may tend to converge over the long term, particularly for groups of countries (because the overvaluation of some currencies, in a PPP sense, may tend to be offset by the undervaluation of others).¹⁹ In addition, the real gross product estimates for this group of countries tend to track—with, as would be expected, a lead—long-term changes in MOFA employment during 1982–94.

A Fisher quantity index for extrapolating the base-year estimates of all countries combined was derived using the same data and procedure used to create the index for the 19 OECD countries except that the estimates for all other countries combined were included in the computation as an additional observation.

Appendix: Purchasing-Power-Parity Exchange Rates

To compare gross product among countries, a common unit of measure, such as the U.S. dollar, is needed. To translate gross product estimates denominated in foreign currencies into U.S. dollars for international gross product comparisons, PPP exchange rates should be used, because they approximate the number of foreign currency units required in a foreign country to buy goods and services that are equivalent to those that can be bought in the United States with 1 U.S. dollar.²⁰

PPP exchange rates are derived by comparing the domestic prices for goods and services in different countries. For example, in a hypothetical one-good, two-country world economy, the PPP exchange rate would equal the ratio of the price of the good in one country to the price in the other country; if the good sold for 10 currency units in country A and 1 currency unit in country B, the PPP exchange rate would be 10 units of country A's

currency to 1 unit of country B's currency. However, in practice, the derivation of PPP exchange rates is much more complex because of the multitude of goods and services produced and because of the differences among economies in the relative importance of those goods and services. To deal with these complexities, PPP-exchange-rate formulas have been developed.

PPP-exchange-rate formulas

Simple two-country, or bilateral, comparisons are the most basic context in which to compute PPP exchange rates. The most widely used bilateral index is the Fisher formula, which is based on the Fisher Ideal Price Index.²¹ It is the geometric mean of the own-country-weighted and partner-country-weighted averages of prices (expressed in each country's currency) in the two countries for goods and services—traded and untraded alike—that are consumed in both countries.

The Fisher formula (PPP^F) is

$$PPP_{A:B}^F = \sqrt{\frac{\sum p_{Ai}q_{Ai}}{\sum p_{Bi}q_{Ai}} \times \frac{\sum p_{Ai}q_{Bi}}{\sum p_{Bi}q_{Bi}}}$$

where the i 's are individual goods and services, the p 's are prices, the q 's are quantities, and A and B are countries.

For multilateral comparisons, PPP exchange rates must be derived using formulas specifically designed to ensure that the direct comparison of any two currencies is consistent with all indirect comparisons of those currencies via third currencies. When such consistency exists, the exchange rates are said to have the property of "transitivity." For example, to be transitive, the exchange rate for U.S. dollars to German marks must equal the product of the exchange rate for U.S. dollars to Japanese yen and the exchange rate for Japanese yen to German marks. The multilateral PPP exchange rates that were used in this study are based on a formula that was simultaneously and independently developed in 1964 by Ödön Éltető and Pál Köves and by Bohdan Szulc.²² The formula is often referred to simply as the "EKS method."²³

countries—particularly those whose economies are relatively advanced and are not experiencing hyperinflation.

19. A study by Craig S. Hakkio identifies a tendency for MER's to converge with PPP exchange rates over the long term. See "Is Purchasing Power Parity a Useful Guide to the Dollar?" *Economic Review*, Third Quarter 1992 (Federal Reserve Bank of Kansas City, 1992): 37–51. James R. Lothian and Mark P. Taylor find a similar result in "Real Exchange Rate Behavior: The Recent Float from the Perspective of the Past Two Centuries" *Journal of Political Economy*, 104, no. 3 (1996): 488–509.

20. MER's are, however, more appropriate than PPP exchange rates for some purposes, such as comparing the dollar-denominated production costs of MNC's in various countries.

21. Irving Fisher, *The Making of Index Numbers* (Boston: Houghton Mifflin, 1922).

22. Ö. Éltető and P. Köves, "On a Problem of Index Number Computation Relating to International Comparisons," *Statisztikai Szemle* 42 (1964): 507–518 (in Hungarian); B. Szulc, "Indices for Multiregional Comparisons," *Przegląd Statystyczny* 3 (1964): 239–254 (in Polish).


English translations of these articles are being published in the January/February 1997 issue of *Eastern European Economics* 35, no. 1.

23. This formula can be found in László Drechsler, "Weighting of Index Numbers in Multilateral International Comparisons," *Review of Income and Wealth* 19, no. 1 (March 1973): 17–34.

Developing PPP exchange rates

The task of producing a multilateral system of PPP exchange rates is formidable: A list of the goods and services that are common to a group of countries must be defined, and the items being compared must be similar in features and quality; price and quantity data for each item in each country must be collected; and the PPP exchange rates must be calculated.

Pioneering work in this area began in the 1950's.²⁴ In 1968, the first organized effort to produce PPP exchange rates on an ongoing basis was undertaken

by the United Nations under the name International Comparison Project (ICP). The first results of the ICP, covering 1970, were published in 1975.²⁵ The OECD countries, while continuing to participate in the ICP, began their own program to produce PPP exchange rates for member countries in the early 1980's. The PPP exchange rates used in this article were obtained from the OECD study covering 1993. 

25. Irving Kravis, Zoltan Kenessey, Alan Heston, and Robert Summers, *A System of International Comparisons of Gross Product and Purchasing Power* (Baltimore: Johns Hopkins University Press, 1975).

For a review and evaluation of the ICP, see Irving B. Kravis and Robert E. Lipsey, "The International Comparison Program: Current Status and Problems," in *International Economic Transactions: Issues in Measurement and Empirical Research*, edited by Peter Hooper and J. David Richardson (Chicago: University of Chicago Press, 1991): 437-64.

24. Milton Gilbert and Irving Kravis, *An International Comparison of National Products and the Purchasing Power of Currencies* (Paris: Organisation for European Economic Co-Operation, 1954).

Real Gross Product of U.S. Companies' Majority-Owned Foreign Affiliates in Manufacturing

By Raymond J. Mataloni, Jr.

IN AN initial attempt to remove valuation effects from its measures of the foreign manufacturing activities of U.S. multinational companies (MNC's), the Bureau of Economic Analysis (BEA) has developed experimental estimates of the real gross product of majority-owned foreign affiliates (MOFA's) in manufacturing for 1982–94.¹ Gross product—a measure of value added—is used as a summary measure of economic activity because it is free of double counting, unlike sales or receipts data, which reflect not only value added within the firm, but also the value of intermediate inputs purchased from outside the firm. BEA has long provided current-dollar estimates of gross product for MOFA's and for their U.S. parent companies, but the usefulness of these estimates for comparisons over time or across countries has been limited by the fact that they do not allow changes in real value added to be distinguished from changes in value arising from movements in prices or exchange rates.²

1. A foreign affiliate is a foreign business enterprise in which there is U.S. direct investment; that is, a U.S. person ("U.S. parent") owns or controls, directly or indirectly, 10 percent or more of the voting securities or the equivalent. (In this definition, "person" is broadly defined to include any individual, branch, partnership, associated group, association, estate, trust, corporation or other organization—whether or not organized under the laws of any State—or any government entity.) A MOFA is a foreign affiliate in which the combined ownership of all U.S. parents exceeds 50 percent.

A U.S. parent comprises the domestic (U.S.) operations of a U.S. MNC. Foreign affiliates comprise the foreign operations of a U.S. MNC over which the parent is presumed to have a degree of managerial influence. MOFA's comprise the foreign operations over which the parent(s) has a controlling interest.

2. For the most recent current-dollar estimates of gross product, see "Operations of U.S. Multinational Companies: Preliminary Results From the 1994 Benchmark Survey," SURVEY OF CURRENT BUSINESS 76 (December 1996): 11–37. For information on methodology and for illustrations of the uses of these estimates, see "Gross Product of U.S. Multinational Companies, 1977–91," SURVEY 74 (February 1994): 42–63.

Employment has sometimes been used as an indicator of MNC economic activity because it is not directly affected by prices or exchange rates, but it is an imperfect measure because it measures the usage of a factor of production rather than production itself and because it does not reflect changes in the hours worked per employee or the usage of nonlabor factors of production.

This article benefited significantly from comments by two reviewers from outside BEA—Peter Hooper and Robert E. Lipsey.

As might be expected, removing the effects of changes in prices and exchange rates produces a gross product series that is generally both slower growing and less volatile than the current-dollar series. In real terms, the gross product of MOFA's in manufacturing grew at an average annual rate of 2.5 percent from 1982 to 1994, a rate similar to the rate of growth in host-country industrial production.³ Year to year, the changes ranged from –4.4 percent in 1991 to 8.4 percent in 1994 (table 1 and chart 1). In terms of current dollars, the product of MOFA's grew at a 5.9-percent rate, and the year-to-year changes ranged from –4.8 percent in 1983 to 18.8 percent in 1987.

Two procedures were used to prepare the estimates of real gross product—a preferred procedure for 19 major host countries that account for over three-quarters of the total gross product of MOFA's in manufacturing and a cruder procedure for other host countries. The preferred procedure consisted of two steps: Estimates for a base year (1993) were

3. Industrial production indexes are used for this comparison because estimates of real gross product originating in manufacturing are not available for all countries or for all years.

Table 1.—Indexes of Current-Dollar and Real Gross Product of Majority-Owned Foreign Affiliates in Manufacturing, 1982–94

	[1993=100]			
	Current-dollar	Real	Percent change from previous year	
			Current-dollar	Real
1982	56.1	80.7	.....	.....
1983	53.4	78.9	–4.8	–2.2
1984	54.9	83.3	2.7	5.5
1985	55.7	85.3	1.5	2.4
1986	65.1	85.7	16.8	.5
1987	77.3	90.2	18.8	5.2
1988	89.8	97.1	16.2	7.7
1989	96.8	104.5	7.7	7.6
1990	105.5	103.5	9.0	–1.0
1991	102.4	98.9	–2.9	–4.4
1992	102.4	96.6	–1	–2.3
1993	100.0	100.0	–2.3	3.5
1994	111.1	108.4	11.1	8.4
Addendum:				
Average annual rate of growth, 1982–94			5.9	2.5

first constructed using “purchasing power parity” (PPP) exchange rates rather than the market exchange rates (MER’s) that are the basis of the current-dollar estimates; then estimates for other years were constructed by extrapolating the base-year estimates with chain-weighted Fisher quantity indexes similar to those used by BEA to estimate changes in U.S. gross domestic product.

Unlike MER’s, the PPP exchange rates used to establish the base-year levels under the preferred procedure approximate the number of foreign currency units required to purchase goods and services—whether or not traded internationally—equivalent to those that can be purchased in the United States with 1 U.S. dollar.⁴ MER’s, on the other hand, reflect a variety of factors, such as international capital movements and expectations of financial market conditions, that are not directly related to the prices of goods and services. As an example of how MER’s may move counter to purchasing power parity, from 1980 to 1985, the U.S.

4. PPP exchange rates are not directly observable in the marketplace, but are estimated by international organizations—such as the Organisation for Economic Co-Operation and Development, the United Nations, and the World Bank—by comparing prices for specific goods and services across countries. For additional information on PPP exchange rates see the appendix.

Although more appropriate for this exercise than MER’s, the PPP exchange rates used pertain to prices to the consumer rather than to the producer, which can cause some measurement error.

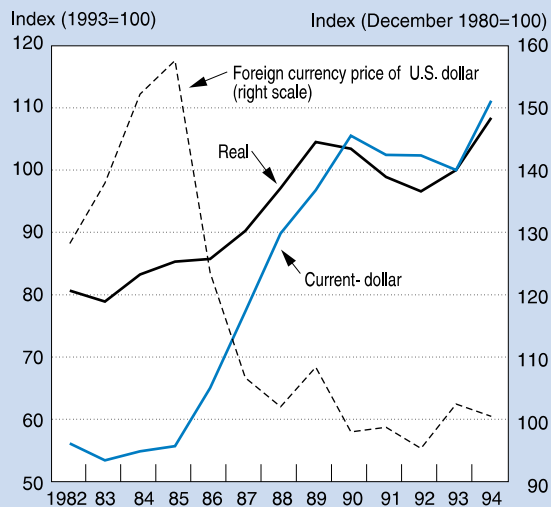
dollar price of German marks fell by nearly 40 percent even though the average rate of inflation, measured in consumer prices, was more than 2 percentage points *higher* in the United States than in Germany.⁵ MER-based translation of a given volume of production by MOFA’s under these conditions would have shown a dramatic decrease, even though in fact none had occurred.

For other host countries, the data needed for the preferred procedure were unavailable, and real dollar-denominated estimates were derived simply by deflating the current-dollar estimates (which had been translated at MER’s) by the implicit price deflator for U.S. gross domestic product originating in nonpetroleum manufacturing industries. The estimates constructed using this procedure, though crude, appear to provide reasonable approximations of the true values of real gross product for the group even if not for each country. (See the section “Methodology” for further discussion of both procedures.)

The remainder of the article comprises two parts and an appendix. The first part examines trends in the real gross product estimates and their relationship to the current-dollar estimates. The second part provides a detailed description of the methodology used to prepare the estimates. The appendix provides a brief introduction to PPP exchange rates.

CHART 1

Indexes of Current-Dollar and Real Gross Product of Majority-Owned Foreign Affiliates in Manufacturing and the Foreign-Currency Price of the U.S. Dollar, 1982-94



NOTE—The index of the foreign currency price of the U.S. dollar is a trade-weighted average against the currencies of the following 10 countries: Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, and the United Kingdom.

U.S. Department of Commerce, Bureau of Economic Analysis

Trends in 1982–94

This section examines trends in the real gross product estimates for MOFA’s in manufacturing. The trends in the estimates of real gross product are then compared with those in the current-dollar estimates of gross product.

All countries

The real gross product of MOFA’s in manufacturing grew at an average annual rate of 2.5 percent in 1982–94—below the 3.1-percent growth rate in real gross product originating in manufacturing industries in the United States but above the about 2-percent growth rate in the real gross product of U.S. parents in manufacturing.⁶

5. As an example of the failure of MER’s to track absolute price levels of a particular good or service, the U.S.-dollar prices of a popular fast-food sandwich in various countries have been compared under the prevailing MER’s: In 1994, the sandwich cost \$2.30 in the United States, \$3.77 in Japan, and \$1.66 in Hungary. See Michael R. Pakko and Patricia S. Pollard, “For Here or To Go? Purchasing Power Parity and the Big Mac,” *Review* (Federal Reserve Bank of St. Louis, January/February 1996): 3–17.

6. For MOFA’s, the industry group “manufacturing” excludes petroleum and coal product manufacturing. MOFA’s (and U.S. parents) are classified by an enterprise-based system in which all petroleum-related activities (such as oil extraction, refining, and gasoline retailing) are classified in a separate “petroleum” category. For this reason, the estimate of real gross product originating in all U.S. manufacturing industries used in this comparison excludes petroleum

The patterns of growth in the real gross product of MOFA's in manufacturing differed throughout 1982–94, but these patterns can be roughly divided into three parts: An average annual growth of 3.8 percent from 1982 to 1989, an average annual decline of 2.6 percent from 1989 to 1992, and an average annual growth of 5.9 percent from 1992 to 1994.

Changes in MOFA gross product are the net result of several factors—changes in the capacity utilization of existing MOFA facilities, changes in

productive capacity that result from expansion or contraction of existing affiliates, establishment of new affiliates (or “greenfield investments”), acquisitions of existing foreign firms, and sell-offs. Because the direction of the changes in MOFA gross product corresponds with the direction of the changes in economic conditions in several major host-country locations (including Europe, Canada, and Australia), growth in MOFA gross product during 1982–94 probably was mostly accounted for by growth in existing operations, which would be expected to mirror host-country economic conditions. However, greenfield investments and acquisitions also appear to have contributed significantly to the growth in the gross product of MOFA's in some countries.

and coal products manufacturing. For details on the industrial classification of MOFA's, see “A Guide to BEA Statistics on U.S. Multinational Companies,” SURVEY 75 (March 1995): 38–55.

Rough estimates of real gross product for U.S. parents in manufacturing were derived by deflating the current-dollar estimates at the broad industry level shown in table 4 by the implicit price deflators for U.S. gross domestic product originating in those industries.

Table 2.—Current-Dollar and Real Gross Product of Majority-Owned Foreign Affiliates in Manufacturing, by Country, 1982–94

	Billions of current dollars													Average annual rate of growth			
	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1982–89	1989–92	1992–94	1982–94
All countries	99.8	94.9	97.5	99.0	115.6	137.4	159.7	172.0	187.6	182.1	181.9	177.7	197.5	8.1	1.9	4.2	5.9
19 OECD countries	76.9	75.5	78.3	79.9	95.7	115.0	133.2	141.4	155.0	149.4	143.9	135.7	152.7	9.1	.6	3.0	5.9
Australia	4.3	3.8	4.0	3.4	3.1	3.7	5.0	6.9	6.3	5.3	5.1	5.0	5.7	6.9	-9.2	5.8	2.4
Austria .....	.2	.4	.4	.4	.5	.4	.5	.7	.7	.8	.9	.9	1.3	16.0	9.3	18.8	14.7
Belgium	2.4	2.7	2.8	2.9	3.8	4.2	4.8	5.0	5.5	5.4	5.9	5.6	6.8	11.0	5.9	7.4	9.1
Canada	16.4	18.0	20.2	20.1	20.7	21.9	25.8	28.9	27.4	23.8	21.6	22.0	25.0	8.4	-9.1	7.6	3.6
Denmark .....	.2	.2	.2	.2	.3	.4	.4	.4	.4	.5	.5	.5	.6	6.7	7.9	12.7	8.0
Finland	(*)	(*)	(*)	(*)	(*)	(*)	(*)	.1	.1	.1	.1	.1	.3	18.3	24.2	39.2	23.1
France	7.4	6.5	6.5	6.6	8.1	10.5	11.0	11.8	14.0	13.8	14.2	14.1	16.3	6.8	6.3	7.0	6.7
Germany	15.3	15.3	14.0	14.8	19.5	23.5	25.0	25.8	33.6	34.5	35.6	32.8	32.0	7.8	11.2	-5.1	6.4
Greece .....	.1	.1	.1	.1	.1	.1	.2	.2	.2	.2	.3	.3	.3	5.3	10.5	9.1	7.2
Ireland	1.3	1.5	1.8	1.8	1.7	3.0	3.5	3.5	4.3	4.2	4.6	3.9	4.6	14.8	9.1	.3	10.8
Italy	3.9	3.8	4.2	4.3	5.7	7.0	7.5	7.8	9.2	9.3	8.9	7.1	8.2	10.2	7.5	4.6	6.3
Japan	2.2	2.5	3.0	3.2	4.5	5.9	7.4	7.7	7.3	8.0	7.9	8.5	10.8	19.7	.9	17.1	14.3
Luxembourg .....	.2	.2	.2	.2	.4	.5	.5	.5	.6	.6	.7	.6	.7	14.8	8.3	3.7	11.3
Netherlands	2.6	2.7	2.8	2.8	3.9	5.2	5.9	7.8	6.9	6.7	7.0	6.4	7.5	17.2	-3.4	3.7	9.4
New Zealand .....	.3	.2	.3	.2	.3	.4	.3	.3	.2	.2	.2	.2	.4	1.0	-13.7	37.1	2.2
Norway .....	.3	.2	.2	.2	.1	.1	.1	.1	.2	.1	.1	.2	.3	-10.3	.3	68.6	2.5
Spain	1.9	1.8	2.0	2.3	3.3	4.3	5.3	5.7	6.4	6.4	5.8	4.8	5.4	17.5	.3	-3.4	9.3
Sweden .....	.6	.6	.6	.7	.8	.8	.9	1.0	1.0	1.1	.9	.8	.8	7.0	-4.2	-5.0	2.1
United Kingdom	17.3	14.9	15.1	15.8	19.1	23.0	29.0	27.4	30.5	28.4	23.7	21.8	25.7	6.8	-4.7	4.3	3.4
All other countries	22.8	19.5	19.2	19.0	19.9	22.4	26.5	30.6	32.6	32.7	38.1	42.0	44.8	4.3	7.5	8.5	5.8
	Billions of chained (1993) dollars																
All countries	123.6	120.9	127.6	130.7	131.3	138.2	148.8	160.1	158.5	151.5	148.0	153.2	166.1	3.8	-2.6	5.9	2.5
19 OECD countries	94.0	96.1	103.8	107.0	107.6	111.5	117.8	126.1	123.2	117.4	109.3	111.2	121.6	4.3	-4.6	5.5	2.2
Australia	5.3	4.8	4.9	4.9	4.4	4.6	5.1	6.5	5.8	4.7	4.7	4.9	5.2	2.9	-10.0	4.2	-3
Austria .....	.3	.4	.4	.5	.4	.3	.4	.6	.5	.5	.6	.6	.9	11.5	1.4	21.6	10.5
Belgium	3.2	3.9	4.2	4.3	4.4	4.1	4.5	4.7	4.4	4.4	4.5	4.6	5.3	5.6	-1.6	8.6	4.3
Canada	20.2	21.3	24.0	24.3	24.8	24.6	25.8	27.4	25.7	21.8	20.6	21.7	24.8	4.5	-9.0	9.6	1.7
Denmark .....	.2	.2	.2	.2	.3	.3	.3	.3	.3	.3	.3	.3	.3	1.7	(*)	15.2	3.4
Finland	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	.1	.1	.1	.1	.2	12.4	23.2	47.4	20.3
France	8.4	7.8	8.3	8.2	7.8	8.7	8.6	9.5	9.6	9.9	9.7	10.5	11.7	17.7	.7	10.1	2.8
Germany	20.1	20.8	20.6	22.0	21.4	21.1	21.7	23.3	25.5	26.3	24.9	24.1	23.0	2.1	2.3	-3.9	1.1
Greece .....	.2	.2	.2	.2	.2	.2	.2	.3	.2	.3	.3	.3	.3	2.3	.9	9.5	3.1
Ireland	1.6	2.0	2.4	2.5	1.9	3.0	3.4	3.4	3.7	3.7	3.8	3.6	4.1	11.4	2.9	3.9	8.0
Italy	5.2	5.1	5.9	6.2	6.2	6.3	6.5	6.7	6.7	6.8	6.4	6.3	7.0	3.6	-1.5	4.7	2.5
Japan	2.4	2.6	3.2	3.4	3.5	4.1	4.6	5.0	4.9	4.9	4.6	4.4	5.2	10.9	-2.3	6.2	6.7
Luxembourg .....	.2	.3	.3	.3	.4	.4	.4	.5	.5	.5	.5	.5	.5	9.8	3.2	6.1	7.5
Netherlands	2.9	3.1	3.6	3.6	3.9	4.5	4.8	6.5	5.1	5.1	5.1	5.0	5.7	12.6	-8.1	5.9	5.9
New Zealand .....	.4	.3	.4	.4	.4	.4	.3	.3	.2	.2	.2	.3	.4	-1.9	-12.6	31.1	(*)
Norway .....	.2	.2	.2	.2	.1	.1	.1	.1	.1	.1	.1	.1	.2	-12.8	-5.1	77.8	.3
Spain	2.3	2.6	2.9	3.3	3.7	4.2	4.7	5.0	4.6	4.6	4.0	4.1	4.7	11.5	-6.5	7.3	6.0
Sweden .....	.7	.7	.7	.8	.7	.6	.7	.7	.7	.5	.6	.6	.6	1.2	-9.5	4.2	-1.2
United Kingdom	21.6	20.5	22.3	22.6	23.4	24.1	26.4	25.7	24.9	22.4	18.3	19.2	21.6	2.5	-10.6	8.5	(*)
All other countries	29.2	24.6	23.6	23.4	23.5	26.5	30.8	33.9	35.3	34.0	38.7	42.0	44.5	2.2	5.5	7.2	3.6
Residual	-1.1	-5	-9	-7	(*)	-1	-6	-2	-2	.3	.1	0	(*)				

* Less than \$50 million or less than 0.05 percent.

NOTE.—Chained (1993) dollar series were derived by extrapolating the base-year (1993) PPP-exchange-rate-based current-dollar value of the corresponding series by a Fisher quantity index (see the text for details). Because the formula for the Fisher quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the total line and the sum of the most detailed lines.

Although the real estimates are denominated in dollars of 1993, the estimate for 1993 does not equal the current-

dollar estimate for that year, because the two estimates are based on different exchange rates. As explained in the text, the current-dollar estimates are based on market exchange rates and the real estimates are based on purchasing-power-parity exchange rates.

OECD Organisation for Economic Co-Operation and Development

19 OECD countries

From 1982 to 1994, real gross product of MOFA's in manufacturing in 19 member countries of the Organisation for Economic Co-Operation and Development (OECD) grew at an average annual rate of 2.2 percent—the same as the (weighted) average annual rate of growth in total industrial production in these countries (table 2 and chart 2).⁷ Even on a year-to-year basis, the movements in the gross product estimates generally tracked the industrial production in the host countries.

From 1982 to 1989, the estimates of real gross product for MOFA's in the 19 countries grew at an average annual rate of 4.3 percent, compared with a 3.1-percent growth rate for host-country

industrial production. The growth in gross product was widespread, reflecting an extended period of economic growth in most of the OECD countries. Greenfield investments and acquisitions may have also contributed to the growth in several host countries—such as Ireland, Japan, the Netherlands, and Spain—where MOFA gross product grew much faster than the worldwide average.

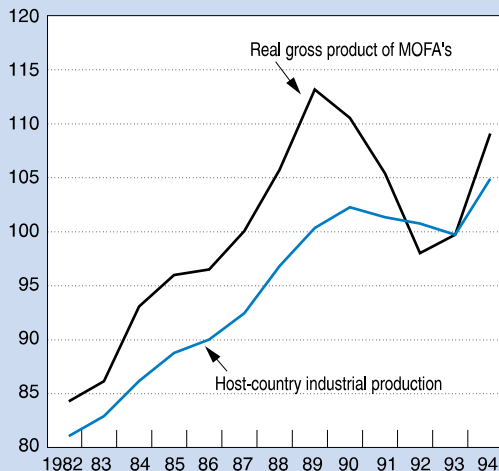
From 1989 to 1992, the estimates of real gross product for MOFA's decreased at an average annual rate of 4.6 percent, compared with a growth rate of 0.1 percent for host-country industrial production. The decrease reflected falling capacity utilization for MOFA's (related to slow growth or recession in host-country economies) that more than offset the modest growth in the productive capacity of MOFA's during this period. Among the larger host countries, Australia, Canada, and the United Kingdom had the largest decreases, perhaps because economic recessions began earlier in those countries than in most other OECD countries.

From 1992 to 1994, the estimates of real gross product for MOFA's increased at an average annual rate of 5.5 percent, compared with a 2.0-percent growth rate for host-country industrial production. The increases in gross product were widespread and mainly reflected renewed economic growth in the host countries.

CHART 2

Indexes of Real Gross Product of Majority-Owned Foreign Affiliates in Manufacturing and Host-Country Industrial Production, in 19 OECD Countries, 1982-94

Index (1993=100)



MOFA Majority-owned foreign affiliate
OECD Organisation for Economic Co-Operation and Development

NOTES—The 19 OECD countries covered in this chart are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Spain, Sweden, and the United Kingdom.

The composite index of industrial production was derived by weighting each country's index by the country's share in the cumulative dollar value of real gross product of MOFA's in manufacturing in 1982-94.

U.S. Department of Commerce, Bureau of Economic Analysis

All other countries

From 1982 to 1994, real gross product of MOFA's in manufacturing in "all other countries" grew at an average annual rate of 3.6 percent. Unlike the growth in the 19 OECD countries, the growth in these countries was slowest from 1982 to 1989, partly reflecting the effects of a debt crisis in Latin America. From 1989 to 1994, growth accelerated, reflecting renewed economic growth in Latin America and new investments by U.S. MNC's in emerging markets worldwide.

Comparison of real and current-dollar estimates

All countries.—The real and current-dollar estimates of gross product present very different pictures of the level and growth of U.S. companies' overseas manufacturing activities in 1982-94. The differences can be explained largely by exchange-rate conditions rather than by changes in prices.

Unlike most real and current-dollar series, the levels of the estimates of real and current-dollar gross product do not match in the base year, 1993, of the real series; the current-dollar estimate is \$177.7 billion, whereas the real estimate is

\$153.2 billion (table 2). The difference results from differences in the exchange rates on which the estimates are based: The current-dollar estimates are based on MER's, and the real estimates are based on PPP exchange rates. The lower level of the real series in 1993 reflects the higher exchange value of the dollar under PPP exchange rates in 1993 than under MER's. Under the prevailing MER, one unit of currency could have purchased more, on average, in the United States than it could have abroad.

During 1982–94, the year-to-year changes in the real estimates differed from those in the current-dollar estimates. Real gross product of MOFA's in manufacturing grew at an average annual rate of 2.5 percent, compared with an average annual growth rate of 5.9 percent for the current-dollar estimates. Most of the divergence occurred in 1985–90 (chart 1). From 1982 to 1985, the two series moved roughly in tandem, probably because changes in the MER value of the dollar were consistent with those needed to maintain purchasing power parity between the dollar and the currencies of the countries where U.S. MNC's were producing; the dollar appreciated at a time when U.S. inflation was generally milder than that of the major host countries (table 3). From 1985 to 1990, the real estimates grew at an average annual rate of 3.9 percent, compared with a 14.0-percent rate for the current-dollar estimates. The difference in the growth rates probably reflects the depreciation of the MER value of the dollar; the dollar depreciated substantially even though U.S. inflation continued to be generally milder than that abroad. From 1990 to 1994, the differences between the two series were smaller, probably reflecting relative stability in the MER value of the dollar.

19 OECD countries.—For most of the 19 OECD countries, the relationship between the current-dollar and the real estimates of gross product was similar to that for all countries. In 1993, the levels of the current-dollar estimates exceeded those of the real estimates in all but two countries (Greece and New Zealand). Like the estimates for all countries, the current-dollar estimates for the 19 countries grew more than twice as fast, on average, as the esti-

mates of real gross product. The differences in the growth rates for the largest OECD host countries were generally most pronounced between 1985 and 1988 (chart 3).

All other countries.—In contrast to the levels for the 19 OECD countries, the levels of the estimates of current-dollar and real gross product for all other countries are identical in 1993, and in the other years, the differences between the two series simply reflect inflation as measured by the U.S. implicit price deflator for gross domestic product originating in nonpetroleum manufacturing industries. This relationship results from the method used to produce the real gross product estimates for these countries.

Methodology

This section describes the methodology for preparing the estimates of real gross product, which were derived by adjusting the current-dollar estimates.

Current-dollar gross product estimates

Gross product for a firm, such as a MOFA, can be measured as its gross output (sales or receipts and other operating income, plus inventory change) less its purchased intermediate inputs (purchased goods and services). Alternatively, gross product can be measured as the sum of the costs incurred (other than for intermediate inputs) and the profits earned in production. The current-dollar gross product estimates for MOFA's are prepared by summing costs and profits. The data on costs and profits are collected in BEA's annual and benchmark surveys of U.S. direct investment abroad and are combined with BEA estimates of some items.⁸ Survey respondents are asked to follow U.S. generally-accepted accounting principles (GAAP), which require that revenues and costs denominated in foreign currencies be translated to U.S. dollars, using the average MER for the year.⁹ Therefore, the gross product estimates that are derived from these data reflect what a U.S. buyer would pay, at the prevailing MER, to purchase the gross product of MOFA's from abroad.

Real gross product estimates

Two procedures were used to prepare the estimates of real gross product. A preferred procedure was

Table 3.—Average Annual Change in Consumer Prices
[Percent]

	1982–85	1985–90	1990–94
United States	4.3	3.9	3.2
OECD Europe	8.9	5.9	7.3
Canada	6.2	4.4	2.3
Japan	2.2	1.5	1.7

Sources: OECD, *Historical Statistics, 1960–1990* (OECD, Paris, 1992) and *Main Economic Indicators* (OECD, Paris, November 1995)
OECD Organisation for Economic Co-Operation and Development

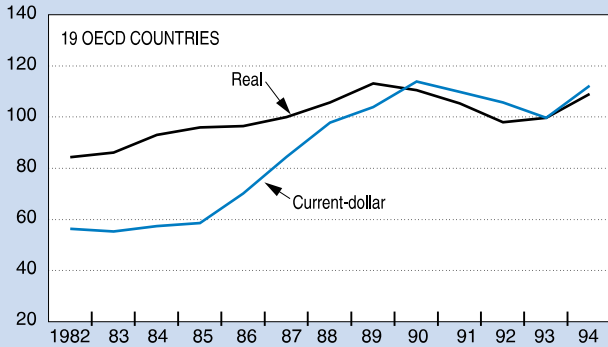
8. See "Gross Product of U.S. Multinational Companies, 1977–91."

9. However, in accordance with GAAP, the revenues and expenses of affiliates operating in hyperinflationary economies are translated daily into U.S. dollars at the prevailing daily MER's; thus, the accounts for these affiliates are, in effect, kept in dollars.

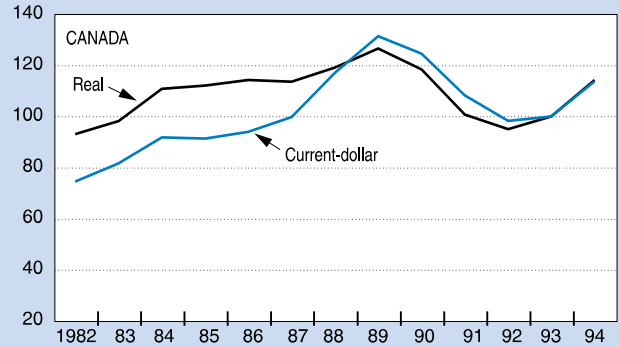
CHART 3

Indexes of Current-Dollar and Real Gross Product of Majority-Owned Foreign Affiliates in Manufacturing, by Selected Country, 1982-94

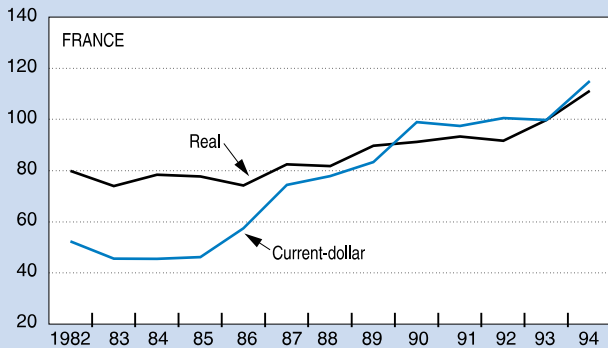
Index (1993=100)



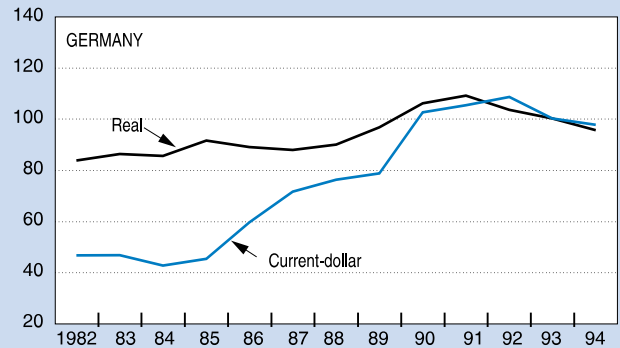
Index (1993=100)



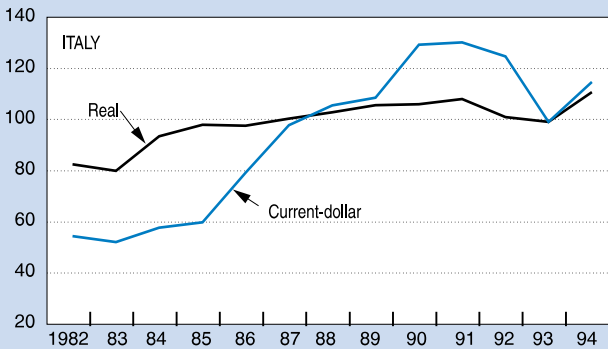
Index (1993=100)



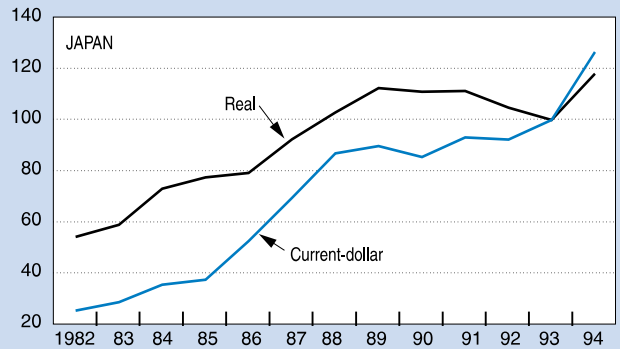
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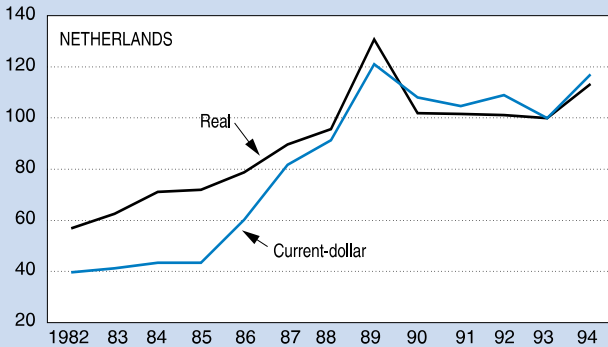
Index (1993=100)



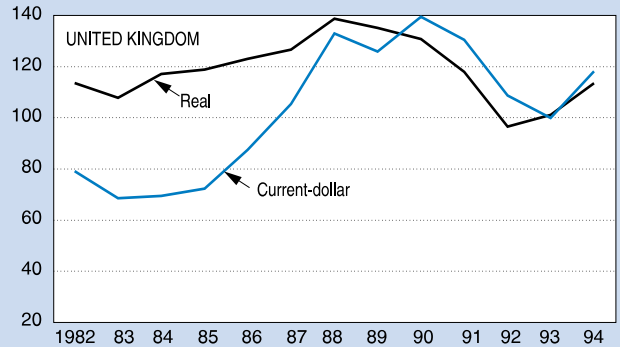
Index (1993=100)



Index (1993=100)



Index (1993=100)



used for the estimates for 19 major host countries that account for over three-quarters of the total gross product of MOFA's in manufacturing. A cruder procedure was used for the estimates for other host countries, because the data needed for the preferred procedure were unavailable.

19 OECD countries.—The estimates of real gross product for the 19 OECD countries were prepared in two steps (chart 4). First, estimates for a base year, 1993, were prepared using PPP exchange rates in place of MER's.

Product-specific, rather than economywide, PPP exchange rates were used because they are considered more appropriate for translating gross product for a particular group of industries, such as manufacturing industries.¹⁰ For the 19 OECD countries, PPP exchange rates for specific final consumption and investment expenditure categories were available from the OECD and were used in deriving the base-year estimates of real gross product for MOFA's in these countries.¹¹

10. See, for example, Peter Hooper, "Comparing Manufacturing Output Levels Among the Major Industrial Countries," in *Industry Productivity: International Comparison and Measurement Issues* (Paris: OECD, 1996).

11. The exchange rates used in this study were published in OECD, *Purchasing Power Parities and Real Expenditures 1993, EKS Results, Volume 1* (Paris: OECD, 1995).

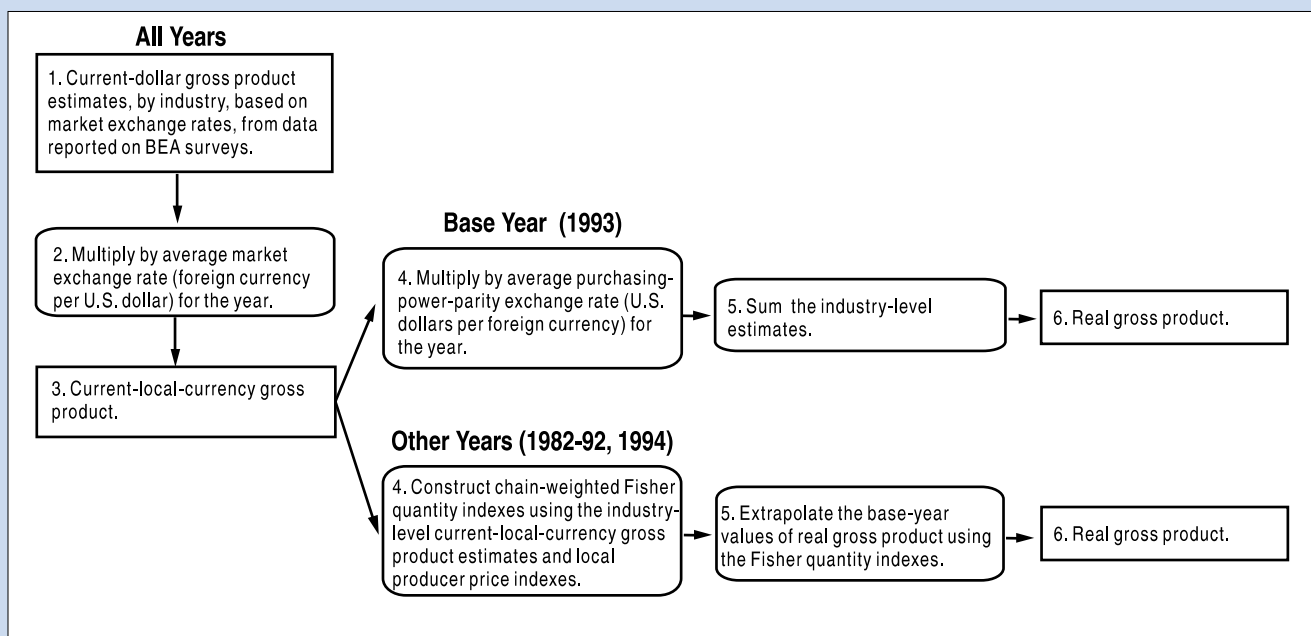
The estimates for the base year were derived as follows (chart 4, "Base Year"). First, the current-dollar estimates for each of the 19 OECD countries and for 7 major manufacturing industries (table 4, column 1) in each country were translated back into current local currency by using the average MER for the year. Second, the estimates for each industry were retranslated into U.S. dollars by using the most appropriate PPP exchange rate (table 4, column 3). Third, the industry-level estimates for each country were summed to produce the base-year estimates by country. Fourth, the estimates for each country were summed to produce the base-year estimate for all 19 countries.

The second step in producing the real gross product estimates was to extrapolate the base-year estimates to other years (1982–92 and 1994) by using chain-weighted Fisher quantity indexes (chart 4, "Other Years"). The current-dollar estimates at the country and industry level were first translated back into current local currency.

It would have been preferable to use PPP exchange rates that were based on producers' prices rather than on consumers' prices, or that had otherwise been adjusted for differences between expenditure and output prices, but none were readily available. Some analysts, such as Hooper (1996), have attempted to make rough adjustments for some of these factors (such as cross-country differences in distribution margins and indirect taxes).

CHART 4

Derivation of Real Gross Product of Majority-Owned Foreign Affiliates in Manufacturing in 19 OECD Countries



The resulting estimates by industry were then used, along with country- and industry-specific producer price indexes (table 4, column 2), to construct a chain-weighted Fisher quantity index for each country.¹²

The following Fisher quantity index (Q) was used to estimate the change in the real gross product for MOFA's in a country between any two adjacent years:¹³

$$Q = \sqrt{\frac{\sum p_{i1}q_{i2}}{\sum p_{i1}q_{i1}} \times \frac{\sum p_{i2}q_{i2}}{\sum p_{i2}q_{i1}}}$$

where the *p*'s are prices in local currency, the *q*'s are quantities, the *i*'s are industries, and 1 and 2 are adjacent years.

Because the variables that represent the composites of prices in one period and the quantities in another (such as *p*_{*i*1} *q*_{*i*2}) are not directly observable, the quantity indexes were actually computed using an algebraically equivalent formula consisting of combinations of prices and quantities of the same period (the current-local-currency estimates) and indexes of relative prices in the two periods (the ratios of producer price indexes).¹⁴

The Fisher quantity indexes were used as the bases for extrapolating the dollar-denominated PPP-based estimates for the base year (1993) to the other years covered (1982–92 and 1994).¹⁵

12. The industry-specific producer price indexes are from the OECD *Indicators of Industrial Activities* (Paris, OECD, various quarterly issues).

13. A similar equation is used to measure changes in total U.S. gross domestic product. See, for example, "A Look at How BEA Presents the National Income and Product Accounts," SURVEY 76 (May 1996): 36.

14. The rewritten Fisher quantity index is as follows:

$$Q = \sqrt{\frac{\sum \frac{p_{i1}}{p_{i2}} \cdot p_{i2}q_{i2}}{\sum p_{i1}q_{i1}} \times \frac{\sum p_{i2}q_{i2}}{\sum \frac{p_{i2}}{p_{i1}} \cdot p_{i1}q_{i1}}}$$

15. Ideally, the gross product estimates would have been derived using a double-deflation method (applying separate price deflators to output in current local currency and to purchased inputs in current local currency), but source data were not available to use this method. For this reason and because the gross product of MOFA's is calculated from the "income" components (rather than by subtracting purchased inputs from gross output), the quantity index of real output had to be derived by applying a price deflator directly to the current-price gross product estimates.

The estimate for all 19 countries for each year was derived by extrapolating the base-year estimate using a Fisher quantity index that aggregated across countries as well as across industries.¹⁶

All other countries.—Real gross product estimates for all other countries were derived using a cruder method because of the limited availability of data. The estimates were prepared on the basis of the assumption that MER's tend to maintain purchasing power parity between these countries' currencies and the U.S. dollar. Therefore, the real gross product estimates were derived by simply deflating the current-dollar gross product estimates with the U.S. implicit price deflator for gross domestic product originating in manufacturing.

The assumption that MER's maintain purchasing power parity between currencies is clearly naive, but certain factors precluded the use of the method followed for the 19 OECD countries. First, some of the most important host countries in this group experienced hyperinflation during much of the period being examined, and the use of the available average annual MER's could not be relied upon to produce estimates that approximated the actual local-currency-denominated values.¹⁷ Second, although economywide PPP exchange rates were available for many (if not all) of these countries, PPP exchange rates can be very imprecise and difficult to interpret for pairs of countries—such as the United States and many lower income non-OECD countries—for which the patterns of consumption and production differ so sharply as to almost preclude the construction of a common representative market basket of goods and services.¹⁸ Because of

16. In contrast to the computation of the index for each country, the current-local-currency estimates (such as *p*_{*i*1} *q*_{*i*1}) for each country had to be translated to a common currency before they could be used in computing the index for the 19 countries combined. The current-local-currency estimates for all years (1982–94) were translated to U.S. dollars using the PPP exchange rates for 1993, yielding dollar-denominated series that reflected host-country price conditions. Though not true PPP-based current-dollar series (because they reflected foreign rather than U.S. price conditions), these dollar-denominated series had to be constructed as an intermediate step in deriving an extrapolator for the base-year aggregate.

17. As noted earlier, the data underlying the estimates for such countries typically would have been translated into dollars by MNC's on a daily basis.

18. These limitations notwithstanding, future refinements to the estimates might include incorporating PPP-exchange-rate data for some of these

Table 4.—Categories Within the Manufacturing Industry Used for Price Deflation and Currency Translation

Gross product	Producer price index for foreign countries ¹	Purchasing-power-parity exchange rate ²
Food and kindred products	Food and beverages	Food consumption
Chemicals and allied products	Chemicals	Total gross domestic product
Primary and fabricated metals	Primary and fabricated metals	Total gross domestic product
Industrial machinery and equipment	Nonelectrical machinery	Nonelectrical equipment investment
Electronic and other electric equipment	Electrical machinery	Electrical equipment investment
Transportation equipment	Motor vehicles	Personal transportation equipment consumption
Other manufacturing	Total manufacturing except petroleum	Total gross domestic product

1. See chart 4, "Other Years," item 4.

2. See chart 4, "Base Year," item 4.

these methodological limitations, real gross product estimates were not produced for these countries individually.

Despite the widespread divergences of MER's from PPP exchange rates, there is reason to believe that the cruder methodology provides reasonable estimates at a highly aggregated level. MER's and PPP exchange rates may tend to converge over the long term, particularly for groups of countries (because the overvaluation of some currencies, in a PPP sense, may tend to be offset by the undervaluation of others).¹⁹ In addition, the real gross product estimates for this group of countries tend to track—with, as would be expected, a lead—long-term changes in MOFA employment during 1982–94.

A Fisher quantity index for extrapolating the base-year estimates of all countries combined was derived using the same data and procedure used to create the index for the 19 OECD countries except that the estimates for all other countries combined were included in the computation as an additional observation.

Appendix: Purchasing-Power-Parity Exchange Rates

To compare gross product among countries, a common unit of measure, such as the U.S. dollar, is needed. To translate gross product estimates denominated in foreign currencies into U.S. dollars for international gross product comparisons, PPP exchange rates should be used, because they approximate the number of foreign currency units required in a foreign country to buy goods and services that are equivalent to those that can be bought in the United States with 1 U.S. dollar.²⁰

PPP exchange rates are derived by comparing the domestic prices for goods and services in different countries. For example, in a hypothetical one-good, two-country world economy, the PPP exchange rate would equal the ratio of the price of the good in one country to the price in the other country; if the good sold for 10 currency units in country A and 1 currency unit in country B, the PPP exchange rate would be 10 units of country A's

currency to 1 unit of country B's currency. However, in practice, the derivation of PPP exchange rates is much more complex because of the multitude of goods and services produced and because of the differences among economies in the relative importance of those goods and services. To deal with these complexities, PPP-exchange-rate formulas have been developed.

PPP-exchange-rate formulas

Simple two-country, or bilateral, comparisons are the most basic context in which to compute PPP exchange rates. The most widely used bilateral index is the Fisher formula, which is based on the Fisher Ideal Price Index.²¹ It is the geometric mean of the own-country-weighted and partner-country-weighted averages of prices (expressed in each country's currency) in the two countries for goods and services—traded and untraded alike—that are consumed in both countries.

The Fisher formula (PPP^F) is

$$PPP_{A:B}^F = \sqrt{\frac{\sum p_{Ai}q_{Ai}}{\sum p_{Bi}q_{Ai}} \times \frac{\sum p_{Ai}q_{Bi}}{\sum p_{Bi}q_{Bi}}}$$

where the i 's are individual goods and services, the p 's are prices, the q 's are quantities, and A and B are countries.

For multilateral comparisons, PPP exchange rates must be derived using formulas specifically designed to ensure that the direct comparison of any two currencies is consistent with all indirect comparisons of those currencies via third currencies. When such consistency exists, the exchange rates are said to have the property of "transitivity." For example, to be transitive, the exchange rate for U.S. dollars to German marks must equal the product of the exchange rate for U.S. dollars to Japanese yen and the exchange rate for Japanese yen to German marks. The multilateral PPP exchange rates that were used in this study are based on a formula that was simultaneously and independently developed in 1964 by Ödön Éltető and Pál Köves and by Bohdan Szulc.²² The formula is often referred to simply as the "EKS method."²³

countries—particularly those whose economies are relatively advanced and are not experiencing hyperinflation.

19. A study by Craig S. Hakkio identifies a tendency for MER's to converge with PPP exchange rates over the long term. See "Is Purchasing Power Parity a Useful Guide to the Dollar?" *Economic Review*, Third Quarter 1992 (Federal Reserve Bank of Kansas City, 1992): 37–51. James R. Lothian and Mark P. Taylor find a similar result in "Real Exchange Rate Behavior: The Recent Float from the Perspective of the Past Two Centuries" *Journal of Political Economy*, 104, no. 3 (1996): 488–509.

20. MER's are, however, more appropriate than PPP exchange rates for some purposes, such as comparing the dollar-denominated production costs of MNC's in various countries.

21. Irving Fisher, *The Making of Index Numbers* (Boston: Houghton Mifflin, 1922).

22. Ö. Éltető and P. Köves, "On a Problem of Index Number Computation Relating to International Comparisons," *Statisztikai Szemle* 42 (1964): 507–518 (in Hungarian); B. Szulc, "Indices for Multiregional Comparisons," *Przegląd Statystyczny* 3 (1964): 239–254 (in Polish).


English translations of these articles are being published in the January/February 1997 issue of *Eastern European Economics* 35, no. 1.

23. This formula can be found in László Drechsler, "Weighting of Index Numbers in Multilateral International Comparisons," *Review of Income and Wealth* 19, no. 1 (March 1973): 17–34.

Developing PPP exchange rates

The task of producing a multilateral system of PPP exchange rates is formidable: A list of the goods and services that are common to a group of countries must be defined, and the items being compared must be similar in features and quality; price and quantity data for each item in each country must be collected; and the PPP exchange rates must be calculated.

Pioneering work in this area began in the 1950's.²⁴ In 1968, the first organized effort to produce PPP exchange rates on an ongoing basis was undertaken

by the United Nations under the name International Comparison Project (ICP). The first results of the ICP, covering 1970, were published in 1975.²⁵ The OECD countries, while continuing to participate in the ICP, began their own program to produce PPP exchange rates for member countries in the early 1980's. The PPP exchange rates used in this article were obtained from the OECD study covering 1993. 

25. Irving Kravis, Zoltan Kenessey, Alan Heston, and Robert Summers, *A System of International Comparisons of Gross Product and Purchasing Power* (Baltimore: Johns Hopkins University Press, 1975).

For a review and evaluation of the ICP, see Irving B. Kravis and Robert E. Lipsey, "The International Comparison Program: Current Status and Problems," in *International Economic Transactions: Issues in Measurement and Empirical Research*, edited by Peter Hooper and J. David Richardson (Chicago: University of Chicago Press, 1991): 437-64.

24. Milton Gilbert and Irving Kravis, *An International Comparison of National Products and the Purchasing Power of Currencies* (Paris: Organisation for European Economic Co-Operation, 1954).

U.S. International Transactions, Fourth Quarter and Year 1996

By Christopher L. Bach

FOURTH QUARTER 1996

THE U.S. current-account deficit decreased to \$41.4 billion in the fourth quarter from \$47.9 billion (revised) in the third (table A).¹ The deficits on goods and services and on investment income decreased, while net unilateral transfers increased.

In the capital account, net recorded inflows were \$68.0 billion in the fourth quarter, compared with net inflows of \$69.7 billion in the third, as both U.S. assets abroad and foreign assets in the United States accelerated by about the same amount.

The statistical discrepancy—errors and omissions in recorded transactions—was an outflow of \$26.6 billion in the fourth quarter, compared with an outflow of \$21.8 billion in the third.

1. Quarterly estimates of U.S. current- and capital-account components are seasonally adjusted when statistically significant seasonal patterns are present. The accompanying tables present both adjusted and unadjusted estimates.

The following are highlights for the fourth quarter of 1996:

- The deficit on goods fell, as exports increased and imports changed little.
- Capital outflows for U.S. assets abroad increased strongly, as a result of both large direct investment outflows and large-scale bank lending to meet a surge in demand for dollar credits at banks abroad.
- Capital inflows for foreign assets in the United States increased strongly, as a result of both exceptional net foreign purchases of U.S. Treasury securities by private foreigners and large borrowing by U.S. banks to meet a simultaneous surge in domestic and international loan demand.
- The U.S. dollar appreciated 1 percent on a trade-weighted average basis for the quarter.

Table A.—Summary of U.S. International Transactions

[Millions of dollars, seasonally adjusted]

Line	Lines in tables 1 and 10 in which transactions are included are indicated in ()	1995	1996 ^a	Change: 1995-96	1995				1996				Change: 1996 III-IV
					I	II	III	IV	I ^r	II ^r	III ^r	IV ^p	
1	Exports of goods, services, and income (1)	969,189	1,032,478	63,289	233,086	241,497	244,479	250,128	252,656	257,035	254,405	268,380	13,975
2	Goods, adjusted, excluding military (2)	575,940	611,669	35,729	138,551	142,983	144,984	149,422	150,032	153,120	150,144	158,373	8,229
3	Services (3)	210,590	223,907	13,317	50,435	51,735	54,226	54,193	55,075	55,853	55,565	57,413	1,848
4	Income receipts on investments (11)	182,659	196,902	14,243	44,100	46,779	45,269	46,513	47,549	48,062	48,696	52,594	3,898
5	Imports of goods, services, and income (15)	-1,082,268	-1,155,101	-72,833	-263,501	-274,183	-273,175	-271,409	-276,975	-288,208	-292,782	-297,139	-4,357
6	Goods, adjusted, excluding military (16)	-749,364	-799,343	-49,979	-183,474	-190,910	-187,532	-187,448	-193,159	-200,490	-202,013	-203,681	-1,668
7	Services (17)	-142,230	-150,440	-8,210	-35,027	-35,632	-36,013	-35,558	-36,578	-37,441	-37,975	-38,450	-475
8	Income payments on investments (25)	-190,674	-205,318	-14,644	-45,000	-47,641	-49,630	-48,403	-47,238	-50,277	-52,794	-55,008	-2,214
9	Unilateral transfers (29)	-35,075	-42,472	-7,397	-8,639	-8,290	-8,992	-9,154	-10,955	-9,420	-9,476	-12,621	-3,145
10	U.S. assets abroad, net (increase/capital outflow (-)) (33)	-307,856	-306,830	1,026	-61,747	-108,299	-39,595	-98,214	-68,723	-50,699	-73,313	-114,095	-40,782
11	U.S. official reserve assets, net (34)	-9,742	6,668	16,410	-5,318	-2,722	-1,893	191	17	-523	7,489	-315	-7,804
12	U.S. Government assets, other than official reserve assets, net (39)	-280	-665	-385	-154	-179	252	-199	-152	-353	166	-326	-492
13	U.S. private assets, net (43)	-297,834	-312,833	-14,999	-56,275	-105,398	-37,954	-98,206	-68,588	-49,823	-80,968	-113,454	-32,486
14	Foreign assets in the United States, net (increase/capital inflow (+)) (48)	424,462	525,046	100,584	90,995	115,421	118,816	99,229	99,475	100,553	142,970	182,048	39,078
15	Foreign official assets, net (49)	109,757	122,778	13,021	21,822	37,380	39,186	11,369	52,021	13,566	24,235	32,956	8,721
16	Other foreign assets, net (56)	314,705	402,268	87,563	69,173	78,041	79,630	87,860	47,454	86,987	118,735	149,092	30,357
17	Allocations of special drawing rights (62)												
18	Statistical discrepancy (63)	31,548	-53,122	-84,670	9,806	33,854	-41,533	29,420	4,522	-9,261	-21,804	-26,573	-4,769
19	Memorandum: Balance on current account (70)	-148,154	-165,095	-16,941	-39,054	-40,976	-37,688	-30,435	-35,274	-40,593	-47,853	-41,380	6,473

^a Revised.

^p Preliminary.

U.S. dollar in exchange markets

On a quarterly average basis, the U.S. dollar appreciated 2 percent against the European currencies and 4 percent against the Japanese yen (table B, chart 1).

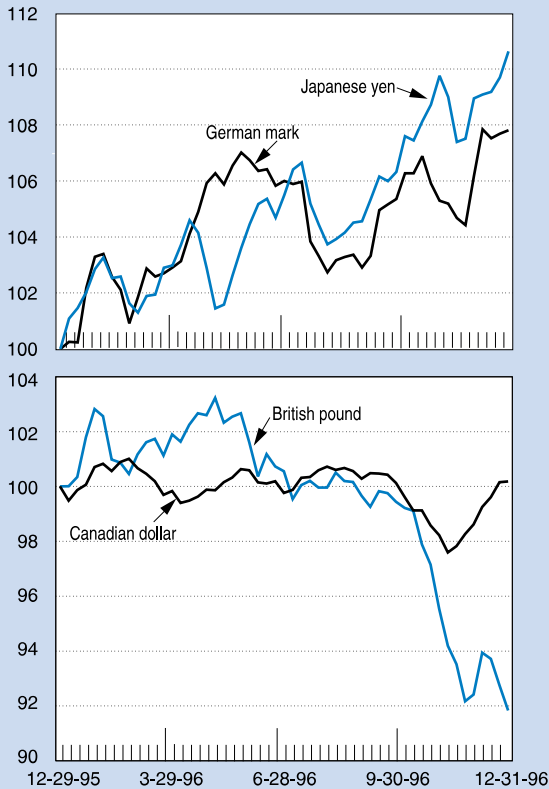
The dollar's appreciation against the European currencies was supported by continued large

interest-rate differentials in favor of U.S. assets (charts 2 and 3). These differentials reflected somewhat different economic prospects in the two areas. In the United States, economic data portrayed continued expansion and little inflationary pressure. In Europe, prospects were less positive than in the United States, in part because of the monetary and fiscal restraint required by Germany

CHART 1

Indexes of Foreign Currency Price of the U.S. Dollar

December 29, 1995=100

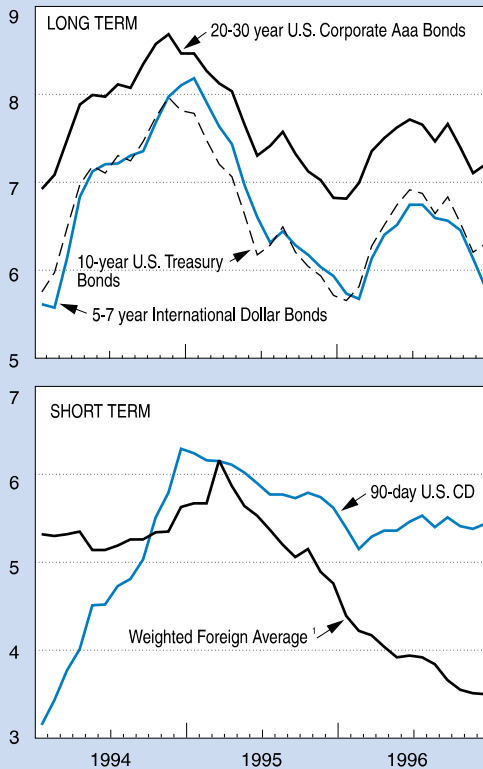


Indexes prepared by BEA from weekly data.
U.S. Department of Commerce, Bureau of Economic Analysis

CHART 2

U.S. and Foreign Interest Rates

Percent



1. Interest rates for 3-month interbank loans or short-term paper for other Group of 10 countries and Switzerland weighted by average total trade shares in 1972-76.

Data: Federal Reserve Board, OECD.
U.S. Department of Commerce, Bureau of Economic Analysis

Table B.—Indexes of Foreign Currency Price of the U.S. Dollar

[December 1980=100]

	1995					1996												
	IV	I	II	III	IV	Dec.	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Trade-weighted average against 10 currencies ¹	92.9	95.1	96.8	95.8	96.7	93.6	94.9	95.1	95.2	96.2	97.1	97.0	96.0	95.2	96.2	96.8	95.7	97.6
Selected currencies: ²																		
Canada	113.4	114.5	114.1	114.6	112.9	114.5	114.3	115.0	114.2	113.6	114.5	114.2	114.5	114.7	114.5	112.9	111.9	113.9
European currencies:																		
Belgium	92.6	95.4	98.9	97.5	99.6	93.6	95.1	95.2	96.0	97.7	99.6	99.3	97.8	96.5	98.1	99.4	98.5	101.0
France	108.2	110.7	113.2	111.9	113.6	108.8	110.1	110.8	111.1	112.1	113.9	113.7	111.7	111.2	112.7	113.4	112.3	115.1
Germany	72.4	74.7	77.4	76.2	77.9	73.3	74.4	74.6	75.2	76.5	77.9	77.7	76.4	75.4	76.7	77.7	76.9	79.0
Italy	170.7	168.1	166.3	162.9	162.9	169.8	169.8	167.2	167.2	167.2	167.2	164.6	164.6	162.1	162.1	162.1	162.1	164.6
Netherlands	74.7	77.0	79.7	78.6	80.4	75.5	76.7	76.9	77.4	78.7	80.2	80.2	78.9	77.9	79.1	80.3	79.4	81.6
Switzerland	64.6	66.9	69.8	68.7	72.3	65.3	66.3	67.2	67.1	68.4	70.4	70.6	69.2	67.5	69.3	70.7	71.6	74.6
United Kingdom	150.5	153.4	154.1	151.1	143.4	152.4	153.6	152.9	153.7	154.9	155.0	152.3	151.2	151.5	150.6	148.0	141.2	141.1
Japan	48.3	50.4	51.2	51.9	53.8	48.5	50.3	50.4	50.4	51.0	50.6	51.9	52.0	51.3	52.3	53.5	53.5	54.3

1. Currencies of Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, and United Kingdom. Data: Federal Reserve Board. Monthly and quarterly average rates. Index rebased by BEA.

2. Data: Federal Reserve Board. Monthly and quarterly average rates. Indexes prepared by BEA.

and other countries to meet the convergence requirements for implementation of the European Monetary Union (EMU).

The dollar appreciated to a 45-month high at quarterend against the Japanese yen; despite some recovery in the Japanese economy, the quarterly real growth pattern remained erratic, and substantially higher yields were available on assets abroad than on Japanese assets. Yields on U.S. Government bonds exceeded those on Japanese bonds by 400 basis points, and U.S. and most foreign stock prices increased strongly in the quarter, while Japanese stock prices declined 10 percent; the decline in Japanese stock prices partly reflected the failure of several Japanese financial institutions and a further decline in the value of Japanese bank assets. In this environment, net capital outflows from Japan were large in October and November; some of these outflows were into German marks.

The dollar depreciated 5 percent against the British pound. Rising interest-rate differentials in favor of British assets, stronger expansion than in some other European countries, and the pound's isolation from some of the uncertainties surrounding other European currencies led the pound to its highest level against the dollar in 4 years.

The dollar appreciated 5 percent against the Mexican peso, mostly in October and November, following a several quarters of relative stability.

Current Account

Goods and services

The deficit on goods and services decreased to \$26.3 billion in the fourth quarter from \$34.3 billion in the third. The deficit on goods decreased substantially, and the surplus on services increased.

Goods.—The deficit on goods decreased to \$45.3 billion in the fourth quarter from \$51.9 billion in the third. The reduction resulted from a much larger increase in exports than in imports.

Exports.—Exports increased \$8.2 billion, or 5 percent, to \$158.4 billion in the fourth quarter. Quantity increased 7 percent.² Nonagricultural goods accounted for nearly all of the increase in value.

Nonagricultural exports increased \$7.8 billion, or 6 percent, to \$142.9 billion. Quantity increased 6 percent. Nearly three-fourths of the increase in value was attributable to capital goods. Within capital goods, almost 40 percent of the increase was accounted for by a surge in aircraft deliveries. Among other capital goods, semiconductors and telecommunications equipment recovered somewhat after three quarters of decline; however, computers, peripherals, and parts again changed little. Industrial supplies and materials increased only moderately, largely in energy products, chemicals, and paper and paper products. Consumer goods also increased. Automotive products decreased, reflecting a drop in parts shipped to Canada as a result of strikes against a U.S. manufacturer during the quarter.

Agricultural exports increased \$0.4 billion, or 3 percent, to \$15.4 billion. Quantity increased 10 percent. The increase in value was attributable to corn, largely to the Republic of Korea and other developing countries in Asia; cotton, to the developing countries in Asia; and soybeans, largely to Western Europe and China. The prices of soybeans and wheat fell sharply in the quarter.

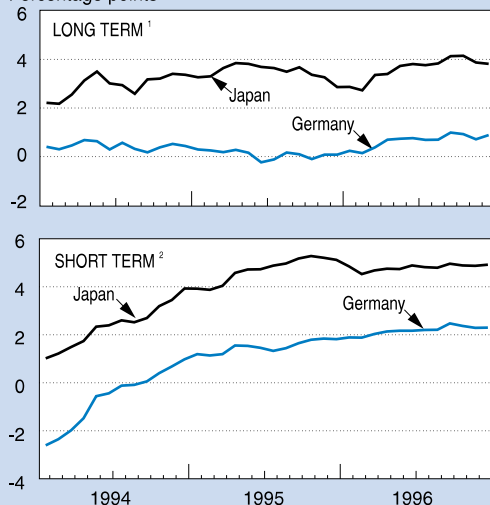
Imports.—Imports increased \$1.7 billion, or 1 percent, to \$203.7 billion in the fourth quarter. Quantity was unchanged. Petroleum and nonpetroleum imports each accounted for about one-half of the increase in value.

CHART 3

Interest-Rate Differentials

(Plus (+) Indicates Differentials in Favor of U.S. Dollar Assets)

Percentage points



1. Interest rate on U.S. Government bonds (composite over 10 years) less interest rate on Japanese Central Government bonds. Interest rate on U.S. Government bonds (composite over 10 years) less interest rate on German 7-15 year public sector bonds. Data: OECD.
2. Interest rate on 90-day Eurodollar deposits less Japanese CD rate. Interest rate on 90-day Eurodollar deposits less German interbank rate. Data: Federal Reserve Board.

U.S. Department of Commerce, Bureau of Economic Analysis

2. Quantity estimates are in chained (1992) dollars; price indexes are chain-type measures.

Nonpetroleum imports increased \$0.9 billion, or less than 1 percent, to \$184.9 billion. Moderate increases in consumer goods and capital goods were partly offset by a sizable drop in automotive products; passenger cars and parts imported from Canada fell substantially as a result of strikes against a U.S. manufacturer.

Petroleum imports increased \$0.8 billion, or 4 percent, to \$18.8 billion. The increase was attributable to a rise in price to an average \$22.31 per barrel from \$19.57 per barrel. The average number of barrels imported daily decreased to 9.21 million from 10.04 million. Consumption increased 3 percent, production changed little, and inventories were down 2 percent.

Services.—The surplus on services increased to \$19.0 billion in the fourth quarter from \$17.6 billion in the third. Travel and passenger fares accounted for most of the increases in both service receipts and service payments.

Foreign visitors spent \$16.5 billion in the United States, up 5 percent. Receipts from overseas visitors were \$14.1 billion, up 7 percent; receipts from Canada were \$1.7 billion, up 4 percent; and receipts from Mexico were \$0.7 billion, down 7 percent. U.S. travelers spent \$12.5 billion abroad, up 5 percent. Payments to overseas residents were \$9.9 billion, up 7 percent; payments to Canada were \$1.1 billion, up 4 percent; and payments to Mexico were \$1.4 billion, down 4 percent.

Passenger fare receipts were \$5.0 billion, up 5 percent, and passenger fare payments were \$3.7 billion, also up 5 percent.

“Other” transportation receipts increased \$0.2 billion, to \$7.5 billion, as a result of higher port expenditure receipts; “other” transportation payments were unchanged at \$7.5 billion.

Royalties and license fee payments decreased \$0.4 billion, to \$1.6 billion; third-quarter payments had been boosted by a one-time \$0.5 billion payment for broadcast rights to the Summer Olympic Games.

“Other” private service receipts were virtually unchanged at \$17.0 billion, and “other” private service payments increased \$0.2 billion, to \$9.7 billion, as a result of higher payments for financial services.

Transfers under U.S. military sales contracts were \$3.9 billion, up from \$3.3 billion, as a result of a bunching in deliveries of armored vehicles to several countries. Direct defense expenditures abroad were unchanged at \$2.8 billion.

Investment income

The deficit on investment income decreased to \$2.4 billion in the fourth quarter from \$4.1 billion in the third, as receipts increased more than payments.

Direct investment income.—Income receipts on U.S. direct investment abroad increased to \$27.3 billion in the fourth quarter from \$23.9 billion in the third. Earnings were especially strong in Western Europe and were spread across finance, manufacturing, and petroleum affiliates.

Income payments on foreign direct investment in the United States were \$9.0 billion in the fourth quarter, down slightly from \$9.1 billion in the third. A decrease in interest payments was nearly offset by an increase in earnings.

Portfolio investment income.—Receipts of income on “other” private investment were \$24.5 billion in the fourth quarter, up from \$23.6 billion in the third, mostly as a result of higher claims. Payments of income on “other” private investment were \$26.1 billion, up from \$25.2 billion, mostly as a result of higher liabilities.

Receipts of income on U.S. Government assets dropped to \$0.8 billion from \$1.3 billion. In the first three quarters, receipts had been boosted by interest earned on holdings of Mexican pesos under short- and medium-term swap arrangements; however, the Mexican Government repaid a large part of the swaps in the third quarter so that U.S. holdings of pesos were considerably lower in the fourth quarter. Payments of income on U.S. Government liabilities were \$19.9 billion, up from \$18.5 billion.

Unilateral transfers

Net unilateral transfers were \$12.6 billion in the fourth quarter, up from \$9.5 billion in the third. Nearly all of the increase was attributable to U.S. Government grants, which rose to \$5.4 billion from \$2.6 billion as a result of cash grants to Israel—\$1.8 billion under the credit waiver program to finance military purchases and \$1.2 billion to finance economic purchases. These funds were drawn in their entirety as soon as the U.S. Congress appropriated funds early in the new fiscal year.

Capital Account

Net recorded capital inflows—that is, net changes in U.S. assets abroad less net changes in foreign assets in the United States—were \$68.0 billion in the fourth quarter, compared with net inflows of \$69.7 billion in the third, as both U.S. assets abroad

and foreign assets in the United States accelerated by about the same amount.

U.S. assets abroad

U.S. assets abroad increased \$114.1 billion in the fourth quarter, compared with an increase of \$73.3 billion in the third. Direct investment outflows and U.S. claims on foreigners reported by U.S. banks were sharply higher in the fourth quarter than in the third.

U.S. official reserve assets.—U.S. official reserve assets increased \$0.3 billion in the fourth quarter, following a \$7.5 billion decrease in the third. The decrease in the third quarter was largely from repayment of Mexican swap arrangements (table C).

Claims reported by U.S. banks.—U.S. claims on foreigners reported by U.S. banks increased \$56.7 billion in the fourth quarter, compared with an increase of \$33.2 billion in the third.

Banks' own claims payable in dollars increased \$56.2 billion in the fourth quarter, following an \$8.7 billion increase in the third. The increase in the fourth quarter was to meet the surge in demand for dollar credits in the Eurodollar market, to finance corporate merger and acquisition activity, which remained strong, and to finance substantial net foreign purchases of U.S. Treasury securities. Lending to offices in the Caribbean and London for yearend bookkeeping purposes was sizable, but not as large as in some recent years. Lending by U.S. securities dealers to international bond funds in the Caribbean also surged, primarily in November and December; a large part of this lending was likely in the form of resale agreements. Some of the funding for these loans was obtained from abroad.

Foreign securities.—Net U.S. purchases of foreign securities were \$27.0 billion in the fourth quarter, up from \$22.9 billion in the third.

Net U.S. purchases of foreign bonds were \$17.1 billion, up from \$14.9 billion, largely reflecting strength in new foreign bond issues in the United States. By type of issuer, new issues by private corporations increased to \$11.2 billion from \$6.4 billion. By country, new issues from the emerging countries of Asia and Latin America increased to \$11.2 billion from \$9.4 billion. Gross trading activity (purchases plus sales) increased 15 percent.

Net U.S. purchases of foreign stocks were \$9.9 billion, up from \$8.0 billion. Net purchases in the United Kingdom were \$4.1 billion, up from \$1.7 billion; net purchases in other European countries were also up. Net purchases in emerging market countries were down slightly, but remained strong. Gross trading activity increased 28 percent.

Direct investment.—Net capital outflows for U.S. direct investment abroad were \$29.8 billion in the fourth quarter, compared with \$9.1 billion in the third. A large shift to intercompany debt outflows, a strong increase in reinvested earnings, and an increase in equity capital outflows contributed to a step-up in total outflows to a level that was somewhat higher than in the first two quarters of 1996. The \$14.6 billion shift to intercompany debt outflows was more than accounted for by transfers of funds from U.S. parents to financial affiliates abroad, mostly to securities brokers and dealers in the United Kingdom.

Foreign assets in the United States

Foreign assets in the United States increased \$182.0 billion in the fourth quarter, compared with an increase of \$143.0 billion in the third. Net foreign

Table C.—Selected Transactions with Official Agencies

[Millions of dollars]

	1995	1996 ^P	Change: 1995-96	1995				1996				Change: 1996 III-IV
				I	II	III	IV	I	II	III ^r	IV ^P	
Changes in foreign official assets in the United States, net (decrease -) (table 1, line 49)	109,757	122,778	13,021	21,822	37,380	39,186	11,369	52,021	13,566	24,235	32,956	8,721
Industrial countries ¹	23,081	66,225	43,144	14,067	7,175	5,483	-3,644	39,785	10,697	11,154	4,589	-6,565
Members of OPEC ²	3,959	13,573	9,614	-412	-341	6,147	-1,435	-992	5,555	5,479	3,531	-1,948
Other countries	82,717	42,980	-39,737	8,167	30,546	27,556	16,448	13,228	-2,686	7,602	24,836	17,234
Changes in U.S. official reserve assets, net (increase -) (table 1, line 34)	-9,742	6,668	16,410	-5,318	-2,722	-1,893	191	17	-523	7,489	-315	-7,804
Activity under U.S. official reciprocal currency arrangements with foreign monetary authorities: ³												
Foreign drawings, or repayments (-), net	11,800	-8,300	-20,100	5,000	5,000	2,500	-700	-1,300	.....	-7,000	.....	7,000
Drawings	18,800	.....	-18,800	6,000	7,000	4,500	1,300	.....	.....	.....	.....	.....
Repayments	-7,000	-8,300	-1,300	-1,000	-2,000	-2,000	-2,000	-1,300	.....	-7,000	.....	7,000

^r Revised.

^P Preliminary.

1. Western Europe, Canada, Japan, Australia, New Zealand, and South Africa.

2. Based on data for Ecuador, Venezuela, Indonesia, and other Asian and African oil-exporting countries. Beginning in January 1993, excludes Ecuador.

3. Consists of transactions of the Federal Reserve System and the U.S. Treasury Department's Exchange Stabilization Fund.

purchases of U.S. Treasury securities by private foreigners were substantially higher in the fourth quarter than in the third, and U.S. liabilities reported by U.S. banks shifted to a sizable increase.

Foreign official assets.—Foreign official assets in the United States increased \$33.0 billion in the fourth quarter, compared with an increase of \$24.2 billion in the third. In the fourth quarter, assets of non-OPEC developing countries increased at more than triple the pace in the third quarter, while assets of industrial countries slowed to only a small increase (table C).

Liabilities reported by banks.—U.S. liabilities reported by U.S. banks other than U.S. Treasury securities increased \$33.2 billion in the fourth quarter, in contrast to a \$1.2 billion decrease in the third.

Banks' own liabilities payable in dollars increased \$40.0 billion in the fourth quarter, following a \$2.4 billion decrease. U.S. banks borrowed heavily to finance the simultaneous increases in domestic and foreign demand for dollar credits, which included dollar credits to finance the surge in net foreign purchases of U.S. Treasury securities by private foreigners. Most of the borrowing was from offices in the Caribbean and London, particularly in October and December. U.S. banks' liabilities payable in foreign currencies decreased \$7.3 billion, following a \$0.5 billion decrease.

U.S. Treasury securities.—Net foreign purchases of U.S. Treasury securities were a record \$67.3 billion in the fourth quarter, up from \$43.4 billion in the third. Sharply rising bond prices, a large interest differential in favor of U.S. assets over foreign assets, and dollar appreciation were major factors contributing to the surge.

Net purchases by international bond funds in the Caribbean accelerated to \$28.5 billion from \$5.5 billion; large net purchases, mostly in November and December, were partly financed by borrowing from U.S. securities dealers. Net purchases by Western Europe remained strong at \$28.3 billion, compared with \$27.5 billion. Net purchases by Japan and other Asian countries accelerated to \$16.6 billion from \$12.6 billion. Gross trading activity increased 31 percent.

Other U.S. securities.—Net foreign purchases of U.S. securities other than U.S. Treasury securities were \$31.7 billion in the fourth quarter, down from \$34.8 billion in the third.

Net foreign purchases of U.S. corporate and other bonds were \$30.8 billion, down from \$33.3 billion. New bond issues sold abroad by U.S. cor-

porations remained strong at \$14.6 billion, up from \$13.7 billion. Net foreign purchases of outstanding corporate bonds dropped to \$3.4 billion from \$7.4 billion. Net foreign purchases of outstanding and newly issued U.S. agency bonds increased slightly to \$12.8 billion from \$12.2 billion. Gross trading activity of corporate and other bonds increased 43 percent.

Net foreign purchases of U.S. stocks were \$1.0 billion, down from \$1.6 billion. Although U.S. stock prices rose 8 percent on strong corporate earnings, net purchases weakened. However, gross trading activity increased 31 percent and was heavy throughout the quarter.

Direct investment.—Net capital inflows for foreign direct investment in the United States were \$16.8 billion in the fourth quarter, compared with \$21.1 billion in the third. A large shift to intercompany debt outflows to foreign parent groups more than accounted for the drop. Equity inflows accelerated strongly as a result of several large acquisitions by investors from Western European countries.

THE YEAR 1996

The U.S. current-account deficit increased to \$165.1 billion in 1996 from \$148.2 billion in 1995. The deficits on goods and services and on investment income increased, as did net unilateral transfers (table D).

In the capital account, the increase in U.S. assets abroad changed little, while the increase in foreign assets in the United States was sharply higher. Consequently, net capital inflows to the United States increased by a very substantial amount.

The statistical discrepancy—errors and omissions in recorded transactions—was an outflow of \$53.1 billion in 1996, in contrast to an inflow of \$31.5 billion in 1995. The large shift is partly a reflection of the volatility in financial flows in both years.

The following are highlights for the year 1996:

- Goods exports and goods imports each increased one-half as much as in 1995. Exports reflected the second year of slowing in economic expansion in industrial countries abroad; expansion in both 1995 and 1996 was considerably slower than the peak expansion in 1994. Imports reflected the second year of slower expansion in the U.S. economy; growth in 1995 and 1996 averaged 2.2 percent, well below the 3.5-percent growth in 1994.
- The pace of expansion in securities transactions far exceeded the more moderate pace of

expansion in international banking transactions. Net foreign purchases of U.S. Treasury securities by private foreigners exceeded by a substantial margin the record established in 1995. Likewise, net foreign purchases of U.S. securities other than U.S. Treasury securities exceeded by a substantial margin the record established in 1995. Gross trading activity in these securities transactions was 25 percent greater than in 1995.

- U.S. banks were more active in international markets than in recent years, borrowing and leading in response to strong demands for dollar credits both at home and abroad. Some of the banking activity was intertwined with, and an integral part of, securities transactions, including transactions in derivative instruments and repurchase agreements. Thus, capital inflows to U.S. banks were especially large in the fourth quarter to meet the simultaneous surge in both domestic and international loan demand, and capital outflows from U.S. banks were especially large in the second half of the year in order to meet the demand for dollar credits at banking offices abroad and to finance large net foreign purchases of U.S. securities.
- Net capital inflows for foreign direct investment in the United States eclipsed by a substantial amount the record inflows established during the last boom in 1987–89.

U.S. dollar in exchange markets.—The U.S. dollar appreciated 4 percent on a trade-weighted average basis from the end of December 1995 to the end of December 1996. On a bilateral basis, the dollar appreciated 8 percent against the German mark and 12 percent against the Japanese yen, and it depreciated 7 percent against the British pound (table B, chart 1).

The dollar's appreciation from its recent low in April 1995 to the end of December 1996 was 8

percent on a trade-weighted average basis. On a bilateral basis, the dollar appreciated 13 percent against the German mark and 36 percent against the Japanese yen, and it depreciated 3 percent against the British pound.

In the first half of 1996, perceptions were widespread that monetary easing in Europe would proceed at a faster pace than in the United States, given the slowing of expansion in Europe and given the strengthening of expansion in the United States. These perceptions were supported by the release of weak economic data for Germany, while economic data for the United States indicated a pickup from weak growth in the second half of 1995. Thus, U.S. bond prices weakened because of inflationary fears, which pushed yields substantially higher, simultaneous with a continued strong increase in U.S. stock prices. These developments led to a sizable increase in interest-rate differentials in favor of U.S. assets over European assets and provided considerable support to the dollar in exchange markets. Interest-rate differentials of U.S. assets over Japanese assets were even larger than those over European assets, as Japanese interest rates reflected an economy that had failed to grow throughout 1995 and that had shown only erratic growth in the first half of 1996. Japanese monetary authorities were reported to have intervened in exchange markets to limit the rise of the yen against the dollar at times during the first quarter when market participants expected that Japanese interest rates might rise.

The dollar's advance was briefly interrupted in July, when a 10-percent decline in U.S. stock prices contributed to a sharp, temporary drop in the value of the dollar against most foreign currencies. In other developments in the third quarter, release of the June nonfarm payroll report in July suggested strengthening in the U.S. economy and implied a possible tightening of monetary policy. However, subsequent inflation reports indicated that

Table D.—Selected Balances on U.S. International Transactions

[Millions of dollars, quarters seasonally adjusted]

	1994	1995	1996 ^a	1996			
				I ^r	II ^r	III ^r	IV ^p
Goods balance	-166,121	-173,424	-187,674	-43,127	-47,370	-51,869	-45,308
Services, net	61,742	68,360	73,467	18,497	18,412	17,590	18,963
Investment income, net	-4,159	-8,016	-8,416	311	-2,215	-4,098	-2,414
Direct, net	47,429	57,465	64,443	16,586	14,878	14,722	18,258
Other private, net	-8,668	-8,913	-6,081	-1,316	-1,507	-1,594	-1,664
U.S. Government, net	-42,920	-56,566	-66,778	-14,959	-15,586	-17,226	-19,008
Unilateral transfers, net	-39,866	-35,075	-42,472	-10,955	-9,420	-9,476	-12,621
Current account balance	-148,405	-148,154	-165,095	-35,274	-40,593	-47,853	-41,380

^r Revised.
^p Preliminary.

inflation remained moderate, and the release of the July and August Federal Open Market Committee meeting results confirmed that monetary policy was unchanged. In Europe, interest rates in many European countries drifted lower, and in Germany, the Bundesbank lowered the repurchase rate 30 basis points. Anticipated downward pressures on European currencies during the release of government budgets did not materialize as countries sought to meet the stringent economic convergence criteria required for membership in the European Monetary Union. In Japan, the value of the yen against the dollar fell further in August and September, when the release of the second-quarter GDP report indicated that the Japanese economic recovery was not yet firmly established.

Early in the fourth quarter, additional economic data confirmed the erratic pattern of the Japanese recovery, and Japanese stock and bond prices declined by substantial amounts, reflecting a further deterioration in confidence in the economy, failures of several financial institutions, and declines in the asset values of many financial institutions. The interest-rate differential in favor of U.S. bonds over Japanese bonds rose to 400 basis points, and Japanese stock prices fell while those in the United States continued to rise. In this environment, large capital outflows in search of much higher returns available on foreign assets put downward pressure on the yen. In October and November, net capital outflows from Japan exceeded 1 trillion yen (\$9 billion) each month. Another factor that contributed to capital outflows was the reported reallocation by Japanese financial institutions of additional funds

from domestic to international portfolios at the start of the Japanese fiscal half-year on October 1. Consequently, the dollar continued to appreciate strongly against the yen through yearend.

The dollar traded in a narrow range against the British pound for much of the year. However, in the fourth quarter, a sharp rise in British short-term interest rates and the release of reports indicating an acceleration in British real GDP growth led to a sizable decline of the dollar against the pound.

Against the newly industrialized countries of the Far East, the U.S. dollar appreciated 9 percent against the South Korean won and appreciated 1 percent against the Taiwan dollar. The dollar was unchanged against the Hong Kong dollar and depreciated 1 percent against the Singapore dollar.

Current Account

Goods and services

The deficit on goods and services increased to \$114.2 billion in 1996 from \$105.1 billion in 1995. The larger deficit on goods more than accounted for the increase; the surplus on services increased.

Goods.—The deficit on goods increased to \$187.7 billion in 1996 from \$173.4 billion in 1995 and \$166.1 billion in 1994. Both exports and imports increased, but by only about one-half the dollar amounts they had increased in 1995 (tables E and F).

U.S. exports slowed sharply in 1996 from a record increase in 1995, reflecting growth considerably slower eco-

Table E.—U.S. Trade in Goods, Current and Chained (1992) Dollars

[Balance of payments basis, millions of dollars, quarters seasonally adjusted]¹

	Current dollars								Chained (1992) dollars ¹							
	1994	1995	1996 ^P	1996				1994	1995	1996 ^P	1996					
				I ^r	II ^r	III ^r	IV ^P				I ^r	II ^r	III ^r	IV ^P		
Exports	502,463	575,940	611,669	150,032	153,120	150,144	158,373	504,873	560,498	605,620	146,802	150,709	149,100	159,009		
Agricultural products	47,062	57,228	61,436	15,865	15,109	15,032	15,430	44,457	49,576	48,633	12,662	11,420	11,671	12,880		
Nonagricultural products	455,401	518,712	550,233	134,167	138,011	135,112	142,943	460,584	510,960	557,594	134,301	139,546	137,589	146,158		
Foods, feeds, and beverages	42,017	50,533	55,493	13,991	13,887	13,742	13,873	40,266	44,623	44,086	11,175	10,505	10,728	11,678		
Industrial supplies and materials	121,552	146,375	147,663	36,687	37,792	35,731	37,450	113,796	120,883	127,851	31,410	32,834	31,070	32,537		
Capital goods, except automotive	205,247	233,776	252,918	62,043	62,996	61,077	66,802	219,902	256,036	289,040	69,322	71,505	70,446	77,767		
Automotive vehicles, parts, and engines	57,777	61,827	64,460	15,476	15,738	16,700	16,546	56,732	59,969	61,875	14,881	15,118	16,027	15,849		
Consumer goods (nonfood), except automotive	59,981	64,425	70,160	16,939	17,610	17,267	18,344	59,078	62,608	67,280	16,303	16,884	16,539	17,554		
Exports, n.e.c.	15,889	19,004	20,978	4,896	5,097	5,627	5,358	15,831	18,284	20,126	4,690	4,859	5,400	5,177		
Imports	668,584	749,364	799,343	193,159	200,490	202,013	203,681	675,511	737,169	793,241	191,057	198,309	201,409	202,466		
Petroleum and products	51,276	55,080	68,297	14,030	17,563	17,952	18,752	60,206	59,176	59,748	13,836	15,542	15,845	14,525		
Nonpetroleum products	617,308	694,284	731,046	179,129	182,927	184,061	184,929	615,086	676,674	731,929	176,830	182,562	185,172	187,365		
Foods, feeds, and beverages	30,957	33,176	35,704	8,576	8,994	8,969	9,165	28,692	29,314	32,150	7,861	7,938	8,131	8,220		
Industrial supplies and materials	164,862	183,818	204,383	46,830	53,016	52,242	52,295	172,497	176,278	185,254	43,807	48,109	47,666	45,672		
Capital goods, except automotive	184,366	221,431	228,959	58,528	56,564	56,413	57,454	196,553	240,462	268,624	66,059	65,925	66,999	69,641		
Automotive vehicles, parts, and engines	118,268	124,773	130,085	31,240	32,765	33,919	32,161	112,551	115,381	119,426	28,687	30,115	31,118	29,506		
Consumer goods (nonfood), except automotive	146,358	160,010	171,118	41,016	41,751	43,275	45,076	144,141	155,012	165,067	39,438	40,223	41,812	43,594		
Imports, n.e.c., and U.S. goods returned	23,773	26,156	29,094	6,969	7,400	7,195	7,530	23,279	24,880	27,835	6,650	7,061	6,898	7,226		

^r Revised.

^P Preliminary.

1. Because chain indexes use weights of more than one period, the corresponding chained dollar estimates are usually not additive.

conomic expansion in the industrial countries abroad and slightly slower economic expansion in the developing countries of Asia. On an annual basis, economic expansion in Germany and the other continental European countries, in the United Kingdom, and in Canada slowed further in 1996 from 1995. Expansion in Japan was faster. Expansion in the developing countries of Asia was slightly slower than in 1995, while expansion in Latin America (especially in Mexico) was faster than in 1995. When measured as a percent change from four quarters earlier, some countries showed a pickup in expansion within the year 1996 (chart 4).

U.S. imports also slowed sharply from a record increase in 1995, reflecting the second year of slower growth in the U.S. economy. Growth in U.S. real gross domestic product (GDP) was 2.4 percent in 1996 and 2.0 percent increase in 1995; both years were well below real GDP growth of 3.5 percent in 1994.

Domestic prices of exports decreased in 1996: The largest declines were in industrial supplies and materials and in capital goods; price increases for agricultural goods remained high (table G). However, prices increased slightly for many major categories when converted into foreign currencies, as depreciation of foreign currencies offset much of the decrease in domestic prices or added to domestic price increases (table H).

Dollar prices of most imports decreased or changed little in 1996. However, the prices of nonpetroleum industrial supplies and materials increased somewhat, and prices of petroleum increased sharply.

Table F.—Percent Changes in U.S. Trade in Goods, Current and Chained (1992) Dollars

[Balance of payments basis]

	Current dollars			Chained (1992) dollars		
	1994	1995	1996 ^P	1994	1995	1996 ^P
Exports	10.0	14.6	6.2	9.3	11.0	8.1
Agricultural products	7.7	21.6	7.4	3.3	11.5	-1.9
Nonagricultural products	10.2	13.9	6.1	10.0	10.9	9.1
Foods, feeds, and beverages	3.3	20.3	9.8	.1	10.8	-1.2
Industrial supplies and materials	8.7	20.4	.9	2.2	6.2	5.8
Capital goods, except automotive	12.7	13.9	8.2	16.3	16.4	12.9
Automotive vehicles, parts, and engines	10.0	7.0	4.3	8.9	5.7	3.2
Consumer goods (nonfood), except automotive	9.7	7.4	8.9	9.4	6.0	7.5
Exports, n.e.c.	6.0	19.6	10.4	5.5	15.5	10.1
Imports	13.4	12.1	6.7	12.7	9.1	7.6
Petroleum and products	-4	7.4	24.0	6.2	-1.7	1.0
Nonpetroleum products	14.7	12.5	5.3	13.4	10.0	8.2
Foods, feeds, and beverages	11.1	7.2	7.6	2.5	2.2	9.7
Industrial supplies and materials	8.2	11.5	11.2	8.5	2.2	5.1
Capital goods, except automotive	21.1	20.1	3.4	23.5	22.3	11.7
Automotive vehicles, parts, and engines	15.5	5.5	4.3	11.7	2.5	3.5
Consumer goods (nonfood), except automotive	9.2	9.3	6.9	8.4	7.5	6.5
Imports, n.e.c., and U.S. goods returned	16.9	10.0	11.2	14.6	6.9	11.9

^P Preliminary.

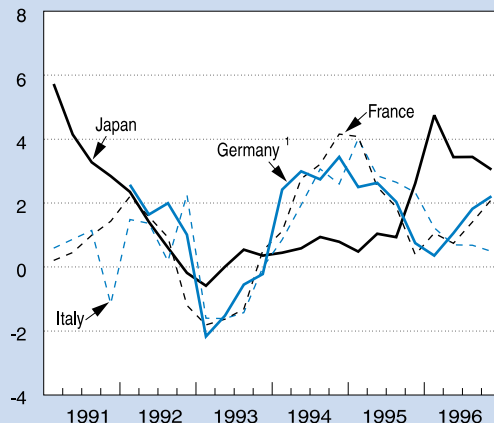
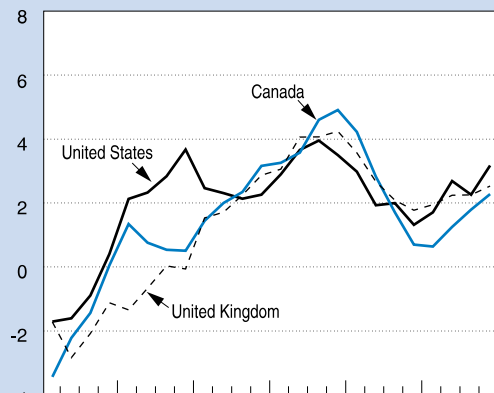
Exports.—Nonagricultural exports increased \$31.5 billion, or 6 percent, to \$550.2 billion in 1996, down sharply from a 14-percent increase in 1995. Quantity increased 9 percent, down from an 11-percent increase. In value, nonagricultural industrial supplies and materials slowed to a \$2.2 billion increase in 1996 from a \$22.9 billion increase in 1995, and capital goods slowed to a \$19.1 billion increase from a \$28.5 billion increase in 1995. Consumer goods increased slightly more than in 1995, and automotive products increased less (chart 5).

Capital goods increased \$19.1 billion, or 8 percent, to \$252.9 billion in 1996, down from a 14-percent increase in 1995. Quantity increased 13 percent, down from a 16-percent increase. Prices of capital goods declined 4 percent, following a 2-percent decline; prices of computers and semiconductors declined at a considerably more rapid pace than in 1995, while prices of other capital

CHART 4

**Major Industrial Countries:
Real GDP**

Percent change from four quarters earlier



1. Data not shown for earlier years because of effects of unification on GDP growth. Data: International Monetary Fund.

U.S. Department of Commerce, Bureau of Economic Analysis

goods increased at about the same pace as in 1995. In value, semiconductors increased only 4 percent in 1996 after a 36-percent increase in 1995, as a result of an oversupply that began in late 1995 and continued throughout most of 1996. Exports of semiconductors had grown exceptionally rapidly in 1991–95. Computers, peripherals, and parts slowed to a 10-percent increase from a 19-percent increase in response to a marked slowing in sales; exports of these items had grown exceptionally rapidly in 1994–95. Telecommunications equipment was unchanged in 1996, following 4 years of exceptional growth. “Other” industrial, agricultural, and service industry machinery also slowed, reflecting slower economic expansion in major industrial countries. Partly offsetting the slowing in all of these categories was a substantial increase in

deliveries of aircraft and aircraft parts after 3 years of recession in the industry (table I).

Industrial supplies and materials increased \$1.3 billion, or 1 percent, to \$147.7 billion in 1996, following an increase of 20 percent in 1995. Quantity increased 6 percent in both years. Prices decreased 5 percent, following a 13-percent increase. Sizable price declines—particularly for such key commodities as paper, iron and steel, and chemicals—magnified the impact of slower economic expansion abroad in 1996. In value, paper and paper-based stocks decreased substantially in

Table G.—Percent Changes in U.S. Goods Trade Chain-Weighted Price Indexes
[Based on index numbers (1992=100)]

	1994	1995	1996 ^p
Exports	0.6	3.3	-1.8
Agricultural products	4.2	9.0	9.4
Nonagricultural products .....	.2	2.6	-2.8
Foods, feeds, and beverages	3.2	8.5	11.1
Industrial supplies and materials	6.4	13.3	-4.6
Capital goods, except automotive	-3.1	-2.1	-4.2
Computers, peripherals, and parts	-10.5	-15.5	-23.3
Civilian aircraft, engines, and parts	2.9	3.4	3.8
Other capital goods	-2.7	.2	.7
Automotive vehicles, parts, and engines .....	.9	1.3	1.1
Consumer goods (nonfood), except automotive .....	.3	1.4	1.4
Exports, n.e.c. ....	.6	3.6	.2
Imports .....	.6	2.7	-1.0
Petroleum and products	-6.2	9.3	22.8
Nonpetroleum products	1.2	2.2	-2.6
Foods, feeds, and beverages	8.3	4.9	-1.9
Industrial supplies and materials	-4	9.1	5.8
Capital goods, except automotive	-2.0	-1.8	-7.4
Computers, peripherals, and parts	-11.0	-12.2	-18.5
Civilian aircraft, engines, and parts	2.9	2.5	4.2
Other capital goods	1.0	2.0	-3.0
Automotive vehicles, parts, and engines	3.3	2.9	.7
Consumer goods (nonfood), except automotive .....	.7	1.6	.4
Imports, n.e.c., and U.S. goods returned	1.9	2.9	-6

^p Preliminary.

Table H.—Percent Changes in Foreign Currency Cost of U.S. Exports of Goods
[Based on index numbers (1992=100)]

	1994	1995	1996 ^p
Exports	-1.4	-4.6	1.8
Agricultural products	2.2	.6	13.4
Nonagricultural products	-1.8	-5.3	.7
Foods, feeds, and beverages	1.1	.2	15.1
Industrial supplies and materials	4.3	4.6	-1.2
Capital goods, except automotive	-5.0	-9.7	-7
Computers, peripherals, and parts	-12.2	-22.0	-20.6
Civilian aircraft, engines, and parts .....	.9	-4.5	7.5
Other capital goods	-4.6	-7.5	4.4
Automotive vehicles, parts, and engines	-1.1	-6.5	4.7
Consumer goods (nonfood), except automotive	-1.7	-6.4	5.0
Exports, n.e.c.	-1.4	-4.4	3.8

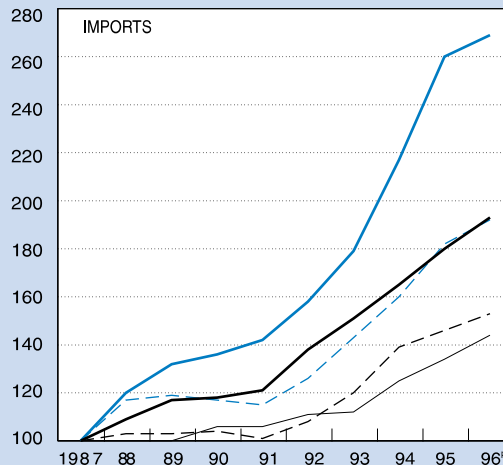
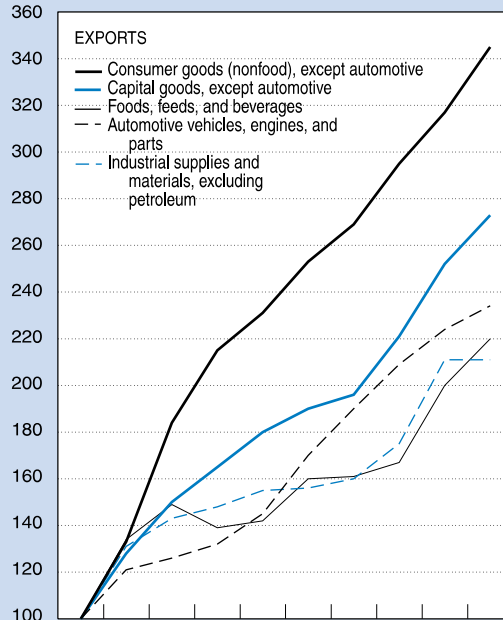
^p Preliminary.

NOTE.—Chain-weighted price indexes multiplied by trade-weighted exchange rate index of the currencies of Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, and the United Kingdom.

CHART 5

Growth in U.S. Nonpetroleum Exports and Imports of Goods

1987=100



^p Preliminary

U.S. Department of Commerce, Bureau of Economic Analysis

1996, following an exceptionally large increase in 1995; a 27-percent decline in price contributed to the decrease. One-third of the decrease in value was with the major paper products markets of Japan and Canada. Chemicals decreased a small amount in value, following exceptional increases in 1994 and 1995; prices declined 5 percent. Decreases in chemicals to Taiwan, China, and Mexico more than accounted for the decrease. Iron and steel products dropped in value; prices declined 4

percent. Nonmonetary gold increased, offsetting some of the decreases in value of other commodity categories (tables F and J).

Automotive products increased \$2.6 billion, or 4 percent, to \$64.5 billion in 1996, down from a 7-percent increase. Quantity increased 3 percent, down from a 6-percent increase. In value, shipments of trucks, buses, and automotive parts, largely to Mexico, were higher than last year. The increase in parts to Mexico and decrease in parts to

Table I.—U.S. Trade in Capital Goods, Except Automotive

[Balance of payments basis, millions of dollars]

	1991	1992	1993	1994	1995	1996 ^P
Exports	166,453	176,070	182,096	205,247	233,776	252,918
Computers, peripherals, and parts	27,293	28,763	29,317	33,320	39,654	43,700
Semiconductors	14,348	15,987	19,122	25,178	34,153	35,688
Telecommunications equipment	10,294	11,450	13,513	16,297	20,247	20,339
Scientific, hospital, and medical equipment and parts	9,221	9,930	10,569	11,522	13,073	14,752
Industrial, agricultural, and service industry machinery	25,017	26,291	28,422	31,920	37,087	40,082
Machine tools, metalworking equipment, and control instruments	9,092	9,836	10,650	12,319	14,261	15,587
Oil drilling, mining, and construction machinery	9,644	9,620	9,474	10,216	11,514	12,646
Industrial engines, pumps, and compressors	6,220	6,658	7,506	9,176	10,159	10,235
Electric generating machinery, electric apparatus, and parts	14,608	15,480	16,959	19,674	23,039	24,039
Civilian aircraft, engines, parts	36,587	37,725	32,678	31,475	26,129	30,846
Other capital goods, n.e.c.	4,129	4,330	3,886	4,150	4,460	5,004
Imports	120,802	134,252	152,305	184,366	221,431	228,959
Computers, peripherals, and parts	26,000	31,686	38,026	46,159	56,276	61,511
Semiconductors	13,084	15,475	19,482	26,156	39,043	36,713
Telecommunications equipment	9,939	10,776	11,275	14,185	15,332	14,345
Scientific, hospital, and medical equipment and parts	5,040	5,436	5,746	5,907	6,668	7,220
Industrial, agricultural, and service industry machinery	21,928	23,358	26,149	31,852	36,708	37,678
Machine tools, metalworking equipment, and control instruments	7,172	7,055	8,040	9,804	12,245	13,445
Oil drilling, mining, and construction machinery	3,209	2,948	4,314	5,325	5,481	5,642
Industrial engines, pumps, and compressors	3,264	3,618	4,094	5,758	6,175	6,268
Electric generating machinery, electric apparatus, and parts	14,260	15,336	17,421	20,029	24,150	24,773
Civilian aircraft, engines, parts	11,737	12,581	11,275	11,299	10,709	12,627
Other capital goods, n.e.c.	5,169	5,983	6,483	7,892	8,644	8,737

^P Preliminary.

Table J.—U.S. Trade in Industrial Supplies and Materials, Excluding Agricultural Products

[Balance of payments basis, millions of dollars]

	1991	1992	1993	1994	1995	1996 ^P
Exports	101,682	101,688	105,002	112,556	135,478	137,651
Energy products	15,170	14,364	12,713	12,039	13,771	15,401
Chemicals, excluding medicinals	30,444	29,840	30,082	35,135	42,986	42,386
Paper and paper base stocks	8,706	9,298	8,483	10,104	14,487	12,473
Textile supplies and related materials	6,620	6,809	6,999	8,183	9,285	9,548
Building materials, except metals	7,592	8,078	8,751	8,839	9,061	9,241
Other nonmetals	9,706	10,302	10,750	11,901	13,410	15,234
Metals and nonmetallic products	23,444	22,997	27,224	26,355	32,478	33,368
Steelmaking materials and iron and steel products	5,971	5,405	5,443	5,790	8,574	7,549
Nonferrous metals	11,145	10,963	14,649	12,279	14,601	15,433
Other metals and nonmetallic products	6,328	6,629	7,132	8,286	9,303	10,386
Imports	128,708	136,035	147,879	160,139	178,246	197,923
Energy products	56,279	56,820	57,390	58,079	61,093	75,297
Chemicals, excluding medicinals	15,290	16,872	18,081	21,359	25,552	26,881
Paper and paper base stocks	8,450	8,232	8,320	8,930	12,880	10,883
Textile supplies and related materials	6,135	6,866	7,550	8,182	8,615	8,840
Building materials, except metals	6,825	8,282	10,556	12,601	12,716	14,939
Other nonmetals	8,084	9,455	10,330	11,047	12,503	13,347
Metals and nonmetallic products	27,645	29,508	35,652	39,941	44,887	47,736
Steelmaking materials and iron and steel products	11,904	12,603	13,591	18,378	19,133	20,257
Nonferrous metals	12,145	13,228	18,128	16,728	20,262	21,651
Other metals and nonmetallic products	3,596	3,677	3,933	4,835	5,492	5,828

^P Preliminary.

Canada reflected the continued relocation of production to Mexico from Canada. Strikes at a U.S. manufacturer late in the year also slowed parts and passenger cars to Canada.

Consumer goods increased \$5.7 billion, or 9 percent, to \$70.2 billion in 1996, up from a 7-percent increase. Quantity increased 8 percent, following a 6-percent increase. In value, shipments picked up substantially to Latin America, especially Mexico, and picked up slightly to Western Europe.

Agricultural products increased \$4.2 billion, or 7 percent, to \$61.4 billion in 1996, down from a 22-percent increase in 1995. The slowdown was largely in quantity, which shifted to a 2-percent decrease from a 12-percent increase. In value, a recovery in world production of cotton sharply reduced U.S. cotton exports, while shortfalls in world production of feeds and grains led to record U.S. corn and soybean exports. Wheat exports reached the highest level since 1984.

Soybeans increased \$1.9 billion, up 12 percent in quantity and up 24 percent in price. In value, increases were largely to China, Mexico, the newly industrialized countries in Asia, and other developing countries in Asia.

Corn increased \$1.2 billion, down 16 percent in quantity and up 32 percent in price. In value, shipments to Mexico alone accounted for \$0.7 billion of the rise, as severe drought spurred demand for imported grains and feeds. Shipments to Japan increased \$0.6 billion, and shipments to China decreased \$0.6 billion as Chinese production recovered from diminished output during the 1994–95 crop year.

Wheat increased \$0.7 billion, down 4 percent in quantity and up 17 percent in price. In value, increases were mostly to Mexico, Brazil, Japan, and Africa.

Cotton decreased \$1.0 billion, down 15 percent in quantity and up 11 percent in price, as foreign output recovered and eased the tight supply situation of last year.

Imports.—Nonpetroleum imports increased \$36.8 billion, or 5 percent, to \$731.0 billion in 1996, down from a 12-percent increase in 1995. Quantity increased 8 percent, down from a 10-percent increase. In value, capital goods slowed to a \$7.5 billion increase in 1996 from a \$37.1 billion increase in 1995, and nonpetroleum industrial supplies and materials slowed to a \$7.3 billion increase from a \$15.2 billion increase. Automotive products and consumer goods slowed by only small amounts (chart 5).

Capital goods increased \$7.5 billion, or 3 percent, to \$229.0 billion in 1996, down from a 20-percent

increase. Quantity increased 12 percent, down from a 22-percent increase. Prices decreased 7 percent, following a 2-percent decrease, as computer and semiconductor prices declined even more rapidly than in 1995. In value, an oversupply of semiconductors led to a \$2.3 billion decrease, following a \$12.9 billion increase, and a dropoff in sales of computers led to an increase of only \$5.2 billion, following an increase of \$10.1 billion; growth had been exceptionally strong in 1991–95 for both semiconductor and computer imports. Telecommunications equipment decreased \$1.0 billion, following an increase of \$1.1 billion. “Other” industrial, agricultural, and service industry machinery also increased by a substantially smaller amount than in 1995 (table I).

Nonpetroleum industrial supplies and materials increased \$7.3 billion, or 6 percent in 1996, down from a \$15.2 billion increase. Quantity increased 7 percent, compared with a 4-percent increase. Prices decreased 2 percent, in contrast to a 9-percent increase. In value, paper and paper-base products decreased following an exceptionally large increase in 1995; prices fell 8 percent in 1996, following a 38-percent increase in 1995. Chemicals, after exceptional increases in 1994–95, also increased less in value, and included a 2-percent decrease in prices. Bauxite and aluminum, largely from Russia and Canada, were sharply lower. Other categories showing increases in value were lumber (largely from Canada), building materials, iron and steel mill products, and nonmonetary gold (tables F and J).

Consumer goods increased \$11.1 billion, or 7 percent, to \$171.1 billion in 1996, down from a 9-percent increase. Quantity increased 7 percent, down from an 8-percent increase. Consumer goods from Hong Kong, the Republic of Korea, Singapore, and Taiwan decreased sharply, while those from China increased. Household products and toys increased the most. Television, radio, and stereo products decreased.

Automotive products increased \$5.3 billion, or 4 percent, to \$130.0 billion in 1996, down from a 6-percent increase. Quantity increased 4 percent, following a 3-percent increase. Completed cars from Canada fell, as a result of both strikes at a U.S. manufacturer late in the year and the continuing transfer of assembly operations to Mexico. Imports of cars and parts from Japan continued to decline. New car sales in the United States decreased 1 percent.

Petroleum imports increased \$13.2 billion, or 24 percent, to \$68.3 billion in 1996, up from a 7-percent increase. Nearly all of the increase in

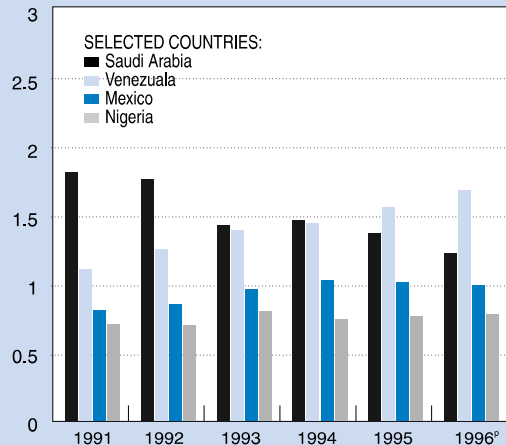
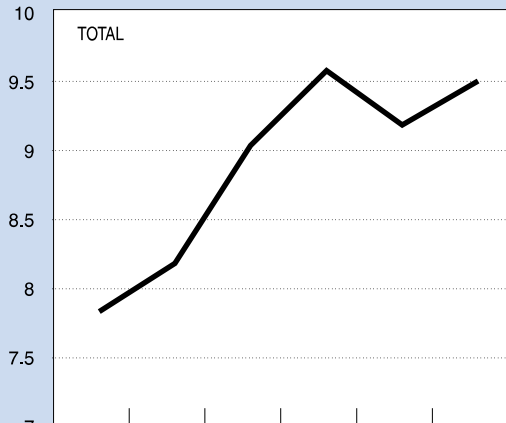
1996 resulted from a rise in prices to an average of \$19.76 per barrel from \$16.09 per barrel. Quantity increased slightly to 9.46 million barrels per day from 9.37 million barrels. The number of barrels imported from OPEC was unchanged from that in 1993, 1994, and 1995, and OPEC's share of total petroleum imports was slightly lower at 48 percent. In quantity, imports from Saudi Arabia decreased 11 percent, imports from both Mexico and Nigeria were unchanged, and imports from Venezuela increased 10 percent (chart 6).

U.S. consumption of petroleum and products increased 3 percent to 18.2 million barrels per day. The gap between consumption and supplies provided by domestic production and imports was made up by a 3-percent reduction in inventories—the third year of decline in inventories. Imports as

CHART 6

U.S. Petroleum Imports, Total and From Selected Countries

Millions of barrels per day

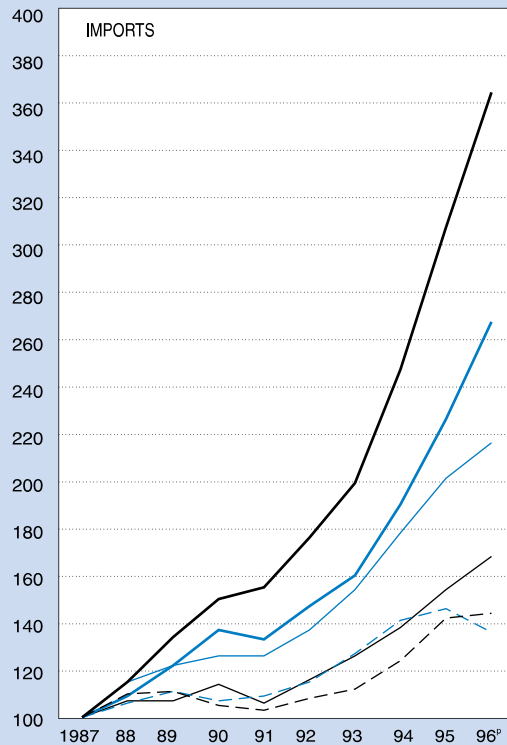
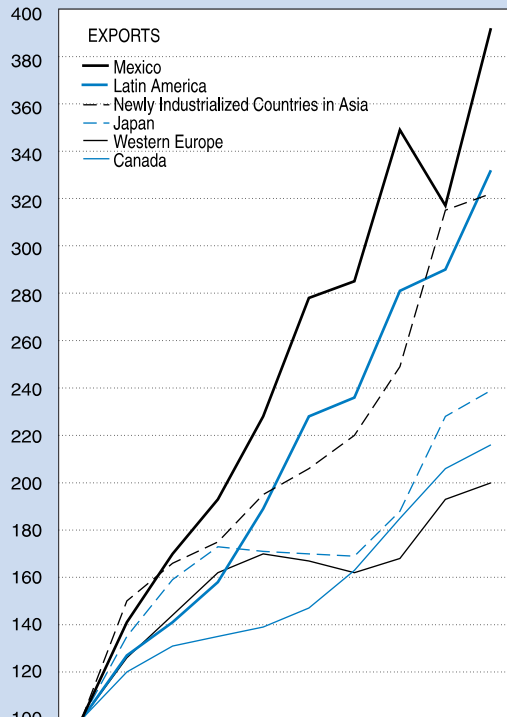


^p Preliminary
U.S. Department of Commerce, Bureau of Economic Analysis

CHART 7

Growth in U.S. Exports and Imports of Goods by Selected Areas and Countries

1987=100



^p Preliminary
U.S. Department of Commerce, Bureau of Economic Analysis

a percent of consumption decreased to 52 percent from 53 percent.

Balances by area.—As noted earlier, the U.S. deficit on goods increased to \$187.7 billion in 1996 from \$173.4 billion in 1995.

The deficit with Western Europe increased to \$24.1 billion from \$15.2 billion. Exports of industrial supplies and materials and of capital goods slowed sharply in response to the deceleration in economic expansion abroad over the past 2 years, while imports of capital goods slowed in response to the second year of only moderate expansion in the United States (table K, chart 7).

The deficit with Japan decreased to \$49.2 billion from \$60.4 billion. Exports of industrial supplies and materials (especially paper and chemicals) and capital goods (especially semiconductors and electronic components) slowed, while imports

of industrial supplies and materials and of capital goods (especially electronic components) fell by substantial amounts.

The deficit with Latin America increased to \$15.3 billion from \$10.7 billion. Higher exports in most major commodity categories (mainly to Mexico) partly offset some of the continued strength in all major categories of imports, including higher imports of petroleum from Venezuela.

The deficit with the developing countries of Asia increased to \$75.7 billion from \$69.1 billion. Exports of capital goods slowed sharply and of industrial supplies and materials fell by a substantial amount. Imports of capital goods, largely computers and semiconductors from Hong Kong, the Republic of Korea, Singapore, and Taiwan, increased by only one-fifth the amount in 1995. Imports of consumer goods from the Hong Kong, the Republic of Korea, Singapore,

Table K.—U.S. Trade in Goods by Major End-Use Category for Selected Areas and Countries

[Balance of payments basis, millions of dollars]

	Canada			Western Europe			United Kingdom			Germany			Japan		
	1994	1995	1996 ^P	1994	1995	1996 ^P	1994	1995	1996 ^P	1994	1995	1996 ^P	1994	1995	1996 ^P
Exports	114,830	127,585	133,993	115,361	132,442	137,207	25,972	28,024	30,238	18,744	21,882	23,005	51,816	63,115	65,980
Agricultural products	6,316	6,614	6,980	7,872	9,804	10,504	968	1,086	1,234	1,082	1,259	1,497	9,444	11,110	11,671
Nonagricultural products	108,514	120,971	127,013	107,489	122,638	126,703	25,004	26,938	29,004	17,662	20,623	21,508	42,372	52,005	54,309
Foods, feeds, and beverages	6,167	6,504	6,813	6,494	7,959	8,660	816	928	1,046	837	948	1,225	10,347	11,893	12,374
Industrial supplies and materials	24,887	28,247	29,370	27,738	34,436	34,858	5,592	6,366	7,570	3,844	4,417	4,119	13,429	15,987	15,088
Capital goods, except automotive	35,689	40,811	42,930	55,111	61,597	63,599	14,790	15,687	16,071	9,458	11,693	12,080	17,375	21,942	24,821
Automotive vehicles, parts, and engines	31,719	34,043	34,355	5,376	6,198	6,694	1,031	931	919	1,581	1,701	2,219	3,408	4,697	4,603
Consumer goods (nonfood), except automotive	12,040	13,202	13,876	16,740	17,461	18,451	3,018	3,289	3,744	2,452	2,498	2,586	6,888	7,994	8,467
Exports, n.e.c.	4,328	4,778	6,649	3,902	4,791	4,945	725	823	888	572	625	776	369	602	627
Imports	131,119	148,087	159,215	132,923	147,650	161,268	24,860	26,733	28,753	31,678	36,764	38,820	119,135	123,466	115,194
Petroleum and products	7,826	9,815	12,202	6,357	5,615	6,703	3,313	2,796	2,830	127	96	161	46	51	54
Nonpetroleum products	123,293	138,272	147,013	126,566	142,035	154,565	21,547	23,937	25,923	31,551	36,668	38,659	119,089	123,415	115,140
Foods, feeds, and beverages	6,274	6,585	7,766	6,625	7,061	7,633	856	885	933	578	647	671	386	359	344
Industrial supplies and materials	48,263	55,497	59,852	35,001	36,765	41,474	7,167	6,966	7,006	6,448	7,059	7,585	10,763	11,617	11,873
Capital goods, except automotive	18,655	22,206	24,143	43,782	50,045	52,536	9,227	10,123	10,990	12,326	14,721	15,069	53,110	59,382	54,370
Automotive vehicles, parts, and engines	42,250	45,361	47,064	14,510	16,464	17,894	1,742	2,201	2,368	8,063	9,160	10,049	40,717	37,938	34,695
Consumer goods (nonfood), except automotive	6,689	8,630	9,962	26,665	30,468	33,822	4,386	4,929	5,607	3,092	3,838	3,892	12,384	12,302	11,786
Imports, n.e.c., and U.S. goods returned	8,988	9,808	10,428	6,340	6,847	7,909	1,482	1,629	1,849	1,171	1,339	1,554	1,775	1,868	2,126
Balance	-16,289	-20,502	-25,222	-17,562	-15,208	-24,061	1,112	1,291	1,485	-12,934	-14,882	-15,815	-67,319	-60,351	-49,214

	Latin America			Mexico			Asia, excluding Japan			Hong Kong, Republic of Korea, Singapore, Taiwan			China		
	1994	1995	1996 ^P	1994	1995	1996 ^P	1994	1995	1996 ^P	1994	1995	1996 ^P	1994	1995	1996 ^P
Exports	84,864	87,577	100,491	50,741	46,182	56,998	104,052	130,463	135,382	56,689	71,819	73,292	9,242	11,750	11,941
Agricultural products	7,189	6,762	9,129	4,613	3,530	5,461	10,972	16,558	16,299	5,987	8,146	8,624	1,083	2,637	2,097
Nonagricultural products	77,675	80,815	91,362	46,128	42,652	51,537	93,080	113,905	119,083	50,702	63,673	64,668	8,159	9,113	9,844
Foods, feeds, and beverages	6,093	5,553	7,669	4,000	2,932	4,579	8,031	12,675	13,383	4,526	6,434	7,339	391	1,703	1,324
Industrial supplies and materials	23,108	26,065	28,902	13,584	13,795	16,620	26,525	34,459	31,705	16,140	20,147	18,008	3,132	4,350	4,108
Capital goods, except automotive	31,505	32,832	36,685	17,032	15,900	18,592	53,084	63,955	70,590	28,542	36,055	39,444	5,077	5,095	5,749
Automotive vehicles, parts, and engines	10,496	9,723	11,137	8,140	6,964	8,501	5,156	5,124	5,311	2,453	2,358	1,930	314	166	181
Consumer goods (nonfood), except automotive	10,720	10,733	12,986	5,870	4,811	6,527	8,977	10,056	10,758	4,726	5,389	5,694	236	338	481
Exports, n.e.c.	2,942	2,671	3,112	2,115	1,780	2,179	2,279	4,194	3,635	302	1,436	877	92	98	98
Imports	82,223	98,236	115,772	50,053	62,361	73,793	173,481	199,549	211,071	71,363	81,964	82,731	38,877	45,542	51,494
Petroleum and products	14,410	16,976	22,199	5,121	5,855	6,813	11,055	10,693	11,652	309	286	213	329	327	419
Nonpetroleum products	67,813	81,260	93,573	44,932	56,506	66,980	162,426	188,856	199,419	71,054	81,678	82,518	38,458	45,215	51,075
Foods, feeds, and beverages	9,701	11,076	11,330	3,300	4,290	4,221	5,760	5,934	6,209	701	693	668	548	623	662
Industrial supplies and materials	25,793	30,954	37,265	9,607	12,079	13,522	25,296	27,400	28,874	6,480	6,734	6,795	3,044	3,831	4,218
Capital goods, except automotive	12,505	14,566	17,091	11,228	13,186	15,594	54,831	73,390	78,566	34,791	46,174	48,467	5,177	7,596	8,741
Automotive vehicles, parts, and engines	15,627	19,703	24,478	14,644	18,644	23,324	4,850	5,036	5,494	3,266	3,300	3,567	518	635	750
Consumer goods (nonfood), except automotive	15,491	18,340	21,596	8,936	11,223	13,833	79,990	84,636	88,198	24,702	23,464	21,190	29,173	32,489	36,722
Imports, n.e.c., and U.S. goods returned	3,106	3,597	4,012	2,318	2,939	3,299	2,754	3,153	3,730	1,423	1,599	2,044	327	368	401
Balance	2,641	-10,659	-15,281	688	-16,179	-16,795	-69,429	-69,086	-75,689	-14,674	-10,145	-9,439	-29,545	-33,792	-39,553

^P Preliminary.

and Taiwan decreased, but remained strong from China.

Services.—The surplus on services increased to \$73.5 billion in 1996 from \$68.4 billion in 1995, a smaller increase than in 1995 (table L).

In 1996, service receipts increased \$13.8 billion, or 6 percent, down from an 8-percent increase. Although "other" private services and travel both increased more in 1996 than in 1995, weakness in "other" transportation held down the increase in total receipts. Service payments increased \$8.2 billion, or 6 percent, unchanged from last year's percentage increase. As with receipts, "other" private services and travel both increased more in 1996 than in 1995, but weakness in "other" transportation held down the increase in total payments.

Foreign visitors spent \$64.5 billion for travel in the United States in 1996, an increase of 5 percent. Receipts from overseas increased 5 percent, following a 10-percent increase; part of the weakening was attributable to the airline disaster in July, which slowed international travel for several months. Dollar appreciation against European

and Japanese currencies also slowed travel to the United States. Receipts from Mexico increased 7 percent, following the 41-percent decline in 1995 that was brought about by the devaluation of the Mexican peso in December 1994. Receipts from Canada increased 9 percent, following a 1-percent decrease.

U.S. travel payments increased 6 percent to \$48.7 billion. Payments to overseas increased 6 percent, up from a 5-percent increase. Payments to Mexico increased 11 percent after no change, partly as a result of appreciation of the dollar against the peso in 1996. However, rapid inflation in Mexico offset some of the gains to U.S. travelers from the appreciated dollar. Payments to Canada increased 6 percent, following a 10-percent increase.

"Other" transportation receipts were \$29.1 billion in 1996, up 4 percent after a 9-percent increase in 1995, largely reflecting the slowdown in goods exports to an increase of 6 percent from 15 percent. Reduced overseas demand for U.S. exports had a large impact on ocean export volumes, resulting in a decrease in ocean freight receipts. Air and truck freight receipts were higher. Port service receipts were up slightly.

"Other" transportation payments were unchanged at \$29.1 billion in 1996, following a 4-percent increase in 1995, largely reflecting a slowdown in goods imports to an increase of 7 percent from 12 percent. The slowdown had the greatest impact on ocean import volumes, resulting in declines in payments for ocean freight and ocean port services. Air freight payments were slightly higher, reflecting higher air import volumes.

Royalties and license fee receipts increased \$1.9 billion, to \$28.8 billion, in 1996, the third year of strong increases. Royalties and license fees payments increased \$0.7 billion to \$7.0 billion, mostly as a result of one-time payments for broadcast rights to the Summer Olympic Games.

"Other" private service receipts were \$67.3 billion in 1996, up from \$61.7 billion in 1995. Financial services increased strongly as a result of the stepped up activity in U.S. financial markets. Business, professional, and technical services increased slightly more rapidly than in 1995.

"Other" private service payments were \$37.6 billion in 1996, up from \$34.0 billion in 1995. As with receipts, payments for financial services increased strongly as a result of stepped up activity in foreign financial markets.

Transfers under U.S. military agency sales contracts were \$13.8 billion in 1995, up from \$13.4 billion in 1995. Most of the increase in 1996 was in deliveries of aircraft, missiles, and weapons systems

Table L.—Services

(Millions of dollars, quarters seasonally adjusted)

	1994	1995	1996 ^a	1996			
				I ^r	II ^r	III ^r	IV ^p
Exports	195,839	210,590	223,907	55,075	55,853	55,565	57,413
Travel	58,417	61,137	64,499	16,205	16,103	15,653	16,538
Passenger fares	17,083	18,534	19,579	4,854	4,896	4,799	5,030
Other transportation	25,861	28,063	29,115	6,966	7,289	7,343	7,516
Royalties and license fees	22,272	26,953	28,829	7,180	7,160	7,256	7,234
Other private services	59,071	61,724	67,268	16,504	16,748	16,991	17,024
Affiliated services	18,162	19,458	22,135	5,382	5,408	5,724	5,620
Unaffiliated services	40,910	42,265	45,133	11,122	11,340	11,267	11,404
Education	7,175	7,517	7,833	1,919	1,932	2,038	1,944
Financial	5,626	6,109	7,546	1,742	1,906	1,834	2,065
Insurance	1,506	1,395	1,500	362	373	381	385
Telecommunications	2,871	2,848	2,820	706	705	705	704
Business, professional, and technical	15,728	16,264	16,971	4,267	4,254	4,246	4,205
Other	8,003	8,131	8,461	2,126	2,170	2,064	2,102
Military transactions ¹	12,255	13,405	13,802	3,092	3,500	3,330	3,880
U.S. Government receipts	880	775	815	274	157	193	191
Imports	134,097	142,230	150,440	36,578	37,441	37,975	38,450
Travel	43,782	45,855	48,712	12,241	12,097	11,867	12,508
Passenger fares	12,885	14,313	14,287	3,531	3,557	3,506	3,693
Other transportation	27,983	29,205	29,100	6,895	7,288	7,466	7,453
Royalties and license fees	5,518	6,312	7,036	1,595	1,722	2,080	1,639
Other private services	30,980	33,970	37,626	9,022	9,390	9,544	9,671
Affiliated services	11,755	13,723	16,250	3,785	4,050	4,196	4,220
Unaffiliated services	19,225	20,247	21,376	5,239	5,340	5,348	5,451
Education	816	877	932	227	232	236	238
Financial	1,611	1,707	2,002	476	500	490	536
Insurance	3,781	4,481	4,733	1,188	1,184	1,181	1,180
Telecommunications	6,924	6,773	6,789	1,689	1,695	1,703	1,703
Business, professional, and technical	4,262	4,502	4,915	1,182	1,226	1,243	1,263
Other	1,833	1,908	2,004	476	502	495	532
Direct defense expenditures ²	10,292	9,820	10,993	2,603	2,775	2,815	2,800
U.S. Government payments	2,657	2,755	2,686	691	612	697	686

^r Revised.

^p Preliminary.

¹ Consists of goods and services transferred under U.S. military agency sales contracts which cannot be separately identified.

² Consists of imports of goods and services by U.S. defense agencies which cannot be separately identified.

to Western Europe. Aircraft deliveries to Saudi Arabia and Egypt were lower in 1996, and deliveries to Japan under major missile programs were largely completed early in the year.

Direct defense expenditures abroad were \$11.0 billion in 1996, up from \$9.8 billion in 1995. Much of the step-up was attributable to U.S. peacekeeping operations in Bosnia: Initially, costs of the U.S. presence changed little as troops were redeployed from other European locations; subsequently, the expanded U.S. presence entailed increased costs.

Investment income

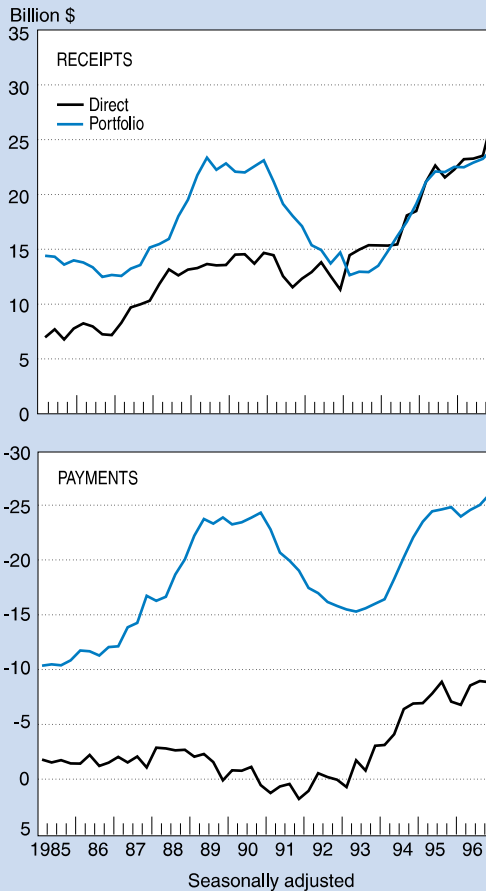
The deficit on investment income increased to \$8.4 billion in 1996 from \$8.0 billion in 1995 (table D). Both direct and portfolio income receipts increased substantially, but by much less than last year's increases. U.S. Government income payments accounted for much of the increase in income payments.

Direct investment income.—Receipts of income on U.S. direct investment abroad were \$98.3 billion in 1996, compared with \$88.9 billion in 1995 (table M, chart 8). Earnings were up for Western Europe; the much smaller increase in 1996 than in 1995 was partly attributable to slowing economic expansion in many of these countries. In the United Kingdom, a rise in earnings of finance affiliates largely reflected increased trading activity in securities and stepped-up merger and acquisition activity throughout Europe. Earnings at manufacturing affiliates in Mexico reflected strong production of goods for export (chart 9).

Payments of income on foreign direct investment in the United States were \$33.8 billion in

CHART 8

Private Investment Income



U.S. Department of Commerce, Bureau of Economic Analysis

Table M.—Direct Investment Income and Capital

[Millions of dollars, quarters seasonally adjusted]

(Credits +; debits -)	1994	1995	1996 ^P	1996			
				I ^r	II ^r	III ^r	IV ^P
Income							
Income receipts on U.S. direct investment abroad	68,659	88,882	98,260	23,538	23,598	23,851	27,273
Distributed earnings	33,067	31,955	38,884	7,997	10,102	10,467	10,318
Reinvested earnings	33,462	54,470	56,362	14,928	12,699	12,598	16,137
Interest, net,	2,130	2,457	3,015	613	798	786	819
Income payments on foreign direct investment in the United States	-21,230	-31,418	-33,817	-6,952	-8,720	-9,129	-9,015
Distributed earnings	-9,102	-9,825	-9,719	-2,291	-2,614	-2,092	-2,722
Reinvested earnings	-4,513	-13,290	-15,688	-3,366	-3,802	-4,517	-4,004
Interest, net	-7,616	-8,303	-8,409	-1,295	-2,305	-2,520	-2,290
Capital							
U.S. direct investment abroad (increase/capital outflow (-))	-54,465	-95,509	-88,304	-23,175	-26,175	-9,143	-29,811
Equity capital	-12,750	-36,292	-24,381	-9,093	-2,018	-5,350	-7,920
Reinvested earnings	-33,462	-54,470	-56,362	-14,928	-12,699	-12,598	-16,137
Intercompany debt	-8,254	-4,747	-7,561	847	-11,458	8,805	-5,755
Foreign direct investment in the United States (increase/capital inflow (+))	49,760	60,236	83,950	28,694	17,432	21,056	16,768
Equity capital	34,500	39,544	53,169	17,721	7,226	10,934	17,288
Reinvested earnings	4,513	13,290	15,688	3,366	3,802	4,517	4,004
Intercompany debt	10,748	7,402	15,093	7,608	6,404	5,605	-4,524

^r Revised.
^P Preliminary.

Table N.—Other Private Income

[Billions of dollars]

	1994	1995	1996 ^a
Receipts	68.9	89.1	94.1
Dividends	8.3	9.9	11.7
Interest on bonds	22.0	23.5	26.5
Interest on bank claims	21.3	29.7	29.7
Interest on other claims ¹	17.4	26.0	26.2
Payments	77.6	98.0	100.2
Dividends	10.5	11.2	12.3
Interest on bonds	25.8	29.2	33.4
Interest on bank liabilities	30.0	42.4	38.0
Interest on other liabilities ¹	11.3	15.2	16.5

^a Preliminary.

1. Primarily income of business concerns other than banks.

NOTE.—Excludes direct investment income receipts and payments.

1996, compared with \$31.4 billion in 1995 (table M, chart 8). Earnings increased much less than the substantial increases in 1994 and 1995, reflecting continued moderate growth in the U.S. economy (chart 10).

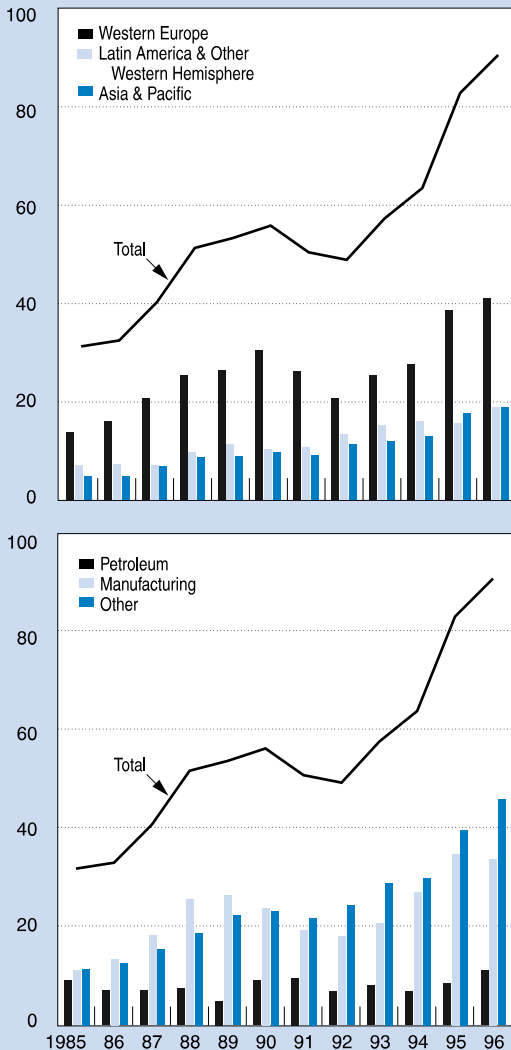
Portfolio investment income.—Receipts of income on “other” private investment increased to a record \$94.1 billion in 1996 from \$89.1 billion in 1995; the previous record was \$91.5 billion in 1989 (table N, chart 8). The increase in 1996 was due to higher receipts of interest on bonds and dividends on stocks, as U.S. residents stepped up their holdings of foreign securities. Interest receipts by banks were held at the 1995 level, as a decline in interest rates offset a rise in bank claims.

Receipts of income on U.S. Government assets decreased to \$4.6 billion in 1996 from \$4.7 billion in 1995 (table O).

CHART 9

Earnings on U.S. Direct Investment Abroad

Billion \$



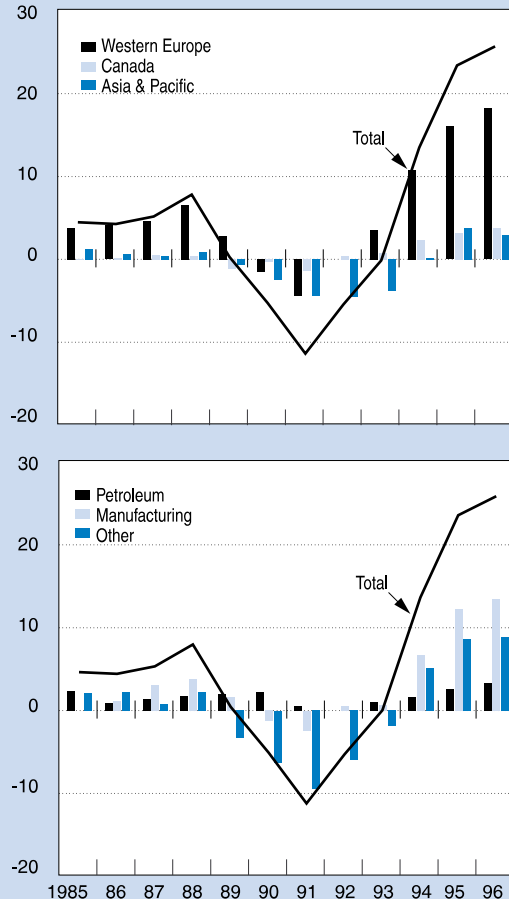
NOTE.—To be consistent with earnings by area and by industry, total earnings are shown in this chart without the current-cost adjustment and after deduction of withholding taxes, the only basis on which area and industry data are available.

U.S. Department of Commerce, Bureau of Economic Analysis

CHART 10

Earnings on Foreign Direct Investment in the United States

Billion \$



NOTE.—To be consistent with earnings by area and by industry, total earnings are shown in this chart without the current-cost adjustment and after deduction of withholding taxes, the only basis on which area and industry data are available.

U.S. Department of Commerce, Bureau of Economic Analysis

Payments of income on "other" private investment increased to a record \$100.2 billion in 1996 from the previous record of \$98.0 billion in 1995 (table N, chart 8). The increase in 1996 was due mostly to higher interest payments on bonds and, to a smaller extent, an increase in dividend payments on stocks, as foreign residents stepped up their holdings of U.S. securities. Interest payments on U.S. bank liabilities decreased as a result of a decline in interest rates and of little change in bank liabilities.

Payments of income on U.S. Government liabilities increased to \$71.3 billion in 1996 from \$61.3 billion in 1995. The increase in 1996 was not as large as in 1995 because a decline in interest rates held down the 1996 increase (table O).

Unilateral transfers

Net unilateral transfers were \$42.5 billion in 1996, compared with \$35.1 billion in 1995. Much of the increase was attributable to U.S. Government grants, which increased to \$14.6 billion from \$11.0 billion (table O). Grants for 1996 include some grants that were delayed as a result of the U.S. Government shutdown and budget impasse at the end of 1995. Under more normal circumstances, these grants would have been included in 1995 calendar year transfers. Grant disbursements for debt forgiveness fell to zero in 1996.

Other U.S. Government transfers increased to \$4.2 billion from \$3.4 billion, largely as a result of higher contributions to international organizations for peacekeeping operations.

Capital Account

Net recorded capital inflows—that is, net changes in U.S. assets abroad less net changes in foreign assets in the United States—were \$218.2 billion in 1996, compared with \$116.6 billion in 1995. An acceleration in foreign assets in the United States accounted for the larger net capital inflows.

Capital transactions in the U.S. international accounts in 1996, as well as those in 1995, reflect many of the same developments that have been reshaping world financial markets.

First, the size of financial flows as well as the level of financial activity has increased considerably on a net, as well as a gross, basis. A very favorable commercial and financial investment climate, both in the United States and abroad, has fostered these developments. Concurrently, quarter-to-quarter and year-to-year fluctuations in recorded capital flows in the U.S. accounts have become larger.

Second, securities transactions appear to have taken on a much greater role relative to banking transactions in the U.S. accounts. In some, but certainly not all, situations, the securities markets have served as an alternative to fund raising and risk management through traditional banking channels.

Third, the traditional distinction between banking transactions and securities transactions has now become unclear. The proliferation of new financial instruments and techniques—from the broader use of securitized assets and global bond issues to the use of swaps, forwards, futures, and options in both banking and securities

Table O.—Selected U.S. Government Transactions

[Millions of dollars]

	1994	1995	1996 ^P	1996			
				I	II	III ^r	IV ^P
U.S. Government grants	-15,816	-10,959	-14,634	-4,259	-2,364	-2,580	-5,431
Disbursed	-15,817	-10,959	-14,634	-4,259	-2,364	-2,580	-5,431
For debt forgiveness	-1,085	-434	.....	.....	.....	.....	.....
Other disbursements	-14,732	-10,525	-14,634	-4,259	-2,364	-2,580	-5,431
Received	1	.....	.....	.....	.....	.....	.....
For Defense Cooperation Account .....	.....	.....	.....	.....	.....	.....	.....
Other Receipts	1	.....	.....	.....	.....	.....	.....
U.S. Government credits and other long-term assets	-5,208	-4,640	-4,909	-1,010	-1,489	-1,124	-1,286
For debt rescheduling	-1,328	-1,057	-832	-17	-605	-93	-117
Other disbursements	-3,880	-3,583	-4,077	-993	-884	-1,031	-1,169
Repayments of U.S. Government credits and other long-term assets	5,052	4,258	4,155	1,005	875	1,205	1,070
From debt rescheduling	220	168	411	20	221	109	61
From debt forgiveness	1,083	408	.....	.....	.....	.....	.....
Other repayments	3,749	3,682	3,744	985	654	1,096	1,009
U.S. Government receipts of income	4,099	4,713	4,564	1,307	976	1,413	868
From debt rescheduling	195	99	97	3	83	2	9
From debt forgiveness	2	26	.....	.....	.....	.....	.....
Other receipts	3,902	4,589	4,467	1,304	893	1,411	859
U.S. Government payments of income	-47,019	-61,279	-71,342	-16,164	-16,832	-18,493	-19,853

^r Revised.

^P Preliminary.

transactions—has contributed to the blurring of the distinction and has increased the complexities of interpreting capital flows in the context of the U.S. accounts.

Fourth, the use of repurchase agreements has now become widespread, and they serve as an important substitute for the acquisition of funds through interbank borrowing channels. In addition, repurchase agreements serve as yet another means to bridge the gap between cash and the futures markets.

Finally, many countries, particularly emerging market countries, have taken steps to deregulate financial markets and to improve their financial infrastructure, market surveillance, and financial settlements and clearing systems—all of which contribute to greater mobility of capital.

The development of new financial instruments and the sophisticated use of financial derivatives reflect fundamental changes in international finance. These changes affect portfolio, banking, and direct investment capital flows.

U.S. assets abroad

U.S. assets abroad increased \$306.8 billion in 1996, compared with an increase of \$307.9 billion in 1995. Net U.S. purchases of foreign securities and the increase in U.S. claims on foreigners reported by U.S. banks were higher in 1996 than in 1995; U.S. direct investment outflows were lower.

U.S. official reserve assets.—U.S. official reserve assets decreased \$6.7 billion in 1996, in contrast to

a \$9.7 billion increase in 1995. A decrease in foreign currency holdings more than accounted for the decrease in reserve assets in 1996 (table C).

Foreign currency holdings decreased \$7.6 billion, as Mexico repaid \$1.3 billion under short-term and \$7.0 billion under medium-term swap arrangements. Mexico also purchased special drawing rights from the United States for repayment of loans from the International Monetary Fund (IMF).

The U.S. reserve position with the IMF increased \$1.3 billion, partly as Russia borrowed dollars from the General Resources Account at the IMF.

U.S. monetary authorities did not intervene in the exchange markets in 1996.

U.S. Government assets other than official reserve assets.—Among these assets, U.S. Government credits and other long-term assets increased \$4.9 billion in 1996, up from an increase of \$4.6 billion, largely as a result of an increase in new credits disbursed by the Export-Import Bank. Partly offsetting was a decrease in new credits disbursed under agricultural and Commodity Credit Corporation legislative authorities. Little debt was rescheduled in 1996. Repayments on credits changed little (table O).

Claims reported by banks.—U.S. claims on foreigners reported by U.S. banks increased \$88.2 billion in 1996, following an increase of \$69.1 billion in 1995 (tables P and Q).

On a net basis—that is, banks' own claims payable in dollars less banks' own liabilities payable

Table P.—Private Capital Flows, Net

[Billions of dollars]

Claims (increase/capital outflow (-)); liabilities (increase/capital inflow (+))	1994	1995	1996 ^P	1996			
				I	II	III ^r	IV ^P
Private capital flows	89.3	16.9	89.1	-21.2	37.0	37.8	35.5
Bank-reported capital, net ¹	103.6	-43.8	-90.0	-33.9	1.8	-34.4	-23.5
U.S. claims	-8.2	-69.1	-88.2	1.7	-1	-33.2	-56.7
U.S. liabilities ¹	111.8	25.3	-1.7	-35.6	1.9	-1.2	33.2
Securities, net	30.9	95.6	180.8	13.4	40.1	55.3	72.0
Net U.S. purchases of foreign securities	-60.3	-99.0	-104.5	-34.4	-20.2	-22.9	-27.0
Stocks	-48.1	-50.7	-57.7	-22.4	-17.4	-8.0	-9.9
Bonds	-12.2	-48.3	-46.8	-12.0	-2.8	-14.9	-17.1
Net foreign purchases of U.S. securities	91.2	194.6	285.3	47.8	60.3	78.2	99.0
U.S. Treasury securities	34.2	99.3	153.7	11.8	31.2	43.4	67.3
Other than U.S. Treasury securities	57.0	95.3	131.6	36.0	29.1	34.8	31.7
Stocks	3.4	13.4	11.9	3.4	5.9	1.6	1.0
Bonds	53.6	81.9	119.7	32.6	23.2	33.2	30.7
Direct investment, net	-4.7	-35.3	-4.3	5.5	-8.8	12.0	-13.0
U.S. direct investment abroad	-54.5	-95.5	-88.3	-23.2	-26.2	-9.1	-29.8
Foreign direct investment in the United States	49.8	60.2	84.0	28.7	17.4	21.1	16.8
Nonbank-reported capital, net	-40.5	0.4	n.a.	-6.2	3.9	4.9	n.a.
U.S. claims	-32.8	-34.2	n.a.	-12.7	-3.4	-15.7	n.a.
U.S. liabilities	-7.7	34.6	n.a.	6.5	7.3	20.6	n.a.

n.a. Not available.

^r Revised.

^P Preliminary.

1. Liabilities exclude U.S. Treasury securities.

in dollars—there were large net outflows, as the increase in bank outflows exceeded the increase in bank inflows. Net credits were extended to finance the strengthening in demand abroad for interbank credit, to finance heightened merger and acquisition activity, and to finance the large step-up in activity in securities markets. Net credits were nearly twice as large as in 1995, but presentation on a net basis masks considerable differences in the nature of activity on the asset and liability sides of the accounts. Therefore, the following discussion proceeds on a gross basis.

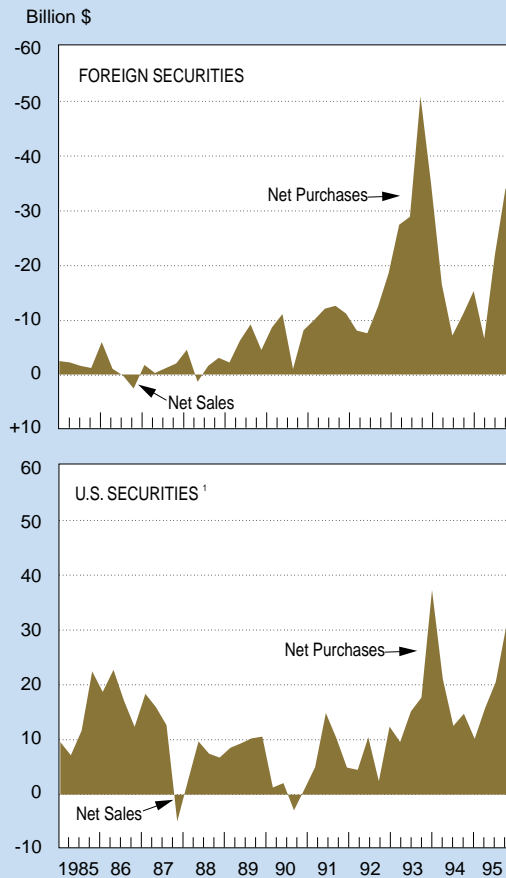
Banks' own claims payable in dollars increased \$70.6 billion in 1996, compared with a \$40.0 billion increase in 1995. Much of the increase in 1996 occurred in the third and fourth quarters when large amounts of credit were extended to foreign offices in Western Europe to meet a step-up in the demand for funds in the Eurodollar market, to finance heightened merger and acquisition activity that surpassed the previous year's record, and to finance, in part, the surge in European and Asian net purchases of U.S. Treasury securities. On a smaller scale, lending to emerging countries in Latin America resumed, reflecting these countries' ability to borrow more widely in international bank and capital markets in 1996, whereas, in 1995, this ability had been limited because of concerns over credit risk. Lending to Japan was limited for most of the year because of financial difficulties at Japanese banks, but it increased strongly in the fourth quarter.

Lending by U.S. brokers and dealers to international bond mutual funds in the Caribbean was strong in the fourth quarter; however, the increase for 1996 was not as large as that for 1995, partly because of offsetting inflows and outflows to these

mutual funds throughout the year. Many of these transactions are believed to be in the form of resale agreements, which have expanded very rapidly in the past several years. These resale agreements can

CHART 11

Securities Transactions



1. Excludes marketable U.S. Treasury bonds and notes.
U.S. Department of Commerce, Bureau of Economic Analysis

Table Q.—U.S. Bank-Reported Claims and Liabilities by Type

[Billions of dollars]

	1994	1995	1996 ^P	1996			
				I	II	III ^r	IV ^P
Claims on foreigners reported by U.S. banks (increase/capital outflow (-)) ...	-8.2	-69.1	-88.2	1.7	-0.1	-33.2	-56.7
Banks' claims for own accounts, payable in dollars:							
Own foreign offices	2.0	-20.4	-35.4	9.9	-9.7	-4.1	-31.5
Unaffiliated banks	-10.8	13.1	-14.7	-4.8	-1.8	-4.1	-4.0
Public borrowers and other foreigners	11.0	-32.7	-20.5	-6.5	7.0	-5	-20.7
Banks' claims for domestic customers' accounts, payable in dollars	-14.3	-19.3	-21.4	-2.3	2.1	-22.6	1.4
Claims payable in foreign currencies	4.0	-9.8	3.8	5.4	2.2	-1.9	-1.9
Liabilities to foreigners reported by U.S. banks (excluding U.S. Treasury securities) (increase/capital inflow (+))¹ ...	111.8	25.3	-1.6	-35.6	1.9	-1.2	33.2
Banks' liabilities for own accounts, payable in dollars:							
Own foreign offices	77.3	-3.4	4.1	-22.0	-9.9	-8.8	44.9
Unaffiliated banks	10.1	1.3	-9.9	-6.3	.3	3.0	-6.9
Other private foreigners and international financial institutions	12.1	6.4	12.0	-7	7.2	3.5	1.9
Banks' custody liabilities, payable in dollars	0.9	-1.6	-1.2	-3.7	.2	1.7	.6
Liabilities payable in foreign currencies	11.4	22.6	-6.6	-2.9	4.1	-0.5	-7.3

^r Revised.
^P Preliminary.
1. Excludes liabilities to foreign official agencies.

serve as a substitute for interbank credits, that is, as a source of direct lending by securities dealers to bond mutual funds using U.S. Treasury securities as collateral.

Banks' domestic customers' claims increased \$25.7 billion, following a \$14.9 billion increase. Deposits shifted to a sizable increase, while foreign commercial paper placements fell somewhat but remained strong.

Banks' own claims payable in foreign currency shifted to an \$8.1 billion decrease from a \$14.3 billion increase. The shift primarily reflects a preference for dollar credits in 1996.

Foreign securities.—Net U.S. purchases of foreign securities were \$104.5 billion in 1996, up from \$99.0 in 1995 but well below the record \$146.3 billion in 1993 (table P, chart 11).

Stock prices in most major foreign countries continued their strong increases, and bond prices weathered a midyear downturn to register a moderate increase for the year. Both stock and bond prices were spurred by moderate inflation that accompanied the slowing in economic growth in many industrial countries over the past 2 years. World stock prices gained more than 10 percent on average in 1996, but regional averages varied widely: Prices increased 20 percent in Western Europe, 25 percent Latin America, and 25 percent in Canada, while prices in Asian markets increased little on average and prices in Japan fell 6 percent.

The second year of strong global equity offerings, corporate mergers and acquisitions, and privatizations contributed to strong net U.S. purchases of foreign stocks, particularly in Western Europe and Latin America. Strong net purchases were both encouraged by, and contributed to, the runup in foreign stock prices. Foreign bond prices, on average, increased 3 percent (chart 13).

Net U.S. purchases of foreign stocks were \$57.8 billion in 1996, up from \$50.7 billion in 1995 but well below the record \$63.4 billion in 1993. Net purchases slowed substantially in the second half of 1996. For 1996, the increase was more than accounted for by Western Europe, Canada, and Latin America. Net purchases from Western Europe were \$30.5 billion, up from \$21.3 billion; as in 1995, the increase was fueled partly by the continued push of U.S. mutual funds into foreign portfolio acquisitions and encouraged by sizable advances in stock prices in most European countries. Net purchases from Canada were more than \$3.0 billion, following small net sales in 1995, as Canadian monetary authorities reduced interest rates several times to stimulate the economy. Net purchases from Latin America were \$3.5 billion, up \$1.4 billion, and were concentrated in Brazil, much of them in new privatization issues placed in the U.S. market. Net purchases from Asian emerging markets were concentrated in Hong Kong, where net purchases were \$4.5 billion, up \$2.3 billion, as Hong Kong stock prices gained 33 percent. Partly offsetting these increases, net purchases from Japan dropped to \$9.7 billion from \$19.8 billion, as the Japanese economy showed few signs of sustained expansion and slowness with the banking system's progress in clearing its bad debts led to sharp declines in stock prices, particularly in the last half of the year. Gross trading activity in stocks increased 31 percent.

Net U.S. purchases of foreign bonds were \$46.8 billion, down from \$48.3 billion. New issues placed in the U.S. market were \$52.5 billion, up from \$39.4 billion and approaching the record level of \$60.9 billion in 1993. Relatively low U.S. rates and the availability of long maturities attracted corporations in emerging markets, many of which placed issues under Securities and Exchange Commission (SEC) Rule 144a, which exempts certain issues from some SEC registration requirements. In addition, given the high valuations placed on bonds, U.S. institutional investors became more willing to accept non-investment grade instruments, as spreads between corporate bonds and U.S. Treasury bonds were the smallest in recent years, and spreads be-

Table R.—New International Bond Issues by U.S. Borrowers

(Millions of dollars)

	1994	1995	1996 ^a	1996			
				I	II	III ^r	IV ^p
Total	43,332	71,400	64,858	17,301	14,181	16,573	16,803
By issuer:							
Industrial corporations	3,401	3,540	2,410	.....	450	868	1,092
Banking corporations ¹	5,482	10,967	15,539	2,031	3,950	4,292	5,266
Nonbank financial corporations ²	27,480	35,571	27,741	9,106	5,164	6,499	6,972
U.S. federally sponsored agencies	2,470	12,139	11,413	3,790	2,538	2,857	2,228
All other borrowers	4,499	9,183	7,755	2,374	2,079	2,057	1,245
By instrument:							
Of which: Issued through medium-term note programs	11,250	14,233	13,869	2,865	4,400	3,630	2,974
Straight fixed-rate bonds	29,797	49,339	39,254	10,755	8,259	10,001	10,239
Floating-rate notes	11,663	19,662	24,195	6,133	5,197	6,568	6,297
Zero-coupon bonds	381	1,037	298	187	85	4	22
Bonds convertible into stock	755	1,167	801	226	330	.....	245
Other debt instruments	736	195	310	.....	310	.....	.....
By currency:							
U.S. dollars	22,859	43,869	39,572	11,044	9,107	8,535	10,886
Foreign currencies	20,473	27,531	25,286	6,257	5,074	8,038	5,917
Japanese yen	7,454	6,112	5,416	880	1,494	1,210	1,832
Swiss franc	2,026	4,148	1,762	654	759	333	16
German mark	2,151	8,664	8,372	2,096	619	4,024	1,633
British pound	1,763	978	2,363	268	617	624	854
European currency unit	1,820	488	.....	.....	.....	.....	.....
Canadian dollar	1,735	346	147	147	.....	.....	.....
Other currencies	3,524	6,795	7,226	2,212	1,585	1,847	1,582

^a Revised.

^p Preliminary.

1. Includes banks and bank holding companies.

2. Principally credit, securities, brokerage, and insurance companies.

tween triple-B and triple-A bonds became very compressed.

Private corporations' issues remained steady at \$31.3 billion, while Government-related issues surged to \$20.1 billion from \$7.8 billion, largely as a result of issues by Latin America and by Asia excluding Japan. Borrowing by governments had been substantially reduced in 1995 following the Mexican peso crisis of late 1994.

Net U.S. purchases of foreign outstanding bonds were \$10.5 billion, down from \$19.5 billion. In contrast to movement in the total, net U.S. purchases of British gilt-edged bonds were slightly higher, although the substantial interest-rate differential favoring British bonds narrowed during the last half of the year. Gross trading activity in corporate and other bonds increased 25 percent.

Direct investment.—Net capital outflows for U.S. direct investment abroad were \$88.3 billion in 1996, down from \$95.5 billion in 1995. A decrease in equity capital outflows more than accounted for the slowdown (table M).

Equity capital outflows decreased to \$24.4 billion from \$36.3 billion. In 1995, U.S. parent companies were involved in numerous multibillion dollar acquisitions that were concentrated in pharmaceuticals, utilities, and telecommunications. Not coincidentally, these industries decreased the most in 1996, when fewer such large-scale transactions occurred. Nonetheless, equity capital outflows remained strong in 1996; outflows were exceeded only by those in 1995 and 1993.

Intercompany debt outflows increased to \$7.6 billion from \$4.7 billion. There were large shifts to outflows to British finance affiliates of U.S. parents in the securities industry and to Bermudan finance affiliates of U.S. parents in the manufacturing and petroleum industries. Shifts to inflows in many other industries partly offset the shift to outflows for finance affiliates.

Reinvested earnings were \$56.4 billion, compared with \$54.5 billion.

Foreign assets in the United States

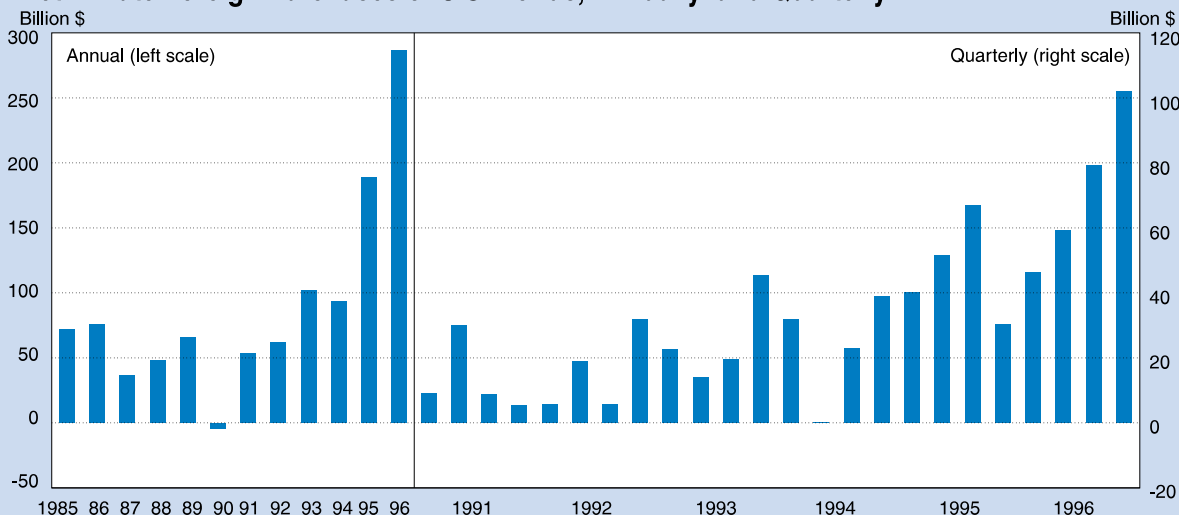
Foreign assets in the United States increased \$525.0 billion in 1996, compared with an increase of \$424.5 billion in 1995. Net foreign purchases of U.S. Treasury securities by private foreigners, net foreign purchases of securities other than U.S. Treasury securities, and foreign direct investment inflows to the United States were sharply higher in 1996 than in 1995.

Foreign official assets.—Foreign official assets in the United States increased a record \$122.8 billion in 1996, compared with the previous record increase of \$109.8 billion in 1995 (table C). Unlike the increase in 1995, which was dominated by developing countries, the increase in 1996 was split about evenly between industrial and developing countries.

Assets of developing countries increased \$56.6 billion in 1996, compared with an increase of \$86.7 billion in 1995. Assets of non-OPEC developing countries increased \$43.0 billion, compared with

CHART 12

Net Private Foreign Purchases of U.S. Bonds, Annually and Quarterly



U.S. Department of Commerce, Bureau of Economic Analysis

an increase of \$82.7 billion: The six Latin American and Asian countries that accounted for most of the increase in 1995 also accounted for most of the slowdown in asset accumulation in 1996. Assets of OPEC members increased \$13.6 billion, compared with an increase of \$4.0 billion.

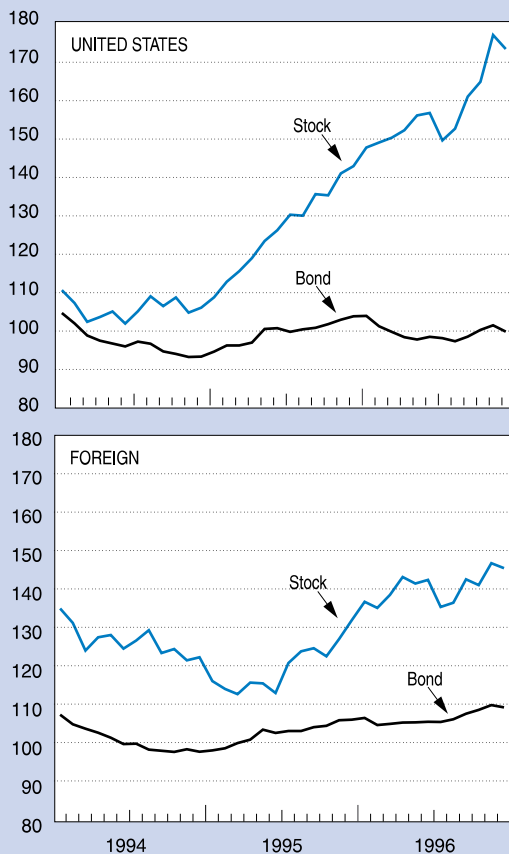
Assets of industrial countries increased \$66.2 billion in 1996, compared with an increase of \$23.1 billion in 1995. Some industrial countries were reported to have purchased dollars in exchange markets to counter the tendency for their own currencies to appreciate when changes in expectations caused sudden large capital inflows.

Liabilities reported by banks.—U.S. liabilities reported by U.S. banks, excluding U.S. Treasury securities, decreased \$1.6 billion in 1996, compared with an increase of \$25.3 billion in 1995 (tables P and Q).

CHART 13

Stock and Bond Price Indexes

December 1992=100



Sources:

Stock indexes — Morgan Stanley Capital International: U.S. index, and world index excluding United States, in local currencies.
Bond indexes — Salomon Brothers Inc: Treasury/government sponsored/corporate index, and non-U.S. world government bond index, in local currencies.

Indexes rebased by BEA.

U.S. Department of Commerce, Bureau of Economic Analysis

Banks' own liabilities payable in dollars increased \$6.2 billion, compared with an increase of \$4.3 billion. In 1996, U.S. banks repaid large amounts of borrowing from their foreign offices throughout much of the year, but they borrowed heavily from abroad in the fourth quarter to finance the simultaneous surge in domestic and international credit demand and to finance the surge in net foreign purchases of U.S. Treasury securities. Rapid deposit growth from domestic sources provided the funds for some of the repayments, but with the surge in U.S. loan demand for commercial, industrial, and real estate loans in the second half of the year and with an upsurge in demand for dollar credits at U.S. banks' foreign offices, heavy borrowing from abroad was necessary to supplement the continued rapid growth in domestic-source funds.

In the first three-quarters, foreign-owned banks repaid large amounts of borrowing from their parent offices (largely in Japan), and U.S.-owned banks repaid large amounts to banking offices in the Caribbean. In the fourth quarter, borrowing by U.S.-owned banks from offices in the United Kingdom and Caribbean, predominantly during October, and by foreign-owned banks from their branches in the Caribbean, almost entirely in December, resulted in exceptionally large inflows, most of which were to meet the simultaneous surge in domestic and foreign demand for dollar credits. Moderate inflows to U.S. securities dealers occurred only in the first half of the year.

Banks' own liabilities payable in foreign currencies decreased \$6.6 billion, compared with an increase of \$22.6 billion. The sharp cutback in foreign currency borrowing coincided with reduced foreign currency lending and a shift to lending in dollars. Repayments to Western Europe and Japan accelerated in the second half of the year when the demand for dollar credits accelerated.

U.S. Treasury securities.—Net foreign purchases of U.S. Treasury securities by private foreigners were a record \$153.8 billion in 1996, up from the previous record of \$99.3 billion in 1995. The surge was attributable to rising U.S. Treasury bond prices, particularly in the last half of the year, to large interest-rate differentials in favor of U.S. Government bonds over foreign government bonds, and to dollar appreciation.

U.S. Treasury bond prices rose sharply in the last half of the year when it became clear that inflation would not accelerate, in contrast to the first half of the year when bond prices fell when it was feared that strength in the economy might lead to an acceleration in inflation. In addition, interest differentials in favor of U.S. Treasury bonds

widened considerably, mostly in the first half of the year; by yearend, U.S. rates had risen to 100 basis points above German Government bonds and 400 basis points above Japanese Government bonds (chart 3). Furthermore, the U.S. dollar appreciated 7 percent on average against most European currencies and 12 percent against the yen.

Other contributing factors were the large capital outflows from Japan that occurred as financial conditions deteriorated in the fourth quarter and the accelerated reallocation of funds from domes-

tic to international portfolios by Japanese financial institutions, which commenced after the beginning of the Japanese fiscal half-year in October. Finally, net purchases by international bond mutual funds in the Caribbean were especially large in the third and fourth quarters; many of them were likely financed by borrowing through repurchase agreements with U.S. bond dealers.

Net purchases increased from all areas of the world: Net purchases from Western Europe,

Table S.—Selected U.S. Transactions With OPEC Members¹

(Millions of dollars)

(Credits +; debits -)	1982 ^r	1983 ^r	1984 ^r	1985 ^r	1986 ^r	1987 ^r	1988 ^r	1989 ^r	1990 ^r	1991 ^r	1992 ^r	1993 ^r	1994 ^r	1995 ^r	1996 ^p
Exports of goods, services, and income:															
Goods, adjusted, excluding military	20,638	15,257	13,775	11,397	10,386	10,714	13,777	12,669	12,712	18,446	19,726	18,692	17,119	18,431	20,355
Transfers under U.S. military agency sales contracts	4,700	5,555	3,241	2,890	2,992	2,781	1,430	1,309	2,687	3,809	4,454	3,666	3,001	4,558	4,423
Royalties and license fees ²	116	81	75	84	48	103	77	71	94	149	140	175	157	200	214
Other private services ²	3,395	3,397	2,611	2,482	³ 2,270	1,939	1,516	1,541	1,547	2,029	2,725	2,396	2,252	2,261	2,258
U.S. Government miscellaneous services	29	44	48	41	15	25	18	16	20	16	22	13	14	17	11
Income receipts on U.S. assets abroad:															
Direct investment receipts	³ 3,474	2,830	3,366	2,485	1,858	1,965	1,875	1,835	2,854	3,293	3,224	2,745	2,751	4,033	4,281
Other private receipts	2,532	2,256	2,453	1,995	1,535	1,680	1,941	2,435	2,193	1,364	994	812	1,146	1,285	1,251
U.S. Government receipts	174	274	212	222	196	167	215	154	261	217	187	141	122	182	266
Imports of goods, services, and income:															
Goods, adjusted, excluding military	-31,510	-24,919	-26,853	-22,834	-18,893	-24,416	-23,016	-29,243	-37,024	-33,431	-32,377	-32,644	-31,674	-35,199	-42,241
Direct defense expenditures	-1,798	-1,976	-1,440	-962	-494	-370	-377	-614	-1,419	-784	-883	-455	-360	-334	-447
Royalties and license fees ²	(D)	(D)	(D)	(D)	(D)	(*)	-6	-1	(*)	-1	-2	-44	-14	-18	-20
Other private services ²	(D)	(D)	(D)	(D)	³ (D)	-253	-259	-245	-330	-483	-414	-362	-412	-419	-457
U.S. Government miscellaneous services	-98	-106	-116	-120	-102	-118	-96	-104	-96	-87	-47	-26	-37	-30	-31
Income payments on foreign assets in the United States:															
Direct investment payments	-327	27	38	-72	114	-78	164	-50	-98	-93	47	-55	73	4	-74
Other private payments	-3,556	-2,914	-3,094	-2,499	-1,916	-1,837	-2,175	-2,798	-2,892	-2,669	-2,302	-2,176	-1,964	-2,944	-2,794
U.S. Government payments	-6,062	-5,462	-4,806	-4,241	-3,141	-2,586	-2,141	-2,758	-3,297	-2,784	-2,514	-2,218	-1,995	-2,406	-2,685
U.S. Government grants	-49	-51	-66	-62	-74	-84	-97	-130	3,368	27,422	1,019	-196	-203	-196	-163
U.S. Government pensions and other transfers	-7	-8	-8	-9	-21	-25	-20	-22	-25	-305	-32	-27	-27	-25	-104
U.S. assets abroad, net (increase/capital outflow (-))	-6,891	-4,294	-1,138	2,005	-945	-571	-784	-1,875	1,847	-577	-12,161	-513	-531	-158	-5,447
U.S. Government assets, other than official reserve assets, net	41	82	-92	-7	158	141	-61	135	-253	-788	-528	19	-420	-489	-248
U.S. credits and other long-term assets	-195	-525	-425	-358	-195	-165	-396	-212	-647	-246	-275	-85	-232	-878	-839
Repayments on U.S. credits and other long-term assets	238	586	331	348	349	308	344	343	481	397	278	224	177	181	427
U.S. foreign currency holdings and U.S. short-term assets, net	-2	21	2	3	4	-2	-9	4	-87	-939	-531	-120	-365	208	164
U.S. private assets, net	-6,932	-4,376	-1,046	2,012	-1,103	-712	-723	-2,010	2,100	211	-11,633	-532	-111	331	-5,199
Direct investment	-1,605	-1,292	-1,665	331	-1,357	-64	1,133	535	-1,277	-2,706	-1,465	-1,597	-987	-2,965	-1,859
Foreign securities	-218	-77	324	156	33	58	-365	96	-2,815	-17	337	-679	-2,077	-675	-2,777
U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	589	98	171	208	43	81	41	100	13	-224	-44	-306	-134	-31	-77
U.S. claims reported by U.S. banks, not included elsewhere	-5,698	-3,105	124	1,317	178	-787	-1,532	-2,741	6,179	3,158	-10,461	2,050	3,087	4,002	-486
Foreign assets in the United States, net (increase/capital inflow(+))	10,488	-7,931	-3,133	-3,393	-9,380	-5,371	-728	15,282	3,320	-4,416	14,396	-9,031	1,637	4,746	18,236
Of which: foreign official	7,271	-8,561	-4,664	-6,644	-9,308	-9,939	-2,885	10,724	1,555	-5,235	5,626	-3,862	-1,528	3,959	13,573
U.S. Treasury securities	7,345	-6,650	-3,501	-1,389	-4,938	-5,398	1,688	7,815	-244	-5,902	4,323	-6,302	-1,044	1,300	14,346
Other U.S. securities	-673	-1,947	-3,228	-2,327	-1,746	-1,808	-2,591	3,170	-2,676	1,989	4,186	3,322	-820	1,592	308
Other U.S. Government liabilities	737	-276	838	23	-427	-957	177	437	505	151	569	718	1,733	515	387
U.S. liabilities reported by U.S. banks, not included elsewhere	4,660	1,043	3,458	325	-1,459	2,405	-1,146	1,836	5,686	-164	4,793	-5,665	1,482	1,184	2,315
Direct investment in the United States	1,427	-11	747	176	510	296	1,629	1,503	-662	81	34	-927	123	-268	657
U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	-3,008	-90	-1,447	-201	-1,320	91	-485	521	711	-571	491	-177	163	423	223
All other transactions with OPEC and transfers of funds between foreign areas, net	5,018	18,217	15,086	10,876	15,834	16,335	8,686	2,528	14,278	-11,115	3,798	19,107	8,945	6,012	3,168
Memorandum:															
Balance on goods	-10,872	-9,662	-13,078	-11,437	-8,507	-13,702	-9,239	-16,574	-24,312	-14,985	-12,651	-13,952	-14,555	-16,768	-21,886

^D Suppressed to avoid disclosure of data of individual companies.

^r Revised.

^p Preliminary.

^{*} Less than \$500,000 (±).

1. OPEC members are Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela. Beginning in January 1993, excludes Ecuador. Individual country information

is not available for all accounts; therefore, some accounts are estimated from regional data.

2. Beginning in 1982, these lines are presented on a gross basis. The definition of exports is revised to exclude U.S. parents' payments to foreign affiliates and to include U.S. affiliates' receipts from foreign parents. The definition of imports is revised to include U.S. parents' payments to foreign affiliates and to exclude U.S. affiliates' receipts from foreign parents.

3. Break in series. See Technical Notes in June 1989 and June 1990 SURVEY.

mostly the United Kingdom, were \$82.8 billion, up from \$35.5 billion; net purchases from Japan and other Asian countries, were \$49.9 billion, up from \$19.9 billion; and net purchases from the Caribbean, were \$25.5 billion, down from \$37.5 billion. Gross trading activity in U.S. Treasury bonds increased 23 percent in 1996 (charts 11 and 12).

Other U.S. securities.—Net foreign purchases of U.S. securities other than U.S. Treasury securities surged to a record \$131.7 billion in 1996 from \$95.3 billion in 1995 (table P, charts 11 and 12). A step-up to record net purchases of corporate and U.S. agency bonds was partly offset by a small decrease in net foreign purchases of U.S. stocks.

Net foreign purchases of U.S. corporate and other bonds accelerated to \$119.8 billion from \$81.9 billion. Investors from Western Europe, Japan, the Caribbean, Canada, and Asia increased their net purchases.

Transactions in outstanding corporate bonds surged to a record \$21.4 billion in net purchases from net sales of \$2.3 billion. Low inflation, rising bond prices in the second half of the year, and dollar appreciation contributed to the surge. Gross trading activity in outstanding corporate bonds increased 56 percent in 1996.

New issues sold abroad by U.S. corporations (excluding U.S. federally-sponsored agency issues) remained strong at \$53.4 billion but were down from a record of \$59.3 billion in 1995. Issues placed by banking corporations increased sharply to \$15.5 billion from \$11.0 billion, largely reflecting an increase in asset securitizations. Straight fixed-rate note placements dropped sharply, while floating-rate placements increased. Issues denominated in U.S. dollars and in foreign currencies declined (table R).

Net foreign purchases of newly issued and outstanding U.S. federally-sponsored agency bonds were \$45.0 billion, up from \$25.0 billion, largely

reflecting purchases by investment funds in the Caribbean. Gross trading activity in agency bonds increased 29 percent in 1996.

Net foreign purchases of U.S. stocks were \$11.9 billion, down from \$13.4 billion. Net foreign purchases were not particularly strong in either 1995 or 1996, despite a 32-percent rise in U.S. stock prices in 1995 and a 21-percent rise in 1996—much larger rises than in many foreign stock markets (chart 13).

However, gross trading activity in stocks increased 35 percent in 1996.

Direct investment.—Net capital inflows for foreign direct investment in the United States were a record \$84.0 billion in 1996, compared with \$60.2 billion in 1995 and the previous record of \$67.7 billion in 1989. Both equity and intercompany debt inflows increased strongly (table M).

Equity capital inflows were \$53.2 billion in 1996, well above \$39.5 billion in 1995 and the highest since 1990. The step-up occurred despite some exceptionally large acquisitions in 1995 that were not matched by similar sized acquisitions in 1996. Over one-half of the step-up from 1995 to 1996 was accounted for by German and French parents. German parents made large investments in non-manufacturing industries, particularly telecommunication services, insurance services, and health services. French parents made large investments in telecommunications and manufacturing. Investments by Japan accounted for much of the remainder of the step-up.

Intercompany debt inflows were \$15.1 billion in 1996, compared with \$7.4 billion in 1995. Most of the step-up was from Japan. Inflows from Western Europe were changed little in total, but contained especially large inflows and outflows.

Reinvested earnings were \$15.7 billion, compared with \$13.3 billion.


Tables 1 through 10 follow. 

Table 4.—Selected U.S. Government Transactions
[Millions of dollars]

Line		1995	1996 ^a	Not seasonally adjusted							
				1995				1996			
				I	II	III	IV	I	II	III ^b	IV ^b
A1	U.S. Government grants and transactions increasing Government assets, total	15,497	19,456	4,063	3,206	4,204	4,024	5,416	3,592	3,621	6,828
	By category										
2	Grants, net (table 1, line 30, with sign reversed)	10,959	14,634	2,846	2,381	2,933	2,799	4,259	2,364	2,580	5,431
3	Financing military purchases ¹	2,437	5,313	599	433	535	870	1,733	492	731	2,357
4a	Other grants	8,522	9,320	2,247	1,948	2,398	1,929	2,526	1,872	1,849	3,074
4b	Cash contributions received from coalition partners for Persian Gulf operations										
5	Credits and other long-term assets (table 1, line 40, with sign reversed)	4,640	4,909	1,612	815	1,014	1,199	1,010	1,489	1,124	1,286
6	Capital subscriptions and contributions to international financial institutions, excluding IMF	1,498	1,814	312	258	403	526	438	358	433	586
7	Credits repayable in U.S. dollars	2,558	2,466	1,155	418	461	524	432	974	528	532
8	Credits repayable in other than U.S. dollars	-11	-6	3	-1	-9	-3	-6	(*)	(*)	(*)
9	Other long-term assets	595	636	143	141	159	153	145	158	164	169
10	Foreign currency holdings and short-term assets, net (table 1, line 42 with sign reversed)	-102	-89	-395	11	257	25	147	-261	-85	110
11	Foreign currency holdings (excluding administrative cash holdings), net	16	-28	9	-8	17	-1	4	-20	-7	-5
	Receipts from:										
12	Sales of agricultural commodities	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
13	Interest	10	14	3	3	4	1	4	3	5	1
14	Repayments of principal	34	40	9	11	10	3	21	10	4	5
15	Reverse grants										
16	Other sources	26	9	3	2	17	4	(*)	1	4	4
	Less currencies disbursed for:										
17	Grants and credits in the recipient's currency	3	2	3	(*)	(*)	(*)	1	1		
18	Other grants and credits										
19	Other U.S. Government expenditures	50	88	4	24	13	9	20	34	20	15
20	Assets acquired in performance of U.S. Government guarantee and insurance obligations, net	-209	-142	-395	14	100	71	70	-215	25	-22
21	Other assets held under Commodity Credit Corporation Charter Act, net	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
22	Assets financing military sales contracts, net ²										
23	Other short-term assets (including changes in administrative cash holdings), net	91	81	-9	5	140	-45	73	-26	-103	137
	By program										
24	Capital subscriptions and contributions to international financial institutions, excluding IMF	1,498	1,814	312	258	403	526	438	358	433	586
25	Under Agricultural Trade Development and Assistance Act and related programs	1,100	814	247	239	259	355	204	193	184	233
26	Under Foreign Assistance Act and related programs	9,603	13,492	2,388	2,101	2,560	2,555	4,107	2,078	2,352	4,956
27	Under Export-Import Bank Act	997	1,402	415	122	310	150	218	478	389	318
28	Under Commodity Credit Corporation Charter Act	442	165	105	86	122	129	58	71	31	5
29	Under other grant and credit programs	1,151	1,079	452	263	233	203	169	303	179	428
30	Other foreign currency assets acquired (lines A13, A14, and A16)	69	62	15	16	30	8	25	14	13	10
31	Less foreign currencies used by U.S. Government other than for grants or credits (line A19)	50	88	4	24	13	9	20	34	20	15
32	Other (including changes in administrative cash holdings), net	687	716	133	146	299	108	218	132	61	305
	By disposition³										
33	Estimated transactions involving no direct dollar outflow from the United States	9,929	11,860	2,543	2,052	2,796	2,539	3,244	2,312	2,369	3,936
34	Expenditures on U.S. goods	3,663	6,323	763	737	920	1,243	2,132	686	878	2,628
35	Expenditures on U.S. services ⁴	2,789	2,589	756	675	780	579	586	725	658	620
36	Financing of military sales contracts by U.S. Government ⁵ (line C6)	2,399	2,404	653	526	620	599	441	619	732	612
37	By long-term credits	518	457	104	126	122	166	151	147	67	92
38	By short-term credits ¹										
39	By grants ¹	1,881	1,947	549	401	498	433	291	472	665	519
40	U.S. Government grants and credits to repay prior U.S. Government credits ^{1,4}	548	421	99	28	366	55	34	231	89	66
41	U.S. Government long- and short-term credits to repay prior U.S. private credits ⁶ and other assets	639	243	304	114	140	81	70	93	50	29
42	Increase in liabilities associated with U.S. Government grants and transactions increasing Government assets (including changes in retained accounts) ⁷ (line C11)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
43	Less receipts on short-term U.S. Government assets (a) financing military sales contracts ¹ (b) financing repayment of private credits and other assets, and (c) financing expenditures on U.S. goods	59	32	28	5	17	9	(*)	8	19	5
44	Less foreign currencies used by U.S. Government other than for grants or credits (line A19)	50	88	4	24	13	9	20	34	20	15
45	Estimated dollar payments to foreign countries and international financial institutions	5,568	7,596	1,521	1,155	1,408	1,485	2,172	1,280	1,252	2,892
B1	Repayments on U.S. Government long-term assets, total (table 1, line 41)	4,258	4,155	1,063	647	1,523	1,025	1,005	875	1,205	1,070
2	Receipts of principal on U.S. Government credits	3,623	3,502	905	488	1,366	864	842	709	1,039	912
3	Under Agricultural Trade Development and Assistance Act and related programs	340	399	43	39	104	154	69	76	92	162
4	Under Foreign Assistance Act and related programs	1,864	1,583	541	265	850	207	556	214	565	249
5	Under Export-Import Bank Act	1,050	1,179	265	144	341	300	172	398	294	315
6	Under Commodity Credit Corporation Charter Act	229	169	53	38	60	78	44	21	63	41
7	Under other credit programs	141	171	2	3	11	126	(*)	(*)	26	146
8	Receipts on other long-term assets	635	652	158	159	157	161	163	165	167	157
C1	U.S. Government liabilities other than securities, total, net increase (+) (table 1, line 53)	1,082	1,404	-331	235	-71	1,249	-156	220	1,061	279
2	Associated with military sales contracts ²	1,054	1,416	-361	221	-68	1,262	-120	215	1,018	302
3	U.S. Government cash receipts from foreign governments (including principal repayments on credits financing military sales contracts), net of refunds. ¹	11,963	13,040	2,416	2,826	2,753	3,968	3,556	2,911	3,718	2,855
4	Less U.S. Government receipts from principal repayments	795	867	359	85	307	44	368	31	386	83
5	Less U.S. Treasury securities issued in connection with prepayments for military purchases in the United States	-892	-642	-84	-280	-454	-74	657	-216	-285	-798
6	Plus financing of military sales contracts by U.S. Government ⁵ (line A36)	2,399	2,404	653	526	620	599	441	619	732	612
7	By long-term credits	518	457	104	125	122	166	151	147	67	92
8	By short-term credits ¹										
9	By grants ¹	1,881	1,947	549	401	498	433	291	472	665	519
10	Less transfers of goods and services (including transfers financed by grants for military purchases, and by credits) ^{1/2/} (table 1, line 4)	13,405	13,802	3,155	3,327	3,589	3,334	3,092	3,500	3,330	3,880
11	Associated with U.S. Government grants and transactions increasing Government assets (including changes in retained accounts) ⁷ (line A42)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
12	Associated with other liabilities	29	-12	31	13	-3	-13	-36	5	42	-23
13	Sales of nuclear material by Department of Energy/U.S. Enrichment Corporation	-4	34	(*)	1	1	-6	1	1	44	-11
14	Sales of space launch and other services by National Aeronautics and Space Administration	34	-43	12	22	-3	3	-39	8	-3	-10
15	Other sales and miscellaneous operations	-1	-2	18	-9	(*)	-10	2	-4	1	-2

See footnotes on page 55.

Table 6.—Securities Transactions
[Millions of dollars]

Line	(Credits +; debits -)	Not seasonally adjusted											
		1995	1996 ^a	1995				1996					
				I	II	III	IV	I	II	III ^c	IV ^c		
A1	Foreign securities, net U.S. purchases (-), (table 1, line 45 or lines 2 + 13 below)	-98,960	-104,533	-7,571	-23,011	-35,839	-32,539	-34,420	-20,200	-22,933	-26,980		
2	Stocks, net U.S. purchases	-50,697	-57,759	-4,090	-10,200	-22,051	-14,356	-22,455	-17,414	-8,015	-9,875		
3	New issues in the United States	-8,863	-11,353	-428	-2,216	-1,183	-5,036	-2,920	-4,908	-1,342	-2,183		
4	Of which Western Europe	-5,365	-5,796	-152	-1,253	-715	-3,245	-757	-3,341	-644	-1,054		
5	Canada	(^b)	(^b)	(^b)	-156	-102	-621	-645	-561	(^b)	-85		
6	Latin America	(^b)	-1,108		(^b)	(^b)	-224	-394	-92	-119	-503		
7	Transactions in outstanding stocks, net	-41,834	-46,406	-3,662	-7,984	-20,868	-9,320	-19,535	-12,506	-6,673	-7,692		
8	Western Europe	-15,959	-24,712	-2,021	-3,771	-6,600	-3,567	-6,905	-6,837	-5,035	-5,935		
9	Of which United Kingdom	-8,458	-12,620	-1,662	-2,045	-2,871	-1,880	-2,043	-4,789	-1,918	-3,870		
10	Canada	3,099	-1,991	913	469	-659	376	-876	-921	386	-580		
11	Japan	-19,398	-9,560	-400	-3,103	-11,752	-4,143	-7,924	-2,523	-99	986		
12	Other	-7,576	-10,143	-2,154	-1,579	-1,857	-1,986	-3,830	-2,225	-1,925	-2,163		
13	Bonds, net U.S. purchases	-48,263	-46,774	-3,481	-12,811	-13,788	-18,183	-11,965	-2,786	-14,918	-17,105		
14	New issues in the United States	-39,368	-52,472	-6,471	-7,268	-12,645	-12,984	-12,895	-8,411	-13,800	-17,366		
15	By issuer:												
16	Central governments and their agencies and corporations	-3,095	-9,867	-912	-532	-1,262	-389	-3,022	-89	-5,517	-1,239		
17	Other governments and their agencies and corporations ¹	-4,838	-10,206	-1,472	-210	-2,017	-1,139	-2,716	-1,587	-1,014	-4,889		
18	Private corporations	-30,276	-31,280	-4,075	-6,243	-9,032	-10,926	-6,957	-6,725	-6,423	-11,175		
19	International financial institutions ²	-1,159	-1,119	-12	-283	-334	-530	-200	-10	-846	-63		
19	By area:												
20	Western Europe	-13,005	-11,380	-2,877	-2,617	-2,835	-4,676	-3,942	-1,420	-1,989	-4,029		
21	Canada	-10,732	-7,531	-1,975	-2,175	-4,152	-2,430	-3,042	-963	-1,493	-2,033		
22	Japan	-330	-197		310		-20		-197				
23	Latin America	-5,083	-15,959	-950	-938	-1,536	-1,659	-3,130	-2,775	-6,516	-3,538		
24	Other countries	-9,059	-16,286	-657	-945	-3,788	-3,669	-2,581	-3,046	-2,954	-7,705		
25	International financial institutions ²	-1,159	-1,119	-12	-283	-334	-530	-200	-10	-846	-63		
25	Redemptions of U.S.-held foreign bonds ³	10,579	16,176	1,210	3,186	2,731	3,452	3,475	3,438	4,500	4,763		
26	Western Europe	2,734	6,125	321	1,384	518	511	2,508	977	1,578	1,062		
27	Canada	3,509	3,141	415	986	998	1,110	388	1,206	983	564		
28	Other countries	2,437	5,813	474	543	1,015	405	579	1,230	1,764	2,240		
29	International financial institutions ²	1,899	1,097		273	200	1,426		25	175	897		
30	Other transactions in outstanding bonds, net ³	-19,474	-10,478	1,780	-8,729	-3,874	-8,651	-2,545	2,187	-5,618	-4,502		
31	Western Europe	-15,970	-19,716	3,595	-9,184	-3,448	-6,933	-1,803	1,723	-10,445	-9,191		
32	Of which United Kingdom	-14,112	-16,212	3,374	-9,450	-2,782	-5,254	-2,657	5,050	-8,863	-9,742		
33	Canada	-834	1,903	238	-1,729	-1,706	2,363	424	1,150	2,062	-885		
34	Japan	-5,807	3,423	-1,964	1,111	-3,231	1,723	-477	-587	3,217	1,270		
35	Other	3,137	3,912	-89	1,073	4,511	-2,358	159	-99	-452	4,304		
B1	U.S. securities, excluding Treasury securities and transactions of foreign official agencies, net foreign purchases (+), (table 1, line 59 or lines 2 + 10 below)	95,268	131,682	15,480	20,496	31,971	27,321	35,993	29,122	34,820	31,747		
2	Stocks, net foreign purchases	13,357	11,867	-3,755	2,071	4,977	10,064	3,419	5,901	1,566	981		
3	By area:												
4	Western Europe	10,632	5,707	-1,986	369	2,346	9,903	2,048	386	3,188	85		
5	Of which Germany	-1,877	1,235	-462	-1,022	-244	-149	274	349	539	73		
6	Switzerland	-2,066	2,536	-966	-1,382	-892	834	722	517	991	306		
7	United Kingdom	7,751	3,584	-170	2,708	2,582	2,631	-719	65	1,451	2,787		
8	Canada	-1,663	2,181	-225	-900	-641	103	1,058	-281	-35	1,439		
9	Japan	-2,808	-453	-1,741	-366	-1,557	856	-825	2,291	-1,326	-593		
10	Other	7,196	4,432	197	2,968	4,829	-798	1,138	3,505	-261	50		
10	Corporate and other bonds, net foreign purchases	81,911	119,815	19,235	18,425	26,994	17,257	32,574	23,221	33,254	30,766		
11	By type:												
12	New issues sold abroad by U.S. corporations	59,261	53,445	16,499	12,107	16,279	14,376	13,511	11,643	13,716	14,575		
13	U.S. federally-sponsored agency bonds, net	24,975	44,965	5,378	5,047	11,722	2,828	14,391	5,681	12,161	12,752		
14	Other outstanding bonds, net	-2,325	21,405	-2,642	1,271	-1,007	53	4,672	5,917	7,377	3,439		
14	By area:												
15	Western Europe	68,955	73,519	17,456	14,532	19,779	17,188	21,125	15,645	20,504	16,245		
16	Of which Germany	5,788	5,055	1,859	568	2,132	1,229	2,301	1,610	1,203	-59		
17	Switzerland	487	861	157	-95	559	-134	-70	259	780	-108		
18	United Kingdom	57,347	54,188	15,310	15,168	14,363	12,506	14,838	10,089	15,254	14,007		
19	Canada	2,359	3,932	650	644	705	360	503	1,420	999	1,010		
20	Japan	2,233	13,104	303	1,437	1,662	-1,169	909	2,580	5,446	4,169		
21	Other countries	8,911	29,119	1,040	1,907	5,022	942	9,962	3,587	6,314	9,356		
	International financial institutions ²	-547	41	-214	-95	-174	-64	75	-11	-9	-14		
Memoranda:													
Other foreign transactions in marketable, long-term U.S. securities included elsewhere in international transactions accounts:													
Foreign official assets in the United States (lines in table 9):													
1	U.S. Treasury marketable bonds (line A4)	39,466	86,773	7,960	12,296	11,792	7,418	26,044	8,086	30,404	22,239		
2	Other U.S. Government securities (line A6)	3,734	4,331	1,126	1,326	518	764	52	1,258	1,217	1,804		
3	U.S. corporate and other bonds (part of line A14)	220	1,636	178	-457	-117	616	-9	831	905	-91		
4	U.S. stocks (part of line A14)	3,046	-358	87	3,406	-111	-336	-202	454	-2,490	1,880		
5	Other foreign transactions in U.S. Treasury bonds and notes (table 9, line B4)	94,060	155,189	24,814	31,123	34,979	3,144	10,316	30,098	44,483	70,292		

See footnotes on page 55.

Table 7.—Claims on and Liabilities to Unaffiliated Foreigners Reported by U.S. Nonbanking Concerns

[Millions of dollars]

Line	(Credits +; increase in U.S. liabilities or decrease in U.S. assets. Debits -; decrease in U.S. liabilities or increase in U.S. assets.)	1995	Not seasonally adjusted								Amounts outstanding Sept. 30, 1996
			1995				1996				
			I	II	III	IV	I	II	III ^p	IV	
A1	Claims, total (table 1, line 46)	-34,219	-4,537	-22,904	7,500	-14,278	-12,707	-3,374	-15,696	n.a.	342,381
2	Financial claims	-33,133	-5,918	-22,041	7,554	-12,728	-13,232	-3,159	-16,176	n.a.	317,951
3	Denominated in U.S. dollars	-26,289	-5,465	-22,872	12,005	-9,957	-5,270	-4,111	-8,668	n.a.	239,881
4	Denominated in foreign currencies	-6,844	-453	831	-4,451	-2,771	-7,962	952	-7,508	n.a.	78,070
5	By type: Deposits ¹	-33,080	-6,409	-21,984	7,962	-12,649	-13,131	-2,994	-15,942	n.a.	313,304
6	Other claims ^{1,2}	-53	491	-57	-408	-79	-101	-165	-234	n.a.	4,647
7	By area: Industrial countries ³	-23,501	-653	-5,913	-10,950	-5,985	-11,038	7,988	-6,491	n.a.	132,771
8	Of which United Kingdom	-9,960	-1,102	-804	-1,709	-6,345	-6,818	4,033	-2,451	n.a.	59,213
9	Canada	276	1,724	-1,845	755	-358	101	863	3,126	n.a.	6,785
10	Caribbean banking centers ⁴	-9,850	-5,871	-15,993	18,745	-6,731	-1,238	-10,853	-9,399	n.a.	173,319
11	Other	218	606	-135	-241	-12	-956	-294	-286	n.a.	11,861
12	Commercial claims	-1,086	1,381	-863	-54	-1,550	525	-215	480	n.a.	24,430
13	Denominated in U.S. dollars	-1,576	783	-723	-195	-1,441	456	-166	432	n.a.	22,468
14	Denominated in foreign currencies	490	598	-140	141	-109	69	-49	48	n.a.	1,962
15	By type: Trade receivables	-1,815	743	-911	-83	-1,564	921	-153	266	n.a.	22,010
16	Advance payments and other claims	729	638	48	29	14	-396	-62	214	n.a.	2,420
17	By area: Industrial countries ³	358	1,323	-470	345	-840	-210	-72	644	n.a.	13,965
18	Members of OPEC ⁵	-171	118	-20	-94	-175	80	120	-110	n.a.	1,072
19	Other	-1,273	-60	-373	-305	-535	655	-263	-54	n.a.	9,393
B1	Liabilities, total (table 1, line 60)	34,578	9,076	7,285	6,945	11,272	6,506	7,296	20,608	n.a.	272,403
2	Financial liabilities	34,705	8,939	9,168	6,101	10,497	5,434	7,108	18,373	n.a.	242,194
3	Denominated in U.S. dollars	30,475	6,233	9,678	5,034	9,530	4,373	7,215	17,154	n.a.	228,343
4	Denominated in foreign currencies	4,230	2,706	-510	1,067	967	1,061	-107	1,219	n.a.	13,851
5	By area: Industrial countries ³	7,639	3,009	-2,023	3,565	3,088	9,714	6,529	10,271	n.a.	75,162
6	Of which United Kingdom	10,203	1,342	-351	4,711	4,501	7,757	7,738	9,199	n.a.	61,415
7	Caribbean banking centers ⁴	26,908	6,100	11,200	2,508	7,100	-4,125	900	7,895	n.a.	150,800
8	Other	158	-170	-9	28	309	-155	-321	207	n.a.	16,232
9	Commercial liabilities	-127	137	-1,883	844	775	1,072	188	2,235	n.a.	30,209
10	Denominated in U.S. dollars	541	799	-2,108	882	968	1,384	110	2,114	n.a.	29,357
11	Denominated in foreign currencies	-668	-662	225	-38	-193	-312	78	121	n.a.	852
12	By type: Trade payables	1,006	-161	683	-466	950	-198	274	524	n.a.	11,605
13	Advance receipts and other liabilities	-1,133	298	-2,566	1,310	-175	1,270	-86	1,711	n.a.	18,604
14	By area: Industrial countries ³	-272	579	-1,913	991	71	1,607	-157	1,217	n.a.	17,956
15	Members of OPEC ⁵	440	205	-19	-138	392	-204	285	408	n.a.	2,367
16	Other	-295	-647	49	-9	312	-331	60	610	n.a.	9,886

See footnotes on page 55.

Table 8.—Claims on Foreigners Reported by U.S. Banks

[Millions of dollars]

Line	(Credits +; decrease in U.S. assets. Debits -; increase in U.S. assets.)	1995	1996 ^a	Not seasonally adjusted								Amounts outstanding Dec. 31, 1996
				1995				1996				
				I	II	III	IV	I	II	III ^c	IV ^c	
1	Total (table 1, line 47)	-69,146	-88,219	-29,114	-41,236	8,476	-7,272	1,714	-74	-33,196	-56,663	854,768
2	By type:											
3	Banks' own claims	-54,296	-62,529	-19,941	-32,612	14,562	-16,305	3,916	-1,106	-10,913	-54,426	667,338
4	Payable in dollars	-39,960	-70,639	-7,526	-28,135	6,703	-11,002	-1,392	-4,401	-8,676	-56,170	600,887
5	By borrower:											
6	Claims on:											
7	own foreign offices	-20,415	-35,370	-10,119	-8,180	3,607	-5,723	9,908	-9,670	-4,078	-31,530	343,118
8	unaffiliated foreign banks	13,139	-14,667	6,183	-6,981	5,185	8,752	-4,807	-1,830	-4,070	-3,960	113,576
9	foreign public borrowers ¹	882	582	-276	-164	1,498	-176	-5,237	4,801	223	795	21,924
10	other private foreigners	-33,566	-21,184	-3,314	-12,810	-3,587	-13,855	-1,256	2,298	-751	-21,475	122,269
11	By bank ownership: ²											
12	U.S.-owned banks' claims on:											
13	own foreign offices	10,057	-18,073	-6,288	9,567	8,347	-1,569	-1,468	1,065	-5,814	-11,856	143,652
14	unaffiliated foreign banks	-69	-14,097	2,914	-1,158	-762	-1,063	1,152	-6,746	-4,784	-3,719	50,595
15	other foreigners	-29,314	-11,181	-815	-14,320	-2,740	-11,439	-4,350	7,360	3,991	-18,182	92,203
16	Foreign-owned banks' claims on:											
17	own foreign offices	-30,472	-17,297	-3,831	-17,747	-4,740	-4,154	11,376	-10,735	1,736	-19,674	199,466
18	unaffiliated foreign banks	13,208	-570	3,269	-5,823	5,947	9,815	-5,959	4,916	714	-241	62,981
19	other foreigners	-3,370	-9,421	-2,775	1,346	651	-2,592	-2,143	-261	-4,519	-2,498	51,990
20	Payable in foreign currencies	-14,336	8,110	-12,415	-4,477	7,859	-5,303	5,308	3,295	-2,237	1,744	66,451
21	Banks' domestic customers' claims	-14,850	-25,690	-9,173	-8,624	-6,086	9,033	-2,202	1,032	-22,283	-2,237	187,430
22	Payable in dollars	-19,342	-21,389	-11,028	-7,466	-9,702	8,854	-2,283	2,143	-22,617	1,368	176,695
23	Deposits	7,300	-14,355	-2,323	-2,427	3,512	8,538	-10,281	-2,604	-10,292	8,822	71,873
24	Foreign commercial paper ³	-13,497	-10,668	-6,859	9,111	-689	-899	3,577	-2,142	-10,163	-1,940	65,572
25	Other negotiable and readily transferable instruments ⁴	-7,768	-1,229	81	-3,297	-4,105	-447	2,151	5,377	-2,060	-6,697	24,026
26	Outstanding collections and other	-5,377	4,863	-1,927	-2,653	-2,249	1,452	2,270	1,512	-102	1,183	15,224
27	Payable in foreign currencies	4,492	-4,301	1,855	-1,158	3,616	179	81	-1,111	334	-3,605	10,735
28	By area:											
29	Industrial countries ⁵	-34,267	-45,974	-27,236	-11,624	14,175	-9,582	11,895	-8,731	-33,801	-15,337	441,334
30	Western Europe	-31,045	-37,634	-17,957	-2,379	6,399	-17,108	-730	-7,602	-24,670	-4,632	284,733
31	Of which United Kingdom	-15,083	-18,891	-6,652	687	7,638	-16,756	-3,866	1,958	-16,025	-958	138,036
32	Canada	-147	-11,755	-9,005	4,062	1,761	3,035	1,796	-5,015	-6,112	-2,424	51,770
33	Japan	-5,067	6,900	-1,892	-11,958	7,317	1,466	10,966	3,422	-184	-7,304	92,196
34	Other	1,992	-3,485	1,618	-1,349	-1,302	3,025	-137	464	-2,835	-977	12,635
35	Caribbean banking centers ⁶	-23,616	-18,223	5,615	-19,707	-7,996	-1,528	-1,851	14,487	-4,093	-26,766	243,173
36	Other areas	-11,263	-24,022	-7,493	-9,905	2,297	3,838	-8,330	-5,830	4,698	-14,560	170,261
37	Of which Members of OPEC, included below ⁷	4,002	-486	1,164	-753	-285	3,876	2,687	-892	-1,525	-756	16,511
38	Latin America	-3,110	-10,720	-963	-2,194	1,582	-1,535	298	-855	-833	-9,330	80,168
39	Asia	-8,400	-11,185	-7,691	-8,324	2,341	5,274	-4,951	-7,530	4,735	-3,439	79,315
40	Africa	-37	139	162	-124	-226	151	-94	-2	209	34	2,729
41	Other ⁸	284	-2,256	999	737	-1,400	-52	-3,583	2,565	587	-1,825	8,049
42	Memoranda:											
43	International banking facilities' (IBF's) own claims, payable in dollars (lines 1-13 above)	9,767	-17,322	5,400	-4,289	4,876	3,780	3,292	1,061	2,469	-24,144	219,724
44	By borrower:											
45	Claims on:											
46	own foreign offices	-7,463	-16,316	-408	655	-3,237	-4,473	6,270	-3,310	2,746	-22,022	131,542
47	unaffiliated foreign banks	18,789	617	5,511	-4,335	8,685	8,928	-3,891	4,413	-515	610	55,594
48	foreign public borrowers	1,145	1,621	811	295	616	-577	867	955	145	-346	6,453
49	all other foreigners	-2,704	-3,244	-514	-904	-1,188	-98	46	-997	93	-2,386	26,135
50	By bank ownership: ²											
51	U.S.-owned IBF's	4,165	4,642	234	6,057	695	-2,821	-278	-141	3,309	1,752	58,169
52	Foreign-owned IBF's	5,602	-21,964	5,166	-10,346	4,181	6,601	3,570	1,202	-840	-25,896	161,555
53	Banks' dollar acceptances payable by foreigners	47	-1,208	-21	-344	-29	441	-616	-304	-61	-227	9,623

See footnotes on page 55.

FOOTNOTES TO U.S. INTERNATIONAL TRANSACTIONS TABLES 1-10

General notes for all tables: *P* Preliminary. *R* Revised. *Less than \$500,000 (±) n.a. Not available.

D Suppressed to avoid disclosure of data of individual companies.

Table 1:
 1. Credits, +: Exports of goods, services, and income; unilateral transfers to United States; capital inflows (increase in foreign assets (U.S. liabilities) or decrease in U.S. assets); decrease in U.S. official reserve assets; increase in foreign official assets in the United States.
 Debits, -: Imports of goods, services, and income; unilateral transfers to foreigners; capital outflows (decrease in foreign assets (U.S. liabilities) or increase in U.S. assets); increase in U.S. official reserve assets; decrease in foreign official assets in the United States.
 2. Excludes exports of goods under U.S. military agency sales contracts identified in Census export documents, excludes imports of goods under direct defense expenditures identified in Census import documents, and reflects various other adjustments (for valuation, coverage, and timing) of Census statistics to balance of payments basis; see table 2.
 3. Includes some goods: Mainly military equipment in line 4; major equipment, other materials, supplies, and petroleum products purchased abroad by U.S. military agencies in line 18; and fuels purchased by airline and steamship operators in lines 7 and 21.
 4. Includes transfers of goods and services under U.S. military grant programs.
 5. Beginning in 1982, these lines are presented on a gross basis. The definition of exports is revised to exclude U.S. parents' payments to foreign affiliates and to include U.S. affiliates' receipts from foreign parents. The definition of imports is revised to include U.S. parents' payments to foreign affiliates and to exclude U.S. affiliates' receipts from foreign parents.
 6. Beginning in 1982, the "other transfers" component includes taxes paid by U.S. private residents to foreign governments and taxes paid by private nonresidents to the U.S. Government.
 7. For all areas, amounts outstanding December 31, 1996, were as follows in millions of dollars: Line 34, 75,089; line 35, 11,048; line 36, 10,312; line 37, 15,435; line 38, 38,294. Data are preliminary.
 8. Includes sales of foreign obligations to foreigners.
 9. Consists of bills, certificates, marketable bonds and notes, and nonmarketable convertible and nonconvertible bonds and notes.
 10. Consists of U.S. Treasury and Export-Import Bank obligations, not included elsewhere, and of debt securities of U.S. Government corporations and agencies.
 11. Includes, primarily, U.S. Government liabilities associated with military agency sales contracts and other transactions arranged with or through foreign official agencies; see table 4.
 12. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and State and local governments.
 13. Conceptually, the sum of lines 70 and 62 is equal to "net foreign investment" in the national income and product accounts (NIPA's). However, the foreign transactions account in the NIPA's (a) includes adjustments to the international transactions accounts for the treatment of, (b) includes adjustments for the different geographical treatment of transactions with U.S. territories and Puerto Rico, and (c) includes services furnished without payment by financial pension plans except life insurance carriers and private noninsured pension plans. A reconciliation of the balance on goods and services from the international accounts and the NIPA net exports appears in the "Reconciliation and Other Special Tables" section in this issue of the SURVEY OF CURRENT BUSINESS. A reconciliation of the other foreign transactions in the two sets of accounts appears in table 4.5 of the full set of NIPA tables (published annually in the July issue of the SURVEY).
 Additional footnotes for historical data in June issues of the SURVEY:
 14. For 1974, includes extraordinary U.S. Government transactions with India. See "Special U.S. Government Transactions," June 1974 SURVEY, p. 27.
 15. For 1978-83, includes foreign currency-denominated notes sold to private residents abroad.
 16. Break in series. See Technical Notes in the June 1989, June 1990, June 1992, June 1993, June 1995, and July 1996 issues of the SURVEY.

Table 2:
 1. Exports, Census basis, represent transactions values, f.a.s. U.S. port of exportation, for all years; imports, Census basis, represent Customs values (see Technical Notes in the June 1982 SURVEY), except for 1974-81, when they represent transactions values, f.a.s. foreign port of exportation (see June issues of the SURVEY for historical data).
 From 1983 forward, both unadjusted and seasonally adjusted data have been prepared by BEA from "actual" and "revised statistical" month data supplied by the Census Bureau (see Technical Notes in the December 1985 SURVEY).
 Seasonally adjusted data reflect the application of seasonal factors developed jointly by Census and BEA. The seasonally adjusted data are the sum of seasonally adjusted five-digit end-use categories (see Technical Notes in the June 1980 SURVEY, in the June 1988 SURVEY, and in the June 1991 SURVEY). Prior to 1983, annual data are as published by the Census Bureau, except that for 1975-80 published Census data are adjusted to include trade between the U.S. Virgin Islands and foreign countries.
 2. Beginning in 1990, the Census Bureau replaced its compiled export statistics with counterpart Canadian import statistics. Similarly, Statistics Canada replaced its compiled export statistics with counterpart U.S. import statistics. This exchange of data has eliminated the need for the inland freight adjustment on U.S. exports, but not on U.S. imports.
 3. Adjustments in lines A5 and A13, B12, B47, and B82 reflect the Census Bureau's reconciliation of discrepancies between the goods statistics published by the United States and the counterpart statistics published in Canada. These adjustments are distributed to the affected end-use categories in section C. Beginning in 1986, estimates for undocumented exports to Canada, the largest item in the U.S.-Canadian reconciliation, are included in Census basis data shown in line A1.
 4. Exports of military equipment under U.S. military agency sales contracts with foreign governments (line A6), and direct imports by the Department of Defense and the Coast Guard (line A14), to the extent such trade is identifiable from Customs declarations. The exports are included in tables 1 and 10, line 4 (transfers under U.S. military agency sales contracts); the imports are included in tables 1 and 10, line 18 (direct defense expenditures).
 5. Addition of electrical energy; deduction of exposed motion picture film for rental rather than sale; net change in stock of U.S.-owned grains in storage in Canada; coverage adjustments for special situations in which shipments were omitted from Census data; deduction of the value of repairs and alterations to foreign-owned equipment shipped to the United States for repair; and the inclusion of fish exported outside of U.S. customs area. Also includes deduction of exports to the Panama Canal Zone before October 1, 1979, and for 1975-82, net timing adjustments for goods recorded in Census data in one period but found to have been shipped in another (see June issues of the SURVEY for historical data).
 6. Deduction of foreign charges for repair of U.S. vessels abroad, which are included in tables 1 and 10, line 21 (other transportation); coverage adjustments for special situations in which shipments were omitted from Census data; and the deduction of the value of repairs and alterations to U.S.-owned equipment shipped abroad for repair. Also includes addition of understatement of inland freight in f.a.s. values of U.S. imports of goods from Canada in 1974-81; deduction of imports from the Panama Canal Zone before October 1, 1979; and for 1975-82, net timing adjustments for goods recorded in Census data in one period but found to have been shipped in another (see June issues of the SURVEY for historical data).
 7. For 1988-89, correction for the understatement of crude petroleum imports from Canada.
 8. Annual and unadjusted quarterly data shown in this table correspond to country and area data in table 10, lines 2 and 16. Trade with international organizations includes purchases of nonmonetary gold from the International Monetary Fund, transfers of tin to the International Tin Council (ITC), and sales of satellites to Intelsat. The memoranda are defined as follows: *Industrial countries:* Western Europe, Canada, Japan, Australia, New Zealand, and South Africa; *Members of OPEC:* Venezuela, Ecuador, Iraq, Iran, Kuwait, Saudi Arabia, Qatar, United Arab Emirates, Indonesia, Algeria, Libya, Nigeria, and Gabon (beginning in January 1993, excludes Ecuador); *Other countries:* Eastern Europe, Latin America and Other Western Hemisphere, and other countries in Asia and Africa, less OPEC. Before 1984, complete geographic area detail was not available for some balance of payments adjustments. Therefore, the detail shown does not always sum to the values shown for the area aggregates. For all years, "Asia" and "Africa" exclude certain Pacific Islands and unidentified countries included in "Other countries in Asia and Africa."
 9. Includes the former German Democratic Republic (East Germany) beginning in fourth quarter of 1990. In earlier periods, the German Democratic Republic was included in Eastern Europe.
 10. Beginning in 1986, New Zealand and South Africa are included in "Other countries in Asia and Africa," with New Zealand included as part of "Asia" and South Africa as part of "Africa."
 11. Includes nuclear fuel materials and fuels.

Table 3:
 1. Patented techniques, processes, and formulas and other intangible property rights that are used in goods production.
 2. Copyrights, trademarks, franchises, rights to broadcast live events, and other intangible property rights.

3. Other unaffiliated services receipts (exports) include mainly expenditures of foreign governments and international organizations in the United States. Payments (imports) include mainly wages of foreign residents temporarily employed in the United States and Canadian and Mexican commuters in U.S. border areas.

Table 4:
 1. Expenditures to release foreign governments from their contractual liabilities to pay for military goods and services purchased through military sales contracts—first authorized (for Israel) under Public Law 93-199, section 4, and subsequently authorized (for many recipients) under similar legislation—are included in line A3. Deliveries against these military sales contracts are included in line C10; see footnote 2. Of the line A3 items, part of these military expenditures is applied in lines A40 and A43 to reduce short-term assets previously recorded in lines A38 and C8; this application of funds is excluded from lines C3 and C4. A second part of line A3 expenditures finances future deliveries under military sales contracts for the recipient countries and is applied directly to lines A39 and C9. A third part of line A3, disbursed directly to finance purchases by recipient countries from commercial suppliers in the United States, is included in line A34. A fourth part of line A3, representing dollars paid to the recipient countries to finance purchases from countries other than the United States, is included in line A45.
 2. Transactions under military sales contracts are those in which the Department of Defense sells and transfers military goods and services to a foreign purchaser, on a cash or credit basis. Purchases by foreigners directly from commercial suppliers are not included as transactions under military sales contracts. The entries for the several categories of transactions related to military sales contracts in this and other tables are partly estimated from incomplete data.
 3. The identification of transactions involving direct dollar outflows from the United States is made in reports by each operating agency.
 4. Line A35 includes foreign currency collected as interest and line A40 includes foreign currency collected as principal, as recorded in lines A13 and A14, respectively.
 5. Includes (a) advance payments to the Department of Defense (on military sales contracts) financed by loans extended to foreigners by U.S. Government agencies and (b) the contraentry for the part of line C10 that was delivered without prepayment by the foreign purchaser. Also includes expenditures of appropriations available to release foreign purchasers from liability to make repayment.
 6. Includes purchases of loans from U.S. banks and exporters and payments by the U.S. Government under commercial export credit and investment guarantee programs.
 7. Excludes liabilities associated with military sales contracts financed by U.S. Government grants and credits and included in line C2.

Table 5:
 1. Beginning with 1991, payments and receipts of interest related to interest rate and foreign currency swaps between affiliates and parents are netted and are shown as either net payments or net receipts. Receipts and payments of other types of interest are shown on a gross basis.
 2. Petroleum includes, and manufacturing and "other" industries exclude, the exploration, development, and production of crude oil and gas, and the transportation, refining, and marketing of petroleum products, exclusive of petrochemicals. "Other" industries includes wholesale trade; banking; finance (except banking), insurance, and real estate; services; and other industries—agriculture, forestry, and fishing; mining; construction; transportation, communication, and public utilities; and retail trade.
 3. Acquisition of equity holdings in existing and newly established companies, capital contributions, capitalization of intercompany debt, and other equity contributions.
 4. Sales (total and partial), liquidations, returns of capital contributions, and other dispositions of equity holdings.

Table 6:
 1. Primarily provincial, regional, and municipal.
 2. Largely transactions by International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), Asian Development Bank (ADB), and Inter-American Development Bank (IDB).
 3. Estimate for scheduled redemptions and identifiable early retirements. Includes estimates based on Canadian statistics for redemptions of Canadian issues held in the United States. Unidentified and nonscheduled retirements appear in line A30.

Table 7:
 1. Deposits (line A5) include other financial claims (line A6) for some countries due to the commingling of these categories in foreign source data.
 2. Primarily mortgages, loans, and bills and notes drawn on foreigners.
 3. Western Europe, Canada, Japan, Australia, New Zealand, and South Africa.
 4. Bahamas, British West Indies (Cayman Islands), Netherlands Antilles, and Panama.
 5. Based on data for Ecuador, Venezuela, Indonesia, and other Asian and African oil-exporting countries. Beginning in January 1993, excludes Ecuador.

Table 8:
 1. Includes central governments and their agencies and corporations; state, provincial, and local governments and their agencies and corporations; and international and regional organizations.
 2. U.S.-owned banks are mainly U.S.-chartered banks and Edge Act subsidiaries. U.S. brokers' and dealers' accounts may be commingled in some categories. Foreign-owned banks include U.S. branches and agencies of foreign banks and majority-owned bank subsidiaries in the United States.
 3. Commercial paper issued in the U.S. market by foreign incorporated entities; excludes commercial paper issued through foreign direct investment affiliates in the United States.
 4. Negotiable and readily transferable instruments other than commercial paper, payable in dollars; consists largely of negotiable certificates of deposit.
 5. Western Europe, Canada, Japan, Australia, New Zealand, and South Africa.
 6. Bahamas, British West Indies (Cayman Islands), Netherlands Antilles, and Panama.
 7. Based on data for Ecuador, Venezuela, Indonesia, and other Asian and African oil-exporting countries. Beginning in January 1993, excludes Ecuador.
 8. Includes Eastern Europe and international and regional organizations.

Table 9:
 1. Negotiable certificates of deposit issued by banks in the United States are included in banks' custody liabilities and are separately identified in memorandum line 8. Nonnegotiable certificates of deposit are included in time deposits.
 2. Includes borrowing under Federal funds or repurchase arrangements, deferred credits, and liabilities other than deposits.
 3. Mainly negotiable and readily transferable instruments, excluding U.S. Treasury securities.
 4. Mainly International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), Asian Development Bank (ADB), Inter-American Development Bank (IDB), and the Trust Fund of the International Monetary Fund.
 5. U.S.-owned banks are mainly U.S.-chartered banks and Edge Act subsidiaries. U.S. brokers' and dealers' liabilities may be commingled in some categories. Foreign-owned banks are U.S. branches and agencies of foreign banks and majority-owned bank subsidiaries in the United States.
 6. Western Europe, Canada, Japan, Australia, New Zealand, and South Africa.
 7. Bahamas, British West Indies (Cayman Islands), Netherlands Antilles, and Panama.
 8. Based on data for Ecuador, Venezuela, Indonesia, and other Asian and African oil-exporting countries. Beginning in January 1993, excludes Ecuador.
 9. Includes Eastern Europe and international and regional organizations.

Table 10: For footnotes 1-13, see table 1.
 14. The "European Union" includes the "European Union (6)," United Kingdom, Denmark, Ireland, Greece, Spain, and Portugal. Beginning with the first quarter of 1995, the "European Union" also includes Austria, Finland, and Sweden.
 15. The "European Union (6)" includes Belgium, France, Germany (includes the former German Democratic Republic (East Germany) beginning in the fourth quarter of 1990), Italy, Luxembourg, Netherlands, European Atomic Energy Community, European Coal and Steel Community, and European Investment Bank.
 16. Includes, as part of international and unallocated, the estimated direct investment in foreign affiliates engaged in international shipping and in operating oil and gas drilling equipment internationally. Also includes taxes withheld, current-cost adjustments associated with U.S. and foreign direct investment, and small transactions in business services that are not reported by country.
 17. Details not shown separately; see totals in lines 49 and 56.
 18. Details not shown separately are included in line 61.

Table 10.—U.S. International

[Millions]

Line	(Credits +; debits -) ¹	Western Europe						European Union ¹⁴	
		1995	1996 ^p	1996				1995	1996 ^p
				I	II	III ^r	IV ^p		
1	Exports of goods, services, and income	278,980	296,357	72,399	75,252	70,698	78,007	252,680	266,719
2	Goods, adjusted, excluding military ²	132,442	137,207	34,895	36,062	30,601	35,649	121,482	124,785
3	Services ³	71,281	77,483	17,327	19,042	21,069	20,045	63,733	68,742
4	Transfers under U.S. military agency sales contracts ⁴	2,175	3,565	531	1,097	1,075	862	1,657	2,408
5	Travel	19,089	19,999	3,828	5,008	6,320	4,843	17,345	18,174
6	Passenger fares	5,971	6,344	1,445	1,369	1,990	1,540	5,648	5,996
7	Other transportation	8,934	9,321	2,193	2,438	2,241	2,449	6,956	7,183
8	Royalties and license fees ⁵	14,058	14,755	3,541	3,560	3,585	4,069	13,351	14,076
9	Other private services ⁵	20,852	23,340	5,740	5,528	5,833	6,239	18,595	20,769
10	U.S. Government miscellaneous services	202	159	49	41	26	43	180	136
11	Income receipts on U.S. assets abroad	75,257	81,667	20,178	20,148	19,028	22,313	67,466	73,193
12	Direct investment receipts	40,787	43,552	10,988	10,711	9,332	12,521	35,186	37,233
13	Other private receipts	32,968	37,027	8,837	9,245	9,374	9,571	31,054	35,032
14	U.S. Government receipts	1,502	1,088	353	192	322	221	1,226	928
15	Imports of goods, services, and income	-297,710	-324,123	-74,630	-83,630	-82,907	-82,957	-270,056	-293,278
16	Goods, adjusted, excluding military ²	-147,650	-161,268	-37,984	-41,951	-39,695	-41,638	-134,193	-146,054
17	Services ³	-57,783	-61,709	-13,183	-16,383	-17,302	-14,841	-51,627	-54,675
18	Direct defense expenditures	-6,420	-7,236	-1,741	-1,791	-1,854	-1,850	-5,716	-5,946
19	Travel	-16,380	-17,245	-2,997	-5,159	-5,660	-3,429	-15,144	-15,948
20	Passenger fares	-6,937	-6,820	-1,471	-1,930	-2,020	-1,399	-6,385	-6,277
21	Other transportation	-9,208	-9,452	-2,185	-2,430	-2,385	-2,452	-7,177	-7,475
22	Royalties and license fees ⁵	-4,168	-4,347	-976	-1,068	-1,110	-1,193	-3,555	-3,682
23	Other private services ⁵	-13,470	-15,432	-3,501	-3,733	-3,968	-4,230	-12,600	-14,322
24	U.S. Government miscellaneous services	-1,199	-1,177	-312	-272	-305	-288	-1,050	-1,026
25	Income payments on foreign assets in the United States	-92,277	-101,146	-23,463	-25,296	-25,910	-26,478	-84,236	-92,549
26	Direct investment payments	-23,625	-25,663	-5,791	-7,105	-6,670	-6,098	-21,964	-23,139
27	Other private payments	-45,433	-48,433	-11,521	-11,913	-12,189	-12,810	-42,278	-45,572
28	U.S. Government payments	-23,219	-27,050	-6,151	-6,278	-7,051	-7,570	-19,994	-23,838
29	Unilateral transfers, net	679	475	159	230	84	2	1,383	1,261
30	U.S. Government grants ⁴	-341	-376	-19	-41	-150	-166	-77	-53
31	U.S. Government pensions and other transfers	-1,253	-1,271	-314	-303	-316	-338	-1,072	-1,062
32	Private remittances and other transfers ⁶	2,273	2,122	492	574	550	506	2,532	2,376
33	U.S. assets abroad, net (increase/capital outflow (-))	-151,025	-148,017	-33,680	-25,794	-48,423	-40,120	-139,453	-128,045
34	U.S. official reserve assets, net ⁷	2,574	-649	-212	154	-482	-109	2,648	-609
35	Gold .....	.....	.....	.....	.....	.....	.....	.....	.....
36	Special drawing rights .....	.....	.....	.....	.....	.....	.....	.....	.....
37	Reserve position in the International Monetary Fund .....	.....	.....	.....	.....	.....	.....	.....	.....
38	Foreign currencies	2,574	-649	-212	154	-482	-109	2,648	-609
39	U.S. Government assets, other than official reserve assets, net	126	396	122	-128	243	159	4	215
40	U.S. credits and other long-term assets	-643	-563	-158	-158	-141	-106	-455	-247
41	Repayments on U.S. credits and other long-term assets ⁸	787	1,008	288	53	369	298	474	504
42	U.S. foreign currency holdings and U.S. short-term assets, net	-18	-49	-8	-23	15	-33	-15	-42
43	U.S. private assets, net	-153,725	-147,764	-33,590	-25,820	-48,184	-40,170	-142,105	-127,651
44	Direct investment	-51,516	-41,288	-11,165	-16,001	2,291	-16,413	-46,335	-36,758
45	Foreign securities	-47,560	-56,054	-10,898	-8,899	-17,109	-19,148	-45,502	-51,174
46	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-24,061	n.a.	-10,912	6,679	-8,672	n.a.	-25,245	n.a.
47	U.S. claims reported by U.S. banks, not included elsewhere	-30,588	-37,517	-615	-7,599	-24,694	-4,609	-25,023	-28,994
48	Foreign assets in the United States, net (increase/capital inflow (+))	158,992	291,714	80,837	65,073	74,224	71,580	154,820	277,061
49	Foreign official assets in the United States, net	-6,404	29,950	18,021	6,327	2,779	2,823	(18)	(18)
50	U.S. Government securities	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
51	U.S. Treasury securities ⁹	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
52	Other ¹⁰	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
53	Other U.S. Government liabilities ¹¹	1,387	546	285	81	-130	310	713	-53
54	U.S. liabilities reported by U.S. banks, not included elsewhere	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
55	Other foreign official assets ¹²	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
56	Other foreign assets in the United States, net	165,396	261,764	62,816	58,746	71,445	68,757	(18)	(18)
57	Direct investment	51,875	61,722	20,298	18,492	13,213	9,719	43,577	57,173
58	U.S. Treasury securities	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
59	U.S. securities other than U.S. Treasury securities	79,583	79,226	23,173	16,030	23,692	16,331	81,054	75,606
60	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	9,651	n.a.	9,786	6,274	10,431	n.a.	9,819	n.a.
61	U.S. liabilities reported by U.S. banks, not included elsewhere	(17)	(17)	(17)	(17)	(17)	(17)	18 19,657	18 117,476
62	Allocations of special drawing rights .....	.....	.....	.....	.....	.....	.....	.....	.....
63	Statistical discrepancy, and transfers of funds between foreign areas, net (sum of above items with sign reversed)	10,084	-116,406	-45,086	-31,132	-13,677	-26,512	626	-123,718
64	Memoranda:	.....	.....	.....	.....	.....	.....	.....	.....
65	Balance on goods (lines 2 and 16)	-15,208	-24,061	-3,089	-5,889	-9,094	-5,989	-12,711	-21,269
66	Balance on services (lines 3 and 17)	13,498	15,774	4,144	2,659	3,767	5,204	12,105	14,066
67	Balance on goods and services (lines 64 and 65)	-1,710	-8,287	1,055	-3,230	-5,327	-785	-806	-7,203
68	Balance on investment income (lines 11 and 25)	-17,021	-19,479	-3,285	-5,148	-6,681	-4,165	-16,770	-19,356
69	Balance on goods, services, and income (lines 1 and 15 or lines 66 and 67) ¹³	-18,730	-27,766	-2,230	-8,378	-12,208	-4,950	-17,376	-26,559
70	Unilateral transfers, net (line 29)	679	475	159	230	84	2	1,383	1,261
71	Balance on current account (lines 1, 15, and 29 or lines 68 and 69) ¹³	-18,051	-27,291	-2,071	-8,148	-12,124	-4,948	-15,993	-25,298

Table 10.—U.S. International
[Millions]

Line	(Credits +; debits -) ¹	Eastern Europe						Canada	
		1995	1996 ²	1996				1995	1996 ²
				I	II	III ³	IV ³		
1	Exports of goods, services, and income	9,085	11,300	2,887	2,528	2,883	3,002	162,622	171,706
2	Goods, adjusted, excluding military ²	5,722	7,354	1,929	1,638	1,788	1,999	127,585	133,993
3	Services ³	2,764	2,896	713	686	808	688	18,129	19,579
4	Transfers under U.S. military agency sales contracts ⁴	352	398	61	88	176	73	133	125
5	Travel	656	689	148	180	199	162	6,207	6,791
6	Passenger fares	36	44	20	13	1	10	1,284	1,193
7	Other transportation	716	607	177	133	141	156	2,507	2,692
8	Royalties and license fees ⁵	93	116	24	29	32	32	1,235	1,346
9	Other private services ⁵	862	1,003	270	233	252	248	6,716	7,375
10	U.S. Government miscellaneous services	48	38	14	10	7	7	48	57
11	Income receipts on U.S. assets abroad	599	1,051	244	205	287	315	16,907	18,134
12	Direct investment receipts	123	425	66	74	146	139	8,386	8,542
13	Other private receipts	253	327	79	95	63	90	8,521	9,592
14	U.S. Government receipts	223	299	99	36	78	86		
15	Imports of goods, services, and income	-10,074	-10,568	-2,095	-2,704	-2,754	-3,015	-170,700	-183,719
16	Goods, adjusted, excluding military ²	-7,012	-6,978	-1,363	-1,678	-1,772	-2,165	-148,087	-159,215
17	Services ³	-2,090	-2,286	-414	-704	-672	-496	-12,605	-14,023
18	Direct defense expenditures	-9	-228	-32	-45	-76	-75	-54	-51
19	Travel	-1,016	-1,069	-168	-381	-326	-194	-4,319	-4,582
20	Passenger fares	-302	-296	-41	-103	-102	-50	-306	-374
21	Other transportation	-364	-299	-75	-73	-70	-81	-3,576	-3,905
22	Royalties and license fees ⁵	-7	-3	-1	-1	-1	-1	-138	-178
23	Other private services ⁵	-335	-329	-81	-82	-82	-84	-4,039	-4,767
24	U.S. Government miscellaneous services	-57	-62	-16	-20	-15	-11	-173	-165
25	Income payments on foreign assets in the United States	-972	-1,304	-318	-322	-310	-354	-10,008	-10,482
26	Direct investment payments	-1	(*)	(*)	1	-1	(*)	-3,513	-3,811
27	Other private payments	-350	-433	-117	-103	-93	-120	-4,097	-4,378
28	U.S. Government payments	-621	-871	-201	-220	-216	-234	-2,398	-2,293
29	Unilateral transfers, net	-2,946	-3,097	-766	-772	-877	-682	-365	-342
30	U.S. Government grants ⁴	-1,692	-1,796	-414	-441	-573	-368		
31	U.S. Government pensions and other transfers	-34	-34	-8	-9	-9	-8	-453	-416
32	Private remittances and other transfers ⁶	-1,220	-1,267	-344	-322	-295	-306	88	74
33	U.S. assets abroad, net (increase/capital outflow (-))	-4,255	-3,717	-1,810	101	-1,231	-777	-15,430	-21,536
34	U.S. official reserve assets, net ⁷								
35	Gold								
36	Special drawing rights								
37	Reserve position in the International Monetary Fund								
38	Foreign currencies								
39	U.S. Government assets, other than official reserve assets, net	-213	-121	-12	-29	37	-117	5	7
40	U.S. credits and other long-term assets	-246	-131	-30	-52	-19	-30		
41	Repayments on U.S. credits and other long-term assets ⁸	76	47	3	8	27	9		
42	U.S. foreign currency holdings and U.S. short-term assets, net	-43	-37	15	15	29	-96	5	7
43	U.S. private assets, net	-4,042	-3,596	-1,798	130	-1,268	-660	-15,435	-21,543
44	Direct investment	-1,312	-1,666	-349	-793	-381	-143	-7,767	-8,023
45	Foreign securities	-596	-417	-141	-196	-226	146	-7,842	-5,782
46	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	28	n.a.	146	-5	-47	n.a.	321	n.a.
47	U.S. claims reported by U.S. banks, not included elsewhere	-2,162	-1,607	-1,454	1,124	-614	-663	-147	-11,755
48	Foreign assets in the United States, net (increase/capital inflow (+))	15,574	2,392	2,249	-3,375	-1,029	4,547	6,811	25,386
49	Foreign official assets in the United States, net	(18)	(18)	(18)	(18)	(18)	(18)	2,237	1,866
50	U.S. Government securities	(18)	(18)	(18)	(18)	(18)	(18)	(17)	(17)
51	U.S. Treasury securities ⁹	(18)	(18)	(18)	(18)	(18)	(18)	(17)	(17)
52	Other ¹⁰	(18)	(18)	(18)	(18)	(18)	(18)	(17)	(17)
53	Other U.S. Government liabilities ¹¹	-3	76	4	73	-1	-1	-1	-4
54	U.S. liabilities reported by U.S. banks, not included elsewhere	(18)	(18)	(18)	(18)	(18)	(18)	(17)	(17)
55	Other foreign official assets ¹²	(18)	(18)	(18)	(18)	(18)	(18)	(17)	(17)
56	Other foreign assets in the United States, net	(18)	(18)	(18)	(18)	(18)	(18)	4,574	23,520
57	Direct investment	-83	200	43	-12	140	38	4,480	7,185
58	U.S. Treasury securities	(18)	(18)	(18)	(18)	(18)	(18)	(17)	(17)
59	U.S. securities other than U.S. Treasury securities	222	89	35	84	14	-44	694	6,112
60	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	90	n.a.	-27	-78	12	n.a.	237	n.a.
61	U.S. liabilities reported by U.S. banks, not included elsewhere	¹⁸ 15,348	¹⁸ 2,111	¹⁸ 2,198	¹⁸ -3,373	¹⁸ -1,268	¹⁸ 4,554	(17)	(17)
62	Allocations of special drawing rights								
63	Statistical discrepancy, and transfers of funds between foreign areas, net (sum of above items with sign reversed)	-7,384	3,689	-464	4,221	3,008	-3,076	17,062	8,506
64	Memoranda:								
64	Balance on goods (lines 2 and 16)	-1,290	376	566	-40	16	-166	-20,502	-25,222
65	Balance on services (lines 3 and 17)	674	610	300	-18	137	192	5,524	5,556
66	Balance on goods and services (lines 64 and 65)	-616	986	866	-58	153	26	-14,978	-19,666
67	Balance on investment incomes (lines 11 and 25)	-373	-253	-74	-117	-23	-39	6,899	7,652
68	Balance on goods, services, and income (lines 1 and 15 or lines 66 and 67) ¹³	-989	733	792	-176	129	-13	-8,078	-12,014
69	Unilateral transfers, net (line 29)	-2,946	-3,097	-766	-772	-877	-682	-3,365	-3,442
70	Balance on current account (lines 1, 15, and 29 or lines 68 and 69) ¹³	-3,935	-2,364	26	-948	-748	-695	-8,443	-12,356

Table 10.—U.S. International
[Millions]

Line	(Credits +; debits -) ¹	Australia					
		1995	1996 ^P	1996			
				I	II	III ^P	IV ^P
1	Exports of goods, services, and income	18,854	20,716	4,853	5,151	5,262	5,450
2	Goods, adjusted, excluding military ²	10,500	11,703	2,975	2,914	2,890	2,924
3	Services ³	4,271	4,471	1,036	1,110	1,187	1,138
4	Transfers under U.S. military agency sales contracts ⁴	250	203	41	65	56	41
5	Travel	1,496	1,572	344	385	451	392
6	Passenger fares	442	470	107	118	129	116
7	Other transportation	242	254	59	62	65	68
8	Royalties and license fees ⁵	553	596	137	145	149	164
9	Other private services ⁵	1,281	1,364	338	335	336	355
10	U.S. Government miscellaneous services	7	12	9		1	2
11	Income receipts on U.S. assets abroad	4,084	4,543	843	1,127	1,185	1,388
12	Direct investment receipts	2,759	3,077	567	710	868	932
13	Other private receipts	1,325	1,466	276	417	317	456
14	U.S. Government receipts						
15	Imports of goods, services, and income	-6,100	-6,317	-1,235	-1,436	-1,659	-1,987
16	Goods, adjusted, excluding military ²	-3,401	-3,887	-828	-882	-990	-1,187
17	Services ³	-2,110	-2,237	-581	-495	-537	-624
18	Direct defense expenditures	-61	-43	-13	-11	-9	-10
19	Travel	-752	-798	-218	-181	-173	-226
20	Passenger fares	-443	-438	-127	-83	-112	-116
21	Other transportation	-290	-335	-77	-82	-84	-92
22	Royalties and license fees ⁵	-14	-18	-4	-5	-5	-5
23	Other private services ⁵	-516	-551	-118	-128	-143	-162
24	U.S. Government miscellaneous services	-34	-54	-24	-6	-11	-13
25	Income payments on foreign assets in the United States	-589	-193	173	-58	-132	-176
26	Direct investment payments	-159	287	284	63	(*)	-60
27	Other private payments	-321	-332	-72	-85	-94	-81
28	U.S. Government payments	-109	-148	-39	-36	-38	-35
29	Unilateral transfers, net	-93	-94	-30	-20	-24	-20
30	U.S. Government grants ⁴						
31	U.S. Government pensions and other transfers	-32	-33	-8	-9	-9	-8
32	Private remittances and other transfers ⁶	-61	-61	-22	-12	-15	-12
33	U.S. assets abroad, net (increase/capital outflow (-))	-4,002	-10,924	-3,632	128	-3,254	-4,165
34	U.S. official reserve assets, net ⁷						
35	Gold						
36	Special drawing rights						
37	Reserve position in the International Monetary Fund						
38	Foreign currencies						
39	U.S. Government assets, other than official reserve assets, net	3	3	1		2	
40	U.S. credits and other long-term assets						
41	Repayments on U.S. credits and other long-term assets ⁸			1			
42	U.S. foreign currency holdings and U.S. short-term assets, net	3	3	1		2	
43	U.S. private assets, net	-4,005	-10,927	-3,633	128	-3,256	-4,165
44	Direct investment	-5,711	-3,583	-1,465	-492	-1,206	-420
45	Foreign securities	11	-4,037	-2,007	-235	513	-2,308
46	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-92	n.a.	90	-123	-141	n.a.
47	U.S. claims reported by U.S. banks, not included elsewhere	1,787	-3,133	-251	977	-2,422	-1,437
48	Foreign assets in the United States, net (increase/capital inflow (+))	1,564	3,604	1,154	2,551	-1,257	1,156
49	Foreign official assets in the United States, net	(18)	(18)	(18)	(18)	(18)	(18)
50	U.S. Government securities	(18)	(18)	(18)	(18)	(18)	(18)
51	U.S. Treasury securities ⁹	(18)	(18)	(18)	(18)	(18)	(18)
52	Other ¹⁰	(18)	(18)	(18)	(18)	(18)	(18)
53	Other U.S. Government liabilities ¹¹	-23	-51	8	-37	-13	-9
54	U.S. liabilities reported by U.S. banks, not included elsewhere	(18)	(18)	(18)	(18)	(18)	(18)
55	Other foreign official assets ¹²	(18)	(18)	(18)	(18)	(18)	(18)
56	Other foreign assets in the United States, net	(18)	(18)	(18)	(18)	(18)	(18)
57	Direct investment	473	1,807	1,205	-169	92	679
58	U.S. Treasury securities	(18)	(18)	(18)	(18)	(18)	(18)
59	U.S. securities other than U.S. Treasury securities	648	-616	-233	-389	211	-205
60	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	266	n.a.	154	155	-127	n.a.
61	U.S. liabilities reported by U.S. banks, not included elsewhere	18 200	18 2,282	18 20	18 2,991	18 -1,420	18 691
62	Allocations of special drawing rights						
63	Statistical discrepancy, and transfers of funds between foreign areas, net (sum of above items with sign reversed)	-10,224	-6,986	-1,110	-6,374	932	-433
64	Memoranda:						
65	Balance on goods (lines 2 and 16)	7,099	7,816	2,147	2,032	1,900	1,737
66	Balance on services (lines 3 and 17)	2,161	2,234	455	615	650	514
67	Balance on goods and services (lines 64 and 65)	9,260	10,050	2,602	2,647	2,550	2,251
68	Balance on investment income (lines 11 and 25)	3,495	4,350	1,016	1,069	1,054	1,212
69	Balance on goods, services, and income (lines 1 and 15 or lines 66 and 67) ¹³	12,755	14,400	3,618	3,716	3,603	3,462
70	Unilateral transfers, net (line 29)	-93	-94	-30	-20	-24	-20
71	Balance on current account (lines 1, 15, and 29 or lines 68 and 69) ¹³	12,662	14,306	3,588	3,696	3,579	3,442

Transactions, by Area—Continued
of dollars]

Other countries in Asia and Africa						International organizations and unallocated ¹⁶						Line	
1995	1996 ^a	1996				1995	1996 ^a	1996					
		I	II	III ^r	IV ^p			I	II	III ^r	IV ^p		
208,206	216,864	53,535	53,459	52,311	57,559	17,541	20,376	4,685	5,159	5,137	5,396	1	
140,734	146,356	36,224	36,594	34,237	39,301	.....	2	2	.....	.....	.....	2
45,376	47,302	11,875	11,160	12,248	12,019	5,334	5,843	1,328	1,558	1,522	1,435	3	
9,063	8,503	2,129	1,919	1,770	2,685	58	14	.....	9	3	2	4
9,285	9,753	2,099	2,631	2,984	2,039	.....	.....	.....	.....	.....	.....	5
1,539	1,646	404	425	461	356	.....	.....	.....	.....	.....	.....	6
7,758	8,108	1,881	1,963	2,113	2,151	935	1,112	171	302	386	253	7	
3,015	3,585	810	866	909	1,000	1,411	1,509	357	368	373	411	8	
14,439	15,368	4,445	3,287	3,928	3,709	2,931	3,204	800	879	760	765	9	
277	339	108	69	83	79	.....	4	.....	.....	.....	4	10
22,096	23,206	5,435	5,706	5,826	6,238	12,207	14,531	3,355	3,601	3,614	3,961	11	
13,926	15,254	3,435	3,760	3,787	4,271	3,558	4,798	1,008	1,178	1,155	1,457	12	
7,040	6,738	1,700	1,666	1,668	1,704	8,050	9,103	2,148	2,289	2,308	2,358	13	
1,130	1,214	300	280	371	263	599	630	199	134	151	146	14	
-260,996	-278,935	-63,461	-65,720	-75,823	-73,931	-4,472	-5,502	-1,055	-1,293	-1,824	-1,332	15	
-215,123	-229,891	-52,199	-54,075	-62,990	-60,627	.....	.....	.....	.....	.....	.....	16
-24,724	-25,703	-6,103	-6,351	-6,549	-6,701	-2,299	-3,187	-526	-750	-1,253	-658	17	
-1,803	-1,911	-409	-503	-507	-492	.....	.....	.....	.....	.....	.....	18
-7,595	-8,037	-1,968	-2,087	-1,962	-2,020	.....	.....	.....	.....	.....	.....	19
-3,455	-3,418	-797	-847	-885	-885	.....	.....	.....	.....	.....	.....	20
-7,186	-7,143	-1,674	-1,683	-1,917	-1,869	-879	-1,022	-146	-319	-327	-230	21
-80	-87	-15	-19	-24	-29	-323	-829	-79	-84	-577	-88	22
-4,068	-4,369	-1,054	-1,028	-1,073	-1,214	-1,094	-1,335	-301	-346	-348	-339	23	
-737	-738	-186	-184	-176	-192	-3	-1	.....	-1	.....	.....	24
-21,149	-23,341	-5,159	-5,294	-6,285	-6,602	-2,174	-2,315	-528	-542	-571	-674	25	
-400	-204	79	289	-332	-239	397	450	128	128	112	82	26	
-9,089	-9,296	-2,260	-2,311	-2,376	-2,349	-2,311	-2,575	-606	-632	-649	-688	27	
-11,660	-13,841	-2,978	-3,272	-3,577	-4,014	-259	-190	-50	-38	-34	-68	28	
-11,998	-17,118	-5,126	-2,716	-3,159	-6,117	-10,261	-11,518	-2,494	-2,812	-2,871	-3,341	29	
-6,106	-10,373	-3,356	-1,126	-1,407	-4,484	-1,210	-491	-148	-259	-63	-21	30	
-238	-398	-49	-112	-115	-123	-660	-1,339	-158	-87	-448	-646	31	
-5,654	-6,346	-1,721	-1,478	-1,637	-1,510	-8,391	-9,688	-2,188	-2,466	-2,360	-2,674	32	
-30,097	-43,656	-12,233	-16,049	-1,143	-14,231	-4,091	-7,236	-4,038	-825	-908	-1,465	33	
.....	.....	.....	.....	.....	.....	-3,274	-910	-1,048	-353	665	-174	34
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	35
.....	.....	.....	.....	.....	.....	-808	370	-198	-133	848	-146	36
.....	.....	.....	.....	.....	.....	-2,466	-1,280	-849	-220	-183	-28	37
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	38
502	-123	-15	-70	-50	12	-1,201	-1,287	-319	-234	-321	-413	39	
-1,546	-1,936	-265	-829	-401	-441	-1,201	-1,287	-319	-234	-321	-413	40	
1,886	1,631	343	496	366	426	.....	.....	.....	.....	.....	.....	41
162	182	-93	263	-15	27	.....	.....	.....	.....	.....	.....	42
-30,599	-43,533	-12,218	-15,979	-1,093	-14,243	384	-5,039	-2,671	-238	-1,252	-878	43	
-10,841	-8,752	-2,513	-3,381	-688	-2,170	-2,165	-4,897	-674	-880	-2,474	-869	44	
-9,604	-23,460	-4,828	-5,199	-4,412	-9,021	-487	-99	510	-105	-118	832	45	
-1,003	n.a.	383	111	-395	n.a.	11	n.a.	-9	6	5	n.a.	46	
-9,151	-11,420	-5,260	-7,510	4,402	-3,052	3,025	-654	-1,889	741	1,335	-841	47	
75,025	63,701	5,802	13,823	29,724	14,352	936	674	-521	1,399	1,443	-1,647	48	
(18)	(18)	(18)	(18)	(18)	(18)	.....	.....	.....	.....	.....	.....	49
(18)	(18)	(18)	(18)	(18)	(18)	-4	2	1	1	1	-1	50	
(18)	(18)	(18)	(18)	(18)	(18)	.....	.....	.....	.....	.....	.....	51
(18)	(18)	(18)	(18)	(18)	(18)	.....	.....	.....	.....	.....	.....	52
77	795	-221	35	874	107	.....	.....	.....	.....	.....	.....	53
(18)	(18)	(18)	(18)	(18)	(18)	-4	2	1	1	1	-1	54	
(18)	(18)	(18)	(18)	(18)	(18)	.....	.....	.....	.....	.....	.....	55
(18)	(18)	(18)	(18)	(18)	(18)	940	672	-522	1,398	1,442	-1,646	56	
1,031	-100	566	-414	366	-620	-612	-679	-179	-177	-169	-154	57	
(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	58	
3,922	7,992	1,298	3,279	1,634	1,781	-539	-102	-64	.....	-15	-23	59
875	n.a.	-902	350	861	n.a.	251	25	55	25	92	n.a.	60	
¹⁸ 69,120	¹⁸ 54,705	¹⁸ 5,061	¹⁸ 10,573	¹⁸ 25,987	¹⁸ 13,084	¹⁸ 1,840	¹⁸ 1,281	¹⁸ -334	¹⁸ 1,550	¹⁸ 1,534	¹⁸ -1,469	61	
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	62
19,860	59,144	21,483	17,202	-1,909	22,368	347	3,206	3,422	-1,629	-977	2,389	63	
-74,389	-83,535	-15,975	-17,481	-28,753	-21,326	.....	2	2	.....	.....	.....	64
20,652	21,599	5,773	4,809	5,700	5,318	3,036	2,656	802	808	270	777	65	
-53,737	-61,936	-10,202	-12,672	-23,054	-16,008	3,036	2,658	804	808	270	777	66	
947	-135	276	412	-459	-364	10,033	12,216	2,827	3,059	3,043	3,287	67	
-52,790	-62,071	-9,826	-12,261	-23,512	-16,372	13,069	14,874	3,631	3,867	3,313	4,064	68	
-11,998	-17,118	-5,126	-2,716	-3,159	-6,117	-10,261	-11,518	-2,494	-2,812	-2,871	-3,341	69	
-64,788	-79,189	-15,052	-14,977	-26,671	-22,489	2,808	3,356	1,137	1,055	442	723	70	

BEA INFORMATION

The economic information prepared by the Bureau of Economic Analysis (BEA) is available in news releases, in publications, on computer diskettes, on CD-ROM's, and on the Internet. For a description of these products in the free *User's Guide to BEA Information*, write to the Public Information Office, BE-53, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230, or call (202) 606-9900. The *User's Guide* and other information are also available on BEA's home page at <http://www.bea.doc.gov>.

In addition, the following publications are available from the Superintendent of Documents of the Government Printing Office (GPO). To order, write to Superintendent of Documents, P.O. Box 371954, Pittsburgh, PA 15250-7954, call (202) 512-1800 or fax (202) 512-2250. Pay by check to the Superintendent of Documents or charge to a GPO deposit account, to VISA, or to MasterCard.

Benchmark Input-Output Accounts of the United States, 1987. (1994) Presents summary and detailed make and use tables for industries and commodities; tables showing commodity- and industry-output-requirements per dollar of commodity demanded; and tables showing the input-output (I-O) commodity composition of personal consumption expenditures and producers' durable equipment expenditures in the national income and product accounts. Presents concepts and methods used in the 1987 benchmark accounts; concordance between I-O and 1987 Standard Industrial Classification codes; description of the components of the measures of output, intermediate inputs, and value added; and mathematical derivation of total requirements tables. (468 pages) \$29.00, stock no. 003-010-00251-4.

Regional Multipliers: A User Handbook for the Regional Input-Output Modeling System (RIMS II), Third Edition. (1997) This handbook describes the five types of RIMS II multipliers that are available for nearly 500 industries and for any county or for any group of counties. It details the information that the users need in order to effectively use the RIMS II multipliers to analyze the economic and industrial impact of public and private projects and programs on State and local areas. The handbook also includes case studies that illustrate the uses of the RIMS II multipliers and a description of the methodology that the Bureau of Economic Analysis uses to estimate the multipliers. (63 pages) \$6.00, stock no. 003-010-00264-6.

State Personal Income, 1929-93. (1995) Presents detailed annual estimates for States and regions of personal income for 1929-93, including estimates of per capita personal income, personal income by major source, and earnings by industry. Also presents annual estimates of disposable personal income and per capita disposable personal income for 1948-93 and quarterly estimates of personal income for 1969-93. Provides information about the sources and methods used to prepare the estimates for 1987-93 and samples of all the detailed tables of personal income and employment that are available for regions, States, counties, and metropolitan areas. (444 pages) \$27.00, stock no. 003-010-00257-3.

Foreign Direct Investment in the United States: 1992 Benchmark Survey, Final Results. (1995) Presents detailed data on the financial structure and operations of U.S. affiliates of foreign direct investors, on the foreign direct investment position in the United States, and on the balance-of-payments transactions between U.S. affiliates and their foreign parent companies in 1992. Includes data for items, such as employment covered by collective bargaining agreements and merchandise trade by product and country of destination and origin, that are only collected in

benchmark surveys. Benchmark surveys are conducted every 5 years and are BEA's most comprehensive surveys in terms of both the number of companies covered and the amount of information gathered. The data are classified by industry of affiliate and by country of ultimate beneficial owner, and selected data are classified by State. Provides information about the coverage, the concepts and definitions, and the classifications used in the survey. (312 pages) \$20.00, stock no. 003-010-00259-0.

Foreign Direct Investment in the United States: Operations of U.S. Affiliates of Foreign Companies. (1996) Two publications: One presents the revised estimates for 1993, and the other, the preliminary estimates for 1994 from BEA's annual surveys of the financial structure and operations of nonbank U.S. affiliates of foreign direct investors. The estimates are presented by industry of the U.S. affiliate and by country of the ultimate beneficial owner (UBO) and for selected estimates, by industry of UBO and by State. **Preliminary 1994 Estimates** (108 pages) \$8.50, stock no. 003-010-00261-1; **Revised 1993 Estimates** (108 pages) \$8.50, stock no. 003-010-00260-3.

Foreign Direct Investment in the United States: Establishment Data for Manufacturing, 1991. (1994) A joint effort by BEA and the Bureau of the Census. Presents the most recently available data for foreign-owned U.S. manufacturing establishments (plants) by detailed industry (up to 459 industries), by State, and by country of investor. Includes data on the number of plants, value added, shipments, employment, total employee compensation, employee benefits, the hourly wage rates of production workers, the cost of materials and energy used, inventories by stage of fabrication, and expenditures for new plant and equipment. (220 pages) \$14.00, stock no. 003-010-00250-6.

U.S. Direct Investment Abroad: 1994 Benchmark Survey, Preliminary Results. (1997) Presents preliminary results from the latest benchmark survey of the worldwide operations of U.S. multinational companies. Contains detailed 1994 data on the operations of U.S. parent companies and their foreign affiliates in 103 tables organized by country and by industry. (140 pages) \$14.00, stock no. 003-010-00263-8.

U.S. Direct Investment Abroad: Operations of U.S. Parent Companies and Their Foreign Affiliates, Revised 1993 Estimates. (1996) Provides revised results for 1993 from BEA's annual survey of the worldwide operations of U.S. multinational companies. Contains information on the financial structure and operations of U.S. parent companies and their foreign affiliates. Data are classified by country and industry of affiliate and by industry of U.S. parent. (120 pages) \$11.00, stock no. 003-010-00262-0.

National Data

A. Selected NIPA Tables

The tables in this section include the most recent estimates of gross domestic product and its components; these estimates were released on March 28, 1997 and include the "final" estimates for the fourth quarter of 1996 and year 1996.

The selected set of NIPA tables shown in this section presents quarterly estimates, which are updated monthly. In most tables, the annual estimates are also shown. (Some of the lines in tables 1.10 and 1.16 are not yet available and are shown as leaders; they will be shown in the May SURVEY.) These tables are available electronically on the day of the gross domestic product (GDP) news release by subscription from STAT-USA's Economic Bulletin Board and Internet services; for information, call (202) 482-1986. The tables are also available on printouts or diskettes; for subscription information, write to the National Income and Wealth Division (BE-54), Bureau of Economic Analysis, Washington, DC 20230 or call (202) 606-9700.

For a guide to which issues of the SURVEY contain the complete set of NIPA tables for the period 1991-96, see the headnote and list of tables that appeared on pages 15-17 of the August 1996 issue.

NOTE.—In the May SURVEY, BEA will publish the following NIPA and wealth estimates that reflect the completion of the most recent comprehensive revision of the NIPA's: Revised NIPA summary estimates for 1929-96, revised estimates of reproducible tangible wealth for 1929-95, and newly available and revised NIPA estimates of selected series for 1991-96. For more information, see [the box on page 5](#).

1. National Product and Income

Table 1.1.—Gross Domestic Product

[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
Gross domestic product	7,253.8	7,576.1	7,309.8	7,350.6	7,426.8	7,545.1	7,616.3	7,716.1
Personal consumption expenditures	4,924.9	5,151.4	4,957.9	4,990.5	5,060.5	5,139.4	5,165.4	5,240.3
Durable goods	606.4	632.1	615.8	612.8	625.2	637.6	630.5	635.2
Nondurable goods	1,485.9	1,545.1	1,491.2	1,494.2	1,522.1	1,544.7	1,546.5	1,566.8
Services	2,832.6	2,974.3	2,850.9	2,883.5	2,913.2	2,957.1	2,988.5	3,038.3
Gross private domestic investment	1,065.3	1,117.0	1,074.8	1,064.0	1,068.9	1,096.0	1,156.2	1,146.6
Fixed investment	1,028.2	1,101.5	1,036.6	1,046.2	1,070.7	1,088.0	1,119.6	1,127.8
Nonresidential	738.5	791.1	746.3	749.7	769.0	773.8	807.0	814.5
Structures	199.7	214.3	202.5	204.0	208.4	207.4	213.5	227.8
Producers' durable equipment	538.8	576.8	543.8	545.7	560.6	566.3	593.5	586.7
Residential	289.8	310.5	290.3	296.5	301.7	314.2	312.6	313.3
Change in business inventories	37.0	15.4	38.2	17.8	-1.7	8.0	36.6	18.8
Net exports of goods and services	-94.7	-98.7	-87.6	-67.2	-86.3	-99.2	-120.2	-89.1
Exports	807.4	855.2	819.0	837.0	839.5	850.0	844.3	887.0
Goods	581.4	614.9	587.0	604.5	603.6	610.4	605.4	640.2
Services	225.9	240.3	232.1	232.5	235.9	239.7	239.0	246.8
Imports	902.0	953.9	906.6	904.2	925.8	949.2	964.5	976.0
Goods	757.0	802.2	759.7	759.0	776.7	798.2	812.1	821.6
Services	145.1	151.7	146.9	145.2	149.2	151.0	152.5	154.4
Government consumption expenditures and gross investment	1,358.3	1,406.4	1,364.6	1,363.4	1,383.7	1,408.8	1,414.8	1,418.3
Federal	516.6	523.1	516.8	507.7	518.6	529.6	525.5	518.5
National defense	345.5	347.1	345.7	337.1	343.9	353.7	348.8	341.9
Nondefense	171.0	176.0	171.1	170.6	174.7	175.8	176.7	176.7
State and local	841.7	883.3	847.7	855.7	865.1	879.2	889.3	899.8

NOTE.—Percent changes from preceding period for selected items in this table are shown in table 8.1.

Table 1.2.—Real Gross Domestic Product

[Billions of chained (1992) dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
Gross domestic product	6,742.9	6,907.2	6,776.4	6,780.7	6,814.3	6,892.6	6,928.4	6,993.6
Personal consumption expenditures	4,577.8	4,690.7	4,597.3	4,609.4	4,649.1	4,687.6	4,693.5	4,732.5
Durable goods	579.8	611.4	589.1	587.5	599.2	615.6	611.6	619.1
Nondurable goods	1,421.9	1,442.0	1,424.7	1,423.2	1,436.1	1,440.9	1,442.2	1,448.6
Services	2,577.0	2,638.3	2,584.6	2,599.3	2,614.7	2,632.3	2,640.6	2,665.6
Gross private domestic investment	1,010.2	1,057.0	1,015.2	1,004.9	1,011.9	1,038.6	1,093.4	1,084.1
Fixed investment	975.9	1,042.1	980.0	988.5	1,013.3	1,031.1	1,057.5	1,066.6
Nonresidential	714.3	766.8	719.0	723.3	743.5	750.5	781.4	792.0
Structures	181.1	190.0	182.8	183.2	186.6	184.9	188.6	199.8
Producers' durable equipment	534.5	578.6	537.4	541.4	558.3	567.5	595.0	593.7
Residential	262.8	276.7	262.2	266.3	271.1	281.5	277.8	276.6
Change in business inventories	33.1	14.0	33.0	14.6	-3.0	7.1	34.5	17.3
Net exports of goods and services	-107.6	-113.6	-101.6	-84.9	-104.0	-114.7	-137.4	-98.4
Exports	775.4	825.9	783.0	803.1	806.7	817.9	816.1	862.9
Goods	565.9	608.8	568.2	588.8	590.9	600.6	601.1	642.6
Services	210.4	218.2	215.4	215.3	216.7	218.3	216.1	221.7
Imports	883.0	939.5	884.5	888.0	910.7	932.6	953.5	961.3
Goods	744.7	796.3	745.6	750.0	768.4	789.9	810.0	817.0
Services	138.8	143.8	139.4	138.5	142.8	143.2	144.1	145.0
Government consumption expenditures and gross investment	1,260.2	1,270.6	1,263.4	1,249.6	1,254.7	1,278.2	1,276.1	1,273.4
Federal	472.3	467.1	472.5	456.2	462.9	473.4	469.3	462.9
National defense	319.6	313.9	319.1	308.8	311.9	319.4	314.9	309.4
Nondefense	152.3	152.8	153.1	147.0	150.6	153.7	153.9	153.1
State and local	788.6	804.3	791.5	794.4	792.6	805.5	807.7	811.4
Residual	-6	-1.7	.3	-6	-2	-1.6	-1.5	-3.3

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

Percent changes from preceding period for selected items in this table are shown in table 8.1; contributions to the percent change in real gross domestic product are shown in table 8.2.

Table 1.9.—Relation of Gross Domestic Product, Gross National Product, Net National Product, National Income, and Personal Income

[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
Gross domestic product	7,253.8	7,576.1	7,309.8	7,350.6	7,426.8	7,545.1	7,616.3	7,716.1
Plus: Receipts of factor income from the rest of the world	208.3	228.4	207.0	213.4	220.4	223.9	226.4	242.9
Less: Payments of factor income to the rest of the world	215.3	237.3	223.4	219.7	220.6	231.4	243.8	253.5
Equals: Gross national product	7,246.7	7,567.1	7,293.4	7,344.3	7,426.6	7,537.5	7,598.9	7,705.6
Less: Consumption of fixed capital	825.9	858.3	828.8	845.1	843.0	852.8	864.0	873.4
Private	679.2	709.2	681.6	697.0	694.7	704.2	714.6	723.4
Capital consumption allowances	658.9	696.3	661.2	674.1	681.6	691.4	701.1	711.0
Less: Capital consumption adjustment	-20.3	-12.9	-20.4	-22.8	-13.0	-12.8	-13.5	-12.4
Government	146.7	149.1	147.2	148.2	148.4	148.6	149.4	150.0
General government	125.3	126.8	125.7	126.4	126.4	126.4	126.9	127.2
Government enterprises	21.3	22.4	21.5	21.8	22.0	22.2	22.5	22.8
Equals: Net national product	6,420.8	6,708.8	6,464.6	6,499.1	6,583.6	6,684.7	6,734.9	6,832.1
Less: Indirect business tax and nontax liability	595.5	617.9	597.3	604.1	604.1	608.7	614.6	644.0
Business transfer payments	30.8	32.2	30.9	31.2	31.5	32.4	32.2	32.6
Statistical discrepancy	-9	-74.6	-7.1	-46.7	-50.0	-57.5	-98.1	-92.8
Plus: Subsidies less current surplus of government enterprises	18.2	17.5	17.9	16.8	17.3	17.6	16.8	18.3
Equals: National income	5,813.5	6,150.9	5,861.4	5,927.4	6,015.3	6,118.7	6,203.0	6,266.7
Less: Corporate profits with inventory valuation and capital consumption adjustments	586.6	654.0	612.5	611.8	645.1	655.8	661.2	654.1
Net interest	403.6	403.3	400.7	401.9	399.5	402.3	405.6	405.7
Contributions for social insurance	660.0	689.7	664.0	668.6	676.0	686.2	694.4	702.2
Wage accruals less disbursements	2.7	0	2.9	.9	1.9	0	0	-1.9
Plus: Personal interest income	717.1	738.2	719.9	727.2	726.1	733.1	742.9	750.5
Personal dividend income	214.8	230.6	215.8	221.7	226.6	229.3	231.5	234.8
Government transfer payments to persons	1,000.0	1,056.7	1,007.3	1,018.7	1,040.1	1,052.6	1,062.1	1,071.9
Business transfer payments to persons	22.6	23.0	22.6	22.7	22.9	23.0	23.1	23.2
Equals: Personal income	6,115.1	6,452.3	6,146.9	6,234.5	6,308.5	6,412.4	6,501.4	6,587.0
Addenda:								
Gross domestic income	7,254.6	7,650.7	7,316.9	7,397.3	7,476.9	7,602.6	7,714.4	7,808.9
Gross national income	7,247.6	7,641.8	7,300.5	7,391.0	7,476.7	7,595.0	7,697.0	7,798.3
Net domestic product	6,427.9	6,717.8	6,480.9	6,505.5	6,583.8	6,692.3	6,752.3	6,842.7

Table 1.10.—Relation of Real Gross Domestic Product, Real Gross National Product, and Real Net National Product

[Billions of chained (1992) dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
Gross domestic product	6,742.9	6,907.2	6,776.4	6,780.7	6,814.3	6,892.6	6,928.4	6,993.6
Plus: Receipts of factor income from the rest of the world	194.2	209.2	192.6	197.6	203.2	205.4	207.0	221.0
Less: Payments of factor income to the rest of the world	199.7	215.9	206.8	202.4	202.3	211.1	221.4	229.0
Equals: Gross national product	6,737.1	6,900.1	6,762.0	6,775.6	6,814.9	6,886.5	6,913.7	6,985.2
Less: Consumption of fixed capital								
Private								
Government								
General government								
Government enterprises								
Equals: Net national product								
Addenda:								
Gross domestic income ¹	6,743.6	6,975.2	6,783.0	6,823.8	6,860.2	6,945.1	7,017.7	7,077.7
Gross national income ²	6,737.8	6,968.0	6,768.6	6,818.7	6,860.8	6,939.1	7,002.9	7,069.3
Net domestic product								

1. Gross domestic income deflated by the implicit price deflator for gross domestic product.

2. Gross national income deflated by the implicit price deflator for gross national product.

NOTE.—Except as noted in footnotes 1 and 2, chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive.

Table 1.11.—Command-Basis Real Gross National Product

[Billions of chained (1992) dollars]

Gross national product	6,737.1	6,900.1	6,762.0	6,775.6	6,814.9	6,886.5	6,913.7	6,985.2
Less: Exports of goods and services and receipts of factor income from the rest of the world	970.4	1,036.0	976.3	1,001.4	1,010.8	1,024.1	1,024.0	1,085.0
Plus: Command-basis exports of goods and services and receipts of factor income ¹	985.9	1,053.0	992.9	1,020.9	1,030.6	1,042.1	1,043.1	1,096.2
Equals: Command-basis gross national product	6,752.6	6,917.1	6,778.6	6,795.0	6,834.7	6,904.4	6,932.8	6,996.5
Addendum:								
Terms of trade ²	101.6	101.6	101.7	101.9	102.0	101.8	101.9	101.0

1. Exports of goods and services and receipts of factor income deflated by the implicit price deflator for imports of goods and services and payments of factor income.

2. Ratio of the implicit price deflator for exports of goods and services and receipts of factor income to the corresponding implicit price deflator for imports with the decimal point shifted two places to the right.

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. Percent changes from preceding period for selected items in this table are shown in table 8.1.

Table 1.14.—National Income by Type of Income

(Billions of dollars)

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
National income	5,813.5	6,150.9	5,861.4	5,927.4	6,015.3	6,118.7	6,203.0	6,266.7
Compensation of employees ...	4,222.7	4,448.5	4,247.7	4,301.1	4,344.3	4,420.9	4,482.9	4,546.0
Wage and salary accruals	3,433.2	3,630.1	3,454.0	3,501.1	3,540.2	3,606.5	3,659.6	3,714.2
Government	621.7	641.2	624.1	626.9	634.0	638.9	644.6	647.2
Other	2,811.5	2,988.9	2,829.9	2,874.2	2,906.1	2,967.5	3,015.1	3,067.0
Supplements to wages and salaries	789.5	818.4	793.7	800.1	804.1	814.4	823.3	831.8
Employer contributions for social insurance	365.5	382.2	367.8	369.8	375.0	380.4	384.6	388.8
Other labor income	424.0	436.2	425.9	430.2	429.1	434.0	438.6	442.9
Proprietors' income with inventory valuation and capital consumption adjustments	478.3	518.3	479.6	486.7	499.5	515.2	526.3	532.1
Farm	29.0	46.4	28.1	31.8	38.4	45.8	51.8	49.7
Proprietors' income with inventory valuation adjustment	36.5	53.9	35.7	39.3	45.8	53.2	59.4	57.3
Capital consumption adjustment	-7.5	-7.5	-7.5	-7.5	-7.4	-7.4	-7.6	-7.6
Nonfarm	449.3	471.9	451.5	454.9	461.1	469.4	474.6	482.4
Proprietors' income	434.6	457.2	436.3	439.6	446.4	455.2	459.4	467.7
Inventory valuation adjustment	-1.8	-8	-1.1	-8	-1.3	-1.2	-1	-7
Capital consumption adjustment	16.4	15.5	16.4	16.1	16.0	15.4	15.3	15.3
Rental income of persons with capital consumption adjustment	122.2	126.8	120.9	125.8	126.9	124.5	127.0	128.9
Rental income of persons	158.6	161.7	156.0	165.0	160.0	158.6	162.5	165.8
Capital consumption adjustment	-36.4	-34.9	-35.1	-39.1	-33.1	-34.2	-35.5	-37.0
Corporate profits with inventory valuation and capital consumption adjustments	586.6	654.0	612.5	611.8	645.1	655.8	661.2	654.1
Corporate profits with inventory valuation adjustment	570.8	631.0	597.9	595.3	624.8	633.5	637.6	627.9
Profits before tax	598.9	639.9	607.2	604.2	642.2	644.6	635.6	637.1
Profits tax liability	218.7	233.0	224.5	218.7	233.4	236.4	233.4	228.9
Profits after tax	380.2	406.8	382.8	385.5	408.8	408.1	402.2	408.2
Dividends	227.4	244.2	228.5	234.7	239.9	243.1	245.2	248.7
Undistributed profits	152.8	162.6	154.3	150.8	168.9	165.1	156.9	159.5
Inventory valuation adjustment	-28.1	-8.9	-9.3	-8.8	-17.4	-11.0	2.0	-9.2
Capital consumption adjustment	15.9	23.1	14.6	16.5	20.4	22.3	23.6	26.2
Net interest	403.6	403.3	400.7	401.9	399.5	402.3	405.6	405.7
Addenda:								
Corporate profits after tax with inventory valuation and capital consumption adjustments	368.0	421.0	388.1	393.1	411.8	419.4	427.7	425.2
Net cash flow with inventory valuation and capital consumption adjustments	594.6	650.8	616.5	622.0	637.4	647.3	659.7	658.6
Undistributed profits with inventory valuation and capital consumption adjustments	140.6	176.8	159.6	158.4	171.8	176.3	182.5	176.5
Consumption of fixed capital	454.0	474.0	456.9	463.6	465.6	471.0	477.2	482.1
Less: Inventory valuation adjustment	-28.1	-8.9	-9.3	-8.8	-17.4	-11.0	2.0	-9.2
Equals: Net cash flow	622.7	659.7	625.8	630.8	654.8	658.4	657.7	667.8

Table 1.16.—Gross Domestic Product of Corporate Business in Current Dollars and Gross Domestic Product of Nonfinancial Corporate Business in Current and Chained Dollars

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
Billions of dollars								
Gross domestic product of corporate business	4,331.1	4,592.0	4,383.0	4,424.9	4,481.8	4,565.6	4,629.8	4,691.0
Consumption of fixed capital	454.0	474.0	456.9	463.6	465.6	471.0	477.2	482.1
Net domestic product	3,877.0	4,118.0	3,926.1	3,961.3	4,016.2	4,094.6	4,152.5	4,208.8
Indirect business tax and nontax liability plus business transfer payments less subsidies	441.0	458.0	441.5	447.3	445.6	450.3	454.3	481.7
Domestic income	3,436.0	3,660.1	3,484.6	3,514.0	3,570.6	3,644.3	3,698.2	3,727.1
Compensation of employees	2,804.5	2,965.3	2,821.7	2,862.0	2,888.5	2,945.3	2,989.8	3,037.8
Wage and salary accruals	2,303.3	2,448.6	2,318.4	2,354.6	2,380.8	2,431.1	2,470.0	2,512.6
Supplements to wages and salaries	501.3	516.7	503.4	507.4	507.7	514.2	519.8	525.2
Corporate profits with inventory valuation and capital consumption adjustments	510.0	572.0	541.7	530.1	562.0	577.3	584.6	564.2
Profits before tax	522.2	557.8	536.4	522.5	559.0	566.1	559.0	547.2
Profits tax liability	218.7	233.0	224.5	218.7	233.4	236.4	233.4	228.9
Profits after tax	303.5	324.8	311.9	303.8	325.6	329.7	325.6	318.3
Dividends	205.6	218.0	204.2	211.3	216.8	218.0	215.3	222.0
Undistributed profits	97.9	106.8	107.7	92.5	108.8	111.7	110.3	96.3
Inventory valuation adjustment	-28.1	-8.9	-9.3	-8.8	-17.4	-11.0	2.0	-9.2
Capital consumption adjustment	15.9	23.1	14.6	16.5	20.4	22.3	23.6	26.2
Net interest	121.5	122.7	121.2	121.9	120.2	121.6	123.8	125.2
Gross domestic product of financial corporate business	445.3	484.3	458.2	451.8	470.2	484.0	486.6	496.2
Gross domestic product of nonfinancial corporate business	3,885.8	4,107.8	3,924.8	3,973.2	4,011.6	4,081.6	4,143.1	4,194.8
Consumption of fixed capital	424.0	442.6	426.6	433.0	434.8	439.9	445.5	450.1
Net domestic product	3,461.8	3,665.2	3,498.2	3,540.2	3,576.8	3,641.7	3,697.6	3,744.7
Indirect business tax and nontax liability plus business transfer payments less subsidies	400.9	407.5	401.6	406.9	405.3	403.0	406.6	415.2
Domestic income	3,060.9	3,257.7	3,096.6	3,133.3	3,171.5	3,238.8	3,290.9	3,329.5
Compensation of employees	2,574.9	2,721.8	2,590.6	2,627.6	2,651.3	2,703.4	2,744.3	2,788.2
Wage and salary accruals	2,111.9	2,245.1	2,125.7	2,159.0	2,182.9	2,229.0	2,264.7	2,303.7
Supplements to wages and salaries	463.1	476.7	464.9	468.6	468.4	474.4	479.6	484.5
Corporate profits with inventory valuation and capital consumption adjustments	384.6	433.3	405.0	404.3	420.3	433.8	442.8	436.1
Profits before tax	403.0	425.9	406.0	403.2	424.1	429.5	424.1	425.9
Profits tax liability	140.7	148.0	141.3	140.6	147.7	149.2	146.9	148.1
Profits after tax	262.4	277.9	264.7	262.6	276.4	280.3	277.1	277.8
Dividends	175.9	187.8	174.9	180.3	185.6	187.9	186.2	191.5
Undistributed profits	86.5	90.1	89.7	82.4	90.8	92.4	90.9	86.3
Inventory valuation adjustment	-28.1	-8.9	-9.3	-8.8	-17.4	-11.0	2.0	-9.2
Capital consumption adjustment	9.7	16.3	8.4	9.9	13.6	15.4	16.8	19.3
Net interest	101.3	102.6	100.9	101.4	100.0	101.5	103.9	105.2
Billions of chained (1992) dollars								
Gross domestic product of nonfinancial corporate business ¹	3,692.3	3,858.9	3,719.9	3,759.1	3,779.2	3,831.0	3,888.8	3,936.6
Consumption of fixed capital ²								
Net domestic product ³								

1. Chained-dollar gross domestic product of nonfinancial corporate business equals the current-dollar product deflated by the implicit price deflator for goods and structures in gross domestic product.

2. Chained-dollar consumption of fixed capital of nonfinancial corporate business is calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100.

3. Chained-dollar net domestic product of nonfinancial corporate business is the difference between the gross product and the consumption of fixed capital.

3. Government Receipts, Current Expenditures, and Gross Investment

Table 3.1.—Government Receipts and Current Expenditures

[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
Receipts	2,268.4	2,404.4	2,284.2	2,298.6	2,338.5	2,402.0	2,414.9	2,462.3
Personal tax and nontax receipts	794.3	863.8	798.4	807.2	824.9	870.6	872.5	887.2
Corporate profits tax accruals	218.7	233.0	224.5	218.7	233.4	236.4	233.4	228.9
Indirect business tax and nontax accruals	595.5	617.9	597.3	604.1	604.1	608.7	614.6	644.0
Contributions for social insurance	660.0	689.7	664.0	668.6	676.0	686.2	694.4	702.2
Current expenditures	2,335.1	2,438.5	2,348.8	2,365.0	2,402.7	2,427.6	2,446.5	2,477.3
Consumption expenditures	1,136.4	1,173.1	1,139.9	1,143.3	1,154.9	1,173.7	1,180.6	1,183.0
Transfer payments (net)	1,011.5	1,073.1	1,018.5	1,030.3	1,059.1	1,064.5	1,073.8	1,095.1
To persons	1,000.0	1,056.7	1,007.3	1,018.7	1,040.1	1,052.6	1,062.1	1,071.9
To the rest of the world (net)	11.5	16.4	11.3	11.6	19.0	11.8	11.7	23.3
Net interest paid	181.7	188.5	185.2	187.5	184.8	185.6	189.1	194.7
Interest paid	318.0	321.8	320.7	322.8	319.8	319.7	322.3	325.5
To persons and business	256.7	250.5	257.5	258.1	255.2	252.3	248.3	246.1
To the rest of the world	61.3	71.3	63.2	64.7	64.7	67.3	74.0	79.4
Less: Interest received by government	136.3	133.3	135.5	135.3	135.0	134.0	133.2	130.9
Less: Dividends received by government	12.6	13.7	12.7	13.0	13.3	13.7	13.7	13.9
Subsidies less current surplus of government enterprises	18.2	17.5	17.9	16.8	17.3	17.6	16.8	18.3
Subsidies	33.4	32.1	33.0	31.7	31.7	31.8	32.0	32.8
Less: Current surplus of government enterprises	15.3	14.6	15.1	14.8	14.4	14.2	15.2	14.4
Less: Wage accruals less disbursements	0	0	0	0	0	0	0	0
Current surplus or deficit (-), national income and product accounts	-66.7	-34.1	-64.6	-66.4	-64.3	-25.7	-31.6	-15.0
Social insurance funds	117.7	112.8	117.4	118.3	109.9	111.7	114.5	115.2
Other	-184.4	-146.9	-182.0	-184.7	-174.1	-137.4	-146.1	-130.2

Table 3.2.—Federal Government Receipts and Current Expenditures

[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
Receipts	1,478.4	1,575.0	1,486.6	1,494.7	1,523.1	1,575.6	1,581.9	1,619.3
Personal tax and nontax receipts	614.9	673.1	617.3	623.3	639.6	681.4	680.2	691.1
Income taxes	598.1	653.7	599.6	605.5	622.2	661.3	659.6	671.5
Estate and gift taxes	14.8	17.3	15.6	15.7	15.2	18.0	18.5	17.4
Nontaxes	2.0	2.2	2.1	2.2	2.2	2.2	2.2	2.2
Corporate profits tax accruals	184.3	196.2	189.1	184.3	196.4	199.0	196.5	192.8
Federal Reserve banks	23.1	22.9	23.2	22.9	22.7	23.0	22.8	23.2
Other	161.1	173.2	165.9	161.3	173.7	176.0	173.7	169.6
Indirect business tax and nontax accruals	91.2	90.5	88.4	91.3	84.4	83.2	85.7	108.7
Excise taxes	56.5	52.2	56.6	57.7	51.1	50.2	51.4	56.0
Customs duties	19.5	20.3	20.0	19.6	20.1	19.4	20.7	20.9
Nontaxes	15.2	18.1	11.8	13.9	13.3	13.5	13.6	31.8
Contributions for social insurance	588.0	615.2	591.8	595.9	602.6	612.0	619.4	626.7
Current expenditures	1,640.1	1,702.1	1,645.0	1,649.3	1,678.3	1,702.3	1,702.6	1,725.2
Consumption expenditures	453.8	459.0	453.6	451.4	453.6	463.5	461.3	457.7
Transfer payments (net)	719.9	764.2	724.2	730.9	756.2	757.9	762.9	779.8
To persons	708.4	747.7	713.0	719.3	737.2	746.0	751.2	756.6
To the rest of the world (net)	11.5	16.4	11.3	11.6	19.0	11.8	11.7	23.3
Grants-in-aid to State and local governments	206.1	214.6	203.8	203.3	207.6	219.3	214.5	216.8
Net interest paid	229.1	233.4	232.3	233.9	230.5	230.8	233.7	238.8
Interest paid	254.0	258.0	256.7	258.9	255.9	255.8	258.5	261.8
To persons and business	192.7	186.7	193.5	194.2	191.3	188.5	184.5	182.4
To the rest of the world	61.3	71.3	63.2	64.7	64.7	67.3	74.0	79.4
Less: Interest received by government	24.9	24.6	24.5	25.0	25.4	25.0	24.8	23.0
Subsidies less current surplus of government enterprises	31.3	30.9	31.1	29.9	30.4	30.8	30.3	32.0
Subsidies	33.1	31.7	32.6	31.3	31.3	31.4	31.7	32.4
Less: Current surplus of government enterprises	1.8	.8	1.6	1.4	.9	.6	1.4	.4
Less: Wage accruals less disbursements	0	0	0	0	0	0	0	0
Current surplus or deficit (-), national income and product accounts	-161.7	-127.1	-158.5	-154.5	-155.2	-126.7	-120.8	-105.9
Social insurance funds	59.5	57.2	59.3	60.7	53.0	55.2	59.1	61.2
Other	-221.2	-184.3	-217.8	-215.2	-208.3	-181.9	-179.9	-167.1

Table 3.3.—State and Local Government Receipts and Current Expenditures

[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
Receipts	996.1	1,044.0	1,001.4	1,007.1	1,023.0	1,045.7	1,047.6	1,059.8
Personal tax and nontax receipts	179.4	190.8	181.2	183.8	185.3	189.2	192.3	196.2
Income taxes	133.5	142.9	135.1	137.3	138.1	141.7	144.2	147.3
Nontaxes	23.9	24.7	24.0	24.1	24.4	24.5	24.8	25.2
Other	22.0	23.2	22.1	22.4	22.8	23.0	23.3	23.7
Corporate profits tax accruals	34.4	36.8	35.4	34.4	36.9	37.4	36.9	36.1
Indirect business tax and nontax accruals	504.3	527.3	508.9	512.8	519.7	525.5	528.9	535.2
Sales taxes	238.3	249.3	240.3	241.8	245.9	248.8	249.5	252.9
Property taxes	216.3	225.5	218.1	220.2	222.2	224.6	226.5	228.8
Other	49.7	52.5	50.5	50.8	51.6	52.2	52.9	53.6
Contributions for social insurance	71.9	74.5	72.2	72.8	73.4	74.2	74.9	75.5
Federal grants-in-aid	206.1	214.6	203.8	203.3	207.6	219.3	214.5	216.8
Current expenditures	901.1	951.0	907.5	919.0	932.0	944.7	958.4	968.9
Consumption expenditures	682.6	714.0	686.2	691.9	701.3	710.2	719.3	725.3
Transfer payments to persons	291.6	308.9	294.3	299.4	302.9	306.6	310.9	315.3
Net interest paid	-47.4	-44.9	-47.0	-46.4	-45.7	-45.1	-44.6	-44.1
Interest paid	64.0	63.8	64.0	63.9	63.9	63.8	63.8	63.7
Less: Interest received by government	111.4	108.7	111.0	110.3	109.6	109.0	108.4	107.9
Less: Dividends received by government	12.6	13.7	12.7	13.0	13.3	13.7	13.7	13.9
Subsidies less current surplus of government enterprises	-13.1	-13.4	-13.2	-13.0	-13.1	-13.3	-13.4	-13.7
Subsidies	.4	.4	.4	.4	.4	.4	.4	.4
Less: Current surplus of government enterprises	13.5	13.7	13.6	13.4	13.5	13.6	13.8	14.1
Less: Wage accruals less disbursements	0	0	0	0	0	0	0	0
Current surplus or deficit (-), national income and product accounts	95.0	93.0	93.9	88.1	91.0	101.0	89.2	90.9
Social insurance funds	58.2	55.6	58.1	57.6	56.8	56.4	55.3	54.0
Other	36.8	37.4	35.8	30.5	34.1	44.6	33.8	36.9

Table 3.7B.—Government Consumption Expenditures and Gross Investment by Type

[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
Government consumption expenditures and gross investment¹	1,358.3	1,406.4	1,364.6	1,363.4	1,383.7	1,408.8	1,414.8	1,418.3
Federal	516.6	523.1	516.8	507.7	518.6	529.6	525.5	518.5
National defense	345.5	347.1	345.7	337.1	343.9	353.7	348.8	341.9
Consumption expenditures	302.3	303.9	301.4	300.1	298.7	307.4	304.7	304.7
Durable goods ²	20.8	20.7	22.5	18.9	19.1	22.1	22.9	18.8
Nondurable goods	6.2	7.9	6.7	5.7	7.7	8.3	8.5	7.2
Services	275.2	275.2	272.2	275.5	271.9	276.9	273.4	278.7
Compensation of general government employees, except force-account construction ³	130.6	129.4	130.7	129.2	130.8	129.9	129.3	127.9
Consumption of general government fixed capital ⁴	60.5	58.9	60.4	60.3	59.6	59.1	58.7	58.2
Other services	84.1	86.9	81.1	86.0	81.5	87.9	85.4	92.7
Gross investment	43.3	43.2	44.3	37.0	45.2	46.3	44.1	37.2
Structures	5.3	5.0	5.5	5.3	5.0	5.1	5.1	4.9
Equipment	37.9	38.1	38.8	31.7	40.1	41.2	39.0	32.2
Nondefense	171.0	176.0	171.1	170.6	174.7	175.8	176.7	176.7
Consumption expenditures	151.5	155.2	152.2	151.3	154.9	156.1	156.6	153.0
Durable goods ² .....	.8	1.0	.7	.7	.9	1.0	1.2	1.0
Nondurable goods	7.6	7.2	7.6	7.6	7.8	7.3	7.0	6.8
Commodity Credit Corporation inventory change ...	-2	-3	-1	-1	-1	-5	-5	-3
Other nondurables	7.8	7.6	7.7	7.6	7.9	7.8	7.5	7.1
Services	143.2	146.9	143.9	143.1	146.3	147.8	148.4	145.2
Compensation of general government employees, except force-account construction ³	76.4	77.7	76.9	76.3	77.7	77.9	77.6	77.4
Consumption of general government fixed capital ⁴	10.7	10.9	10.7	10.8	10.9	10.8	10.9	11.0
Other services	56.1	58.4	56.2	55.9	57.7	59.0	59.8	56.9
Gross investment	19.5	20.8	18.9	19.3	19.8	19.7	20.1	23.7
Structures	10.1	9.9	9.3	9.9	9.7	10.0	9.6	10.4
Equipment	9.4	10.9	9.6	9.4	10.1	9.7	10.5	13.2
State and local	841.7	883.3	847.7	855.7	865.1	879.2	889.3	899.8
Consumption expenditures	682.6	714.0	686.2	691.9	701.3	710.2	719.3	725.3
Durable goods ²	14.7	15.5	14.9	15.2	15.3	15.4	15.6	15.7
Nondurable goods	72.8	78.3	73.3	73.6	76.1	78.3	78.4	80.4
Services	595.1	620.2	598.0	603.2	609.9	616.5	625.3	629.1
Compensation of general government employees, except force-account construction ³	516.2	536.5	518.6	522.9	528.1	533.6	540.7	543.6
Consumption of general government fixed capital ⁴	54.2	57.0	54.6	55.3	55.9	56.5	57.4	58.0
Other services	24.7	26.7	24.9	25.0	25.9	26.3	27.3	27.5
Gross investment	159.1	169.3	161.5	163.8	163.8	169.1	170.0	174.5
Structures	130.0	138.9	132.3	134.0	133.8	138.7	139.4	143.6
Equipment	29.1	30.5	29.3	29.7	30.0	30.3	30.6	30.9
Addenda:								
Compensation of general government employees ³	727.3	747.9	730.2	732.6	740.6	745.8	751.9	753.3
Federal	207.1	207.2	207.7	205.6	208.5	207.9	207.0	205.3
State and local	520.2	540.7	522.6	526.9	532.1	537.9	544.9	548.0

Table 3.8B.—Real Government Consumption Expenditures and Real Gross Investment by Type

[Billions of chained (1992) dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
Government consumption expenditures and gross investment¹	1,260.2	1,270.6	1,263.4	1,249.6	1,254.7	1,278.2	1,276.1	1,273.4
Federal	472.3	467.1	472.5	456.2	462.9	473.4	469.3	462.9
National defense	319.6	313.9	319.1	308.8	311.9	319.4	314.9	309.4
Consumption expenditures	280.1	275.7	278.9	275.1	271.6	279.6	276.5	275.3
Durable goods ²	20.5	20.2	22.2	18.6	18.7	21.5	22.3	18.4
Nondurable goods	6.2	7.3	6.7	5.5	7.3	7.7	7.7	6.4
Services	253.1	248.0	249.9	250.5	245.4	250.2	246.4	250.2
Compensation of general government employees, except force-account construction ³	120.9	115.7	120.8	117.5	116.6	116.5	115.8	113.9
Consumption of general government fixed capital ⁴	52.2	51.0	52.0	51.8	51.6	51.0	50.8	50.7
Other services	79.9	81.4	76.9	81.2	77.1	82.8	79.8	85.8
Gross investment	39.6	38.2	40.3	33.8	40.3	39.9	38.5	34.2
Structures	4.6	4.2	4.7	4.5	4.3	4.3	4.2	4.1
Equipment	35.0	34.0	35.6	29.2	36.0	35.6	34.3	30.1
Nondefense	152.3	152.8	153.1	147.0	150.6	153.7	153.9	153.1
Consumption expenditures	133.5	132.8	134.8	128.6	131.6	134.7	134.4	130.5
Durable goods ² .....	.9	1.2	.9	.8	1.0	1.2	1.3	1.2
Nondurable goods	6.8	6.5	6.9	6.8	7.0	6.5	6.3	6.1
Commodity Credit Corporation inventory change ...	-2	-3	-1	-1	-1	-4	-4	-2
Other nondurables	7.1	6.7	7.0	6.9	7.0	6.9	6.6	6.4
Services	125.7	125.2	127.0	121.0	123.7	126.9	126.8	123.2
Compensation of general government employees, except force-account construction ³	62.9	61.2	64.3	58.9	60.0	62.3	61.7	60.8
Consumption of general government fixed capital ⁴	10.2	10.3	10.2	10.3	10.3	10.3	10.3	10.4
Other services	53.2	54.4	52.9	52.5	54.2	55.1	55.6	52.6
Gross investment	18.7	20.0	18.1	18.4	18.9	18.9	19.4	22.8
Structures	9.3	8.9	8.5	8.9	8.8	9.0	8.5	9.2
Equipment	9.5	11.2	9.7	9.5	10.2	9.9	11.0	13.8
State and local	788.6	804.3	791.5	794.4	792.6	805.5	807.7	811.4
Consumption expenditures	639.1	649.0	640.5	642.1	640.9	649.7	652.4	653.2
Durable goods ²	14.1	14.7	14.2	14.3	14.4	14.6	14.7	14.9
Nondurable goods	69.2	72.0	69.5	70.2	70.9	71.6	72.3	73.0
Services	556.0	562.5	556.9	557.7	555.7	563.6	565.5	565.4
Compensation of general government employees, except force-account construction ³	476.4	479.9	477.0	477.1	473.8	481.3	482.7	481.8
Consumption of general government fixed capital ⁴	51.7	53.3	51.9	52.3	52.7	53.1	53.5	53.9
Other services	28.1	29.9	28.3	28.7	29.8	29.8	29.7	30.3
Gross investment	149.4	155.3	151.0	152.3	151.7	155.8	155.3	158.3
Structures	121.1	125.6	122.5	123.4	122.5	126.3	125.5	128.1
Equipment	28.4	29.7	28.5	28.9	29.2	29.5	29.9	30.2
Residual	-1.0	-1.9	-8	-1.3	-1.6	-1.7	-1.7	-2.4
Addenda:								
Compensation of general government employees ³	663.7	660.3	665.8	656.7	653.6	663.6	663.8	660.1
Federal	184.1	177.2	185.5	176.5	176.8	179.2	177.9	175.1
State and local	480.0	483.7	480.7	480.8	477.4	485.0	486.5	485.7

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines, excluding the lines in the addenda.

See footnotes to table 3.7B.

1. Gross government investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in government consumption expenditures.

2. Consumption expenditures for durable goods excludes expenditures classified as investment, except for goods transferred to foreign countries by the Federal Government.

3. Compensation of government employees engaged in new force-account construction and related expenditures for goods and services are classified as investment in structures. The compensation of all general government employees is shown in the addenda.

4. Consumption of fixed capital, or depreciation, is included in government consumption expenditures as a partial measure of the value of the services of general government fixed assets; use of depreciation assumes a zero net return on these assets.

Table 3.10.—National Defense Consumption Expenditures and Gross Investment

[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
National defense consumption expenditures and gross investment¹	345.5	347.1	345.7	337.1	343.9	353.7	348.8	341.9
Consumption expenditures	302.3	303.9	301.4	300.1	298.7	307.4	304.7	304.7
Durable goods²	20.8	20.7	22.5	18.9	19.1	22.1	22.9	18.8
Aircraft	8.6	8.9	9.0	8.0	8.0	9.5	9.8	8.3
Missiles	3.2	3.1	3.7	2.8	2.9	3.2	3.6	2.7
Ships	1.2	.8	1.5	.8	.7	.9	1.3	.5
Vehicles	1.1	.9	1.3	.8	1.0	1.0	1.0	.8
Electronics	2.5	2.6	2.7	2.2	2.3	2.9	2.9	2.3
Other durable goods	4.4	4.3	4.3	4.1	4.2	4.7	4.3	4.1
Nondurable goods	6.2	7.9	6.7	5.7	7.7	8.3	8.5	7.2
Petroleum products	2.7	3.4	3.2	2.4	3.2	3.5	4.1	3.0
Ammunition	1.2	1.1	1.3	.9	1.2	1.5	1.1	.7
Other nondurable goods	2.4	3.4	2.2	2.4	3.3	3.4	3.3	3.6
Services	275.2	275.2	272.2	275.5	271.9	276.9	273.4	278.7
Compensation of general government employees, except force-account construction ³	130.6	129.4	130.7	129.2	130.8	129.9	129.3	127.9
Military	80.1	78.4	80.2	78.3	79.1	78.4	78.1	77.8
Civilian	50.5	51.1	50.5	51.0	51.7	51.5	51.1	50.1
Consumption of general government fixed capital ⁴	60.5	58.9	60.4	60.3	59.6	59.1	58.7	58.2
Other services	84.1	86.9	81.1	86.0	81.5	87.9	85.4	92.7
Research and development	22.9	26.9	21.4	25.6	25.9	28.1	26.4	27.0
Installation support	26.8	25.9	25.8	26.3	24.2	26.4	25.5	27.5
Weapons support	8.4	7.7	8.2	7.9	7.3	7.7	7.3	8.4
Personnel support	19.4	19.4	19.2	19.3	18.0	19.0	19.1	21.5
Transportation of material	4.2	4.8	4.1	4.6	4.9	5.0	4.7	4.8
Travel of persons	5.3	4.6	5.2	5.0	4.2	4.9	4.7	4.8
Other	-2.7	-2.4	-2.7	-2.7	-3.0	-3.1	-2.3	-1.4
Gross investment	43.3	43.2	44.3	37.0	45.2	46.3	44.1	37.2
Structures	5.3	5.0	5.5	5.3	5.0	5.1	5.1	4.9
Equipment	37.9	38.1	38.8	31.7	40.1	41.2	39.0	32.2
Aircraft	8.2	10.2	9.2	4.9	12.7	12.4	11.2	4.5
Missiles	4.8	3.8	5.3	3.6	4.0	3.8	3.9	3.6
Ships	8.0	6.8	7.6	7.2	7.0	7.2	6.5	6.3
Vehicles .....	.9	.8	.9	.8	.9	.9	.8	.6
Electronics	3.5	3.7	3.9	3.3	3.1	3.8	4.3	3.7
Other equipment	12.5	12.9	11.9	12.1	12.5	13.1	12.4	13.5
Addendum:								
Compensation of general government employees ³	130.6	129.5	130.7	129.2	130.8	129.9	129.3	127.9

Table 3.11.—Real National Defense Consumption Expenditures and Real Gross Investment

[Billions of chained (1992) dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
National defense consumption expenditures and gross investment¹	319.6	313.9	319.1	308.8	311.9	319.4	314.9	309.4
Consumption expenditures	280.1	275.7	278.9	275.1	271.6	279.6	276.5	275.3
Durable goods²	20.5	20.2	22.2	18.6	18.7	21.5	22.3	18.4
Aircraft	8.3	8.6	8.8	7.8	7.7	9.1	9.5	8.0
Missiles	3.4	3.3	3.9	3.2	3.1	3.5	3.9	2.9
Ships	1.1	.8	1.5	.8	.6	.8	1.2	.5
Vehicles	1.0	.9	1.2	.8	1.0	.9	.7	.7
Electronics	2.5	2.7	2.7	2.2	2.3	2.9	3.0	2.4
Other durable goods	4.2	4.0	4.1	3.9	3.9	4.3	3.9	3.8
Nondurable goods	6.2	7.3	6.7	5.5	7.3	7.7	7.7	6.4
Petroleum products	3.0	3.1	3.5	2.5	3.2	3.3	3.7	2.4
Ammunition	1.1	1.0	1.2	.8	1.1	1.2	1.0	.6
Other nondurable goods	2.2	3.2	2.1	2.2	3.1	3.3	3.2	3.4
Services	253.1	248.0	249.9	250.5	245.4	250.2	246.4	250.2
Compensation of general government employees, except force-account construction ³	120.9	115.7	120.8	117.5	116.6	116.5	115.8	113.9
Military	78.3	75.4	78.0	76.8	76.1	75.4	75.2	74.6
Civilian	42.6	40.4	42.8	40.8	40.5	41.1	40.6	39.4
Consumption of general government fixed capital ⁴	52.2	51.0	52.0	51.8	51.6	51.0	50.8	50.7
Other services	79.9	81.4	76.9	81.2	77.1	82.8	79.8	85.8
Research and development	22.5	26.6	21.1	25.3	25.6	27.9	26.2	26.8
Installation support	24.6	23.5	23.4	24.0	22.2	24.1	23.1	24.7
Weapons support	7.9	7.0	7.7	7.4	6.8	7.1	6.6	7.6
Personnel support	18.1	17.4	18.0	17.8	16.6	17.2	17.0	18.8
Transportation of material	4.2	4.8	4.1	4.6	4.9	5.0	4.7	4.8
Travel of persons	5.0	4.3	4.9	4.7	3.9	4.5	4.4	4.3
Other	-2.5	-2.1	-2.4	-2.5	-2.7	-2.7	-2.0	-1.2
Gross investment	39.6	38.2	40.3	33.8	40.3	39.9	38.5	34.2
Structures	4.6	4.2	4.7	4.5	4.3	4.3	4.2	4.1
Equipment	35.0	34.0	35.6	29.2	36.0	35.6	34.3	30.1
Aircraft	6.6	7.2	7.4	4.0	9.4	8.0	7.4	3.9
Missiles	4.8	4.0	5.4	3.5	4.1	4.0	4.2	3.8
Ships	7.1	6.0	6.7	6.3	6.2	6.4	5.8	5.6
Vehicles .....	.8	.7	.8	.7	.8	.7	.7	.6
Electronics	3.9	4.4	4.3	3.7	3.5	4.4	5.2	4.6
Other equipment	11.9	11.8	11.3	11.4	11.6	12.0	11.2	12.3
Residual .....	.2	-.3	-.1	-.2	.5	-.3	-.7	-.7
Addendum:								
Compensation of general government employees ³	120.9	115.7	120.8	117.5	116.6	116.5	115.8	113.9

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines, excluding the line in the addendum.

See footnotes to table 3.10.

1. Gross government investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in government consumption expenditures.

2. Consumption expenditures for durable goods excludes expenditures classified as investment, except for goods transferred to foreign countries.

3. Compensation of government employees engaged in new force-account construction and related expenditures for goods and services are classified as investment in structures. The compensation of all general government employees is shown in the addendum.

4. Consumption of fixed capital, or depreciation, is included in government consumption expenditures as a partial measure of the value of the services of general government fixed assets; use of depreciation assumes a zero net return on these assets.

4. Foreign Transactions

Table 4.1.—Foreign Transactions in the National Income and Product Accounts

[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
Receipts from the rest of the world	1,015.6	1,083.6	1,026.1	1,050.3	1,059.9	1,073.9	1,070.7	1,129.8
Exports of goods and services ...	807.4	855.2	819.0	837.0	839.5	850.0	844.3	887.0
Goods ¹	581.4	614.9	587.0	604.5	603.6	610.4	605.4	640.2
Durable	393.0	419.5	396.3	409.8	408.3	417.3	413.6	438.9
Nondurable	188.5	195.4	190.6	194.7	195.3	193.1	191.8	201.3
Services ¹	225.9	240.3	232.1	232.5	235.9	239.7	239.0	246.8
Receipts of factor income	208.3	228.4	207.0	213.4	220.4	223.9	226.4	242.9
Capital grants received by the United States (net)	0	0	0	0	0	0	0	0
Payments to the rest of the world	1,015.6	1,083.6	1,026.1	1,050.3	1,059.9	1,073.9	1,070.7	1,129.8
Imports of goods and services ...	902.0	953.9	906.6	904.2	925.8	949.2	964.5	976.0
Goods ¹	757.0	802.2	759.7	759.0	776.7	798.2	812.1	821.6
Durable	510.9	533.0	511.8	514.8	524.8	529.4	539.4	538.5
Nondurable	246.0	269.1	247.8	244.2	251.9	268.8	272.7	283.1
Services ¹	145.1	151.7	146.9	145.2	149.2	151.0	152.5	154.4
Payments of factor income	215.3	237.3	223.4	219.7	220.6	231.4	243.8	253.5
Transfer payments (net)	34.6	41.9	34.2	36.6	43.3	37.4	36.9	49.8
From persons (net)	14.9	16.3	14.7	16.5	15.7	16.2	16.2	17.1
From government (net)	11.5	16.4	11.3	11.6	19.0	11.8	11.7	23.3
From business	8.2	9.2	8.2	8.5	8.6	9.4	9.1	9.5
Net foreign investment	-136.3	-149.5	-138.1	-110.2	-129.9	-144.2	-174.6	-149.4

1. Exports and imports of certain goods, primarily military equipment purchased and sold by the Federal Government, are included in services. Beginning with 1986, repairs and alterations of equipment were reclassified from goods to services.

Table 4.2.—Real Exports and Imports of Goods and Services and Receipts and Payments of Factor Income

[Billions of chained (1992) dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
Exports of goods and services	775.4	825.9	783.0	803.1	806.7	817.9	816.1	862.9
Goods ¹	565.9	608.8	568.2	588.8	590.9	600.6	601.1	642.6
Durable	403.2	442.4	405.9	422.3	424.0	437.9	439.0	468.8
Nondurable	163.7	168.8	163.5	167.9	168.4	165.3	164.8	176.6
Services ¹	210.4	218.2	215.4	215.3	216.7	218.3	216.1	221.7
Receipts of factor income	194.2	209.2	192.6	197.6	203.2	205.4	207.0	221.0
Imports of goods and services	883.0	939.5	884.5	888.0	910.7	932.6	953.5	961.3
Goods ¹	744.7	796.3	745.6	750.0	768.4	789.9	810.0	817.0
Durable	507.1	547.7	506.0	514.0	529.7	542.1	556.9	561.9
Nondurable	237.2	248.5	239.3	235.8	238.5	247.7	253.0	255.0
Services ¹	138.8	143.8	139.4	138.5	142.8	143.2	144.1	145.0
Payments of factor income	199.7	215.9	206.8	202.4	202.3	211.1	221.4	229.0

1. Exports and imports of certain goods, primarily military equipment purchased and sold by the Federal Government, are included in services. Beginning with 1986, repairs and alterations of equipment are reclassified from goods to services.

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive.

5. Saving and Investment

Table 5.1.—Gross Saving and Investment
[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
Gross saving	1,151.8	1,275.4	1,168.6	1,220.6	1,217.9	1,244.5	1,314.0	1,325.3
Gross private saving	1,071.8	1,160.4	1,085.9	1,138.9	1,133.8	1,121.6	1,196.1	1,190.2
Personal saving	249.3	274.4	241.9	282.6	265.4	241.1	299.1	292.2
Undistributed corporate profits with inventory valuation and capital consumption adjustments	140.6	176.8	159.6	158.4	171.8	176.3	182.5	176.5
Undistributed profits	152.8	162.6	154.3	150.8	168.9	165.1	156.9	159.5
Inventory valuation adjustment	-28.1	-8.9	-9.3	-8.8	-17.4	-11.0	2.0	-9.2
Capital consumption adjustment	15.9	23.1	14.6	16.5	20.4	22.3	23.6	26.2
Corporate consumption of fixed capital	454.0	474.0	456.9	463.6	465.6	471.0	477.2	482.1
Noncorporate consumption of fixed capital	225.2	235.2	224.7	233.4	229.1	233.2	237.4	241.3
Wage accruals less disbursements	2.7	0	2.9	.9	1.9	0	0	-1.9
Gross government saving	80.0	115.0	82.7	81.7	84.1	122.9	117.8	135.0
Federal	-87.8	-54.6	-84.6	-80.7	-82.0	-54.1	-48.4	-34.0
Consumption of fixed capital	73.8	72.5	73.8	73.8	73.2	72.6	72.3	71.9
Current surplus or deficit (-), national income and product accounts	-161.7	-127.1	-158.5	-154.5	-155.2	-126.7	-120.8	-105.9
State and local	167.9	169.6	167.3	162.4	166.1	177.0	166.3	169.0
Consumption of fixed capital	72.9	76.6	73.4	74.3	75.1	76.0	77.1	78.1
Current surplus or deficit (-), national income and product accounts	95.0	93.0	93.9	88.1	91.0	101.0	89.2	90.9
Capital grants received by the United States (net)	0	0	0	0	0	0	0	0
Gross investment	1,150.9	1,200.8	1,161.5	1,173.9	1,167.9	1,187.0	1,215.9	1,232.5
Gross private domestic investment	1,065.3	1,117.0	1,074.8	1,064.0	1,068.9	1,096.0	1,156.2	1,146.6
Gross government investment	221.9	233.3	224.7	220.1	228.8	235.1	234.2	235.3
Net foreign investment	-136.3	-149.5	-138.1	-110.2	-129.9	-144.2	-174.6	-149.4
Statistical discrepancy	-9	-74.6	-7.1	-46.7	-50.0	-57.5	-98.1	-92.8
Addendum:								
Gross saving as a percentage of gross national product	15.9	16.9	16.0	16.6	16.4	16.5	17.3	17.2

Table 5.4.—Private Fixed Investment by Type
[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
Private fixed investment	1,028.2	1,101.5	1,036.6	1,046.2	1,070.7	1,088.0	1,119.6	1,127.8
Nonresidential	738.5	791.1	746.3	749.7	769.0	773.8	807.0	814.5
Structures	199.7	214.3	202.5	204.0	208.4	207.4	213.5	227.8
Nonresidential buildings, including farm	142.0	152.0	144.0	145.8	147.3	146.2	151.1	163.5
Utilities	38.5	41.6	39.7	40.2	40.9	41.5	41.3	42.9
Mining exploration, shafts, and wells	12.0	14.3	11.9	11.4	13.9	14.1	15.0	14.4
Other structures	7.1	6.3	7.0	6.6	6.4	5.7	6.1	7.1
Producers' durable equipment	538.8	576.8	543.8	545.7	560.6	566.3	593.5	586.7
Information processing and related equipment	183.2	206.0	183.1	191.8	198.2	200.8	212.2	212.6
Computers and peripheral equipment ¹	63.6	76.9	63.3	69.7	73.7	74.2	79.3	80.6
Other	119.6	129.0	119.7	122.0	124.5	126.6	132.9	132.0
Industrial equipment	124.5	128.9	125.8	124.9	127.9	131.2	128.7	128.0
Transportation and related equipment	124.9	129.5	128.4	123.0	125.3	123.7	137.7	131.5
Other	106.2	112.4	106.4	106.1	109.2	110.7	114.9	114.7
Residential	289.8	310.5	290.3	296.5	301.7	314.2	312.6	313.3
Structures	282.5	303.0	283.0	289.2	294.4	306.7	305.1	305.7
Single family	144.5	155.2	142.8	147.0	150.6	156.8	157.2	156.1
Multifamily	18.6	20.6	18.8	19.6	20.3	22.3	19.1	20.6
Other structures	119.4	127.2	121.3	122.6	123.5	127.7	128.8	128.9
Producers' durable equipment	7.2	7.5	7.3	7.3	7.3	7.5	7.5	7.6

1. Includes new computers and peripheral equipment only.

Table 5.5.—Real Private Fixed Investment by Type
[Billions of chained (1992) dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
Private fixed investment	975.9	1,042.1	980.0	988.5	1,013.3	1,031.1	1,057.5	1,066.6
Nonresidential	714.3	766.8	719.0	723.3	743.5	750.5	781.4	792.0
Structures	181.1	190.0	182.8	183.2	186.6	184.9	188.6	199.8
Nonresidential buildings, including farm	127.9	134.2	129.2	130.3	131.4	129.7	133.0	142.8
Utilities	35.1	36.7	35.8	36.0	36.4	36.8	36.4	37.4
Mining exploration, shafts, and wells	11.2	13.0	11.0	10.5	12.8	12.9	13.5	12.9
Other structures	6.8	5.8	6.6	6.2	5.9	5.3	5.6	6.4
Producers' durable equipment	534.5	578.6	537.4	541.4	558.3	567.5	595.0	593.7
Information processing and related equipment	201.1	241.9	201.4	214.4	225.5	234.1	250.5	257.4
Computers and peripheral equipment ¹	91.5	132.8	91.9	105.6	117.2	126.3	138.9	148.9
Other	114.2	122.0	114.0	116.2	118.1	119.7	125.5	124.9
Industrial equipment	116.2	118.4	116.6	115.4	117.8	120.6	118.0	117.1
Transportation and related equipment	118.1	120.0	120.3	115.4	117.5	114.9	126.5	121.1
Other	100.8	103.6	100.7	99.4	101.5	102.6	105.7	104.8
Residential	262.8	276.7	262.2	266.3	271.1	281.5	277.8	276.6
Structures	255.8	269.6	255.3	259.3	264.1	274.3	270.6	269.4
Single family	127.7	135.4	125.8	129.1	132.5	137.6	134.7	134.7
Multifamily	17.6	19.3	17.8	18.5	19.2	21.0	17.9	19.1
Other structures	110.9	115.5	112.2	112.4	113.0	116.3	116.6	116.2
Producers' durable equipment	7.0	7.1	7.0	7.0	7.0	7.2	7.2	7.2
Residual	-9.1	-21.7	-8.9	-13.5	-17.0	-19.8	-24.0	-26.9

1. Includes new computers and peripheral equipment only.

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

Table 5.10.—Change in Business Inventories by Industry

[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
Change in business inventories	37.0	15.4	38.2	17.8	-1.7	8.0	36.6	18.8
Farm	-2.6	-1.9	-3.2	-2.1	-4.4	-3.3	1.2	-9
Nonfarm	39.6	17.3	41.5	19.9	2.7	11.3	35.4	19.7
Change in book value	69.7	25.6	51.1	28.6	19.6	21.7	32.0	28.9
Inventory valuation adjustment	-30.1	-8.3	-9.6	-8.7	-16.9	-10.4	3.4	-9.2
Manufacturing	12.7	6.0	17.5	11.9	12.6	-4.6	12.2	3.9
Durable goods	11.8	6.8	15.5	12.5	14.6	.5	12.0	0
Nondurable goods .....	.9	-7	2.1	-6	-2.0	-5.1	.2	3.9
Wholesale trade	15.2	4.6	14.1	4.5	6.7	7.3	-5.1	9.4
Durable goods	13.3	3.7	5.8	12.7	9.5	3.0	6.1	-3.9
Nondurable goods	1.9	.9	8.3	-8.2	-2.8	4.3	-11.3	13.3
Merchant wholesalers	13.6	4.2	12.8	3.4	4.0	6.6	-5.2	11.4
Durable goods	12.1	2.7	5.1	11.7	6.2	1.6	4.8	-2.1
Nondurable goods	1.5	1.5	7.7	-8.3	-2.2	4.9	-10.1	13.5
Nonmerchant wholesalers	1.5	.4	1.3	1.0	2.7	.8	.1	-2.0
Durable goods	1.2	1.0	.7	.9	3.3	1.4	1.3	-1.8
Nondurable goods .....	.3	-7	.6	.1	-6	-6	-1.2	-2
Retail trade	3.6	2.5	3.3	-7.8	-22.9	5.4	24.3	3.3
Durable goods	3.7	1.0	2.4	-4.1	-19.4	7.5	18.0	-2.0
Motor vehicle dealers .....	.9	-3.6	-6.6	.4	-26.1	2.2	11.5	-2.2
Other	2.9	4.7	9.1	-4.5	6.7	5.3	6.5	.3
Nondurable goods	-1	1.5	.9	-3.7	-3.5	-2.1	6.3	5.3
Other	8.1	4.1	6.5	11.4	6.3	3.2	4.0	3.1
Durable goods	6.0	1.2	5.5	6.2	7.6	-1.1	-1.5	-2
Nondurable goods	2.1	2.9	1.0	5.2	-1.3	4.2	5.5	3.3

Table 5.11.—Real Change in Business Inventories by Industry

[Billions of chained (1992) dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
Change in business inventories	33.1	14.0	33.0	14.6	-3.0	7.1	34.5	17.3
Farm	-4.7	-3.6	-6.4	-4.7	-6.5	-5.1	-4	-2.3
Nonfarm	37.2	17.1	38.6	19.0	2.9	11.7	34.6	19.3
Manufacturing	11.8	6.0	16.3	11.2	12.0	-3.9	11.9	4.2
Durable goods	11.2	6.5	14.6	12.0	14.0	.5	11.5	.1
Nondurable goods .....	.8	-3	1.8	-6	-1.6	-4.2	.6	4.0
Wholesale trade	14.3	4.8	13.2	4.4	6.4	7.3	-3.6	9.1
Durable goods	12.7	3.5	5.4	12.1	9.0	2.8	6.0	-3.6
Nondurable goods	1.7	1.3	7.7	-7.4	-2.3	4.4	-9.0	12.2
Merchant wholesalers	12.8	4.4	12.0	3.5	3.8	6.5	-3.8	10.9
Durable goods	11.5	2.6	4.8	11.2	5.9	1.5	4.7	-1.9
Nondurable goods	1.4	1.8	7.1	-7.4	-1.8	4.8	-8.0	12.2
Nonmerchant wholesalers	1.4	.4	1.2	.9	2.6	.7	.2	-1.9
Durable goods	1.2	1.0	.6	.9	3.1	1.3	1.3	-1.7
Nondurable goods .....	.3	-5	.6	.1	-5	-5	-1.0	-1
Retail trade	3.5	2.3	3.0	-7.1	-21.7	5.2	22.7	2.9
Durable goods	3.5	1.0	2.0	-3.7	-17.9	6.9	16.9	-1.9
Motor vehicle dealers .....	.9	-3.3	-6.2	.4	-23.6	2.0	10.6	-2.1
Other	2.7	4.4	8.6	-4.2	6.3	5.0	6.2	.2
Nondurable goods	0	1.3	1.0	-3.4	-3.7	-1.8	5.8	4.8
Other	7.6	4.0	6.0	10.6	6.1	3.1	3.6	3.1
Durable goods	5.3	1.1	4.8	5.5	6.7	-9	-1.3	-1
Nondurable goods	2.0	2.9	.9	4.9	-1.0	4.1	5.1	3.3
Residual .....	.5	.1	.8	-1	-3	.4	-6	.9

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

Table 5.12.—Inventories and Domestic Final Sales of Business by Industry

[Billions of dollars]

	Seasonally adjusted quarterly totals					
	1995		1996			
	III	IV	I	II	III	IV
Inventories ¹	1,251.9	1,260.9	1,263.5	1,271.5	1,279.7	1,285.7
Farm	99.2	100.7	98.2	102.5	103.6	98.4
Nonfarm	1,152.8	1,160.2	1,165.3	1,169.0	1,176.0	1,187.3
Durable goods	655.8	660.9	662.7	665.4	673.3	673.8
Nondurable goods	497.0	499.3	502.6	503.6	502.7	513.5
Manufacturing	429.5	430.4	432.7	430.9	433.7	437.8
Durable goods	267.5	269.2	271.8	272.0	274.1	276.5
Nondurable goods	162.0	161.3	160.9	158.9	159.5	161.3
Wholesale trade	301.3	304.0	307.3	309.8	306.2	307.3
Durable goods	185.5	187.9	189.7	190.3	191.6	190.2
Nondurable goods	115.8	116.1	117.6	119.5	114.6	117.1
Merchant wholesalers	260.8	263.0	265.2	267.9	264.0	265.5
Durable goods	161.3	163.6	164.7	165.0	166.0	165.1
Nondurable goods	99.5	99.4	100.5	102.9	98.0	100.3
Nonmerchant wholesalers	40.4	41.0	42.0	41.9	42.2	41.8
Durable goods	24.2	24.3	25.0	25.3	25.6	25.1
Nondurable goods	16.3	16.7	17.0	16.6	16.6	16.8
Retail trade	299.1	299.1	294.5	296.0	302.7	303.5
Durable goods	158.3	158.4	153.8	155.3	159.7	159.4
Motor vehicle dealers	76.6	78.1	72.0	72.0	74.4	74.2
Other	81.7	80.3	81.7	83.3	85.3	85.2
Nondurable goods	140.8	140.8	140.7	140.7	143.0	144.2
Other	122.9	126.7	130.8	132.3	133.4	138.6
Durable goods	44.5	45.5	47.4	47.9	47.8	47.7
Nondurable goods	78.3	81.2	83.4	84.5	85.6	90.9
Final sales of domestic business ²	507.6	512.0	519.0	527.2	529.8	539.0
Final sales of goods and structures of domestic business ²	276.8	278.4	283.4	287.5	288.1	292.8
Ratio of inventories to final sales of domestic business						
Inventories to final sales	2.47	2.46	2.43	2.41	2.42	2.39
Nonfarm inventories to final sales	2.27	2.27	2.25	2.22	2.22	2.20
Nonfarm inventories to final sales of goods and structures	4.16	4.17	4.11	4.07	4.08	4.05

1. Inventories are as of the end of the quarter. The quarter-to-quarter change in inventories calculated from current-dollar inventories in this table is not the current-dollar change in business inventories (CBI) component of GDP. The former is the difference between two inventory stocks, each valued at their respective end-of-quarter prices. The latter is the change in the physical volume of inventories valued at average prices of the quarter. In addition, changes calculated from this table are at quarterly rates; whereas, CBI is stated at annual rates.

2. Quarterly totals at monthly rates. Final sales of domestic business equals final sales of domestic product less gross product of households and institutions and of general government and includes a small amount of final sales by farm.

Table 5.13.—Real Inventories and Real Domestic Final Sales of Business by Industry

[Billions of chained (1992) dollars]

	Seasonally adjusted quarterly totals					
	1995		1996			
	III	IV	I	II	III	IV
Inventories ¹	1,181.6	1,185.3	1,184.5	1,186.3	1,194.9	1,199.2
Farm	106.6	105.4	103.8	102.5	102.4	101.8
Nonfarm	1,074.8	1,079.5	1,080.3	1,083.2	1,091.8	1,096.6
Durable goods	615.0	621.4	624.4	626.7	634.9	633.5
Nondurable goods	459.8	458.1	456.0	456.6	457.0	463.2
Manufacturing	397.6	400.4	403.4	402.4	405.4	406.4
Durable goods	252.3	255.3	258.8	258.9	261.7	261.8
Nondurable goods	145.4	145.2	144.8	143.8	143.9	144.9
Wholesale trade	280.4	281.5	283.1	284.9	284.0	286.3
Durable goods	175.2	178.2	180.5	181.2	182.7	181.8
Nondurable goods	105.2	103.4	102.8	103.9	101.6	104.7
Merchant wholesalers	241.9	242.7	243.7	245.3	244.4	247.1
Durable goods	152.1	154.9	156.4	156.7	157.9	157.4
Nondurable goods	89.8	88.0	87.5	88.8	86.7	89.8
Nonmerchant wholesalers	38.5	38.7	39.3	39.5	39.6	39.1
Durable goods	23.1	23.3	24.1	24.5	24.8	24.3
Nondurable goods	15.3	15.3	15.2	15.1	14.8	14.8
Retail trade	281.4	279.6	274.2	275.5	281.2	281.9
Durable goods	148.3	147.3	142.8	144.6	148.8	148.3
Motor vehicle dealers	71.0	71.1	65.2	65.7	68.4	67.9
Other	77.4	76.4	78.0	79.2	80.8	80.8
Nondurable goods	133.0	132.1	131.2	130.7	132.2	133.4
Other	115.3	117.9	119.4	120.2	121.1	121.9
Durable goods	39.0	40.4	42.1	41.8	41.5	41.5
Nondurable goods	76.2	77.4	77.2	78.2	79.5	80.3
Residual	.4	.5	.2	.4	.3	.5
Final sales of domestic business ²	471.6	474.1	478.5	483.3	483.8	490.8
Final sales of goods and structures of domestic business ²	262.4	263.4	267.0	269.9	270.3	274.8
Ratio of inventories to final sales of domestic business						
Inventories to final sales	2.51	2.50	2.48	2.45	2.47	2.44
Nonfarm inventories to final sales	2.28	2.28	2.26	2.24	2.26	2.23
Nonfarm inventories to final sales of goods and structures	4.10	4.10	4.05	4.01	4.04	3.99

1. Inventories are as of the end of the quarter. Quarter-to-quarter changes calculated from this table are at quarterly rates, whereas, the change in the business inventories component of GDP is stated at annual rates.

2. Quarterly totals at monthly rates. Final sales of domestic business equals final sales of domestic product less gross product of households and institutions and of general government and includes a small amount of final sales by farm.

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines for inventories.

6. Income and Employment by Industry

Table 6.1C.—National Income Without Capital Consumption Adjustment by Industry

[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
National income without capital consumption adjustment	5,825.2	6,154.8	5,873.1	5,941.4	6,019.5	6,122.6	6,207.3	6,269.7
Domestic industries	5,832.2	6,163.7	5,889.4	5,947.7	6,019.7	6,130.1	6,224.7	6,280.3
Private industries	5,011.9	5,320.6	5,066.3	5,122.0	5,184.8	5,289.6	5,377.9	5,430.2
Agriculture, forestry, and fishing	94.0	115.6	93.7	98.1	105.3	114.9	121.8	120.4
Mining	43.6	44.4	44.2	44.6	43.6	44.7	45.2	44.2
Construction	263.6	281.5	264.1	267.4	274.3	278.9	284.0	288.8
Manufacturing	1,026.3	1,069.1	1,035.4	1,044.5	1,041.2	1,065.9	1,081.4	1,087.9
Durable goods	597.1	628.6	600.0	606.6	608.7	628.4	637.0	640.3
Nondurable goods	429.3	440.5	435.5	437.8	432.5	437.5	444.4	447.7
Transportation and public utilities	451.0	471.4	461.0	459.4	462.5	474.9	477.6	470.6
Transportation	189.4	196.5	191.0	193.3	193.4	195.4	199.2	198.0
Communications	136.6	148.5	140.9	138.9	143.5	149.3	151.9	149.1
Electric, gas, and sanitary services	125.0	126.5	129.1	127.1	125.6	130.2	126.5	123.5
Wholesale trade	327.0	351.2	330.8	335.0	345.2	344.5	351.4	363.7
Retail trade	478.6	506.6	485.0	487.8	495.4	506.3	510.7	514.1
Finance, insurance, and real estate	991.9	1,036.7	1,003.8	1,007.9	1,017.8	1,032.0	1,047.5	1,049.7
Services	1,335.9	1,444.1	1,348.3	1,377.3	1,399.5	1,427.5	1,458.3	1,490.9
Government	820.3	843.1	823.1	825.7	834.9	840.5	846.8	850.1
Rest of the world	-7.0	-8.9	-16.4	-6.3	-2	-7.6	-17.4	-10.6

Table 6.16C.—Corporate Profits by Industry

[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
Corporate profits with inventory valuation and capital consumption adjustments	586.6	654.0	612.5	611.8	645.1	655.8	661.2	654.1
Domestic industries	510.0	572.0	541.7	530.1	562.0	577.3	584.6	564.2
Financial	125.4	138.8	136.6	125.8	141.7	143.5	141.8	128.1
Nonfinancial	384.6	433.3	405.0	404.3	420.3	433.8	442.8	436.1
Rest of the world	76.7	82.0	70.8	81.7	83.2	78.4	76.6	89.9
Receipts from the rest of the world	111.1	126.2	110.1	113.9	122.2	122.6	122.9	137.0
Less: Payments to the rest of the world	34.5	44.1	39.3	32.3	39.0	44.2	46.3	47.1
Corporate profits with inventory valuation adjustment	570.8	631.0	597.9	595.3	624.8	633.5	637.6	627.9
Domestic industries	494.1	548.9	527.1	513.7	541.6	555.1	561.0	538.0
Financial	119.1	131.9	130.4	119.3	134.9	136.6	135.0	121.3
Federal Reserve banks	21.9	21.7	21.9	21.7	21.5	21.7	21.6	22.0
Other	97.3	110.2	108.5	97.6	113.4	114.9	113.4	99.3
Nonfinancial	375.0	417.0	396.7	394.4	406.7	418.5	426.1	416.7
Manufacturing	145.7	166.5	153.2	157.3	161.3	164.7	170.6	169.4
Durable goods	77.2	92.7	78.1	80.8	89.5	92.4	94.6	94.5
Primary metal industries	3.0	2.0	2.5	2.7	2.3	1.4	3.2	1.1
Fabricated metal products	11.1	15.1	10.7	12.2	13.9	14.4	16.0	15.9
Industrial machinery and equipment	12.1	13.3	12.5	11.1	14.3	13.6	13.0	12.4
Electronic and other electric equipment	25.6	29.0	27.3	29.5	27.1	27.4	29.2	32.2
Motor vehicles and equipment	4.4	8.8	4.4	3.6	8.1	10.6	10.2	6.4
Other	20.9	24.6	20.6	21.7	23.8	25.0	23.0	26.5
Nondurable goods	68.5	73.8	75.0	76.5	71.8	72.3	76.1	74.9
Food and kindred products	17.7	17.6	16.8	17.5	15.7	13.2	18.3	23.0
Chemicals and allied products	20.9	21.1	23.6	22.1	20.7	21.9	23.0	18.7
Petroleum and coal products .....	.8	-1.2	5.2	.3	-4.5	1.3	-1.2	-5
Other	29.1	36.4	29.4	36.6	39.9	35.9	35.9	33.7
Transportation and public utilities	94.8	99.0	102.3	95.8	95.6	104.5	102.5	93.2
Transportation	14.4	13.9	15.0	15.4	13.1	14.0	15.2	13.2
Communications	41.0	45.4	44.0	40.1	43.3	46.5	47.6	44.4
Electric, gas, and sanitary services	39.4	39.7	43.3	40.3	39.3	44.1	39.7	35.7
Wholesale trade	29.6	36.6	31.2	31.2	37.5	32.8	34.5	41.5
Retail trade	38.7	41.8	42.5	39.6	41.7	44.3	44.5	36.7
Other	66.2	73.1	67.5	70.5	70.6	72.2	73.9	75.9
Rest of the world	76.7	82.0	70.8	81.7	83.2	78.4	76.6	89.9

NOTE.— Estimates in this table are based on the 1987 Standard Industrial Classification.

Table 7.2.—Quantity and Price Indexes for Gross Domestic Product, Final Sales, and Purchases

[Index numbers, 1992=100]

	1995	1996	Seasonally adjusted					
			1995		1996			
			III	IV	I	II	III	IV
Gross domestic product:								
Current dollars	116.2	121.3	117.1	117.7	118.9	120.8	122.0	123.6
Chain-type quantity index	108.0	110.6	108.5	108.6	109.1	110.4	111.0	112.0
Chain-type price index	107.6	109.9	107.9	108.4	109.0	109.6	110.2	110.7
Implicit price deflator	107.6	109.7	107.9	108.4	109.0	109.5	109.9	110.3
Final sales of domestic product:								
Current dollars	115.7	121.2	116.6	117.6	119.1	120.8	121.5	123.4
Chain-type quantity index	107.6	110.5	108.1	108.4	109.3	110.4	110.5	111.8
Chain-type price index	107.6	109.9	107.9	108.4	109.1	109.7	110.2	110.7
Implicit price deflator	107.6	109.7	107.9	108.4	109.0	109.5	110.0	110.3
Gross domestic purchases:								
Current dollars	117.1	122.3	117.9	118.2	119.8	121.8	123.3	124.4
Chain-type quantity index	109.1	111.8	109.6	109.4	110.2	111.6	112.5	113.0
Chain-type price index	107.3	109.6	107.6	108.1	108.7	109.3	109.8	110.5
Implicit price deflator	107.3	109.4	107.6	108.1	108.7	109.2	109.6	110.1
Final sales to domestic purchasers:								
Current dollars	116.7	122.2	117.4	118.1	119.9	121.8	122.9	124.2
Chain-type quantity index	108.7	111.7	109.1	109.2	110.3	111.6	112.1	112.8
Chain-type price index	107.3	109.6	107.6	108.1	108.7	109.3	109.8	110.5
Implicit price deflator	107.3	109.4	107.6	108.1	108.7	109.2	109.6	110.1
Addenda:								
Chain-type price indexes for gross domestic purchases:								
Food	106.4	109.6	106.7	107.3	107.9	108.8	110.2	111.4
Energy	101.9	106.7	101.6	100.4	103.7	108.3	106.2	108.5
Gross domestic purchases less food and energy	107.7	109.7	108.0	108.6	109.1	109.4	109.9	110.5

NOTE.—Percent changes from preceding period for selected items in this table are shown in table 8.1.

Table 7.3.—Quantity and Price Indexes for Gross National Product and Command-Basis Gross National Product

[Index numbers, 1992=100]

Gross national product:								
Current dollars	115.8	121.0	116.6	117.4	118.7	120.5	121.5	123.2
Chain-type quantity index	107.7	110.3	108.1	108.3	108.9	110.1	110.5	111.7
Chain-type price index	107.6	109.9	107.8	108.4	109.0	109.6	110.2	110.7
Implicit price deflator	107.6	109.7	107.9	108.4	109.0	109.5	109.9	110.3
Less: Exports of goods and services and receipts of factor income:								
Chain-type quantity index	124.8	133.3	125.6	128.8	130.0	131.8	131.7	139.6
Plus: Command-basis exports of goods and services and receipts of factor income:								
Chain-type quantity index	126.8	135.4	127.7	131.3	132.6	134.0	134.2	141.0
Equals: Command-basis gross national product:								
Chain-type quantity index	107.9	110.6	108.4	108.6	109.3	110.4	110.8	111.8

NOTE.—Percent changes from preceding period for selected items in this table are shown in table 8.1.

Table 7.4.—Chain-Type Quantity and Price Indexes for Personal Consumption Expenditures by Major Type of Product

[Index numbers, 1992=100]

	1995	1996	Seasonally adjusted					
			1995		1996			
			III	IV	I	II	III	IV
Personal consumption expenditures:								
Quantity index	108.5	111.2	108.9	109.2	110.2	111.1	111.2	112.2
Price index	107.6	110.0	107.8	108.3	108.9	109.8	110.2	111.0
Durable goods:								
Quantity index	118.7	125.1	120.6	120.3	122.7	126.0	125.2	126.7
Price index	104.6	104.1	104.5	104.3	104.6	104.1	104.0	103.8
Motor vehicles and parts:								
Quantity index	106.9	107.5	109.4	106.6	108.4	109.2	106.3	106.1
Price index	112.1	113.6	112.2	112.5	113.4	113.5	113.7	113.9
Furniture and household equipment:								
Quantity index	132.6	145.7	134.2	137.3	139.5	145.8	147.4	150.1
Price index	96.3	93.6	96.1	95.2	94.6	93.8	93.3	92.7
Other:								
Quantity index	119.0	126.9	119.8	119.1	123.4	127.2	126.7	130.3
Price index	106.3	106.9	106.5	106.8	107.4	106.9	106.7	106.6
Nondurable goods:								
Quantity index	107.6	109.1	107.8	107.7	108.6	109.0	109.1	109.6
Price index	104.5	107.2	104.7	105.0	106.0	107.3	107.3	108.3
Food:								
Quantity index	106.4	106.8	106.6	106.5	107.5	106.8	106.3	106.5
Price index	106.4	109.7	106.7	107.4	108.0	109.0	110.3	111.4
Clothing and shoes:								
Quantity index	114.0	118.9	114.8	114.1	116.4	119.2	120.2	119.9
Price index	98.9	98.6	98.7	99.1	99.5	99.1	97.8	98.1
Gasoline and oil:								
Quantity index	106.3	106.8	105.5	106.7	105.7	107.2	106.4	107.8
Price index	101.1	107.0	100.5	97.4	102.9	111.0	105.6	108.5
Fuel oil and coal:								
Quantity index	94.3	93.7	91.5	97.8	98.0	92.6	92.4	91.9
Price index	97.3	108.7	98.2	96.7	105.4	108.7	105.2	115.6
Other:								
Quantity index	106.4	108.5	106.7	106.3	107.1	107.7	108.8	110.2
Price index	106.0	108.6	106.4	107.3	107.8	108.5	108.9	109.2
Services:								
Quantity index	107.0	109.5	107.3	107.9	108.5	109.3	109.6	110.6
Price index	109.9	112.8	110.3	110.9	111.5	112.4	113.2	114.0
Housing:								
Quantity index	105.4	107.1	105.6	106.1	106.5	106.9	107.3	107.8
Price index	109.1	112.5	109.5	110.5	111.3	112.1	112.9	113.6
Household operation:								
Quantity index	111.5	114.4	113.1	112.4	113.1	115.1	113.7	115.6
Price index	106.3	109.0	106.4	106.9	107.6	108.7	109.6	110.3
Electricity and gas:								
Quantity index	106.6	108.7	110.0	106.4	108.3	110.6	107.3	108.3
Price index	103.9	106.3	103.9	104.4	104.7	105.8	106.9	107.7
Other household operation:								
Quantity index	115.1	118.6	115.5	116.7	116.6	118.3	118.3	121.0
Price index	108.0	111.0	108.2	108.6	109.7	110.8	111.5	112.1
Transportation:								
Quantity index	112.0	116.9	111.6	113.9	115.4	116.0	117.2	118.9
Price index	108.7	110.8	110.1	109.4	108.9	110.5	111.5	112.3
Medical care:								
Quantity index	105.8	108.0	106.1	106.9	106.9	107.6	108.2	109.3
Price index	114.6	116.8	114.8	115.5	115.8	116.5	117.0	117.8
Other:								
Quantity index	106.8	109.7	106.9	107.5	108.8	109.4	109.9	110.9
Price index	108.0	111.2	108.4	109.0	109.6	110.6	111.7	112.8
Addenda:								
Price indexes for personal consumption expenditures:								
Food	106.4	109.7	106.7	107.4	108.0	109.0	110.3	111.4
Energy ¹	102.3	106.7	102.0	100.7	103.9	108.4	106.3	108.4
Personal consumption expenditures less food and energy	108.2	110.2	108.5	109.0	109.4	110.0	110.5	111.1

1. Consists of prices for gasoline and oil, fuel oil and coal, and electricity and gas.

Table 7.6.—Chain-Type Quantity and Price Indexes for Private Fixed Investment by Type

[Index numbers, 1992=100]

	1995	1996	Seasonally adjusted						
			1995		1996				
			III	IV	I	II	III	IV	
Private fixed investment:									
Quantity index	124.6	133.0	125.1	126.2	129.3	131.6	135.0	136.1	
Price index	105.4	106.3	105.8	105.9	105.9	106.0	106.6	106.8	
Nonresidential:									
Quantity index	128.0	137.5	128.9	129.7	133.3	134.5	140.1	142.0	
Price index	103.4	104.0	103.8	103.7	103.7	103.7	104.2	104.2	
Structures:									
Quantity index	107.1	112.3	108.0	108.3	110.3	109.3	111.5	118.1	
Price index	110.2	112.8	110.8	111.3	111.7	112.2	113.2	114.0	
Nonresidential buildings, including farm:									
Quantity index	113.0	118.6	114.2	115.1	116.1	114.6	117.5	126.2	
Price index	111.0	113.2	111.4	111.9	112.1	112.7	113.6	114.4	
Utilities:									
Quantity index	101.8	106.6	103.9	104.5	105.6	106.8	105.4	108.4	
Price index	109.8	113.3	110.7	111.5	112.2	112.8	113.6	114.7	
Mining exploration, shafts, and wells:									
Quantity index	83.9	98.0	82.5	78.8	95.9	96.9	101.9	97.4	
Price index	107.4	109.8	108.6	108.2	108.6	109.2	110.5	111.0	
Other structures:									
Quantity index	83.0	70.8	80.2	75.5	72.2	64.3	68.5	78.2	
Price index	104.8	108.4	105.5	106.4	107.1	107.8	108.8	109.9	
Producers' durable equipment:									
Quantity index	137.5	148.9	138.3	139.3	143.6	146.0	153.1	152.7	
Price index	100.8	100.7	101.2	100.9	100.7	100.6	100.9	100.7	
Information processing and related equipment:									
Quantity index	149.9	180.3	150.1	159.8	168.0	174.5	186.7	191.8	
Price index	91.1	87.1	90.8	89.5	88.5	87.2	86.8	85.8	
Computers and peripheral equipment ¹ :									
Quantity index	208.1	302.2	209.1	240.3	266.7	287.4	315.9	338.9	
Price index	69.5	59.4	68.6	65.8	62.9	59.6	58.5	56.4	
Other:									
Quantity index	126.6	135.3	126.4	128.8	130.9	132.6	139.1	138.4	
Price index	104.8	105.8	105.0	105.0	105.4	105.9	105.9	105.9	
Industrial equipment:									
Quantity index	130.1	132.5	130.6	129.2	131.9	135.0	132.2	131.1	
Price index	107.2	108.9	107.9	108.2	108.6	108.8	109.1	109.3	
Transportation and related equipment:									
Quantity index	137.1	139.3	139.6	133.9	136.4	133.4	146.9	140.6	
Price index	105.7	107.9	106.8	106.6	106.6	107.6	108.7	108.7	
Other:									
Quantity index	127.5	131.1	127.4	125.8	128.5	129.8	133.7	132.6	
Price index	105.4	108.3	105.7	106.7	107.5	107.9	108.7	109.3	
Residential:									
Quantity index	116.5	122.7	116.3	118.1	120.2	124.8	123.2	122.6	
Price index	110.3	112.2	110.7	111.3	111.3	111.7	112.6	113.3	
Structures:									
Quantity index	116.5	122.8	116.3	118.1	120.3	125.0	123.3	122.7	
Price index	110.5	112.4	110.9	111.5	111.5	111.9	112.8	113.6	
Single family:									
Quantity index	109.6	116.2	108.0	110.8	113.7	118.1	117.3	115.6	
Price index	113.1	114.6	113.5	113.9	113.7	113.9	115.0	115.9	
Multifamily:									
Quantity index	134.7	147.4	136.2	141.2	146.7	160.3	136.5	146.0	
Price index	105.3	106.7	105.7	106.1	105.9	106.1	107.1	108.0	
Other structures:									
Quantity index	123.4	128.5	124.8	125.0	125.7	129.3	129.7	129.2	
Price index	107.7	110.2	108.1	109.1	109.3	109.9	110.6	111.1	
Producers' durable equipment:									
Quantity index	115.3	117.8	115.7	115.9	115.5	118.9	118.3	118.7	
Price index	103.9	104.8	103.9	104.0	104.6	104.2	104.9	105.6	

1. Includes new computers and peripheral equipment only.

Table 7.9.—Chain-Type Quantity and Price Indexes for Exports and Imports of Goods and Services and for Receipts and Payments of Factor Income

[Index numbers, 1992=100]

	1995	1996	Seasonally adjusted						
			1995		1996				
			III	IV	I	II	III	IV	
Exports of goods and services:									
Quantity index	121.3	129.2	122.4	125.6	126.2	127.9	127.6	135.0	
Price index	104.1	104.3	104.6	104.3	104.4	104.7	104.3	103.7	
Goods ¹ :									
Quantity index	126.1	135.7	126.6	131.2	131.7	133.9	134.0	143.2	
Price index	102.8	101.9	103.3	102.8	102.5	102.6	101.7	100.6	
Durable:									
Quantity index	134.0	147.0	134.9	140.4	140.9	145.5	145.9	155.8	
Price index	97.5	95.7	97.6	97.2	96.7	96.0	95.3	94.9	
Nondurable:									
Quantity index	110.8	114.2	110.6	113.6	113.9	111.8	111.5	119.5	
Price index	115.1	116.4	116.5	116.1	116.2	118.3	117.0	114.1	
Services ¹ :									
Quantity index	110.3	114.4	112.9	112.9	113.6	114.4	113.3	116.3	
Price index	107.4	110.3	107.7	108.0	108.9	109.9	110.7	111.5	
Receipts of factor income:									
Quantity index	140.8	151.7	139.7	143.3	147.4	149.0	150.1	160.3	
Price index	107.2	109.2	107.5	108.0	108.5	109.0	109.4	109.9	
Imports of goods and services:									
Quantity index	132.0	140.4	132.2	132.7	136.1	139.4	142.5	143.7	
Price index	102.2	102.0	102.5	101.9	101.9	102.1	101.5	102.5	
Goods ¹ :									
Quantity index	136.7	146.2	136.8	137.7	141.0	145.0	148.7	150.0	
Price index	101.7	101.3	101.9	101.3	101.4	101.4	100.7	101.6	
Durable:									
Quantity index	146.4	158.1	146.1	148.4	152.9	156.5	160.8	162.2	
Price index	100.8	98.0	101.1	100.3	99.4	98.2	97.5	96.9	
Nondurable:									
Quantity index	119.6	125.3	120.6	118.9	120.2	124.8	127.5	128.5	
Price index	103.7	108.4	103.6	103.5	105.7	108.3	107.6	111.9	
Services ¹ :									
Quantity index	111.8	115.9	112.3	111.6	115.1	115.4	116.1	116.8	
Price index	104.5	105.6	105.4	104.8	104.5	105.4	105.7	106.6	
Payments of factor income:									
Quantity index	157.5	170.3	163.1	159.6	159.5	166.5	174.5	180.5	
Price index	107.8	109.9	108.0	108.5	109.0	109.6	110.1	110.7	

1. Exports and imports of certain goods, primarily military equipment purchased and sold by the Federal Government, are included in services. Beginning with 1986, repairs and alterations of equipment are reclassified from goods to services.

Table 7.14.—Chain-Type Quantity and Price Indexes for Gross Domestic Product by Sector

[Index numbers, 1992=100]

	1995	1996	Seasonally adjusted						
			1995		1996				
			III	IV	I	II	III	IV	
Gross domestic product:									
Quantity index	108.0	110.6	108.5	108.6	109.1	110.4	111.0	112.0	
Price index	107.6	109.9	107.9	108.4	109.0	109.6	110.2	110.7	
Business¹:									
Quantity index	109.2	112.3	109.8	110.1	110.7	112.0	112.7	114.0	
Price index	107.3	109.4	107.6	108.0	108.5	109.3	109.8	110.2	
Nonfarm¹:									
Quantity index	109.5	112.5	110.1	110.3	110.9	112.2	112.7	114.1	
Price index	107.4	109.4	107.7	108.0	108.5	109.2	109.7	110.1	
Nonfarm less housing:									
Quantity index	109.9	113.1	110.7	110.7	111.5	112.8	113.4	114.8	
Price index	107.2	109.1	107.5	107.8	108.2	108.9	109.4	109.8	
Housing:									
Quantity index	105.6	107.1	105.6	106.9	106.3	106.5	107.5	108.2	
Price index	108.9	111.9	109.0	110.1	110.9	111.6	112.3	113.0	
Farm:									
Quantity index	94.4	104.0	91.3	93.5	98.2	102.8	108.1	106.9	
Price index	101.4	114.5	104.6	106.6	109.4	114.2	116.7	117.8	
Households and institutions:									
Quantity index	108.4	110.8	108.6	109.3	109.5	110.5	111.1	112.0	
Price index	106.8	110.3	107.0	108.1	109.1	109.7	110.7	111.5	
Private households:									
Quantity index	100.5	102.4	101.1	101.1	101.7	102.5	102.4	103.0	
Price index	109.7	113.6	109.8	111.2	112.0	112.7	114.4	115.5	
Nonprofit institutions:									
Quantity index	108.7	111.1	108.9	109.6	109.8	110.8	111.5	112.3	
Price index	106.7	110.1	106.9	108.0	109.0	109.6	110.5	111.4	
General government²:									
Quantity index	99.6	99.2	99.8	98.7	98.3	99.6	99.6	99.2	
Price index	109.7	112.9	109.8	111.4	112.9	112.1	112.9	113.6	
Federal:									
Quantity index	89.8	86.9	90.3	86.9	87.0	87.6	87.1	86.0	
Price index	112.9	116.0	112.5	116.0	116.9	115.4	115.6	116.1	
State and local:									
Quantity index	104.9	106.0	105.1	105.2	104.6	106.2	106.6	106.5	
Price index	108.0	111.3	108.4	109.2	110.9	110.5	111.6	112.3	

NOTE.—See footnotes to table 1.7.

Table 7.16.—Implicit Price Deflators for Inventories

[Index numbers, 1992=100]

	Seasonally adjusted					
	1995		1996			
	III	IV	I	II	III	IV
Inventories¹	105.9	106.4	106.7	107.2	107.1	107.2
Farm	93.0	95.5	94.6	99.9	101.2	96.6
Nonfarm	107.3	107.5	107.9	107.9	107.7	108.3
Durable goods	106.6	106.4	106.1	106.2	106.0	106.4
Nondurable goods	108.1	109.0	110.2	110.3	110.0	110.9
Manufacturing	108.0	107.5	107.3	107.1	107.0	107.7
Durable goods	106.0	105.4	105.0	105.1	104.7	105.6
Nondurable goods	111.4	111.0	111.1	110.5	110.8	111.3
Wholesale	107.5	108.0	108.6	108.8	107.8	107.4
Durable goods	105.9	105.4	105.1	105.0	104.9	104.6
Nondurable goods	110.1	112.3	114.4	115.1	112.8	111.9
Merchant wholesalers	107.8	108.3	108.8	109.2	108.0	107.4
Durable goods	106.1	105.6	105.3	105.3	105.1	104.9
Nondurable goods	110.8	113.0	114.9	116.0	113.0	111.7
Nonmerchant wholesalers	105.1	105.9	106.9	106.1	106.6	107.0
Durable goods	104.5	104.1	103.7	103.5	103.3	103.1
Nondurable goods	106.2	108.8	111.9	110.1	111.9	113.3
Retail trade	106.3	107.0	107.4	107.4	107.7	107.7
Durable goods	106.8	107.5	107.7	107.4	107.3	107.4
Motor vehicle dealers	107.8	109.7	110.5	109.5	108.8	109.3
Other	105.5	105.2	104.9	105.2	105.7	105.4
Nondurable goods	105.9	106.5	107.3	107.6	108.2	108.1
Other	106.6	107.4	109.5	110.1	110.2	113.7
Durable goods	114.1	112.7	112.7	114.4	115.3	115.1
Nondurable goods	102.8	104.9	108.0	108.0	107.7	113.1

NOTE.—See footnote to table 5.12.

Table 7.15.—Current-Dollar Cost and Profit Per Unit of Real Gross Domestic Product of Nonfinancial Corporate Business

[Dollars]

Current-dollar cost and profit per unit of real gross domestic product¹	1.052	1.064	1.055	1.057	1.062	1.065	1.065	1.066
Consumption of fixed capital .....	.115	.115	.115	.115	.115	.115	.115	.114
Net domestic product .....	.938	.950	.940	.942	.946	.951	.951	.951
Indirect business tax and nontax liability plus business transfer payments less subsidies .....	.109	.106	.108	.108	.107	.105	.105	.105
Domestic income .....	.829	.844	.832	.834	.839	.845	.846	.846
Compensation of employees .....	.697	.705	.696	.699	.702	.706	.706	.708
Corporate profits with inventory valuation and capital consumption adjustments .....	.104	.112	.109	.108	.111	.113	.114	.111
Profits tax liability .....	.038	.038	.038	.037	.039	.039	.038	.038
Profits after tax with inventory valuation and capital consumption adjustments .....	.066	.074	.071	.070	.072	.074	.076	.073
Net interest .....	.027	.027	.027	.027	.026	.027	.027	.027

1. Equals the deflator for gross domestic product of nonfinancial corporate business with the decimal point shifted two places to the left.

Table 8.2.—Contributions to Percent Change in Real Gross Domestic Product

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
Percent change at annual rate:								
Gross domestic product	2.0	2.4	3.8	0.3	2.0	4.7	2.1	3.8
Percentage points at annual rates:								
Personal consumption expenditures	1.6	1.7	1.6	.7	2.4	2.3	.3	2.3
Durable goods .....	.3	.5	.7	-.1	.7	.9	-.2	.4
Nondurable goods .....	.5	.3	.1	-.1	.7	.3	.1	.4
Services .....	.9	.9	.8	.8	.9	1.1	.5	1.5
Gross private domestic investment ...	.5	.7	1.1	-.6	.4	1.5	3.2	-.5
Fixed investment .....	.8	1.0	.8	.5	1.4	1.0	1.5	.5
Nonresidential .....	.9	.8	.5	.2	1.1	.4	1.7	.6
Structures .....	.2	.1	.2	0	.2	-.1	.2	.7
Producers' durable equipment .....	.7	.6	.3	.2	.9	.5	1.5	-.1
Residential	-.1	.2	.3	.2	.3	.6	-.2	-.1
Change in business inventories	-.4	-.3	.3	-1.0	-1.0	.5	1.6	-1.0
Net exports of goods and services ...	0	-.1	1.2	.9	-1.1	-.6	-1.2	2.2
Exports .....	.9	.7	1.1	1.1	.2	.6	-.1	2.6
Goods .....	.8	.6	.6	1.1	.1	.5	0	2.3
Services .....	.1	.1	.5	0	.1	.1	-.1	.3
Imports	-.9	-.8	0	-.2	-1.3	-1.2	-1.2	-.4
Goods	-.9	-.7	.1	-.2	-1.0	-1.2	-1.1	-.4
Services	-.1	-.1	-.1	0	-.2	0	-.1	0
Government consumption expenditures and gross investment	0	.2	-.1	-.8	.3	1.4	-.1	-.2
Federal	-.3	-.1	-.4	-.9	.4	.6	-.2	-.4
National defense	-.3	-.1	-.4	-.6	.2	.4	-.3	-.3
Nondefense	0	0	0	-.3	.2	.2	0	0
State and local .....	.3	.2	.3	.2	-.1	.8	.1	.2

Table 8.3.—Selected Per Capita Product and Income Series in Current and Chained Dollars

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
[Dollars]								
Current dollars:								
Gross domestic product	27,571	28,537	27,752	27,840	28,072	28,455	28,653	28,964
Gross national product	27,545	28,503	27,690	27,816	28,071	28,427	28,588	28,924
Personal income	23,243	24,304	23,337	23,613	23,845	24,183	24,459	24,725
Disposable personal income	20,224	21,050	20,306	20,555	20,727	20,900	21,177	21,395
Personal consumption expenditures	18,719	19,404	18,823	18,901	19,128	19,383	19,433	19,670
Durable goods	2,305	2,381	2,338	2,321	2,363	2,405	2,372	2,384
Nondurable goods	5,648	5,820	5,661	5,659	5,753	5,826	5,818	5,881
Services	10,767	11,203	10,824	10,921	11,011	11,152	11,243	11,405
Chained (1992) dollars:								
Gross domestic product	25,630	26,018	25,727	25,681	25,757	25,994	26,066	26,252
Gross national product	25,608	25,991	25,672	25,662	25,759	25,972	26,010	26,220
Disposable personal income	18,799	19,167	18,829	18,986	19,041	19,063	19,242	19,322
Personal consumption expenditures	17,400	17,669	17,454	17,458	17,573	17,679	17,657	17,764
Durable goods	2,204	2,303	2,236	2,225	2,265	2,322	2,301	2,324
Nondurable goods	5,404	5,431	5,409	5,390	5,428	5,434	5,426	5,438
Services	9,795	9,938	9,812	9,845	9,883	9,927	9,934	10,006
Population (mid-period, thousands)	263,090	265,482	263,399	264,032	264,563	265,155	265,806	266,405

Table 8.4.—Auto Output

[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
Auto output	134.8	128.3	134.8	132.6	112.9	136.2	139.0	124.8
Final sales	133.8	131.1	145.6	133.7	132.1	134.0	132.0	126.4
Personal consumption expenditures	137.3	136.3	142.4	134.8	137.4	140.9	134.6	132.2
New autos	84.6	81.4	83.5	87.2	85.1	82.5	76.7	81.1
Net purchases of used autos	52.7	54.9	59.0	47.6	52.3	58.4	57.9	51.1
Producers' durable equipment	42.2	42.3	46.0	39.9	40.0	42.7	46.6	40.0
New autos	72.4	74.0	79.3	68.0	70.2	75.8	82.4	67.8
Net purchases of used autos	-30.2	-31.7	-33.3	-28.1	-30.2	-33.1	-35.8	-27.8
Net exports	-48.1	-49.8	-44.9	-43.9	-47.9	-51.5	-51.1	-48.8
Exports	16.7	17.2	17.2	16.7	17.3	15.7	18.6	17.1
Imports	64.8	67.0	62.2	60.6	65.2	67.2	69.7	65.9
Gross government investment	2.4	2.4	2.1	3.0	2.6	1.9	1.9	3.1
Change in business inventories of new and used autos	1.0	-2.9	-10.9	-1.2	-19.1	2.3	7.0	-1.6
New	0	-3.3	-1	-3.7	-21.4	3.3	6.1	-1.0
Used	1.0	.4	-1.8	2.5	2.3	-1.0	.9	-6
Addenda:								
Domestic output of new autos ¹	118.9	116.7	119.8	113.3	102.5	123.2	129.4	111.6
Sales of imported new autos ²	56.3	55.8	55.3	57.8	58.3	53.8	54.9	56.1

1. Consists of final sales and change in business inventories of new autos assembled in the United States.
 2. Consists of personal consumption expenditures, producers' durable equipment, and gross government investment.

Table 8.5.—Real Auto Output

[Billions of chained (1992) dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			
			III	IV	I	II	III	IV
Auto output	120.5	112.6	120.9	117.0	100.1	119.6	121.3	109.4
Final sales	120.2	115.3	131.0	119.8	117.0	118.2	115.4	110.4
Personal consumption expenditures	118.1	115.9	122.8	115.8	116.7	120.0	114.6	112.3
New autos	78.3	73.9	77.0	80.2	77.9	75.2	69.3	73.3
Net purchases of used autos	39.3	40.9	44.4	35.8	38.4	43.5	43.5	38.3
Producers' durable equipment	43.2	41.8	46.7	40.2	40.6	42.5	45.3	38.8
New autos	66.9	67.3	73.2	62.5	64.3	69.1	74.4	61.3
Net purchases of used autos	-23.8	-25.2	-26.5	-22.4	-23.6	-26.2	-28.7	-22.4
Net exports	-43.0	-44.3	-39.8	-38.9	-42.6	-46.0	-45.4	-43.4
Exports	16.0	16.2	16.6	15.7	16.3	14.8	17.5	16.1
Imports	59.1	60.5	56.4	54.6	58.9	60.8	62.9	59.5
Gross government investment	2.2	2.2	2.0	2.8	2.4	1.7	1.7	2.8
Change in business inventories of new and used autos .....	.2	-2.7	-10.1	-2.8	-16.8	1.4	5.8	-1.0
New	-6	-2.9	-8.6	-5.0	-19.3	2.6	5.5	-3
Used .....	.6	.1	-1.6	1.9	1.6	-1.0	.5	-6
Residual .....	.7	.6	.8	.1	1.0	.7	.5	.4
Addenda:								
Domestic output of new autos ¹	110.2	106.6	111.2	103.3	94.6	112.4	117.6	101.8
Sales of imported new autos ²	52.1	50.8	51.0	53.1	53.5	49.1	49.7	50.7

1. Consists of final sales and change in business inventories of new autos assembled in the United States.
 2. Consists of personal consumption expenditures, producers' durable equipment, and gross government investment.

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines, excluding the lines in the addenda.

Table 8.6.—Truck Output

[Billions of dollars]

	1995	1996	1997	1998	1999	2000	2001	2002
Truck output ¹	127.6	132.2	124.9	130.5	129.7	134.4	130.7	134.1
Final sales	125.5	133.0	123.9	130.1	134.8	129.4	129.5	138.1
Personal consumption expenditures	56.9	58.4	56.7	58.7	59.6	58.0	56.8	59.1
Producers' durable equipment	66.3	71.0	68.3	67.1	68.4	69.1	71.6	75.0
Net exports	-5.1	-4.7	-5.1	-4.9	-4.2	-5.2	-6.4	-3.1
Exports	7.7	9.0	7.7	7.8	8.3	9.0	8.6	10.0
Imports	12.8	13.7	12.8	12.7	12.5	14.2	15.0	13.2
Gross government investment	7.5	8.3	3.9	9.2	11.1	7.5	7.5	7.1
Change in business inventories	2.1	-8	1.0	.4	-5.1	4.9	1.2	-4.0

1. Includes new trucks only.

Table 8.7.—Real Truck Output

[Billions of chained (1992) dollars]

	1995	1996	1997	1998	1999	2000	2001	2002
Truck output ¹	114.5	116.6	111.0	116.4	115.2	118.5	114.8	117.8
Final sales	112.6	117.2	110.1	116.0	119.7	114.1	113.8	121.4
Personal consumption expenditures	50.9	50.9	50.4	51.9	52.5	50.7	49.4	51.0
Producers' durable equipment	59.3	62.9	60.5	60.0	60.8	61.1	63.1	66.4
Net exports	-4.3	-3.8	-4.2	-4.0	-3.4	-4.2	-5.3	-2.2
Exports	7.5	8.7	7.5	7.5	8.0	8.7	8.3	9.7
Imports	11.8	12.4	11.7	11.5	11.4	12.9	13.6	11.9
Gross government investment	6.7	7.3	3.5	8.2	9.8	6.6	6.6	6.3
Change in business inventories	1.9	-7	.9	.4	-4.5	4.3	1.1	-3.6
Residual	0	-1	-1	-1	0	0	-1	-1

1. Includes new trucks only.
 NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

B. Other NIPA Tables

Monthly Estimates:

Tables B.1 and B.2 include the most recent estimates of personal income and its components; these estimates were released on March 31, 1997 and include "preliminary" estimates for February 1997 and "revised" estimates for October-December 1996 and January 1997.

Table B.1.—Personal Income

[Billions of dollars; monthly estimates seasonally adjusted at annual rates]

Table with 15 columns (1995, 1996, 1996 months, 1997) and 35 rows of personal income components. Includes categories like Personal income, Wage and salary disbursements, and Rental income.

CCAdj Capital consumption adjustment
IVA Inventory valuation adjustment
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table B.2.—The Disposition of Personal Income

[Monthly estimates seasonally adjusted at annual rates]

Table with 15 columns (1995, 1996, 1996 months, 1997) and 30 rows of personal income disposition components. Includes categories like Personal income, Equals: Disposable personal income, and Personal consumption expenditures.

1. Disposable personal income in chained (1992) dollars equals the current-dollar figure divided by the implicit price deflator for personal consumption expenditures.
2. Monthly estimates equal personal saving for the month as a percentage of disposable personal income for that month.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Annual Estimates:

Except as noted, these tables are derived from the NIPA tables published in the August 1996 SURVEY OF CURRENT BUSINESS; they are consistent with the most recent benchmark and annual revisions.

Table B.3.—Gross Domestic Product by Industry, Current-Dollar and Real Estimates for 1992–94

	Billions of dollars			Billions of chained (1992) dollars				Billions of dollars			Billions of chained (1992) dollars		
	1992	1993	1994	1992	1993	1994		1992	1993	1994	1992	1993	1994
Gross domestic product	6,244.4	6,550.2	6,931.4	6,244.4	6,383.8	6,604.2	Transportation services	19.6	20.8	24.3	19.6	20.8	21.9
Private industries	5,370.8	5,650.0	6,000.0	5,370.8	5,508.7	5,728.7	Communications	161.0	173.4	188.3	161.0	170.1	182.1
Agriculture, forestry, and fishing	112.4	105.3	117.8	112.4	103.3	115.7	Telephone and telegraph	129.5	137.4	148.6	129.5	136.3	143.7
Farms	80.5	72.0	82.2	80.5	70.9	83.9	Radio and television	31.5	35.9	39.7	31.5	33.7	38.1
Agricultural services, forestry, and fishing	31.9	33.3	35.7	31.9	32.3	32.1	Electric, gas, and sanitary services	175.0	185.2	195.3	175.0	180.6	188.0
Mining	92.2	89.0	90.1	92.2	90.7	96.7	Wholesale trade	406.5	423.1	461.9	406.5	418.6	450.0
Metal mining	5.5	4.9	5.0	5.5	5.2	4.5	Retail trade	544.3	571.1	609.9	544.3	563.2	595.4
Coal mining	13.6	12.5	13.8	13.6	13.9	16.2	Finance, insurance, and real estate	1,148.8	1,214.0	1,273.7	1,148.8	1,159.8	1,192.8
Oil and gas extraction	65.0	63.6	62.8	65.0	63.3	67.7	Depository institutions	200.1	202.0	212.1	200.1	196.9	197.2
Nonmetallic minerals, except fuels	8.2	8.1	8.5	8.2	8.3	8.6	Nondepository institutions	28.3	35.3	31.0	28.3	32.0	34.0
Construction	229.7	243.6	269.2	229.7	236.1	253.1	Security and commodity brokers	49.5	62.9	69.5	49.5	65.1	74.4
Manufacturing	1,063.6	1,116.5	1,197.1	1,063.6	1,095.3	1,168.0	Insurance carriers	83.4	99.6	104.1	83.4	74.0	76.3
Durable goods	573.4	612.3	673.1	573.4	601.2	657.9	Insurance agents, brokers, and services	39.5	42.0	45.3	39.5	40.2	41.9
Lumber and wood products	32.0	35.3	41.0	32.0	28.7	31.5	Real estate	735.8	762.4	802.3	735.8	740.4	758.4
Furniture and fixtures	16.2	17.6	19.0	16.2	17.8	18.4	Nonfarm housing services	553.5	568.7	605.2	553.5	552.9	571.9
Stone, clay, and glass products	25.1	25.7	27.9	25.1	25.0	26.2	Other real estate	182.3	193.7	197.1	182.3	187.6	186.4
Primary metal industries	39.0	40.8	44.2	39.0	41.9	42.9	Holding and other investment offices	12.3	9.8	9.3	12.3	12.8	12.9
Fabricated metal products	70.1	74.5	82.5	70.1	74.2	82.9	Services	1,200.8	1,266.1	1,342.7	1,200.8	1,222.1	1,249.6
Industrial machinery and equipment	108.6	111.9	119.3	108.6	115.8	127.6	Hotels and other lodging places	51.0	54.6	56.1	51.0	52.5	52.6
Electronic and other electric equipment	98.6	111.8	130.0	98.6	113.6	138.4	Personal services	41.0	44.5	46.5	41.0	42.8	43.1
Motor vehicles and equipment	52.8	66.2	84.1	52.8	60.6	72.8	Business services	218.9	233.4	253.5	218.9	234.3	247.0
Other transportation equipment	56.5	53.2	47.6	56.5	51.6	45.1	Auto repair, services, and parking	51.1	54.0	57.4	51.1	51.0	51.6
Instruments and related products	54.2	53.6	54.5	54.2	51.3	50.9	Miscellaneous repair services	17.5	19.2	19.4	17.5	17.2	16.9
Miscellaneous manufacturing industries	20.1	21.8	23.1	20.1	21.1	22.4	Motion pictures	20.0	22.1	24.8	20.0	21.9	23.6
Nondurable goods	490.2	504.3	524.0	490.2	494.1	510.2	Amusement and recreation services	47.9	48.7	52.2	47.9	47.0	48.4
Food and kindred products	102.1	103.7	108.1	102.1	102.2	104.8	Health services	369.1	384.8	408.3	369.1	363.1	368.3
Tobacco products	18.4	16.5	16.6	18.4	17.5	22.0	Legal services	90.1	92.3	94.4	90.1	87.9	86.7
Textile mill products	25.4	25.5	25.6	25.4	25.9	27.3	Educational services	46.3	48.5	51.4	46.3	46.8	47.6
Apparel and other textile products	27.2	27.3	27.8	27.2	26.9	27.8	Social services	36.9	40.1	43.4	36.9	39.3	41.2
Paper and allied products	45.8	47.6	49.0	45.8	49.9	49.7	Membership organizations	38.9	42.1	44.5	38.9	40.8	42.8
Printing and publishing	79.7	81.7	85.7	79.7	77.3	78.2	Other services	162.2	171.2	180.0	162.2	167.5	170.6
Chemicals and allied products	120.5	126.5	132.4	120.5	122.1	125.1	Private households	10.1	10.7	10.8	10.1	10.3	10.2
Petroleum and coal products	28.2	29.8	29.7	28.2	27.1	26.8	Statistical discrepancy ¹	43.7	55.1	31.3	43.7	53.7	29.8
Rubber and miscellaneous plastics	38.1	41.1	45.0	38.1	40.9	45.7	Government	873.6	900.2	931.3	873.6	875.1	875.8
Leather and leather products	4.8	4.6	4.1	4.8	4.6	3.9	Federal	321.4	322.5	327.1	321.4	314.7	305.0
Transportation and public utilities	528.8	566.2	606.4	528.8	555.8	585.3	General government	274.4	276.6	275.7	274.4	267.3	256.8
Transportation	192.8	207.6	222.8	192.8	205.1	215.5	Government enterprises	47.0	45.9	51.4	47.0	47.5	48.4
Railroad transportation	22.1	23.0	24.3	22.1	24.0	26.2	State and local	552.2	577.7	604.3	552.2	560.3	570.8
Local and interurban passenger transit	10.9	11.3	11.7	10.9	10.9	11.1	General government	506.6	529.9	551.4	506.6	515.6	525.8
Trucking and warehousing	82.2	88.4	95.1	82.2	88.3	89.6	Government enterprises	45.6	47.8	52.9	45.6	44.7	45.1
Water transportation	10.3	10.3	10.6	10.3	10.4	10.9	Not allocated by industry ²	0	7.0	-14.5			
Transportation by air	43.0	48.6	51.1	43.0	45.2	49.9							
Pipelines, except natural gas	4.9	5.2	5.7	4.9	5.7	6.0							

1. The current-dollar statistical discrepancy equals gross domestic product (GDP) measured as the sum of expenditures less gross domestic income—that is, GDP measured as the costs incurred and profits earned in domestic production. The chained (1992) dollar statistical discrepancy equals the current-dollar discrepancy deflated by the implicit price deflator for gross domestic product.

2. Equals GDP in chained (1992) dollars less the statistical discrepancy and the sum of GPO of the detailed industries.

NOTE.—Estimates in this table are based on the 1987 Standard Industrial Classification. The table is derived from tables 10 and 14 in "Improved Estimates of Gross Product by Industry, 1959–94" in the August 1996 SURVEY OF CURRENT BUSINESS.

Table B.5.—Private Purchases of Structures by Type

	Billions of dollars			Billions of chained (1992) dollars		
	1993	1994	1995	1993	1994	1995
Private purchases of structures	417.1	460.9	482.2	402.6	431.0	436.9
Nonresidential	171.8	180.2	199.7	166.3	168.8	181.1
New	172.0	180.2	199.4	166.5	168.8	180.9
Nonresidential buildings, excluding farm	113.3	122.9	138.8	109.6	114.7	125.1
Industrial	27.4	29.6	34.2	26.5	27.6	30.8
Commercial	52.6	59.7	67.9	50.8	55.7	61.2
Office buildings ¹	21.1	23.4	26.5	20.4	21.8	23.9
Other ²	31.5	36.4	41.4	30.4	33.9	37.3
Religious	3.6	3.7	3.9	3.5	3.4	3.5
Educational	4.9	5.4	6.4	4.8	5.1	5.8
Hospital and institutional	13.9	13.1	12.4	13.5	12.2	11.1
Other ³	10.8	11.5	14.0	10.5	10.7	12.6
Utilities	32.0	33.7	38.5	31.1	31.7	35.1
Railroads	3.1	3.9	3.8	2.9	3.5	3.4
Telecommunications	9.6	10.7	10.9	9.5	10.4	10.5
Electric light and power	12.8	12.3	15.1	12.4	11.4	13.6
Gas	5.6	5.8	7.6	5.4	5.4	6.5
Petroleum pipelines	1.0	1.0	1.2	1.0	.9	1.1
Farm	3.3	3.2	3.2	3.2	3.0	2.9
Mining exploration, shafts, and wells	15.6	13.5	12.0	14.8	12.6	11.2
Petroleum and natural gas	14.1	11.7	10.1	13.3	11.0	9.4
Other	1.5	1.7	1.9	1.5	1.6	1.7
Other ⁴	7.8	6.9	6.9	7.7	6.8	6.6
Brokers' commissions on sale of structures	1.3	1.4	1.6	1.3	1.4	1.5
Net purchases of used structures	-1.6	-1.5	-1.4	-1.5	-1.4	-1.3
Residential	245.3	280.7	282.5	236.3	262.1	255.8
New	217.9	248.5	249.0	209.1	230.6	224.0
New housing units	151.1	177.3	175.0	144.1	162.3	155.1
Permanent site	144.1	167.9	163.1	137.5	154.0	145.1
Single-family structures	133.3	153.8	144.5	127.1	140.5	127.7
Multifamily structures	10.8	14.1	18.6	10.4	13.5	17.6
Mobile homes	7.0	9.3	11.9	6.7	8.3	10.0
Improvements	66.4	71.0	73.9	64.5	68.0	68.8
Other ⁵ .....	.5	.3	.1	.4	.3	.1
Brokers' commissions on sale of structures	29.2	33.5	34.6	28.9	32.7	32.8
Net purchases of used structures	-1.8	-1.3	-1.1	-1.7	-1.2	-1.0
Residual				0	.2	-1

1. Consists of office buildings, except those constructed at industrial sites and those constructed by utilities for their own use.
 2. Consists of stores, restaurants, garages, service stations, warehouses, mobile structures, and other buildings used for commercial purposes.
 3. Consists of hotels and motels, buildings used primarily for social and recreational activities, and buildings not elsewhere classified, such as passenger terminals, greenhouses, and animal hospitals.
 4. Consists primarily of streets, dams and reservoirs, sewer and water facilities, parks, and airfields.
 5. Consists primarily of dormitories, fraternity and sorority houses, and nurses' homes.

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

Table B.6.—Private Purchases of Producers' Durable Equipment by Type

	Billions of dollars			Billions of chained (1992) dollars		
	1993	1994	1995	1993	1994	1995
Private purchases of producers' durable equipment	433.4	494.0	546.1	434.0	490.9	541.4
Nonresidential equipment	427.0	487.0	538.8	427.6	484.1	534.5
Information processing and related equipment	141.8	160.4	183.2	147.1	170.4	201.1
Office, computing, and accounting machinery	56.5	63.3	73.9	63.7	77.6	100.5
Computers and peripheral equipment ¹	48.7	54.5	63.6	56.2	69.3	91.5
Other	7.8	8.8	10.3	7.7	8.6	9.9
Communication equipment	47.1	56.1	66.1	46.4	54.5	63.4
Instruments	22.0	23.3	25.6	21.5	22.4	24.2
Photocopy and related equipment	16.1	17.7	17.6	15.8	17.1	16.7
Industrial equipment	97.6	109.7	124.5	96.3	105.9	116.2
Fabricated metal products	9.2	9.8	10.0	9.2	9.6	9.5
Engines and turbines	4.4	5.1	4.7	4.4	5.0	4.4
Metalworking machinery	20.4	23.9	28.5	20.0	22.9	26.3
Special industry machinery, n.e.c.	25.2	29.1	34.8	24.7	27.9	32.3
General industrial, including materials handling, equipment	21.1	22.6	25.4	20.7	21.7	23.6
Electrical transmission, distribution, and industrial apparatus	17.2	19.2	21.1	17.1	18.8	20.0
Transportation and related equipment	99.2	117.1	124.9	97.5	111.7	118.1
Trucks, buses, and truck trailers	42.5	55.4	62.7	40.7	50.9	56.1
Autos	37.7	47.0	42.2	38.2	46.6	43.2
Aircraft	12.9	7.9	12.5	12.6	7.5	11.4
Ships and boats	2.1	1.6	1.1	2.0	1.5	1.0
Railroad equipment	4.0	5.3	6.4	3.9	5.1	5.8
Other equipment	92.2	104.6	112.5	90.6	100.5	105.4
Furniture and fixtures	23.6	26.2	28.6	23.3	25.0	26.6
Tractors	8.9	10.8	11.4	8.8	10.3	10.8
Agricultural machinery, except tractors	8.3	10.0	10.4	8.0	9.5	9.6
Construction machinery, except tractors	10.2	11.9	14.0	9.9	11.3	12.9
Mining and oilfield machinery	1.6	2.1	2.6	1.6	2.1	2.4
Service industry machinery	11.9	14.4	15.4	11.7	13.9	14.5
Electrical equipment, n.e.c.	11.4	10.6	10.8	11.2	10.4	10.4
Other	16.3	18.6	19.2	16.0	17.9	18.0
Less: Sale of equipment scrap, excluding autos	3.9	4.9	6.2	3.9	4.3	4.7
Residential equipment	6.4	7.0	7.2	6.4	6.8	7.0
Residual				-1	-1.4	-5.4
Addenda:						
Private purchases of producers' durable equipment	433.4	494.0	546.1			
Less: Dealers' margin on used equipment	5.0	4.9	5.5			
Net purchases of used equipment from government .....	.9	1.2	1.3			
Plus: Net sales of used equipment	29.8	33.4	36.5			
Net exports of used equipment	1.0	1.7	1.4			
Sale of equipment scrap	3.9	5.5	6.3			
Equals: Private purchases of new equipment	462.3	528.5	583.4			

1. Includes new computers and peripheral equipment only.
 NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.
 n.e.c. Not elsewhere classified.

Table B.7.—Compensation and Wage and Salary Accruals by Industry
(Millions of dollars)

	Compensation			Wage and salary accruals				Compensation			Wage and salary accruals		
	1993	1994	1995	1993	1994	1995		1993	1994	1995	1993	1994	1995
Total	3,809,500	4,009,754	4,222,722	3,095,293	3,257,335	3,433,238							
Domestic industries	3,809,547	4,009,843	4,222,834	3,095,340	3,257,424	3,433,347							
Private industries	3,036,391	3,214,105	3,402,568	2,511,110	2,654,881	2,811,616							
Agriculture, forestry, and fishing	32,857	34,939	36,226	28,080	29,999	31,080							
Farms	14,249	14,503	.....	12,052	12,326	12,290							
Agricultural services, forestry, and fishing	18,608	20,436	.....	16,028	17,673	18,790							
Mining	32,355	33,128	33,166	26,115	26,364	26,482							
Metal mining	2,786	2,840	.....	2,168	2,173	2,395							
Coal mining	6,134	6,443	.....	4,802	5,015	4,828							
Oil and gas extraction	19,258	19,421	.....	15,725	15,587	15,446							
Nonmetallic minerals, except fuels	4,177	4,424	.....	3,420	3,589	3,813							
Construction	165,738	183,150	196,015	134,173	147,446	157,579							
Manufacturing	749,301	788,590	817,973	596,001	625,358	650,015							
Durable goods	455,411	484,020	506,295	358,366	379,414	398,260							
Lumber and wood products	21,204	22,996	.....	16,915	18,464	19,370							
Furniture and fixtures	14,121	14,924	.....	11,319	11,986	12,462							
Stone, clay, and glass products	19,989	21,365	.....	15,880	17,052	17,703							
Primary metal industries	32,311	34,569	.....	25,085	26,884	27,884							
Fabricated metal products	52,275	56,382	.....	41,031	44,528	46,861							
Industrial machinery and equipment	90,139	95,829	.....	71,972	76,729	81,918							
Electronic and other electric equipment	68,219	72,313	.....	54,672	58,037	62,253							
Motor vehicles and equipment	50,889	60,040	.....	36,780	42,246	46,287							
Other transportation equipment	49,391	47,835	.....	38,583	36,871	36,187							
Instruments and related products	44,634	44,868	.....	36,186	36,131	36,540							
Miscellaneous manufacturing industries	12,239	12,899	.....	9,943	10,486	10,795							
Nondurable goods	293,890	304,570	311,678	237,635	245,944	251,755							
Food and kindred products	57,754	59,635	.....	46,315	47,767	49,117							
Tobacco products	2,690	2,703	.....	1,998	1,990	2,145							
Textile mill products	18,521	19,109	.....	15,313	15,782	15,822							
Apparel and other textile products	20,902	21,391	.....	17,063	17,435	17,189							
Paper and allied products	31,117	32,236	.....	25,372	26,250	26,866							
Printing and publishing	55,711	58,493	.....	45,911	48,187	49,892							
Chemicals and allied products	62,227	63,726	.....	49,878	50,872	51,813							
Petroleum and coal products	10,407	10,434	.....	7,802	7,729	7,777							
Rubber and miscellaneous plastics products	31,608	33,883	.....	25,561	27,515	28,774							
Leather and leather products	2,953	2,960	.....	2,422	2,417	2,360							
Transportation and public utilities	251,753	264,420	273,675	201,237	211,382	220,373							
Transportation	136,330	144,069	151,343	106,903	113,239	118,732							
Railroad transportation	15,639	15,394	.....	11,207	10,914	11,149							
Local and interurban passenger transit	8,254	8,883	.....	6,750	7,266	7,683							
Trucking and warehousing	58,616	63,640	.....	45,551	49,811	52,608							
Water transportation	7,375	7,667	.....	5,994	6,222	6,313							
Transportation by air	33,215	34,129	.....	26,504	27,162	28,171							
Pipelines, except natural gas	1,135	1,112	.....	948	921	853							
Transportation services	12,096	13,244	.....	9,949	10,943	11,955							
Public utilities .....	.....	.....	.....	.....	.....	.....	
Rest of the world	-47	-89	-109	-47	-89	-109							
Receipts from the rest of the world	1,212	1,251	1,255	1,212	1,251	1,255							
Less: Payments to the rest of the world	1,259	1,340	1,364	1,259	1,340	1,364							
Addenda:													
Households and institutions	294,861	310,303	322,965	.....	.....	.....				
Nonfarm business	2,808,592	2,977,407	3,172,608	.....	.....	.....				

1. Consists of museums, botanical, zoological gardens; engineering and management services; and services, not elsewhere classified.
2. Includes Coast Guard.

NOTES.—Estimates in this table are based on the 1987 Standard Industrial Classification (SIC). Compensation equals wage and salary accruals plus supplements to wages and salaries. "Supplements" are listed in table 8.15 of the January/February 1996 SURVEY OF CURRENT BUSINESS.

Table B.8.—Employment by Industry

[Thousands]

	Full-time and part-time employees			Persons engaged in production ¹			Full-time and part-time employees			Persons engaged in production ¹		
	1993	1994	1995	1993	1994	1995	1993	1994	1995	1993	1994	1995
Total	119,137	122,092		115,722	119,424							
Domestic industries	119,241	122,204		115,826	119,536							
Private industries	97,390	100,282		97,483	101,112							
Agriculture, forestry, and fishing	1,886	1,943		2,985	3,309							
Farms	857	842		1,714	1,978							
Agricultural services, forestry, and fishing	1,029	1,101		1,271	1,331							
Mining	612	605		616	610							
Metal mining	50	49		50	49							
Coal mining	113	113		111	111							
Oil and gas extraction	345	338		350	346							
Nonmetallic minerals, except fuels	104	105		105	104							
Construction	4,854	5,198		6,126	6,504							
Manufacturing	18,173	18,429		18,106	18,441							
Durable goods	10,284	10,503		10,336	10,576							
Lumber and wood products	731	775										
Furniture and fixtures	490	505		498	515							
Stone, clay, and glass products	521	535		522	542							
Primary metal industries	681	698		675	694							
Fabricated metal products	1,343	1,394		1,334	1,388							
Industrial machinery and equipment	1,938	1,998		1,935	1,994							
Electronic and other electric equipment	1,530	1,576		1,515	1,567							
Motor vehicles and equipment	838	899		834	894							
Other transportation equipment	920	852		920	850							
Instruments and related products	897	866		887	859							
Miscellaneous manufacturing industries	395	405		428	441							
Nondurable goods	7,889	7,926		7,770	7,865							
Food and kindred products	1,678	1,684		1,635	1,655							
Tobacco products	45	42		44	42							
Textile mill products	680	681		671	676							
Apparel and other textile products	996	982		980	997							
Paper and allied products	693	694		686	687							
Printing and publishing	1,539	1,565		1,519	1,550							
Chemicals and allied products	1,077	1,060		1,064	1,043							
Petroleum and coal products	150	148		149	146							
Rubber and miscellaneous plastics products	911	954		902	951							
Leather and leather products	120	116		120	118							
Transportation and public utilities	5,870	6,053		5,833	6,163							
Transportation	3,657	3,838		3,719	3,974							
Railroad transportation	238	235		223	225							
Local and interurban passenger transit	386	408		414	445							
Trucking and warehousing	1,731	1,845		1,833	2,000							
Water transportation	174	179		169	177							
Transportation by air	734	749		685	712							
Pipelines, except natural gas	19	17		19	18							
Transportation services	375	405		375	405							
Communications	1,268	1,286		1,268	1,286							
Telephone and telegraph	891	909		824	892							
Radio and television	377	377		349	370							
Electric, gas, and sanitary services	945	929		941	927							
Wholesale trade	6,056	6,236		6,140	6,320							
Retail trade	20,429	21,158		18,242	18,880							
Finance, insurance, and real estate	6,877	7,026		7,118	7,255							
Depository institutions	2,077	2,067		1,972	1,975							
Nondepository institutions	461	488		458	486							
Security and commodity brokers	496	544		553	593							
Insurance carriers	1,513	1,522		1,454	1,470							
Insurance agents, brokers, and service	702	725		845	853							
Real estate	1,374	1,425		1,593	1,633							
Holding and other investment offices	254	255		243	245							
Services	32,633	33,634		32,317	33,630							
Hotels and other lodging places	1,679	1,708		1,499	1,548							
Personal services	1,272	1,277		1,731	1,717							
Business services	5,890	6,354		6,004	6,526							
Auto repair, services, and parking	1,036	1,075		1,325	1,315							
Miscellaneous repair services	375	350		583	565							
Motion pictures	422	480		468	510							
Amusement and recreation services	1,322	1,423		1,163	1,262							
Health services	9,074	9,319		8,449	8,762							
Legal services	1,058	1,059		1,163	1,203							
Educational services	1,948	1,985		1,799	1,826							
Social services and membership organizations	4,288	4,459		4,060	4,353							
Social services	2,205	2,328		2,327	2,531							
Membership organizations	2,083	2,131		1,733	1,822							
Other services ²	2,846	2,881		3,223	3,222							
Private households	1,423	1,284		850	821							
Government	21,851	21,922		18,343	18,424							
Federal	5,936	5,737		4,863	4,693							
General government	4,987	4,766		4,063	3,903							
Civilian	2,187	2,117		2,159	2,089							
Military ³	2,800	2,649		1,904	1,814							
Government enterprises	949	971		800	790							
State and local	15,915	16,185		13,480	13,731							
General government	15,041	15,299		12,630	12,869							
Education	8,058	8,215		6,510	6,637							
Other	6,983	7,084		6,120	6,232							
Government enterprises	874	886		850	862							
Rest of the world	-104	-112		-104	-112							

1. Equals the number of full-time equivalent employees plus the number of self-employed persons. Unpaid family workers are not included.

2. Consists of museums, botanical, zoological gardens; engineering and management services; and services, not elsewhere classified.

3. Includes Coast Guard.

NOTE.—Estimates in this table are based on the 1987 Standard Industrial Classification (SIC).

Table B.10.—Farm Sector Output, Gross Product, and National Income

	Billions of dollars			Billions of chained (1992) dollars		
	1993	1994	1995	1993	1994	1995
	Farm output	186.0	201.6	182.2	198.0
Cash receipts from farm marketings	181.3	179.2	.....	177.6	176.7	.....
Crops	91.2	91.1	.....	90.5	87.1	.....
Livestock	90.0	88.1	.....	87.1	89.7	.....
Farm housing	5.5	5.7	.....	5.1	4.9	.....
Farm products consumed on farms .....	.5	.5	.....	.5	.5	.....
Other farm income	4.8	4.7	.....	4.8	4.3	.....
Change in farm inventories	-6.2	11.5	-2.6	-7.2	12.3	-4.7
Crops	-7.3	10.1	.....	-7.7	9.5	.....
Livestock	1.1	1.4	.....	1.1	1.5	.....
Less: Intermediate goods and services purchased	113.9	119.3	.....	111.2	114.3	.....
Intermediate goods and services, other than rent	100.9	105.5	.....	98.6	100.6	.....
Rent paid to nonoperator landlords	12.9	13.8	.....	12.6	13.7	.....
Equals: Gross farm product	72.1	82.3	78.6	71.0	83.9	76.0
Less: Consumption of fixed capital	22.4	23.1	23.7	.....	.....	.....
Equals: Net farm product	49.7	59.2	54.9	.....	.....	.....
Less: Indirect business tax and nontax liability	4.6	5.0	.....	.....	.....	.....
Plus: Subsidies to operators	11.3	6.6	.....	.....	.....	.....
Equals: Farm national income	56.4	60.8	.....	.....	.....	.....
Compensation of employees	14.3	14.6	.....	.....	.....	.....
Wage and salary accruals	12.0	12.3	.....	.....	.....	.....
Supplements to wages and salaries	2.3	2.2	.....	.....	.....	.....
Proprietors' income and corporate profits with IVA and CCA _{adj}	33.7	37.2	29.0	.....	.....	.....
Proprietors' income	32.0	35.0	29.0	.....	.....	.....
Corporate profits	1.8	2.2	.....	.....	.....	.....
Net interest	8.3	9.1	.....	.....	.....	.....

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. CCA_{adj} Capital consumption adjustment
IVA Inventory valuation adjustment

Table B.11.—Housing Sector Output, Gross Product, and National Income

	Billions of dollars			Billions of chained (1992) dollars		
	1993	1994	1995	1993	1994	1995
	Housing output ¹	649.0	680.7	716.0	631.5	644.0	656.8
Nonfarm housing	643.4	675.0	710.1	626.4	639.1	652.1
Owner-occupied	481.1	502.6	528.5	468.2	475.4	483.7
Tenant-occupied	162.3	172.5	181.6	158.3	163.7	168.3
Farm housing	5.5	5.7	5.8	5.1	4.9	4.8
Less: Intermediate goods and services consumed	86.8	83.1	86.7	84.8	78.8	79.3
Equals: Gross housing product	562.1	597.6	629.3	546.8	565.1	577.5
Nonfarm housing	557.6	593.1	624.6	542.6	561.3	573.8
Owner-occupied	415.2	438.5	460.8	403.7	414.7	422.2
Tenant-occupied	142.4	154.6	163.8	138.9	146.6	151.6
Farm housing	4.5	4.5	4.7	4.2	3.9	3.8
Less: Consumption of fixed capital	104.0	112.4	106.6	.....	.....	.....
Capital consumption allowances ...	52.9	60.3	.....	.....	.....	.....
Less: CCA _{adj}	-51.1	-52.1	.....	.....	.....	.....
Equals: Net housing product	458.1	485.2	522.7	.....	.....	.....
Less: Indirect business tax and nontax liability plus business transfer payments ...	114.0	120.6	.....	.....	.....	.....
Plus: Subsidies less current surplus of government enterprises	18.8	20.6	.....	.....	.....	.....
Equals: Housing national income	362.9	385.2	.....	.....	.....	.....
Compensation of employees	7.3	7.7	.....	.....	.....	.....
Proprietors' income with IVA and CCA _{adj}	18.3	20.8	.....	.....	.....	.....
Rental income of persons with CCA _{adj}	74.7	89.4	.....	.....	.....	.....
Corporate profits with IVA and CCA _{adj}	3.5	3.9	.....	.....	.....	.....
Net interest	259.0	263.4	.....	.....	.....	.....

1. Equals personal consumption expenditures for housing less expenditures for other housing as shown in table B.4.
CCA_{adj} Capital consumption adjustment
IVA Inventory valuation adjustment

Table C.1.—Historical Estimates for Major NIPA Aggregates—Continued

[Quarterly data are seasonally adjusted at annual rates]

Year and quarter	Billions of chained (1992) dollars			Percent change from preceding period		Chain-type price indexes		Implicit price deflators		Percent change from preceding period			
	Gross domestic product	Final sales of domestic product	Gross national product	Gross domestic product	Final sales of domestic product	Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product	Chain-type price indexes		Implicit price deflators	
										Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product
1989: I	6,008.7	5,970.0	6,020.8	4.0	2.2	88.4	88.5	88.5	88.5	4.5	4.8	4.8	4.7
II	6,053.4	6,010.9	6,063.5	3.0	2.8	89.4	89.5	89.4	89.5	4.4	4.8	4.8	4.3
III	6,086.2	6,063.1	6,099.9	2.2	3.5	90.1	90.1	90.2	90.2	3.3	2.8	3.3	3.3
IV	6,093.0	6,070.8	6,111.7	.4	.5	90.9	91.0	90.9	90.9	3.5	3.8	3.3	3.3
1990: I	6,154.1	6,144.6	6,174.3	4.1	5.0	92.0	92.2	92.0	92.0	4.9	5.4	4.9	4.9
II	6,174.4	6,127.5	6,190.8	1.3	-1.1	93.2	93.1	93.1	93.2	5.2	4.2	5.2	5.1
III	6,145.2	6,126.6	6,158.8	-1.9	-1	94.2	94.3	94.1	94.1	4.3	5.2	4.2	4.2
IV	6,081.0	6,108.1	6,113.4	-4.1	-1.2	95.1	95.7	95.1	95.1	4.1	5.9	4.2	4.2
1991: I	6,047.9	6,065.4	6,074.8	-2.2	-2.8	96.3	96.4	96.3	96.3	4.8	3.1	5.1	5.1
II	6,074.1	6,095.9	6,085.8	1.7	2.0	97.0	97.0	97.0	97.0	3.2	2.2	3.1	3.1
III	6,089.3	6,085.4	6,098.3	1.0	-7	97.7	97.6	97.7	97.7	2.6	2.6	2.9	2.9
IV	6,104.4	6,083.8	6,118.7	1.0	-1	98.3	98.3	98.3	98.3	2.5	2.9	2.5	2.5
1992: I	6,175.3	6,175.8	6,191.6	4.7	6.2	99.1	99.0	99.1	99.1	3.4	3.2	3.3	3.3
II	6,214.2	6,203.8	6,225.1	2.5	1.8	99.8	99.8	99.8	99.8	2.8	2.9	2.7	2.7
III	6,260.9	6,249.5	6,270.4	3.0	3.0	100.2	100.3	100.2	100.2	1.5	2.1	1.5	1.5
IV	6,327.3	6,320.7	6,334.8	4.3	4.6	100.9	100.9	100.9	100.9	2.8	2.6	2.9	2.9
1993: I	6,326.4	6,307.1	6,342.5	-1	-9	101.8	101.7	101.8	101.8	3.8	3.1	3.8	3.8
II	6,356.5	6,334.5	6,366.9	1.9	1.7	102.4	102.3	102.4	102.3	2.2	2.4	2.1	2.1
III	6,393.4	6,371.3	6,406.3	2.3	2.3	102.8	102.6	102.8	102.8	1.8	1.3	1.9	1.9
IV	6,469.1	6,449.2	6,472.5	4.8	5.0	103.4	103.2	103.4	103.4	2.3	2.2	2.2	2.2
1994: I	6,508.5	6,467.7	6,514.0	2.5	1.2	104.1	103.8	104.1	104.1	2.9	2.4	2.8	2.8
II	6,587.6	6,514.9	6,586.2	4.9	3.0	104.6	104.4	104.6	104.6	1.9	2.3	1.9	1.9
III	6,644.9	6,582.1	6,640.0	3.5	4.2	105.2	105.1	105.2	105.2	2.4	3.0	2.5	2.5
IV	6,693.9	6,638.1	6,683.5	3.0	3.5	105.8	105.7	105.8	105.8	2.1	2.0	2.2	2.2
1995: I	6,701.0	6,647.4	6,699.1	.4	.6	106.7	106.4	106.7	106.7	3.3	2.8	3.4	3.4
II	6,713.5	6,682.4	6,711.9	.7	2.1	107.3	107.2	107.3	107.3	2.4	2.8	2.4	2.4
III	6,776.4	6,741.4	6,762.0	3.8	3.6	107.9	107.6	107.9	107.9	2.1	1.6	2.1	2.1
IV	6,780.7	6,764.2	6,775.6	.3	1.4	108.4	108.1	108.4	108.4	2.1	1.9	2.0	2.0
1996: I	6,814.3	6,815.2	6,814.9	2.0	3.0	109.0	108.7	109.0	109.0	2.3	2.3	2.2	2.2
II	6,892.6	6,884.7	6,886.5	4.7	4.1	109.6	109.3	109.5	109.5	2.2	2.1	1.8	1.8
III	6,928.4	6,892.7	6,913.7	2.1	.5	110.2	109.8	109.9	109.9	2.0	1.9	1.7	1.7
IV	6,993.6	6,975.9	6,985.2	3.8	4.9	110.7	110.5	110.3	110.3	1.9	2.6	1.5	1.5

Table C.2.—Real Gross Domestic Product

[Average annual percent change, based on chained (1992) dollar estimates]

Table with 26 columns (Terminal year and Initial year 1970-1995) and 32 rows (1996-1971). Shows annual percent change in real GDP.

Table C.3.—Chain-type Price Index for Gross Domestic Product

[Average annual percent change]

Table with 26 columns (Terminal year and Initial year 1970-1995) and 32 rows (1996-1971). Shows annual percent change in chain-type price index.

Table C.4.—Real Gross Domestic Purchases

[Average annual percent change, based on chained (1992) dollar estimates]

Table with 26 columns (Terminal year and Initial year 1970-1995) and 32 rows (1996-1971). Shows annual percent change in real gross domestic purchases.

Table C.8.—Real Personal Consumption Expenditures

[Average annual percent change, based on chained (1992) dollar estimates]

Table with 24 columns for initial years (1970-1995) and 24 rows for terminal years (1970-1995). Data represents average annual percent change in real personal consumption expenditures.

Table C.9.—Chain-Type Price Index for Personal Consumption Expenditures

[Average annual percent change]

Table with 24 columns for initial years (1970-1995) and 24 rows for terminal years (1970-1995). Data represents average annual percent change in chain-type price index for personal consumption expenditures.

Table C.10.—Real Personal Consumption Expenditures, Durable Goods

[Average annual percent change, based on chained (1992) dollar estimates]

Table with 24 columns for initial years (1970-1995) and 24 rows for terminal years (1970-1995). Data represents average annual percent change in real personal consumption expenditures for durable goods.

D. Domestic Perspectives

These tables present data collected from other government agencies and private organizations, as noted. Quarterly data are shown in the middle month of the quarter.

Table D.1.—Domestic Perspectives

	1995	1996	1996												1997	
			Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
Consumer and producer prices, (seasonally adjusted) ¹																
Consumer price index for all urban consumers, 1982=100:																
All items	152.4	156.9	154.7	155.1	155.6	156.1	156.5	156.7	157.1	157.4	157.9	158.3	158.8	159.2	159.4	159.8
Less food and energy	161.2	165.6	163.8	164.2	164.6	164.9	165.3	165.6	166.0	166.2	166.7	167.0	167.4	167.7	167.9	168.3
Services	168.7	174.1	171.5	172.1	172.4	172.9	173.5	173.9	174.5	174.9	175.4	175.8	176.3	176.8	177.2	177.6
Producer price index, 1982=100:																
Finished goods	127.9	131.3	129.7	129.7	130.4	130.6	130.8	131.2	131.2	131.6	132.0	132.5	132.6	133.4	133.0	132.5
Less food and energy	140.0	142.0	141.5	141.6	141.6	141.6	141.9	142.1	142.1	142.2	142.4	142.3	142.2	142.4	142.4	142.2
Finished consumer goods	125.6	129.5	127.6	127.5	128.4	128.7	128.9	129.4	129.4	129.9	130.3	131.0	131.2	132.1	131.7	131.1
Capital equipment	136.7	138.3	138.0	138.0	138.1	138.1	138.1	138.3	138.3	138.5	138.7	138.5	138.6	138.6	138.6	138.5
Intermediate materials	124.9	125.7	125.5	125.0	125.2	125.6	126.1	125.7	125.5	125.7	126.2	126.0	126.1	126.5	126.7	126.6
Crude materials	102.7	113.5	109.0	111.1	109.8	114.2	115.4	112.6	115.1	115.8	112.8	112.0	113.8	119.4	125.6	118.6
Money, interest rates, and stock prices																
Money stock (seasonally adjusted) ² :																
Percent change:																
M1			-0.60	-0.21	0.57	-0.24	-0.57	-0.14	-0.60	-0.81	-0.60	-1.19	-0.02	0.09	-0.12	0.06
M2 .....			.41	.41	.78	.29	.03	.44	.22	.34	.33	.33	.57	.62	.44	.42
Ratio:																
Gross domestic product to M1	5.877	6.852	6.625	6.625	6.744	6.744	6.920	7.142	7.142	7.142	7.142	7.142	7.142	7.142	7.142	7.142
Personal income to M2	1.712	1.721	1.708	1.713	1.703	1.709	1.721	1.729	1.724	1.728	1.732	1.728	1.729	1.730	1.729	1.736
Interest rates (percent, not seasonally adjusted) ² :																
Federal funds rate	5.83	5.30	5.56	5.22	5.31	5.22	5.56	5.27	5.40	5.22	5.30	5.24	5.31	5.29	5.25	5.19
Discount rate on new 91-day Treasury bills	5.51	5.02	5.02	4.87	4.96	4.99	5.02	5.11	5.19	5.09	5.15	5.01	5.03	4.87	5.05	5.00
Yield on new high-grade corporate bonds	7.72	7.62	7.00	7.14	7.57	7.81	7.87	8.00	7.97	7.68	7.84	7.69	7.43	7.45	7.63	7.54
10-Year U.S. Treasury bonds	6.57	6.44	5.65	5.81	6.27	6.51	6.74	6.91	6.87	6.64	6.83	6.53	6.20	6.30	6.58	6.42
Yield on municipal bonds, 20-bond average	5.95	5.76	5.43	5.43	5.79	5.94	5.98	6.02	5.92	5.76	5.87	5.72	5.59	5.64	5.72	5.63
Mortgage commitment rate	7.95	7.80	7.03	7.08	7.62	7.93	8.07	8.32	8.25	8.00	8.23	7.92	7.62	7.60	7.82	7.65
Average prime rate charged by banks	8.83	8.27	8.50	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25
Index of stock prices (not seasonally adjusted) ³ :																
500 common stocks, 1941-43=10	541.64	670.83	614.42	649.54	647.07	647.17	661.23	668.5	644.07	662.68	674.88	701.46	735.67	743.25	766.22	798.39
Labor markets (thousands, seasonally adjusted, unless otherwise noted) ¹																
Civilian labor force	132,304	133,943	132,899	133,070	133,464	133,427	133,759	133,709	134,165	133,898	134,291	134,636	134,831	135,022	135,848	135,634
Labor force participation rates (percent):																
Males 20 and over	76.7	76.8	76.6	76.7	76.8	76.7	76.8	76.9	77.0	76.8	76.7	76.8	76.9	76.8	77.1	76.9
Females 20 and over	59.4	59.9	59.5	59.5	59.7	59.7	59.7	59.9	59.9	60.0	60.1	60.2	60.3	60.4	60.2	60.2
16-19 years of age	53.5	52.3	52.7	52.7	52.7	52.6	53.1	51.8	52.2	50.7	52.2	52.4	52.0	52.3	51.9	52.8
Civilian employment	124,900	126,708	125,311	125,706	126,062	126,125	126,428	126,590	126,889	126,988	127,248	127,617	127,644	127,855	128,580	128,430
Ratio, civilian employment to working-age population (percent)	62.9	63.2	62.8	62.9	63.1	63.0	63.1	63.2	63.2	63.2	63.3	63.4	63.4	63.4	63.6	63.5
Persons engaged in nonagricultural activities	121,460	123,264	121,813	122,207	122,592	122,713	122,954	123,182	123,419	123,570	123,768	124,167	124,290	124,429	125,112	125,138
Employees on nonagricultural payrolls	117,203	119,554	118,070	118,579	118,750	118,922	119,332	119,537	119,772	120,052	120,050	120,311	120,492	120,723	120,970	121,309
Goods-producing industries	24,206	24,259	24,112	24,254	24,196	24,209	24,263	24,274	24,264	24,298	24,257	24,284	24,319	24,356	24,389	24,498
Services-producing industries	92,997	95,295	93,958	94,325	94,554	94,713	95,069	95,263	95,508	95,754	95,793	96,027	96,173	96,367	96,581	96,811
Average weekly hours, manufacturing (hours)	41.6	41.6	40.0	41.4	41.3	41.5	41.7	41.8	41.6	41.7	41.7	41.7	41.7	42.0	41.7	41.9
Average weekly overtime hours, manufacturing (hours)	4.4	4.5	4.1	4.3	4.3	4.6	4.6	4.6	4.4	4.5	4.5	4.4	4.5	4.6	4.6	4.7
Number of persons unemployed	7,404	7,236	7,588	7,364	7,402	7,302	7,331	7,119	7,276	6,910	7,043	7,019	7,187	7,167	7,268	7,205
Unemployment rates (percent):																
Total	5.6	5.4	5.7	5.5	5.5	5.5	5.5	5.3	5.4	5.2	5.2	5.2	5.3	5.3	5.4	5.3
15 weeks and over	1.8	1.7	1.8	1.7	1.8	1.8	1.8	1.8	1.7	1.7	1.7	1.7	1.6	1.6	1.6	1.6
Average duration of unemployment (weeks)	16.6	16.7	16.2	16.6	17.2	17.3	16.9	17.2	16.9	17.2	16.9	16.7	16.0	15.8	16.0	16.0
Nonfarm business sector, 1992=100:																
Output per hour of all persons	100.9	101.6	101.5	101.5	101.5	101.7	101.7	101.7	101.7	101.7	101.7	101.7	102.0	102.0	102.0	102.0
Unit labor costs	106.7	109.8	108.5	108.5	108.5	109.4	109.4	109.4	109.4	110.3	110.3	110.3	111.0	111.0	111.0	111.0
Hourly compensation	107.7	111.6	110.2	110.2	110.2	111.3	111.3	111.3	111.3	112.2	112.2	112.2	113.2	113.2	113.2	113.2

See footnotes at end of table.

Table D.1.—Domestic Perspectives—Continued

	1995	1996	1996												1997	
			Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
Construction (value put in place, in billions of dollars, seasonally adjusted at annual rates, unless otherwise noted) ⁴																
Total new private construction (billions of dollars)	410.2	427.4	418.9	411.2	419.7	424.2	418.1	423.1	419.3	426.7	428.4	433.9	444.7	443.4	445.7	.....
Residential construction	236.6	246.5	242.5	238.6	245.9	248.0	247.5	246.9	244.9	246.0	246.4	244.3	248.1	248.6	249.7	.....
Nonresidential construction	133.9	140.7	137.4	134.9	134.3	135.5	130.9	137.7	136.2	140.7	142.2	149.8	154.2	149.5	153.8	.....
Housing starts (thousands of units):																
Total	1,354	1,477	1,444	1,520	1,429	1,522	1,476	1,488	1,492	1,515	1,470	1,407	1,486	1,353	1,362	1,528
1-unit structures	1,076	1,161	1,138	1,188	1,156	1,215	1,142	1,214	1,164	1,222	1,148	1,104	1,133	1,024	1,117	1,215
New 1-family houses sold (thousands of units)	667	758	727	778	711	741	732	732	782	814	768	706	797	801	870	.....
Manufacturing and trade, inventories and sales (millions of dollars, seasonally adjusted) ⁴																
Sales:																
Total manufacturing and trade	8,160,784	8,583,313	690,498	698,656	700,253	709,541	715,130	711,760	719,176	717,532	722,691	725,787	728,804	727,432	735,934	.....
Manufacturing	3,565,750	3,719,499	298,685	301,763	300,646	308,003	311,203	308,851	312,400	312,847	315,160	315,510	317,548	315,278	318,688	.....
Merchant wholesalers	2,254,160	2,398,671	192,681	194,053	195,379	197,507	198,258	198,543	202,057	200,086	201,404	202,790	203,932	203,835	205,790	.....
Retail trade	2,342,511	2,465,143	199,132	202,840	204,228	204,031	205,669	204,366	204,719	204,599	206,127	207,487	207,324	208,319	211,456	.....
Inventories:																
Total manufacturing and trade	977,251	1,009,464	994,821	996,008	994,010	998,430	996,984	997,322	1,002,404	1,005,435	1,006,430	1,011,261	1,010,916	1,009,741	1,011,110	.....
Manufacturing	422,641	438,173	434,724	435,615	435,413	435,441	434,220	433,868	434,446	435,687	436,700	438,134	439,371	437,922	438,148	.....
Merchant wholesalers	256,407	256,335	256,185	255,569	256,444	259,592	258,834	259,262	259,100	258,822	256,959	257,770	257,929	258,106	260,801	.....
Retail trade	298,371	314,956	303,912	304,824	302,153	303,397	303,930	304,192	308,858	310,926	312,771	315,357	313,616	313,713	312,161	.....
Industrial production indexes and capacity utilization rates ²																
Industrial production indexes, 1992=100:																
Total	112.1	115.2	112.4	113.8	113.2	114.3	114.8	115.5	115.5	115.8	116.0	116.2	117.2	117.7	117.6	118.1
By industry:																
Durable manufactures	119.7	125.8	121.5	123.6	121.8	124.6	125.3	126.3	126.9	127.5	127.2	127.1	128.4	128.9	128.9	130.5
Nondurable manufactures	106.2	106.3	104.6	105.3	105.4	105.2	105.5	105.9	106.4	106.2	106.9	107.4	107.9	108.8	108.1	108.5
By market category:																
Consumer goods	108.9	110.4	108.3	109.9	109.4	109.8	110.0	110.8	110.7	110.1	110.5	110.8	112.3	112.7	112.1	112.1
Capacity utilization rates (percent):																
Total industry	83.8	83.1	82.4	83.2	82.6	83.1	83.2	83.5	83.2	83.2	83.1	83.0	83.4	83.5	83.2	83.3
Manufacturing	83.1	82.1	81.5	82.2	81.3	82.0	82.0	82.3	82.4	82.3	82.1	82.0	82.4	82.5	82.1	82.5
Credit market borrowing (billions of dollars, seasonally adjusted at annual rates) ²																
All sectors, by instrument:																
Total	1,235.9	1,345.8	.....	1,261.0	.....	.....	1,458.1	.....	.....	1,334.1	.....	.....	.....	1,329.9	.....	.....
Open market paper	74.3	102.6	.....	39.6	.....	.....	126.3	.....	.....	107.6	.....	.....	.....	136.8	.....	.....
U.S. government securities	348.5	376.1	.....	377.7	.....	.....	358.4	.....	.....	401.7	.....	.....	.....	366.5	.....	.....
Municipal securities	-44.2	1.9	.....	-18.9	.....	.....	37.7	.....	.....	-76.2	.....	.....	.....	65.2	.....	.....
Corporate and foreign bonds	307.3	272.5	.....	256.9	.....	.....	290.2	.....	.....	245.6	.....	.....	.....	297.2	.....	.....
Bank loans, n.e.c.	113.5	95.6	.....	74.7	.....	.....	113.6	.....	.....	142.8	.....	.....	.....	51.4	.....	.....
Other loans and advances	61.6	62.6	.....	28.6	.....	.....	76.1	.....	.....	116.5	.....	.....	.....	29.2	.....	.....
Mortgages	233.3	340.1	.....	380.2	.....	.....	364.8	.....	.....	298.1	.....	.....	.....	317.3	.....	.....
Consumer credit	141.6	94.4	.....	122.4	.....	.....	90.9	.....	.....	98.0	.....	.....	.....	66.2	.....	.....

Sources:

1. Bureau of Labor Statistics.
2. Federal Reserve Board.

3. Standard and Poor's, Inc.
4. Bureau of the Census.

International Data

F. Transactions Tables

Table F.1 includes the most recent estimates of U.S. international trade in goods and services; the estimates were released on March 20, 1997 and include "preliminary" estimates for January 1997 and "revised" estimates for January–December 1996. The sources for the other tables in this section are as noted.

Table F.1.—U.S. International Transactions in Goods and Services

[Millions of dollars; monthly estimates seasonally adjusted]

	1995		1996												1997	
	1995	1996	Dec.	Jan. ^r	Feb. ^r	Mar. ^r	Apr. ^r	May ^r	June ^r	July ^r	Aug. ^r	Sept. ^r	Oct. ^r	Nov. ^r	Dec. ^r	Jan. ^p
Exports of goods and services	786,529	835,414	68,089	66,588	69,218	69,324	69,146	70,112	69,718	67,262	69,705	68,816	71,758	72,566	71,210	70,777
Goods	575,939	611,507	50,120	48,662	50,891	50,500	50,749	51,392	50,980	48,792	51,106	50,317	52,893	53,302	51,924	51,474
Foods, feeds, and beverages	50,466	55,516	4,477	4,658	4,456	4,877	4,666	4,704	4,517	4,671	4,706	4,364	4,498	5,018	4,381	4,385
Industrial supplies and materials	146,255	147,390	12,106	11,882	12,228	12,567	12,752	12,483	12,301	11,465	12,185	12,059	12,759	12,226	12,484	12,210
Capital goods, except automotive	233,046	252,641	21,160	19,890	21,290	20,766	21,067	21,088	20,740	19,949	21,042	20,068	22,400	22,308	22,033	21,497
Automotive vehicles, engines, and parts	61,828	64,218	5,243	5,213	5,348	4,916	4,867	5,352	5,520	5,180	5,432	6,089	5,232	5,779	5,289	5,735
Consumer goods (nonfood), except automotive	64,425	70,153	5,470	5,483	5,763	5,713	5,764	5,909	5,938	5,540	5,837	5,880	6,217	6,095	6,014	6,021
Other goods	28,723	34,609	2,459	2,225	2,590	2,563	2,509	2,987	2,850	3,426	3,257	3,166	2,848	3,152	3,036	2,440
Adjustments ¹	-8,803	-13,020	-795	-690	-784	-902	-876	-1,130	-886	-1,439	-1,352	-1,309	-1,063	-1,276	-1,313	-813
Services	210,590	223,907	17,968	17,926	18,327	18,824	18,397	18,720	18,738	18,470	18,599	18,499	18,865	19,264	19,286	19,303
Travel	61,137	64,499	5,222	5,161	5,433	5,610	5,269	5,409	5,425	5,187	5,250	5,217	5,347	5,623	5,567	5,616
Passenger fares	18,534	19,579	1,590	1,552	1,651	1,652	1,578	1,657	1,661	1,588	1,609	1,602	1,638	1,705	1,688	1,686
Other transportation	28,063	29,115	2,409	2,302	2,326	2,338	2,405	2,470	2,415	2,431	2,483	2,429	2,526	2,495	2,495	2,486
Royalties and license fees	26,953	28,829	2,334	2,388	2,396	2,396	2,390	2,386	2,383	2,415	2,420	2,421	2,413	2,411	2,410	2,416
Other private services	61,724	67,268	5,279	5,399	5,486	5,618	5,571	5,590	5,587	5,656	5,671	5,666	5,697	5,675	5,654	5,748
Transfers under U.S. military agency sales contracts ²	13,405	13,802	1,076	1,036	942	1,115	1,127	1,156	1,218	1,131	1,100	1,099	1,180	1,291	1,409	1,283
U.S. Government miscellaneous services	775	815	59	87	93	94	58	50	49	62	65	66	64	64	64	67
Imports of goods and services	891,593	949,714	74,487	76,282	76,130	77,325	78,802	80,917	78,217	79,226	80,333	80,432	79,824	80,534	81,699	83,484
Goods	749,363	799,274	62,721	64,284	63,802	65,074	66,459	68,309	65,726	66,406	67,652	67,956	67,104	67,706	68,795	70,493
Foods, feeds, and beverages	33,176	35,703	2,702	2,786	2,821	2,969	3,021	3,034	2,939	2,941	3,041	2,988	3,025	2,961	3,178	3,057
Industrial supplies and materials	180,668	199,267	14,839	15,624	14,766	15,365	16,613	17,052	16,356	17,044	16,930	17,456	17,575	16,856	17,630	18,370
Capital goods, except automotive	221,431	229,014	19,306	19,523	19,436	19,570	18,879	19,035	18,650	18,675	18,804	18,932	18,731	19,129	19,649	19,715
Automotive vehicles, engines, and parts	124,774	130,062	10,330	10,561	10,637	10,041	10,505	11,477	10,782	11,133	11,572	11,214	10,257	11,280	10,602	12,017
Consumer goods (nonfood), except automotive	160,009	171,105	13,186	13,564	13,721	13,728	13,576	14,273	13,907	13,963	14,465	14,850	14,951	14,812	15,295	15,030
Other goods	23,387	26,142	2,140	1,948	2,031	2,186	2,251	2,189	2,217	2,220	2,068	2,207	2,244	2,377	2,204	2,054
Adjustments ¹	5,918	7,981	219	277	390	1,215	1,614	1,249	875	430	772	308	321	292	237	249
Services	142,230	150,440	11,766	11,998	12,328	12,251	12,343	12,608	12,491	12,820	12,681	12,476	12,720	12,828	12,904	12,991
Travel	45,855	48,712	3,798	3,930	4,212	4,097	3,985	4,079	4,033	3,885	4,031	3,950	4,023	4,251	4,234	4,221
Passenger fares	14,313	14,287	1,168	1,147	1,225	1,159	1,160	1,205	1,193	1,149	1,185	1,171	1,199	1,251	1,243	1,252
Other transportation	29,205	29,100	2,295	2,339	2,246	2,310	2,419	2,486	2,384	2,523	2,481	2,464	2,570	2,397	2,487	2,533
Royalties and license fees	6,312	7,036	568	537	530	527	570	576	576	931	634	516	542	547	550	549
Other private services	33,970	37,626	2,919	2,966	3,014	3,043	3,091	3,134	3,165	3,167	3,177	3,199	3,223	3,220	3,229	3,266
Direct defense expenditures ²	9,820	10,993	789	849	870	884	913	927	935	937	939	939	934	933	933	946
U.S. Government miscellaneous services	2,755	2,686	229	230	230	231	203	202	205	228	234	236	229	229	228	224
Memoranda:																
Balance on goods	-173,424	-187,766	-12,600	-15,623	-12,911	-14,574	-15,710	-16,917	-14,746	-17,614	-16,546	-17,639	-14,211	-14,404	-16,871	-19,018
Balance on services	68,360	73,467	6,202	5,928	5,999	6,573	6,054	6,111	6,248	6,650	5,918	6,024	6,145	6,436	6,383	6,312
Balance on goods and services	-105,064	-114,299	-6,398	-9,695	-6,912	-8,001	-9,656	-10,805	-8,499	-11,964	-10,628	-11,616	-8,066	-7,968	-10,489	-12,706

^p Preliminary.

^r Revised.

1. Reflects adjustments necessary to bring the Census Bureau's component data in line with the concepts and definitions used to prepare BEA's international and national accounts.

2. Contains goods that cannot be separately identified.

Source: U.S. Department of Commerce, Bureau of Economic Analysis and Bureau of the Census

Table F.2.—U.S. International Transactions
[Millions of dollars]

Table with columns: Line, (Credits +; debits -) 1, 1995, 1996 P, Not seasonally adjusted (1996: I, II, III P, IV P), Seasonally adjusted (1996: I P, II P, III P, IV P). Rows include Exports of goods, services, and income; Imports of goods, services, and income; Unilateral transfers, net; U.S. assets abroad, net; Foreign assets in the United States, net; Allocations of special drawing rights; Memoranda.

See footnotes to table F.3.

Table F.3.—U.S. International Transactions, by Area—Continued

(Millions of dollars)

Line	(Credits +; debits -) ¹	Australia			Other countries in Asia and Africa			International organizations and unallocated ¹⁶		
		1996			1996			1996		
		II	III ^r	IV ^p	II	III ^r	IV ^p	II	III ^r	IV ^p
1	Exports of goods, services, and income	5,151	5,262	5,450	53,459	52,311	57,559	5,159	5,137	5,396
2	Goods, adjusted, excluding military ²	2,914	2,890	2,924	36,594	34,237	39,301			
3	Services ³	1,110	1,187	1,138	11,160	12,248	12,019	1,558	1,522	1,435
4	Transfers under U.S. military agency sales contracts ⁴	65	56	41	1,919	1,770	2,685	9	3	2
5	Travel	385	451	392	2,631	2,984	2,039			
6	Passenger fares	118	129	116	425	461	356			
7	Other transportation	62	65	68	1,963	2,113	2,151	302	386	253
8	Royalties and license fees ⁵	145	149	164	866	909	1,000	368	373	411
9	Other private services ⁵	335	336	355	3,287	3,928	3,709	879	760	765
10	U.S. Government miscellaneous services		1	2	69	83	79			4
11	Income receipts on U.S. assets abroad	1,127	1,185	1,388	5,706	5,826	6,238	3,601	3,614	3,961
12	Direct investment receipts	710	868	932	3,760	3,787	4,271	1,178	1,155	1,457
13	Other private receipts	417	317	456	1,666	1,704	2,289	2,289	2,308	2,358
14	U.S. Government receipts			280	371	263	263	134	151	146
15	Imports of goods, services, and income	-1,436	-1,659	-1,987	-65,720	-75,823	-73,931	-1,293	-1,824	-1,332
16	Goods, adjusted, excluding military ²	-882	-990	-1,187	-54,075	-62,990	-60,627			
17	Services ³	-495	-537	-624	-6,351	-6,549	-6,701	-750	-1,253	-658
18	Direct defense expenditures	-11	-9	-10	-503	-507	-492			
19	Travel	-181	-173	-226	-2,087	-1,962	-2,020			
20	Passenger fares	-83	-112	-116	-847	-889	-885			
21	Other transportation	-82	-84	-92	-1,683	-1,917	-1,869	-319	-327	-230
22	Royalties and license fees ⁵	-5	-5	-5	-19	-24	-29	-84	-577	-88
23	Other private services ⁵	-128	-143	-162	-1,028	-1,073	-1,214	-346	-348	-339
24	U.S. Government miscellaneous services	-6	-11	-13	-184	-176	-192	-1		
25	Income payments on foreign assets in the United States	-58	-132	-176	-5,294	-6,285	-6,602	-542	-571	-674
26	Direct investment payments	63	(*)	-60	289	-332	-239	128	112	82
27	Other private payments	-85	-94	-81	-2,311	-2,376	-2,349	-632	-649	-688
28	U.S. Government payments	-36	-38	-35	-3,272	-3,577	-4,014	-38	-34	-68
29	Unilateral transfers, net	-20	-24	-20	-2,716	-3,159	-6,117	-2,812	-2,871	-3,341
30	U.S. Government grants ⁴				-1,126	-1,407	-4,484	-259	-63	-21
31	U.S. Government pensions and other transfers	-8	-9	-8	-112	-115	-123	-87	-448	-646
32	Private remittances and other transfers ⁶	-12	-15	-12	-1,478	-1,637	-1,510	-2,466	-2,360	-2,674
33	U.S. assets abroad, net (increase/capital outflow (-))	128	-3,254	-4,165	-16,049	-1,143	-14,231	-825	-908	-1,465
34	U.S. official reserve assets, net ⁷							-353	665	-174
35	Gold							-133	848	-146
36	Special drawing rights							-220	-183	-28
37	Reserve position in the International Monetary Fund									
38	Foreign currencies									
39	U.S. Government assets, other than official reserve assets, net	2			-70	-50	12	-234	-321	-413
40	U.S. credits and other long-term assets				-829	-401	-441	-234	-321	-413
41	Repayments on U.S. credits and other long-term assets ⁸				496	366	426			
42	U.S. foreign currency holdings and U.S. short-term assets, net	2			263	-15	27			
43	U.S. private assets, net	128	-3,256	-4,165	-15,979	-1,093	-14,243	-238	-1,252	-878
44	Direct investment	-492	-1,206	-420	-3,381	-688	-2,170	-880	-2,474	-869
45	Foreign securities	-235	513	-2,308	-5,199	-4,412	-9,021	-105	-118	832
46	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-123	-141	n.a.	111	-395	n.a.	6	5	n.a.
47	U.S. claims reported by U.S. banks, not included elsewhere	-977	-2,422	-1,437	-7,510	4,402	-3,052	741	1,335	-841
48	Foreign assets in the United States, net (increase/capital inflow (+))	2,551	-1,257	1,156	13,823	29,724	14,352	1,399	1,443	-1,647
49	Foreign official assets in the United States, net	(18)	(18)	(18)	(18)	(18)	(18)	1	1	-1
50	U.S. Government securities	(18)	(18)	(18)	(18)	(18)	(18)			
51	U.S. Treasury securities ⁹	(18)	(18)	(18)	(18)	(18)	(18)			
52	Other ¹⁰	(18)	(18)	(18)	(18)	(18)	(18)			
53	Other U.S. Government liabilities ¹¹	-37	-13	-9	35	874	107	1	1	-1
54	U.S. liabilities reported by U.S. banks, not included elsewhere	(18)	(18)	(18)	(18)	(18)	(18)			
55	Other foreign official assets ¹²	(18)	(18)	(18)	(18)	(18)	(18)			
56	Other foreign assets in the United States, net	(18)	(18)	(18)	(18)	(18)	(18)	1,398	1,442	-1,646
57	Direct investment	-169	92	679	-414	368	-620	-177	-169	-154
58	U.S. Treasury securities	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
59	U.S. securities other than U.S. Treasury securities	-389	211	-205	3,279	1,634	1,781		-15	-23
60	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	155	-127	n.a.	350	861	n.a.	25	92	n.a.
61	U.S. liabilities reported by U.S. banks, not included elsewhere	18 2,991	18 -1,420	18 691	18 10,573	18 25,987	18 13,084	18 1,550	18 1,534	18 -1,469
62	Allocations of special drawing rights									
63	Statistical discrepancy, and transfers of funds between foreign areas, net (sum of above items with sign reversed)	-6,374	932	-433	17,202	-1,909	22,368	-1,629	-977	2,389
64	Memoranda:									
65	Balance on goods (lines 2 and 16)	2,032	1,900	1,737	-17,481	-28,753	-21,326			
66	Balance on services (lines 3 and 17)	615	650	514	4,809	5,700	5,318	808	270	777
67	Balance on goods and services (lines 64 and 65)	2,647	2,550	2,251	-12,672	-23,054	-16,008	808	270	777
68	Balance on investment income (lines 11 and 25)	1,069	1,054	1,212	412	-459	-364	3,059	3,043	3,287
69	Balance on goods, services, and income (lines 1 and 15 or lines 66 and 67) ¹³	3,716	3,603	3,462	-12,261	-23,512	-16,372	3,867	3,313	4,064
68	Unilateral transfers, net (line 29)	-20	-24	-20	-2,716	-3,159	-6,117	-2,812	-2,871	-3,341
70	Balance on current account (lines 1, 15, and 29 or lines 68 and 69) ¹³	3,696	3,579	3,442	-14,977	-26,671	-22,489	1,055	442	723

14. The "European Union" includes the "European Union (6)," United Kingdom, Denmark, Ireland, Greece, Spain, and Portugal. Beginning with the first quarter of 1995, the "European Union" also includes Austria, Finland, and Sweden.

15. The "European Union (6)" includes Belgium, France, Germany (includes the former German Democratic Republic (East Germany) beginning in the fourth quarter of 1990), Italy, Luxembourg, Netherlands, European Atomic Energy Community, European Coal and Steel Community, and European Investment Bank.

16. Includes, as part of international and unallocated, the estimated direct investment in foreign affiliates engaged in international shipping and in operating oil and gas drilling equipment internationally. Also includes taxes withheld,

current-cost adjustments associated with U.S. and foreign direct investment, and small transactions in business services that are not reported by country.

17. Details not shown separately; see totals in lines 49 and 56.

18. Details not shown separately are included in line 61.

NOTE.—The data in tables F.2 and F.3 are from tables 1 and 10 in "U.S. International Transactions, Fourth Quarter and Year 1996" in this issue of the SURVEY OF CURRENT BUSINESS, which presents the most recent estimates from the balance of payments accounts.

Table F.4.—Private Service Transactions

[Millions of dollars]

Line		1995	1996 ^P	Seasonally adjusted					
				1995		1996			
				III	IV	I ^r	II ^r	III ^r	IV ^r
1	Exports of private services	196,411	209,291	50,371	50,673	51,709	52,196	52,042	53,342
2	Travel (table F.2, line 5)	61,137	64,499	15,682	15,867	16,205	16,103	15,653	16,538
3	Passenger fares (table F.2, line 6)	18,534	19,579	4,815	4,836	4,854	4,896	4,799	5,030
4	Other transportation (table F.2, line 7)	28,063	29,115	7,117	7,211	6,966	7,289	7,343	7,516
5	Freight	10,780	11,080	2,747	2,885	2,608	2,741	2,833	2,897
6	Port services	16,091	16,801	4,075	4,021	4,051	4,238	4,200	4,312
7	Other	1,193	1,234	295	304	307	310	310	307
8	Royalties and license fees (table F.2, line 8)	26,953	28,829	7,014	7,015	7,180	7,160	7,256	7,234
9	Affiliated,	21,619	23,106	5,664	5,636	5,773	5,733	5,815	5,786
10	U.S. parents' receipts	20,180	21,781	5,281	5,280	5,486	5,382	5,407	5,507
11	U.S. affiliates' receipts	1,439	1,325	383	356	287	351	408	279
12	Unaffiliated	5,333	5,723	1,350	1,379	1,407	1,427	1,441	1,448
13	Industrial processes ¹	3,316	3,580	838	858	878	893	903	908
14	Other ²	2,017	2,143	512	522	529	535	538	540
15	Other private services (table F.2, line 9)	61,724	67,268	15,743	15,744	16,504	16,748	16,991	17,024
16	Affiliated services,	19,458	22,135	5,070	5,015	5,382	5,408	5,724	5,620
17	U.S. parents' receipts	11,933	12,989	3,050	3,072	3,228	3,232	3,296	3,233
18	U.S. affiliates' receipts	7,525	9,146	2,020	1,943	2,154	2,176	2,428	2,387
19	Unaffiliated services	42,265	45,133	10,673	10,729	11,122	11,340	11,267	11,404
20	Education	7,517	7,833	1,950	1,866	1,919	1,932	2,038	1,944
21	Financial services	6,109	7,546	1,574	1,659	1,742	1,906	1,834	2,065
22	Insurance, net	1,395	1,500	342	347	362	373	381	385
23	Premiums received	5,575	6,047	1,409	1,443	1,480	1,507	1,525	1,534
24	Losses paid	4,180	4,546	1,068	1,096	1,118	1,134	1,145	1,150
25	Telecommunications	2,848	2,820	710	708	706	705	705	704
26	Business, professional, and technical services	16,264	16,971	4,078	4,104	4,267	4,254	4,246	4,205
27	Other unaffiliated services ³	8,131	8,461	2,019	2,046	2,126	2,170	2,064	2,102
28	Imports of private services	129,655	136,762	32,844	32,516	33,284	34,054	34,463	34,964
29	Travel (table F.2, line 19)	45,855	48,712	11,377	11,541	12,241	12,097	11,867	12,508
30	Passenger fares (table F.2, line 20)	14,313	14,287	3,716	3,563	3,531	3,557	3,506	3,693
31	Other transportation (table F.2, line 21)	29,205	29,100	7,434	7,140	6,895	7,288	7,466	7,453
32	Freight	17,089	17,281	4,370	4,043	4,100	4,505	4,389	4,288
33	Port services	11,215	10,979	2,839	2,877	2,584	2,583	2,863	2,951
34	Other	902	842	226	220	211	201	215	215
35	Royalties and license fees (table F.2, line 22)	6,312	7,036	1,619	1,690	1,595	1,722	2,080	1,639
36	Affiliated,	5,148	5,337	1,325	1,412	1,309	1,431	1,263	1,334
37	U.S. parents' payments	430	470	118	120	95	110	128	137
38	U.S. affiliates' payments	4,718	4,867	1,207	1,292	1,214	1,321	1,135	1,197
39	Unaffiliated	1,163	1,699	293	278	286	291	817	305
40	Industrial processes ¹	819	835	197	197	203	208	211	213
41	Other ²	344	865	96	81	83	83	606	93
42	Other private services (table F.2, line 23)	33,970	37,626	8,698	8,582	9,022	9,390	9,544	9,671
43	Affiliated services,	13,723	16,250	3,553	3,511	3,785	4,050	4,196	4,220
44	U.S. parents' payments	6,740	7,306	1,749	1,675	1,811	1,703	1,910	1,883
45	U.S. affiliates' payments	6,983	8,944	1,804	1,836	1,974	2,347	2,286	2,337
46	Unaffiliated services	20,247	21,376	5,145	5,071	5,239	5,340	5,348	5,451
47	Education	877	932	223	223	227	232	236	238
48	Financial services	1,707	2,002	452	447	476	500	490	536
49	Insurance, net	4,481	4,733	1,182	1,043	1,188	1,184	1,181	1,180
50	Premiums paid	13,710	13,985	3,409	3,422	3,462	3,491	3,511	3,521
51	Losses recovered	9,230	9,252	2,227	2,379	2,273	2,307	2,330	2,341
52	Telecommunications	6,773	6,789	1,678	1,681	1,689	1,695	1,703	1,703
53	Business, professional, and technical services	4,502	4,915	1,142	1,170	1,182	1,226	1,243	1,263
54	Other unaffiliated services ³	1,908	2,004	469	507	476	502	495	532
55	Memoranda: Balance on goods (table F.2, line 64)	-173,424	-187,674	-42,548	-38,026	-43,127	-47,370	-51,869	-45,308
56	Balance on private services (line 1 minus line 28)	66,756	72,529	17,527	18,157	18,425	18,142	17,579	18,378
57	Balance on goods and private services (lines 55 and 56)	-106,668	-115,145	-25,021	-19,869	-24,702	-29,228	-34,290	-26,930

1. Patented techniques, processes, and formulas and other intangible property rights that are used in goods production.

2. Copyrights, trademarks, franchises, rights to broadcast live events, and other intangible property rights.

3. Other unaffiliated services receipts (exports) include mainly expenditures of foreign governments and international organizations in the United States. Payments (imports) include mainly

wages of foreign residents temporarily employed in the United States and Canadian and Mexican commuters in U.S. border areas.

NOTE.—The data in this table are from table 3 in "U.S. International Transactions, Fourth Quarter and Year 1996" in this issue of the SURVEY OF CURRENT BUSINESS, which presents the most recent estimates from the balance of payments accounts.

G. Investment Tables

Table G.1.—International Investment Position of the United States at Yearend, 1994 and 1995

[Millions of dollars]

Line	Type of investment	Position, 1994	Changes in position in 1995 (decrease (-))					Position, 1995
			Attributable to:				Total (a+b+c+d)	
			Capital flows	Valuation adjustments				
				Price changes	Exchange rate changes ¹	Other changes ²		
		(a)	(b)	(c)	(d)			
Net international investment position of the United States:								
1	With direct investment positions at current cost (line 3 less line 24)	-580,095	-116,606	-119,855	6,512	-3,932	-233,881	-813,976
2	With direct investment positions at market value (line 4 less line 25)	-492,482	-116,606	-194,498	27,380	2,553	-281,171	-773,653
U.S. assets abroad:								
3	With direct investment positions at current cost (lines 5+10+15)	2,546,189	307,856	75,769	9,635	-7,545	385,715	2,931,904
4	With direct investment positions at market value (lines 5+10+16)	2,825,830	307,856	187,177	30,531	1,517	527,081	3,352,911
5	U.S. official reserve assets	163,394	9,742	1,177	1,756	-8	12,667	176,061
6	Gold	100,110	.....	³ 1,177	.....	⁴ -8	1,169	101,279
7	Special drawing rights	10,039	808	.....	190	.....	998	11,037
8	Reserve position in the International Monetary Fund	12,030	2,466	.....	153	.....	2,619	14,649
9	Foreign currencies	41,215	6,468	.....	1,413	.....	7,881	49,096
10	U.S. Government assets, other than official reserve assets	81,269	280	.....	-1	.....	279	81,548
11	U.S. credits and other long-term assets ⁵	79,188	382	.....	.....	.....	382	79,570
12	Repayable in dollars	78,327	431	.....	.....	32	463	78,790
13	Other ⁶	861	-49	.....	.....	-32	-81	780
14	U.S. foreign currency holdings and U.S. short-term assets	2,081	-102	.....	-1	.....	-103	1,978
U.S. private assets:								
15	With direct investment at current cost (lines 17+19+22+23)	2,301,526	297,834	74,592	7,880	-7,537	372,769	2,674,295
16	With direct investment at market value (lines 18+19+22+23)	2,581,167	297,834	186,000	28,776	1,525	514,135	3,095,302
Direct investment abroad:								
17	At current cost	779,300	95,509	6,410	6,279	-7,375	100,823	880,123
18	At market value	1,058,941	95,509	117,818	27,175	1,687	242,189	1,301,130
19	Foreign securities	556,241	98,960	68,182	-1,634	.....	165,508	721,749
20	Bonds	232,265	48,263	29,628	511	.....	78,402	310,667
21	Corporate stocks	323,976	50,697	38,554	-2,145	.....	87,106	411,082
22	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	273,686	34,219	.....	3,235	.....	37,454	311,140
23	U.S. claims reported by U.S. banks, not included elsewhere	692,299	69,146	.....	.....	-162	68,984	761,283
Foreign assets in the United States:								
24	With direct investment at current cost (lines 26+33)	3,126,284	424,462	195,624	3,123	-3,613	619,596	3,745,880
25	With direct investment at market value (lines 26+34)	3,318,312	424,462	381,675	3,151	-1,036	808,252	4,126,564
26	Foreign official assets in the United States	546,015	109,757	21,979	.....	159	131,895	677,910
27	U.S. Government securities	415,005	72,547	11,190	.....	158	83,895	498,900
28	U.S. Treasury securities	393,436	68,813	9,095	.....	158	78,066	471,502
29	Other	21,569	3,734	2,095	.....	.....	5,829	27,398
30	Other U.S. Government liabilities ⁷	24,858	1,082	.....	.....	1	1,083	25,941
31	U.S. liabilities reported by U.S. banks, not included elsewhere	73,281	32,862	.....	.....	.....	32,862	106,143
32	Other foreign official assets	32,871	3,266	10,789	.....	.....	14,055	46,926
Other foreign assets:								
33	With direct investment at current cost (lines 35+37+38+41+42)	2,580,269	314,705	173,645	3,123	-3,772	487,701	3,067,970
34	With direct investment at market value (lines 36+37+38+41+42)	2,772,297	314,705	359,696	3,151	-1,195	676,357	3,448,654
Direct investment in the United States:								
35	At current cost	579,826	60,236	1,015	-28	-2,530	58,693	638,519
36	At market value	771,854	60,236	187,066	.....	47	247,349	1,019,203
37	U.S. Treasury securities	266,594	99,340	23,172	.....	-157	122,355	388,949
38	U.S. securities other than U.S. Treasury securities	752,792	95,268	149,458	1,078	.....	245,804	998,596
39	Corporate and other bonds	413,866	81,911	36,322	1,078	.....	119,311	533,177
40	Corporate stocks	338,926	13,357	113,136	.....	.....	126,493	465,419
41	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	197,325	34,578	.....	2,073	-1,085	35,566	232,891
42	U.S. liabilities reported by U.S. banks, not included elsewhere	783,732	25,283	.....	.....	.....	25,283	809,015

1. Represents gains or losses on foreign-currency-denominated assets due to their revaluation at current exchange rates.

2. Includes changes in coverage, statistical discrepancies, and other adjustments to the value of assets.

3. Reflects changes in the value of the official gold stock due to fluctuations in the market price of gold.

4. Reflects changes in gold stock from U.S. Treasury sales of gold medallions and commemorative and bullion coins; also reflects replenishment through open market purchases. These demonetizations/monetizations are not included in international transactions capital flows.

5. Also includes paid-in capital subscriptions to international financial institutions and outstanding

amounts of miscellaneous claims that have been settled through international agreements to be payable to the U.S. Government over periods in excess of 1 year. Excludes World War I debts that are not being serviced.

6. Includes indebtedness that the borrower may contractually, or at its option, repay with its currency, with a third country's currency, or by delivery of materials or transfer of services.

7. Primarily U.S. Government liabilities associated with military sales contracts and other transactions arranged with or through foreign official agencies.

NOTE.—The data in this table are from table 1 in "International Investment Position of the United States in 1995" in the July 1996 SURVEY OF CURRENT BUSINESS.

Table G.2.—U.S. Direct Investment Abroad: Selected Items, by Country and by Industry of Foreign Affiliate, 1993–95

[Millions of dollars]

	Direct investment position on a historical-cost basis			Capital outflows (inflows (-))			Income		
	1993	1994	1995	1993	1994	1995	1993	1994	1995
All countries, all industries	564,283	621,044	711,621	77,247	53,078	93,406	59,381	65,994	85,538
By country									
Canada	69,922	74,987	81,387	3,584	6,287	7,767	3,959	5,550	8,386
Europe	285,735	310,031	363,527	45,914	20,050	52,828	26,660	29,220	40,910
France	24,312	27,860	32,645	-495	2,770	5,954	1,319	1,639	2,910
Germany	36,811	39,622	43,001	4,263	1,846	2,481	3,064	3,679	4,833
Netherlands	20,911	25,127	37,421	1,398	3,212	7,134	2,389	2,410	6,075
United Kingdom	109,208	111,255	119,938	25,355	1,920	11,624	9,680	8,761	10,585
Latin America and Other Western Hemisphere	100,482	112,226	122,765	16,895	14,797	14,614	14,275	15,562	14,840
Africa	5,469	5,530	6,516	837	173	970	1,226	1,413	1,866
Middle East	6,571	6,794	7,982	775	598	1,164	875	967	1,436
Asia and Pacific	92,671	108,075	125,968	8,895	11,143	16,001	12,117	13,120	17,886
Australia	19,047	19,900	24,713	1,981	721	5,711	2,271	2,384	2,759
Japan	31,095	36,677	39,198	1,625	2,522	1,583	1,801	2,843	4,504
International	3,433	3,401	3,476	348	30	62	269	163	214
By industry									
Petroleum	64,175	66,272	69,653	5,539	2,090	2,667	8,582	7,544	9,338
Manufacturing	192,244	217,416	257,589	18,522	25,533	43,520	21,699	27,868	35,775
Food and kindred products	25,858	28,931	31,079	6,088	3,661	2,487	4,110	4,256	4,547
Chemicals and allied products	45,623	50,385	68,082	4,247	5,681	18,215	6,103	7,343	9,426
Primary and fabricated metals	9,937	10,811	13,026	752	743	2,314	632	1,004	1,447
Industrial machinery and equipment	26,927	29,000	33,551	755	1,970	6,537	1,227	2,427	4,337
Electronic and other electric equipment	16,842	20,414	25,579	1,052	3,615	5,050	1,808	3,104	4,009
Transportation equipment	22,957	29,159	32,353	1,734	5,365	3,373	3,123	3,847	4,052
Other manufacturing	44,100	48,716	53,920	3,894	4,498	5,544	4,696	5,887	7,958
Wholesale trade	57,534	67,272	71,354	5,700	8,969	8,339	6,700	8,184	9,752
Banking	27,074	29,224	30,441	1,673	1,277	587	3,725	3,252	2,742
Finance (except banking), insurance, and real estate	174,684	186,558	212,089	41,358	6,712	18,815	15,643	15,073	21,839
Services	19,489	22,352	27,826	1,959	2,952	6,832	1,809	1,677	3,091
Other industries	29,083	31,950	42,668	2,497	5,545	12,646	1,223	2,397	3,001

NOTES.—In this table, unlike in the international transactions accounts, income and capital outflows are shown without a current-cost adjustment, and income is shown net of withholding taxes. In addition, unlike in the international investment position, the direct investment position is valued at historical cost.

The data in this table are from tables 17 and 18 in "U.S. Direct Investment Abroad: Detail

for Historical-Cost Position and Related Capital and Income Flows, 1995" in the September 1996 SURVEY OF CURRENT BUSINESS.

Table G.3.—Selected Financial and Operating Data for Nonbank Foreign Affiliates of U.S. Companies, by Country and by Industry of Affiliate, 1994

	Number of affiliates	Millions of dollars			Number of employees (thousands)
		Total assets	Sales	Net income	
All countries, all industries	21,300	2,359,964	1,754,852	94,031	6,957.7
By country					
Canada	2,064	218,783	210,892	7,341	886.7
Europe	10,468	1,288,830	897,439	45,769	2,844.3
France	1,227	100,722	106,478	1,997	390.5
Germany	1,361	179,272	196,851	4,248	581.7
Italy	756	47,454	58,648	1,904	177.9
Netherlands	1,008	121,297	89,034	8,046	148.9
Switzerland	519	102,896	52,039	6,764	50.7
United Kingdom	2,430	542,862	226,857	11,761	869.6
Latin America and Other Western Hemisphere	3,252	271,881	182,453	19,484	1,492.2
Africa	495	19,830	17,450	1,451	115.0
Middle East	343	28,602	18,000	2,058	83.7
Asia and Pacific	4,574	517,250	421,230	17,460	1,511.1
Australia	838	67,537	59,789	2,516	251.0
Japan	986	260,817	196,724	3,045	419.6
International	104	14,788	7,389	467	24.7
By industry					
Petroleum	1,507	252,462	293,661	9,752	228.1
Manufacturing	8,105	681,082	845,487	40,835	4,116.2
Food and kindred products	800	92,563	104,910	6,614	559.6
Chemicals and allied products	1,935	146,983	151,358	11,465	578.5
Primary and fabricated metals	724	31,600	29,769	1,147	189.7
Industrial machinery and equipment	1,033	98,935	128,553	3,998	488.6
Electronic and other electric equipment	846	53,079	73,379	4,027	605.5
Transportation equipment	453	118,889	207,917	5,936	738.7
Other manufacturing	2,314	139,031	149,601	7,647	955.5
Wholesale trade	5,035	184,956	314,186	12,080	556.5
Finance (except depository institutions), insurance, and real estate	2,688	979,910	91,303	25,194	172.8
Services	2,504	100,164	82,041	1,728	746.7
Other industries	1,461	161,391	128,173	4,443	1,137.4

NOTE.—The data in this table are from tables II.A.1 and II.A.2 in *U.S. Direct Investment Abroad: 1994 Benchmark Survey, Preliminary Results*.

Table G.4.—Foreign Direct Investment in the United States: Selected Items, by Country of Foreign Parent and by Industry of Affiliate, 1993–95

[Millions of dollars]

	Direct investment position on a historical-cost basis			Capital inflows (outflows (-))			Income		
	1993	1994	1995	1993	1994	1995	1993	1994	1995
All countries, all industries	466,666	502,410	560,088	43,534	49,903	60,848	5,893	21,171	31,815
By country									
Canada	40,487	42,133	46,005	3,799	4,031	4,489	856	2,705	3,513
Europe	287,940	309,415	360,762	34,996	30,153	51,793	8,150	16,487	23,626
France	30,672	34,139	38,240	6,778	3,987	3,719	-142	-52	1,713
Germany	35,086	40,297	47,907	7,698	6,551	8,117	8	2,006	1,657
Netherlands	71,860	68,212	67,654	2,967	-2,272	-184	1,944	4,214	5,262
United Kingdom	103,270	111,058	132,273	13,232	11,123	22,081	5,593	7,491	12,029
Latin America and Other Western Hemisphere	19,716	25,042	22,716	3,225	4,472	-2,189	1	979	885
Africa	1,003	925	936	89	26	11	-58	-31	73
Middle East	5,220	5,565	5,053	410	276	-335	35	-71	94
Asia and Pacific	112,299	119,331	124,615	1,014	10,945	7,079	-3,092	1,102	3,623
Australia	7,040	7,928	7,788	214	1,090	473	-534	-168	159
Japan	100,272	104,529	108,582	1,058	7,654	5,252	-2,276	973	3,231
By industry									
Petroleum	32,057	33,103	35,636	-1,630	2,016	3,660	1,382	1,830	2,768
Manufacturing	164,995	185,293	210,312	13,311	22,725	26,246	3,841	10,604	16,447
Food and kindred products	23,105	20,869	26,054	68	-1,636	5,002	867	1,680	1,690
Chemicals and allied products	56,021	66,948	76,523	4,395	12,347	12,346	4,349	5,109	6,884
Primary and fabricated metals	12,422	14,351	15,255	946	1,833	608	-209	-193	1,368
Machinery	29,585	32,535	36,619	1,951	3,829	4,406	-1,757	728	2,252
Other manufacturing	43,861	50,590	55,861	5,951	6,352	3,883	592	3,281	4,254
Wholesale trade	60,817	67,271	71,652	3,333	6,807	5,011	550	2,739	4,025
Retail trade	12,720	13,429	13,434	1,428	1,939	866	39	504	557
Banking	33,464	35,624	41,843	3,290	4,026	5,844	389	2,672	4,453
Finance, except banking	35,303	38,762	47,941	20,048	2,736	10,135	235	1,559	1,047
Insurance	40,601	40,401	47,283	1,254	2,716	4,057	1,405	2,260	1,879
Real estate	29,099	28,452	26,518	-255	426	-1,199	-1,661	-1,243	-1,296
Services	35,886	36,251	37,930	-471	1,013	2,132	-587	-571	282
Other industries	21,725	23,825	27,539	3,226	5,500	4,096	301	818	1,653

NOTES.—In this table, unlike in the international transactions accounts, income and capital inflows are shown without a current-cost adjustment, and income is shown net of withholding taxes. In addition, unlike in the international investment position, the direct investment position is valued at historical cost.

The data in this table are from tables 16 and 17 in "Foreign Direct Investment in the United

States: Detail for Historical-Cost Position and Related Capital and Income Flows, 1995" in the September 1996 SURVEY OF CURRENT BUSINESS.

Table G.5.—Selected Financial and Operating Data of Nonbank U.S. Affiliates of Foreign Companies, by Country of Ultimate Beneficial Owner and by Industry of Affiliate, 1994

	Number of affiliates	Millions of dollars				Thousands of employees	Millions of dollars	
		Total assets	Sales	Net income	Gross product		U.S. merchandise exports shipped by affiliates	U.S. merchandise imports shipped to affiliates
All countries, all industries	12,523	2,208,329	1,447,628	13,377	320,060	4,866.6	113,774	219,172
By country								
Canada	1,304	262,334	145,221	3,214	43,256	682.4	7,368	12,636
Europe	5,381	1,166,048	769,034	7,742	191,972	2,989.4	48,846	77,816
France	661	210,783	111,139	-254	22,674	369.2	11,989	11,685
Germany	1,281	163,003	152,588	970	36,961	584.1	9,613	23,511
Netherlands	384	137,922	89,007	1,217	24,684	323.4	4,892	8,552
United Kingdom	1,240	362,587	243,692	4,997	68,893	1,013.9	9,353	13,160
Latin America and Other Western Hemisphere	1,076	49,324	44,819	970	11,635	138.0	5,202	8,542
Africa	68	(^P)	6,557	124	1,515	16.1	602	985
Middle East	381	26,484	19,925	106	5,549	65.7	678	3,734
Asia and Pacific	4,229	608,807	445,586	-1,347	61,156	934.9	50,447	114,940
Australia	172	37,417	20,355	21	4,795	70.5	522	972
Japan	3,281	536,061	388,713	-768	50,992	756.5	45,103	101,425
United States	84	(^P)	16,486	2,569	4,976	40.0	630	519
By industry								
Petroleum	244	99,416	109,210	390	28,146	110.2	3,973	16,815
Manufacturing	2,928	546,422	518,517	7,640	157,815	2,251.6	48,365	66,981
Food and kindred products	269	52,028	49,227	136	12,599	195.5	2,584	3,369
Chemicals and allied products	327	190,512	144,256	5,513	48,858	508.5	14,198	13,870
Primary and fabricated metals	404	57,286	64,255	584	17,054	264.0	4,023	7,597
Machinery	754	91,532	114,080	-490	31,465	517.4	16,130	25,563
Other manufacturing	1,174	155,064	146,699	1,897	47,839	766.3	11,430	16,581
Wholesale trade	2,247	219,325	452,615	3,785	40,672	485.6	57,108	131,290
Retail trade	352	46,588	94,183	1,164	23,396	764.6	1,468	3,154
Finance, except depository institutions	872	523,641	33,527	689	2,027	46.7	12	6
Insurance	172	443,147	78,250	3,007	8,795	151.6	0	0
Real estate	3,457	104,823	14,968	-2,555	5,732	30.4	13	2
Services	1,258	121,337	61,741	-844	24,892	595.5	698	387
Other industries	993	103,630	84,618	101	28,583	430.3	2,136	537

^P Suppressed to avoid disclosure of data of individual companies.

NOTE.—The data in this table are from tables A1 and A2 in *Foreign Direct Investment in the United States: Operations of U.S. Affiliates of Foreign Companies, Preliminary 1994 Estimates*.

H. International Perspectives

Table H.1.—International Perspectives

	1995	1996	1995	1996												1997
			Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
Exchange rates (not seasonally adjusted)																
Canada (Can./US\$)	1.3725	1.3638	1.3693	1.3669	1.3752	1.3656	1.3592	1.3693	1.3658	1.3697	1.3722	1.3694	1.3508	1.3381	1.3622	1.3494
France (FFr/US\$)	4.9864	5.1158	4.9565	5.0117	5.0440	5.0583	5.1049	5.1855	5.1787	5.0881	5.0636	5.1307	5.1652	5.1156	5.2427	5.4145
Germany (DM/US\$)	1.4321	1.5049	1.4406	1.4635	1.4669	1.4776	1.5048	1.5324	1.5282	1.5025	1.4826	1.5080	1.5277	1.5118	1.5525	1.6047
Italy (L/US\$)	16.2945	15.4276	15.9388	15.8487	15.7000	15.6243	15.6560	15.5671	15.4230	15.2682	15.1662	15.2048	15.2382	15.1366	15.2844	15.6791
Japan (¥/US\$) .....	.9396	1.0878	1.0185	1.0575	1.0579	1.0594	1.0720	1.0634	1.0896	1.0919	1.0787	1.0993	1.1241	1.1230	1.1398	1.1791
Mexico (Peso/US\$)	6.4467	7.6004	7.6870	7.4806	7.5183	7.5472	7.4694	7.4368	7.5648	7.6179	7.5143	7.5441	7.7345	7.9119	7.8769	7.8289
United Kingdom (US\$/£)	1.5785	1.5607	1.5405	1.5288	1.5360	1.5271	1.5160	1.5152	1.5416	1.5530	1.5499	1.5593	1.5863	1.6623	1.6639	1.6585
Addendum: Exchange value of the U.S. dollar ¹	84.25	87.34	85.07	86.23	86.42	86.57	87.46	88.28	88.16	87.25	86.54	87.46	87.99	86.98	88.71	91.01
Unemployment rates (percent, seasonally adjusted)																
Canada	9.6	9.7	9.4	9.6	9.6	9.3	9.4	9.4	10.0	9.8	9.4	9.9	10.0	10.0	9.7	.....
France	11.6	12.4	11.6	11.9	12.1	12.3	12.3	12.4	12.4	12.4	12.5	12.6	12.6	12.7	12.7	12.7
Germany	9.4	10.4	9.9	10.0	10.3	10.4	10.2	10.3	10.3	10.3	10.3	10.5	10.6	10.7	10.9	11.3
Italy	12.0	12.2	.....	12.1	.....	.....	.....	12.2	.....	.....	12.0	.....	.....	12.5	.....	.....
Japan	3.1	3.4	3.3	3.4	3.3	3.1	3.4	3.6	3.5	3.4	3.3	3.3	3.4	3.2	3.3	3.3
Mexico	6.3	5.5	6.9	6.5	6.2	5.9	5.7	5.4	5.6	5.4	5.0	5.2	5.2	5.2	5.0	.....
United Kingdom	8.3	7.5	8.0	7.9	7.9	7.8	7.8	7.7	7.7	7.6	7.5	7.4	7.2	6.9	6.7	6.5
Addendum: United States	5.6	5.4	5.6	5.7	5.5	5.5	5.5	5.5	5.3	5.4	5.2	5.2	5.2	5.3	5.3	5.4
Consumer prices, seasonally adjusted, 1990=100																
Canada	111.8	113.5	112.1	112.3	112.5	112.9	113.3	113.6	113.5	113.5	113.6	113.8	114.0	114.5	114.5	114.8
France	111.6	113.8	112.5	112.7	113.1	113.8	114.0	114.2	114.1	113.9	113.6	114.0	114.3	114.2	114.4	114.7
Germany (1991=100)	114.8	116.5	115.4	115.5	116.1	116.2	116.3	116.5	116.6	117.0	116.9	116.8	116.8	116.7	117.0	117.6
Italy	127.7	.....	130.4	130.7	131.1	131.5	132.2	132.7	133.0	132.8	132.9	.....	.....	.....	.....	.....
Japan	107.0	107.1	106.8	106.7	106.5	106.7	107.3	107.5	107.2	107.1	107.0	107.4	107.6	107.3	107.4	107.3
Mexico	224.6	301.8	261.0	270.4	276.8	282.8	290.9	296.1	300.9	305.2	309.2	314.2	318.2	323.0	333.3	341.8
United Kingdom	118.2	121.1	119.5	119.1	119.6	120.1	121.0	121.2	121.3	120.8	121.4	121.9	121.9	122.0	122.4	122.4
Addendum: United States	116.6	120.0	117.9	118.4	118.7	119.1	119.5	119.8	119.9	120.2	120.5	120.8	121.2	121.5	121.8	122.0
Real gross domestic product (percent change from preceding quarter, seasonally adjusted at annual rates)																
Canada	2.3	1.5	.....	.....	1.4	.....	.....	1.4	.....	.....	3.3	.....	.....	2.9	.....	.....
France	2.2	1.3	.....	.....	5.1	.....	.....	-0.5	.....	.....	3.1	.....	.....	0.6	.....	.....
Germany	2.1	.....	.....	.....	-1.6	.....	.....	6.0	.....	.....	3.3	.....	.....	.....	.....	.....
Italy	3.0	.....	.....	.....	1.7	.....	.....	-1.4	.....	.....	2.3	.....	.....	.....	.....	.....
Japan	1.4	.....	.....	.....	8.4	.....	.....	-1.1	.....	.....	.4	.....	.....	.....	.....	.....
Mexico	-6.2	5.1	.....	.....	16.7	.....	.....	4.2	.....	.....	4.9	.....	.....	5.2	.....	.....
United Kingdom	2.5	2.2	.....	.....	2.5	.....	.....	2.6	.....	.....	1.8	.....	.....	3.1	.....	.....
Addendum: United States	2.0	2.4	.....	.....	2.0	.....	.....	4.7	.....	.....	2.1	.....	.....	3.8	.....	.....

See footnotes at end of table.

Table H.1.—International Perspectives—Continued

	1995	1996	1995	1996												1997
			Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
Short-term, 3-month, interest rates (percent, not seasonally adjusted)																
Canada	7.07	4.43	5.83	5.51	5.21	5.18	5.03	4.78	4.83	4.69	4.24	4.06	3.49	3.00	3.08	3.11
France	6.58	3.94	5.56	4.70	4.41	4.27	4.00	3.90	3.97	3.84	3.96	3.75	3.51	3.47	3.44	3.35
Germany	4.53	3.31	3.94	3.61	3.35	3.36	3.33	3.29	3.39	3.38	3.29	3.12	3.12	3.19	3.23	3.14
Italy	10.46	8.82	10.61	10.07	9.93	9.85	9.62	8.92	8.77	8.75	8.81	8.44	8.02	7.41	7.25	7.23
Japan	1.23	.59	.52	.56	.61	.65	.62	.64	.57	.68	.64	.54	.52	.52	.52	.53
Mexico	48.24	32.91	48.01	41.57	40.66	43.05	37.15	31.07	29.64	31.66	29.16	27.79	27.68	28.94	26.51	24.60
United Kingdom	6.68	6.02	6.49	6.36	6.16	6.04	6.00	6.01	5.84	5.73	5.75	5.76	5.94	6.29	6.34	6.32
Addendum: United States, yield on new 91-day U.S. Treasury bills	5.51	5.02	5.16	5.02	4.87	4.96	4.99	5.02	5.11	5.19	5.09	5.15	5.01	5.03	4.87	5.05
Long-term interest rates, government bond yields (percent, not seasonally adjusted)																
Canada	8.36	7.54	7.53	7.40	7.62	7.93	8.03	7.99	8.04	7.92	7.57	7.64	7.00	6.48	6.81	6.99
France	7.66	6.51	6.89	6.77	7.00	6.92	6.76	6.71	6.84	6.59	6.62	6.20	6.11	5.79	5.82	5.69
Germany	6.80	6.10	6.00	5.80	6.10	6.30	6.20	6.30	6.40	6.40	6.20	6.10	5.90	5.80	5.70	5.70
Italy	11.79	8.85	10.83	10.04	9.97	10.09	9.82	9.12	8.94	8.82	8.92	8.62	7.78	7.15	6.95	6.76
Japan	3.21	2.98	2.91	3.00	3.39	3.11	3.38	3.16	3.17	3.32	2.96	2.81	2.51	2.44	2.38	2.40
United Kingdom	8.25	8.10	7.75	7.79	8.09	8.33	8.30	8.34	8.35	8.25	8.16	8.16	7.87	7.80	7.7	7.74
Addendum: United States, 10-year U.S. Treasury bonds	6.58	6.44	5.71	5.65	5.81	6.27	6.51	6.74	6.91	6.87	6.64	6.83	6.53	6.20	6.30	6.58
Share price indices, selected countries (not seasonally adjusted, 1990=100)																
Canada	130.0	154.0	138.0	145.0	144.0	145.0	150.0	153.0	147.0	144.0	150.0	155.0	164.0	176.0	173.0	179.0
France	103.0	118.0	101.0	107.0	111.0	113.0	119.0	120.0	120.0	116.0	114.0	116.0	121.0	125.0	128.0	135.0
Germany	102.4	115.6	105.4	109.8	111.6	112.2	113.3	112.9	115.0	114.0	115.0	116.7	120.3	121.9	124.9	130.0
Italy	95.0	96.0	88.0	92.0	94.0	91.0	95.0	102.0	102.0	97.0	93.0	92.0	96.0	99.0	100.0	114.0
Japan	63.0	74.0	71.0	73.0	73.0	72.0	77.0	77.0	78.0	75.0	73.0	72.0	73.0	72.0	69.0	63.0
Mexico	389.3	554.8	487.3	532.3	496.8	538.9	559.0	562.2	563.2	527.4	579.8	567.6	563.6	577.3	589.5	639.7
United Kingdom	147.0	167.0	157.0	160.0	162.0	163.0	169.0	168.0	167.0	163.0	167.0	170.0	173.0	170.0	171.0	176.0
Addendum: United States	159.0	195.0	179.0	179.0	189.0	189.0	189.0	193.0	195.0	188.0	193.0	197.0	204.0	212.0	213.0	220.0

1. Index of weighted average exchange value of U.S. dollar against currencies of other G-10 countries. March 1973=100. Weights are 1972-76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see "Index of the weighted-average exchange value of the U.S. dollar: Revision" on page 700 of the August 1978 *Federal Reserve Bulletin*.

NOTE.—All exchange rates are from the Board of Governors of the Federal Reserve System. U.S. interest rates, unemployment rate, and GDP growth rate are from the Federal Reserve, the Bureau of Labor Statistics, and BEA, respectively. All other data (including U.S. consumer prices and U.S. share prices, both of which have been rebased to 1990 to facilitate comparison) are © OECD, March 1997. *OECD Main Economic Indicators* and are reproduced with permission of the OECD.

I. Charts

THE U.S. IN THE INTERNATIONAL ECONOMY

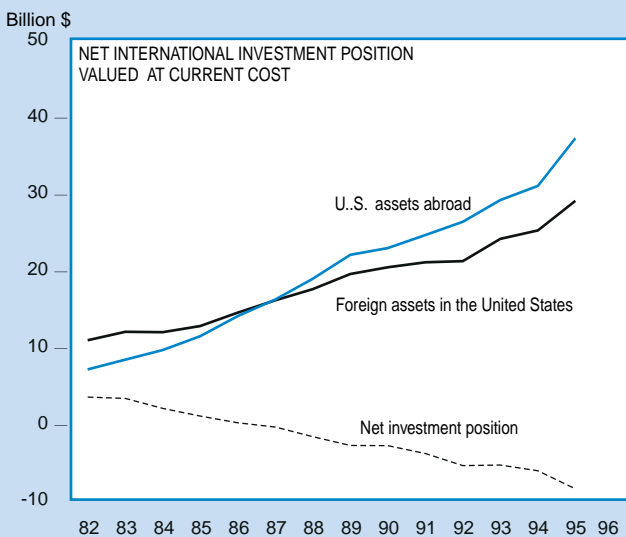
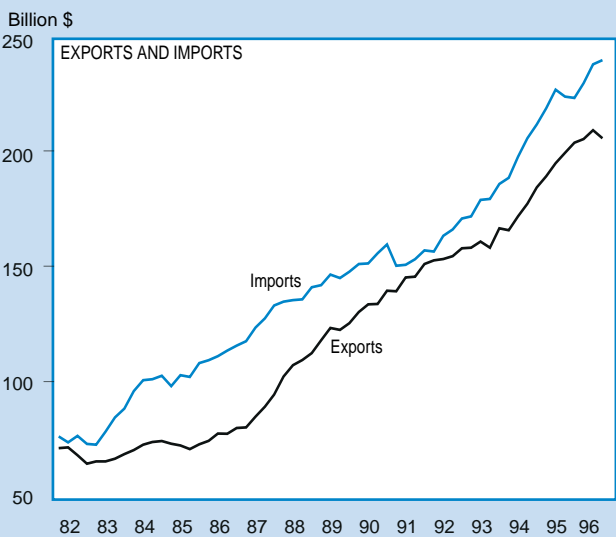
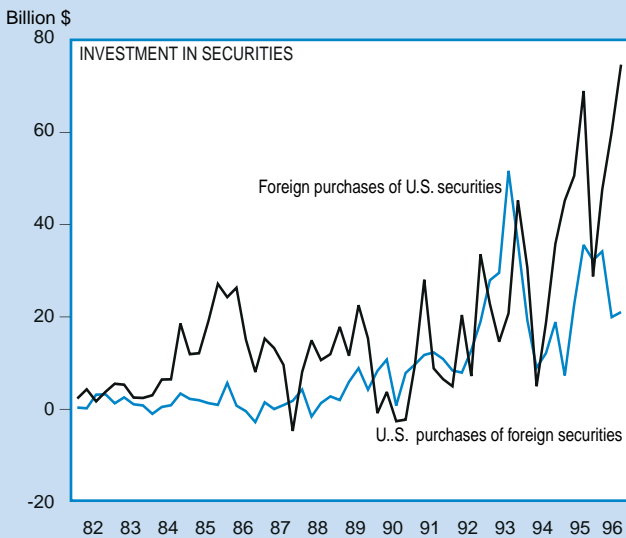
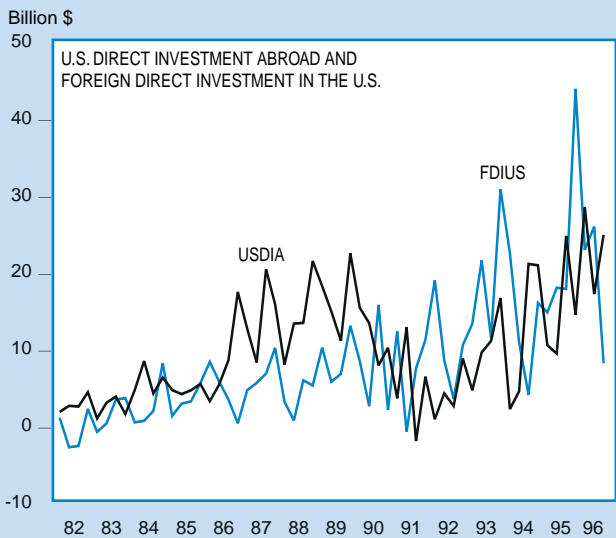
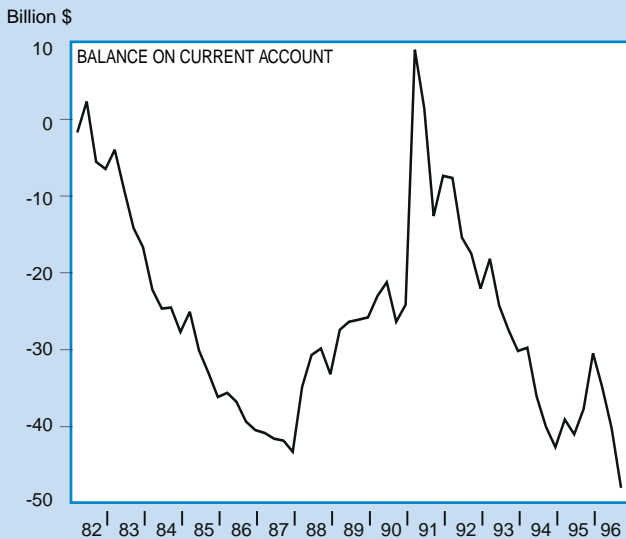
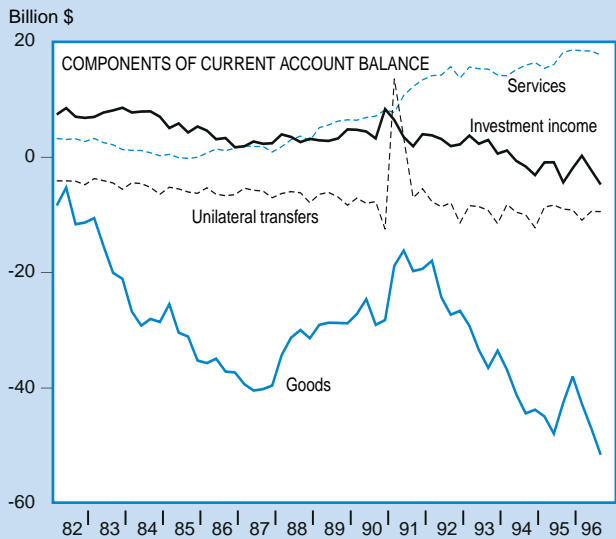


Table J.2.—Percent of Personal Income for Selected Components for States and Regions

State and region	Personal income			Percent of personal income								
	Millions of dollars			Net earnings by place of residence ¹			Dividends, interest, and rent			Transfer payments		
	1969	1980	1995	1969	1980	1995	1969	1980	1995	1969	1980	1995
United States	772,027	2,279,172	6,097,977	76.6	69.7	65.9	14.3	16.1	17.3	9.1	14.1	16.8
New England	49,634	131,783	364,595	74.1	68.9	66.2	16.7	17.0	18.1	9.2	14.2	15.7
Connecticut	14,543	38,108	104,056	75.3	70.6	67.4	17.5	18.6	18.8	7.1	10.9	13.8
Maine	3,115	9,313	24,957	74.3	66.6	62.6	14.3	15.2	17.4	11.4	18.2	20.0
Massachusetts	24,183	61,704	170,185	72.9	68.3	66.6	17.1	16.4	17.6	10.0	15.3	15.8
New Hampshire	2,728	9,108	29,381	76.2	71.2	67.4	15.3	16.4	18.6	8.5	12.4	14.0
Rhode Island	3,587	9,150	23,601	74.5	66.0	61.7	14.7	16.4	17.7	10.8	17.6	20.6
Vermont	1,477	4,399	12,415	74.5	67.3	64.8	15.0	17.2	19.0	10.5	15.5	16.2
Mideast	182,246	458,491	1,193,674	75.2	68.4	64.4	15.3	16.3	17.9	9.5	15.3	17.7
Delaware	2,396	6,316	18,843	76.3	72.6	67.5	17.4	15.0	18.5	6.3	12.5	14.0
District of Columbia	3,465	7,962	18,541	74.2	63.7	62.9	13.7	13.9	16.0	12.1	22.4	21.1
Maryland	16,176	46,024	132,784	80.0	72.1	68.0	12.5	14.9	17.1	7.5	13.0	14.9
New Jersey	32,157	86,327	237,155	77.5	70.6	66.6	15.0	16.9	19.4	7.6	12.5	14.0
New York	83,309	193,271	501,965	72.6	66.4	62.9	17.0	17.4	17.6	10.4	16.2	19.5
Pennsylvania	44,744	118,592	284,386	76.8	68.5	63.3	13.4	14.9	17.7	9.8	16.6	19.0
Great Lakes	160,459	425,095	1,016,245	78.8	70.7	67.4	13.4	15.4	16.8	7.8	14.0	15.8
Illinois	48,244	125,702	298,413	78.0	70.5	67.3	14.6	16.8	18.1	7.5	12.7	14.6
Indiana	19,011	51,115	124,384	80.9	71.8	69.7	11.8	15.3	15.5	7.3	12.9	14.9
Michigan	35,797	95,087	228,369	79.6	70.6	67.6	12.7	14.0	16.9	7.7	15.4	15.5
Ohio	41,240	106,648	251,037	78.9	70.8	66.0	13.2	14.8	15.9	7.9	14.4	18.1
Wisconsin	16,166	46,543	114,042	76.8	70.1	67.7	14.2	15.6	16.8	9.0	14.3	15.5
Plains	57,810	163,442	403,508	76.3	68.2	65.9	14.5	18.2	18.1	9.2	13.6	16.0
Iowa	10,196	27,716	59,453	75.8	66.7	65.4	15.4	20.0	18.6	8.8	13.3	16.0
Kansas	7,912	23,412	56,028	76.6	68.8	66.3	14.0	18.1	18.1	9.4	13.1	15.6
Minnesota	14,100	41,457	110,494	77.1	71.1	68.7	14.1	16.1	16.8	8.9	12.8	14.5
Missouri	16,476	45,987	116,154	76.5	67.5	64.1	14.1	17.8	18.7	9.4	14.7	17.2
Nebraska	5,278	14,308	35,161	75.2	67.2	66.0	16.0	19.8	19.2	8.7	13.0	14.8
North Dakota	1,872	5,123	11,945	75.1	61.9	62.0	14.8	23.0	18.8	10.1	15.1	19.2
South Dakota	1,976	5,438	14,272	76.0	64.3	63.5	13.8	20.4	18.2	10.2	15.3	18.3
Southeast	133,361	452,556	1,333,148	77.7	68.9	64.4	12.6	15.6	17.4	9.7	15.5	18.2
Alabama	9,413	30,128	81,578	79.4	70.7	66.4	10.0	12.2	13.6	10.6	17.1	20.0
Arkansas	5,011	17,077	44,958	75.5	65.9	65.0	11.8	15.2	14.0	12.7	18.9	20.9
Florida	24,271	97,357	326,668	68.6	59.7	55.6	20.7	24.0	25.5	10.7	16.4	18.9
Georgia	14,406	46,061	156,555	80.5	72.9	70.3	11.0	13.2	14.8	8.5	14.0	14.9
Kentucky	9,399	29,609	72,762	78.6	70.1	65.3	10.7	13.5	15.0	10.7	16.4	19.8
Louisiana	10,467	37,030	82,422	78.0	73.2	63.8	11.8	13.5	14.4	10.1	13.3	21.8
Mississippi	5,281	17,472	44,998	79.2	69.5	65.1	9.5	12.2	12.4	11.3	18.3	22.5
North Carolina	15,213	47,583	151,841	81.7	73.0	69.1	10.3	12.9	14.4	8.0	14.1	16.5
South Carolina	7,194	23,901	69,786	81.9	72.8	67.1	9.5	11.8	14.2	8.6	15.4	18.7
Tennessee	11,501	37,389	110,579	80.0	71.6	68.9	10.6	13.1	13.1	9.3	15.3	18.0
Virginia	16,346	53,244	158,669	80.1	71.6	67.9	11.8	14.7	17.8	8.1	13.7	14.3
West Virginia	4,859	15,705	32,333	76.2	68.2	58.8	10.7	12.4	14.9	13.1	19.5	26.3
Southwest	54,417	207,312	575,072	77.4	72.9	68.5	13.7	15.3	15.2	9.0	11.9	16.4
Arizona	6,016	25,519	86,420	74.1	67.8	64.5	16.3	18.0	17.6	9.6	14.2	17.9
New Mexico	2,937	10,773	30,685	77.0	70.4	65.0	12.5	14.6	15.4	10.5	15.1	19.5
Oklahoma	8,084	28,742	60,901	75.1	70.7	64.1	13.3	15.4	15.7	11.7	14.0	20.2
Texas	37,380	142,278	397,067	78.4	74.4	70.3	13.4	14.8	14.5	8.2	10.8	15.2
Rocky Mountain	16,915	63,456	173,325	76.3	72.3	68.4	14.5	16.0	16.8	9.2	11.7	14.8
Colorado	8,031	31,163	89,771	75.1	72.7	69.0	15.8	16.4	17.3	9.0	10.8	13.7
Idaho	2,282	8,129	21,993	78.2	70.4	67.8	12.5	16.3	16.4	9.3	13.3	15.8
Montana	2,242	6,962	16,052	74.8	65.9	59.6	14.9	19.3	20.1	10.4	14.8	20.3
Utah	3,192	11,785	35,577	79.1	74.5	72.4	12.0	13.1	13.2	8.9	12.4	14.3
Wyoming	1,168	5,417	9,932	76.0	76.0	63.7	15.7	15.5	20.5	8.3	8.5	15.8
Far West	117,184	377,038	1,038,409	75.3	70.2	66.4	15.0	16.7	17.6	9.7	13.1	16.1
Alaska	1,374	5,611	14,488	86.9	82.9	70.6	8.2	8.6	12.0	4.9	8.4	17.5
California	89,097	280,601	760,431	74.7	69.8	66.2	15.3	17.1	17.8	10.0	13.1	16.0
Hawaii	3,330	10,514	29,184	78.9	72.9	67.7	14.6	14.7	16.0	6.5	12.4	16.3
Nevada	2,150	9,376	37,319	79.4	73.1	68.9	13.4	15.4	16.7	7.1	11.5	14.4
Oregon	7,568	26,251	67,870	75.4	68.5	64.7	14.9	17.4	18.3	9.7	14.1	17.0
Washington	13,665	44,686	129,117	76.6	70.6	66.6	14.1	15.8	17.1	9.3	13.6	16.3

1. Net earnings by place of residence is earnings by place of work—the sum of wage and salary disbursements, other labor income, and proprietors' income—less personal contributions for social insurance plus the adjustment for residence.

Source: Table 5 in "Comprehensive Revision of State Personal Income, 1969–95" in the Octo-

ber 1996 SURVEY OF CURRENT BUSINESS and the CD-ROM, "State Personal Income, 1969–95," October 1996.

Table J.3.—Per Capita Personal Income and Per Capita Disposable Personal Income for States and Regions, 1993-95

State and region	Per capita personal income ¹				Per capita disposable personal income ¹			
	Dollars			Rank in U.S.	Dollars			Rank in U.S.
	1993	1994	1995	1995	1993	1994	1995	1995
United States	21,224	22,047	23,208	.....	18,551	19,241	20,189	.....
New England	24,876	25,812	27,388	.....	21,322	22,070	23,332	.....
Connecticut	29,048	30,054	31,776	1	24,464	25,296	26,686	1
Maine	18,533	19,111	20,105	36	16,409	16,853	17,692	36
Massachusetts	25,346	26,343	28,021	3	21,606	22,354	23,651	3
New Hampshire	22,725	24,093	25,587	7	20,171	21,421	22,626	5
Rhode Island	21,753	22,217	23,844	17	19,126	19,479	20,914	13
Vermont	19,495	20,221	21,231	29	17,120	17,783	18,685	30
Mideast	24,633	25,514	26,844	.....	21,191	21,946	23,031	.....
Delaware	23,989	24,784	26,273	6	20,777	21,436	22,600	6
District of Columbia	30,475	31,860	33,452	.....	26,120	27,185	28,420	.....
Maryland	24,290	25,318	26,333	5	20,895	21,748	22,510	7
New Jersey	27,611	28,400	29,848	2	23,824	24,407	25,687	2
New York	25,201	26,228	27,678	4	21,423	22,372	23,521	4
Pennsylvania	21,727	22,372	23,558	19	19,028	19,555	20,540	17
Great Lakes	21,080	22,186	23,386	.....	18,334	19,227	20,217	.....
Illinois	22,961	23,974	25,225	8	19,923	20,711	21,702	8
Indiana	19,650	20,482	21,433	28	17,183	17,815	18,698	29
Michigan	21,026	22,584	23,915	16	18,340	19,600	20,688	16
Ohio	20,289	21,312	22,514	21	17,666	18,546	19,552	21
Wisconsin	20,174	21,148	22,261	22	17,409	18,184	19,073	23
Plains	19,911	21,014	21,992	.....	17,370	18,331	19,103	.....
Iowa	18,571	20,172	20,921	33	16,189	17,694	18,302	33
Kansas	20,215	20,851	21,841	23	17,770	18,252	19,038	24
Minnesota	21,649	22,942	23,971	14	18,463	19,558	20,360	20
Missouri	19,682	20,644	21,819	24	17,343	18,142	19,075	22
Nebraska	19,727	20,555	21,477	27	17,383	18,115	18,856	28
North Dakota	17,058	18,204	18,625	43	15,052	16,176	16,456	42
South Dakota	17,774	18,934	19,576	37	15,920	17,115	18,608	37
Southeast	19,074	19,899	20,970	.....	16,925	17,616	18,498	.....
Alabama	17,451	18,256	19,181	38	15,631	16,302	17,062	39
Arkansas	16,366	17,182	18,101	48	14,684	15,372	16,092	47
Florida	21,136	21,799	23,061	20	18,785	19,314	20,378	19
Georgia	19,662	20,612	21,741	25	17,222	18,039	18,951	26
Kentucky	17,167	17,931	18,849	42	15,107	15,787	16,520	41
Louisiana	17,182	18,088	18,981	40	15,537	16,354	17,088	38
Mississippi	14,846	15,906	16,683	50	13,588	14,537	15,218	50
North Carolina	19,158	19,949	21,103	31	16,816	17,441	18,380	32
South Carolina	17,129	17,941	18,998	39	15,281	15,976	16,850	40
Tennessee	18,974	19,979	21,038	32	17,102	17,978	18,862	27
Virginia	22,107	22,944	23,974	13	19,240	19,879	20,702	15
West Virginia	16,261	16,902	17,687	49	14,610	15,179	15,852	48
Southwest	18,911	19,593	20,608	.....	16,892	17,495	18,348	.....
Arizona	18,479	19,389	20,489	35	16,306	17,050	17,970	35
New Mexico	16,520	17,138	18,206	47	14,753	15,287	16,226	44
Oklahoma	17,360	17,880	18,580	44	15,389	15,844	16,389	43
Texas	19,498	20,163	21,206	30	17,482	18,085	18,967	25
Rocky Mountain	19,446	20,075	21,107	.....	16,896	17,350	18,136	.....
Colorado	22,015	22,707	23,961	15	18,974	19,470	20,455	18
Idaho	17,604	18,145	18,906	41	15,408	15,726	16,208	45
Montana	17,619	17,707	18,445	45	15,461	15,561	16,203	46
Utah	16,399	17,264	18,232	46	14,333	14,988	15,682	49
Wyoming	19,606	19,977	20,684	34	17,331	17,622	18,196	34
Far West	22,155	22,668	23,882	.....	19,380	19,812	20,792	.....
Alaska	22,801	23,344	24,002	12	19,961	20,374	20,888	14
California	22,356	22,778	24,073	11	19,571	19,929	20,970	11
Hawaii	23,599	24,016	24,590	9	20,365	20,820	21,405	9
Nevada	22,411	23,412	24,390	10	19,386	20,350	21,065	10
Oregon	19,518	20,393	21,611	26	16,705	17,357	18,391	31
Washington	22,018	22,759	23,774	18	19,503	20,117	20,922	12

1. Per capita personal income and per capita disposable personal income were computed using midyear population estimates of the Bureau of the Census.

NOTE.—The personal income level shown for the United States is derived as the sum of the State estimates. It differs from the national income and product accounts (NIPA) estimate of personal income because, by definition, it omits the earnings of Federal civilian and military personnel

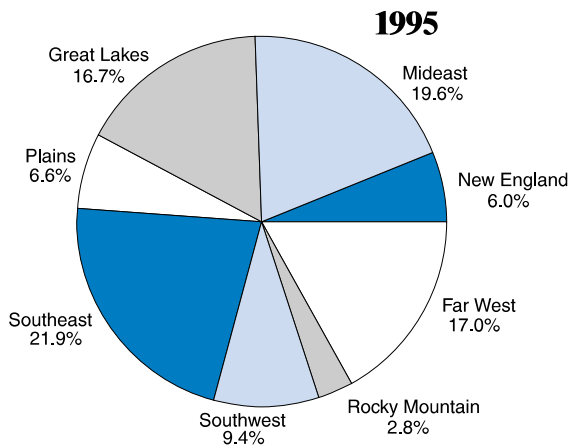
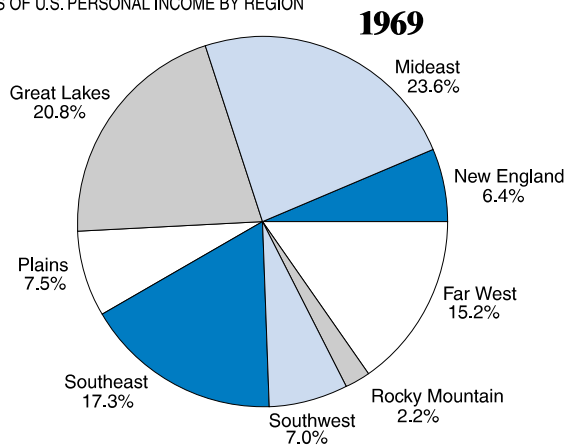
stationed abroad and of U.S. residents employed abroad temporarily by private U.S. firms. It can also differ from the NIPA estimate because of different data sources and revision schedules.

Source: Tables 2 and 4 in "Comprehensive Revision of State Personal Income, 1969-95" in the October 1996 SURVEY OF CURRENT BUSINESS.

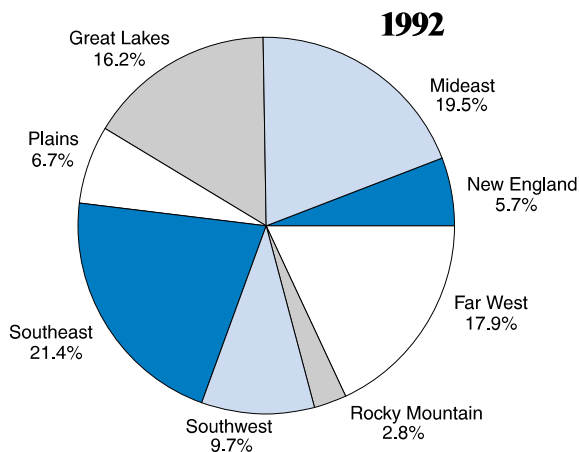
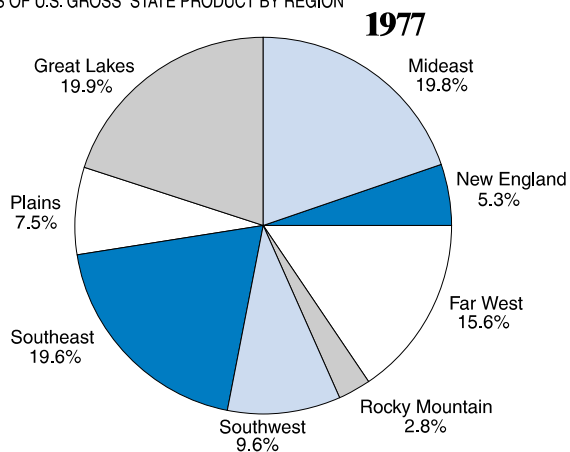
L. Charts

SELECTED REGIONAL ESTIMATES

SHARES OF U.S. PERSONAL INCOME BY REGION



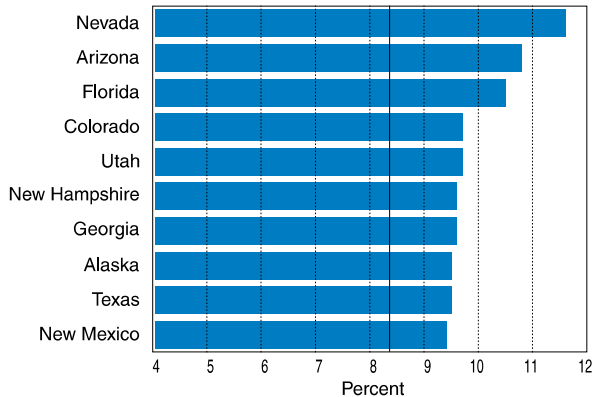
SHARES OF U.S. GROSS STATE PRODUCT BY REGION



AVERAGE ANNUAL GROWTH RATE OF PERSONAL INCOME, 1969-95

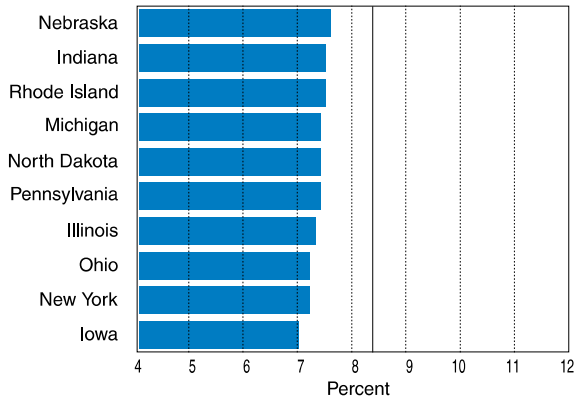
STATES WITH FASTEST GROWTH

U.S. average
8.3%



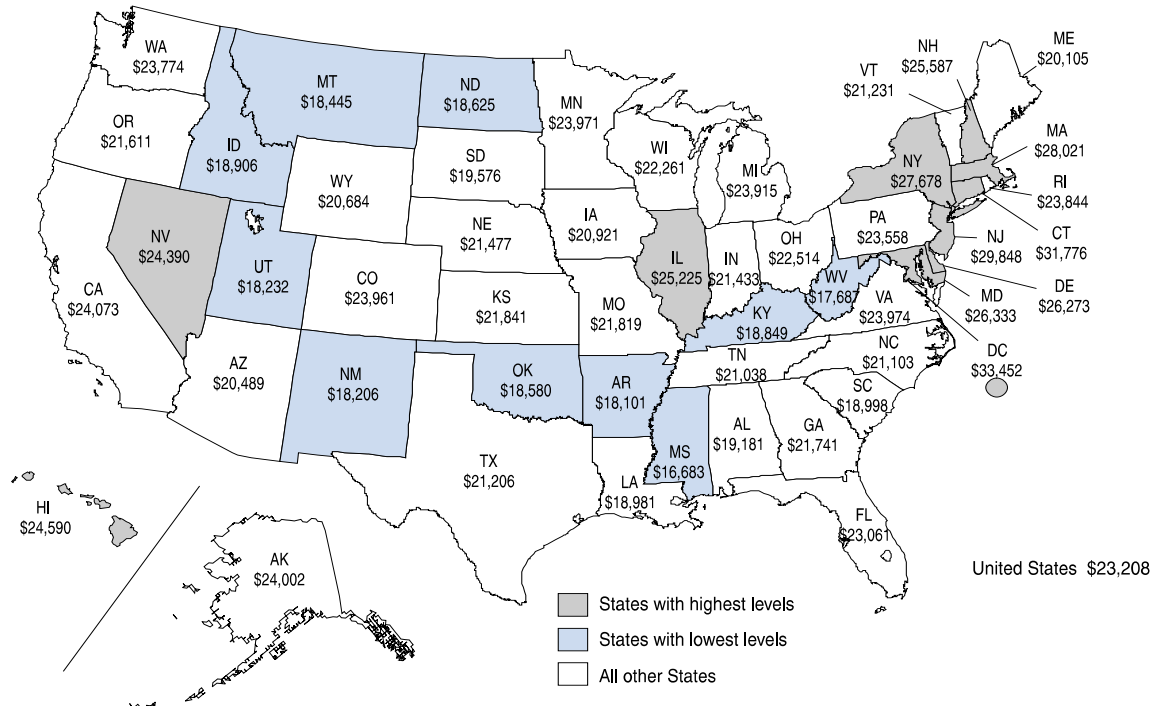
STATES WITH SLOWEST GROWTH

U.S. average
8.3%

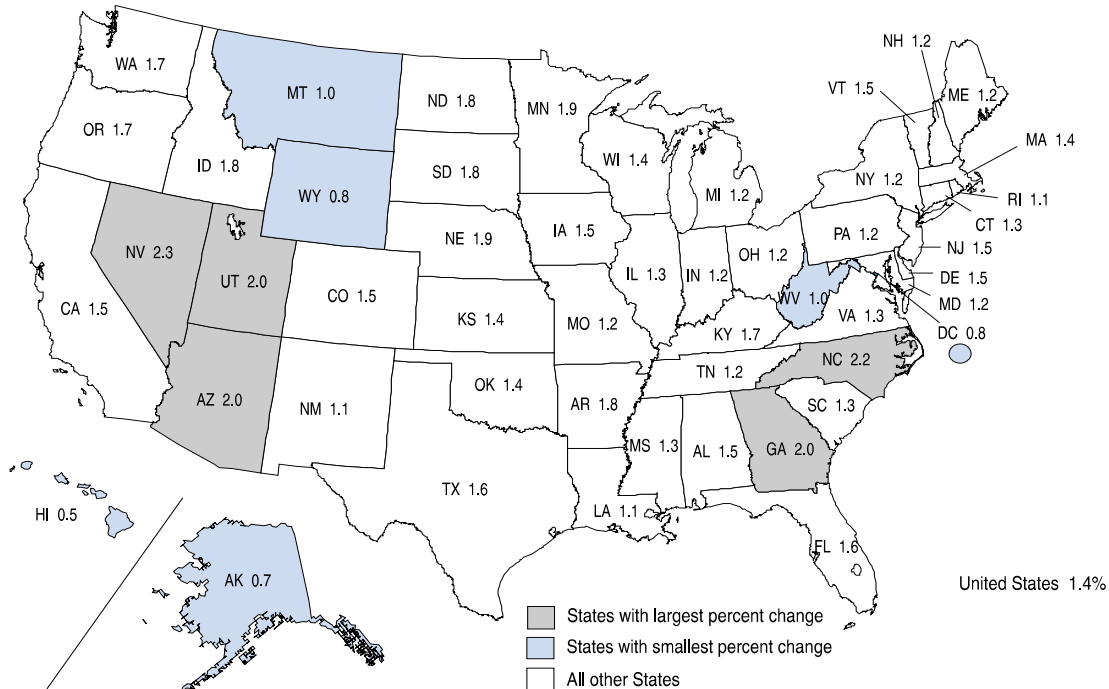


SELECTED REGIONAL ESTIMATES

PER CAPITA PERSONAL INCOME, 1995



PERSONAL INCOME GROWTH: AVERAGE QUARTERLY PERCENT CHANGE, 1995:III-1996:III



Appendix A

Additional Information About BEA's NIPA Estimates

Statistical Conventions

Changes in current-dollar GDP measure changes in the market value of goods and services produced in the economy in a particular period. For many purposes, it is necessary to decompose these changes into quantity and price components. To compute the quantity indexes, changes in the quantities of individual goods and services are weighted by their prices. (Quantity changes for GDP are often referred to as changes in "real GDP.") For the price indexes, changes in the prices for individual goods and services are weighted by quantities produced. (In practice, the current-dollar value and price indexes for most GDP components are determined largely using data from Federal Government surveys, and the real values of these components are calculated by deflation at the most detailed level for which all the required data are available.)

Except for the most recent period, the annual and quarterly changes in real GDP and prices are "chain-type" measures that are both based on the "Fisher Ideal" formula that incorporates weights from two adjacent years. For example, the 1992–93 percent change in real GDP uses prices for 1992 and 1993 as weights, and the 1992–93 percent change in price uses quantities for 1992 and 1993 as weights. Because the quantity and price index numbers calculated in this way are symmetric, the product of the annual change in real GDP and the annual change in prices equals the annual change in current-dollar GDP.

In the most recent period, a variant of the formula is used because only 1 year's information is available for computing the index number weights. Accordingly, BEA uses a single year's weights and, as a consequence, the product of the percentage changes in the price and quantity indexes does not equal the current-dollar change during this period. For this reason, another measure, known as the "implicit price deflator," is presented in the NIPA tables. The implicit price deflator is calculated as the ratio of current-dollar value to the corresponding chained-dollar value multiplied by 100.

In addition, BEA prepares measures of real GDP and its components in a dollar-denominated form, designated "chained (1992) dollar estimates." These estimates are computed by multiplying the 1992 current-dollar value of GDP, or of a GDP component, by the corresponding quantity index number. For example, if a current-dollar GDP component equaled \$100 in 1992 and if real output for this component increased by 10 percent in 1993, then the "chained (1992) dollar" value of this component in

1993 would be \$110 ($\100×1.10). Note that percentage changes in the chained (1992) dollar estimates and the percentage changes calculated from the quantity indexes are identical, except for small differences due to rounding.

Because of the formula used for calculating real GDP, the chained (1992) dollar estimates for detailed GDP components *do not add* to the chained-dollar value of GDP or to any intermediate aggregates. A "residual" line is shown as the difference between GDP and the sum of the most detailed components shown in each table. The residual generally is small close to the base period but tends to become larger as one moves further from it. In cases where the residual is large, the table of contributions of the major components to the change in real GDP provides a better basis for determining the composition of GDP growth than the chained-dollar estimates.

For quarters and months, the estimates are presented at annual rates, which show the value that would be registered if the rate of activity measured for a quarter or a month were maintained for a full year. Annual rates are used so that time periods of different lengths—for example, quarters and years—may be compared easily. These annual rates are determined simply by multiplying the estimated rate of activity by 4 (for quarterly data) or 12 (for monthly data).

Percent changes in the estimates are also expressed at annual rates. Calculating these changes requires a variant of the compound interest formula:

$$r = \left[\left(\frac{X_t}{X_o} \right)^{m/n} - 1 \right] \times 100,$$

where r is the percent change at an annual rate;
 X_t is the level of activity in the later period;
 X_o is the level of activity in the earlier period;
 m is the yearly periodicity of the data (for example, 1 for annual data, 4 for quarterly, or 12 for monthly); and
 n is the number of periods between the earlier and later periods (that is, $t - o$).

Quarterly and monthly NIPA estimates are seasonally adjusted, if necessary. Seasonal adjustment removes from the time series the average impact of variations that normally occur at about the same time and in about the same magnitude each year—for example, weather, holidays, and tax payment dates. After seasonal adjustment, cyclical and other short-term changes in the economy stand out more clearly.

Reconciliation Tables

Table 1.—Reconciliation of Changes in BEA-Derived Compensation Per Hour with BLS Average Hourly Earnings

[Percent change from preceding period]

	Seasonally adjusted at annual rates							
	1994	1995	1996 ^P	1996 ^P				
				IV	I	II	III	IV ^P
BEA-derived compensation per hour of all persons in the nonfarm business sector (less housing)	2.1	3.1	3.7	4.0	3.4	4.0	3.3	3.8
Less: Contribution of supplements to wages and salaries per hour .....	.1	0	-3	-2	-5	-4	-1	-2
Plus: Contribution of wages and salaries per hour of persons in housing and in nonprofit institutions	0	-3	0	0	0	-4	0	0
Less: Contribution of wages and salaries per hour of persons in government enterprises, unpaid family workers, and self-employed	-1	0	.1	.3	-2	-2	.5	-2
Equals: BEA-derived wages and salaries per hour of all employees in the private nonfarm sector	2.0	2.8	3.9	3.9	4.1	4.1	2.9	4.3
Less: Contribution of wages and salaries per hour of nonproduction workers in manufacturing	0	0	0	-1	-3	.1	-1	-1
Less: Other differences ¹	-6	-1	.7	.5	2.2	.1	-6	.4
Equals: BLS average hourly earnings of production or nonsupervisory workers on private nonfarm payrolls	2.7	2.9	3.2	3.5	2.3	3.8	3.6	4.0
Addendum: BLS estimates of compensation per hour in the nonfarm business sector ²	2.1	3.2	3.6	4.0	3.4	3.9	3.3	3.6

^P Preliminary.

1. Includes BEA use of non-BLS data and differences in detailed weighting. Annual estimates also include differences in BEA and BLS benchmark procedures; quarterly estimates also include differences in seasonal adjustment procedures.

2. These estimates differ from the BEA-derived estimates (first line) because the BLS estimates include compensation and hours of tenant-occupied housing.

NOTE.—The table incorporates BLS revisions to reflect the 1995 Hours at Work Survey.
BLS Bureau of Labor Statistics

Table 2.—Relation of Net Exports of Goods and Services and Net Receipts of Factor Income in the National Income and Product Accounts (NIPA's) to Balance on Goods, Services, and Income in the Balance of Payments Accounts (BPA's)

[Billions of dollars]

	Line	1995	1996	Seasonally adjusted at annual rates					
				1995		1996			
				III	IV	I	II	III	IV
Exports of goods, services, and income, BPA's	1	969.2	1,032.5	977.9	1,000.5	1,010.6	1,028.1	1,017.6	1,073.5
Less: Gold, BPA's	2	5.1	6.9	3.4	3.7	6.3	12.5	5.2	3.7
Statistical differences ¹	3	0	-4.4	0	0	-1.7	-6.3	-5.4	-4.4
Other items	4	.9	1.0	1.2	.8	.7	.8	1.2	1.0
Plus: Adjustment for grossing of parent/affiliate interest payments	5	8.3	8.4	8.5	9.6	10.0	6.9	8.1	8.7
Adjustment for U.S. territories and Puerto Rico	6	30.2	31.4	30.2	30.7	30.3	31.3	31.1	32.8
Services furnished without payment by financial intermediaries except life insurance carriers and private noninsured pension plans	7	14.0	14.8	14.0	14.2	14.4	14.6	15.0	15.2
Equals: Exports of goods and services and receipts of factor income, NIPA's	8	1,015.6	1,083.6	1,026.1	1,050.3	1,059.9	1,073.9	1,070.7	1,129.8
Imports of goods, services, and income, BPA's	9	1,082.3	1,155.1	1,092.7	1,085.6	1,107.9	1,152.8	1,171.1	1,188.6
Less: Gold, BPA's	10	5.3	7.7	2.5	3.4	6.8	14.6	6.2	3.4
Statistical differences ¹	11	0	-2.9	0	0	-3.2	-3.0	-2.9	-2.6
Other items	12	0	0	0	0	0	0	0	0
Plus: Gold, NIPA's	13	-3.7	-3.6	-3.7	-4.0	-3.4	-3.5	-3.8	-3.8
Adjustment for grossing of parent/affiliate interest payments	14	8.3	8.4	8.5	9.6	10.0	6.9	8.1	8.7
Adjustment for U.S. territories and Puerto Rico	15	21.8	21.3	21.0	21.9	21.1	21.4	21.2	21.6
Imputed interest paid to rest of world	16	14.0	14.8	14.0	14.2	14.4	14.6	15.0	15.2
Equals: Imports of goods and services and payments of factor income, NIPA's	17	1,117.3	1,191.2	1,130.0	1,123.9	1,146.5	1,180.6	1,208.4	1,229.5
Balance on goods, services, and income, BPA's (1-9)	18	-113.1	-122.6	-114.8	-85.1	-97.3	-124.7	-153.5	-115.1
Less: Gold (2-10+13)	19	-3.9	-4.4	-2.8	-3.7	-3.9	-5.6	-4.8	-3.5
Statistical differences (3-11) ¹	20	0	-1.5	0	0	1.5	-3.3	-2.5	-1.8
Other items (4-12)	21	.9	1.0	1.2	.8	.7	.8	1.2	1.0
Plus: Adjustment for U.S. territories and Puerto Rico (6-15)	22	8.4	10.1	9.2	8.8	9.2	9.9	9.9	11.2
Equals: Net exports of goods and services and net receipts of factor income, NIPA's (8-17)	23	-101.7	-107.6	-103.9	-73.6	-86.6	-106.7	-137.7	-99.7

1. Consists of statistical revisions in the NIPA's that have not yet been incorporated in the BPA's (1996:IV) and statistical revisions in the BPA's that have not yet been incorporated in the NIPA's (1996:I-1996:IV).

Appendix B

Suggested Reading

Mid-Decade Strategic Plan

BEA has published the following articles in the SURVEY OF CURRENT BUSINESS on the development and implementation of its strategic plan for improving the accuracy, reliability, and relevance of the national, regional, and international accounts.

“Mid-Decade Strategic Review of BEA’s Economic Accounts: Maintaining and Improving Their Performance” (February 1995)*

“Mid-Decade Strategic Review of BEA’s Economic Accounts: An Update” (April 1995)*

“BEA’s Mid-Decade Strategic Plan: A Progress Report” (June 1996)*

Mid-Decade Strategic Review of BEA’s Economic Accounts: Background Papers (1995) presents seven background papers that evaluate the state of the U.S. economic accounts and that identify the problems and the prospects for improving the accounts.

Methodology

BEA has published a wealth of information about the methodology used to prepare its national, regional, and international estimates.

National

National income and product accounts (NIPA’s)

NIPA Methodology Papers: This series documents the conceptual framework of the NIPA’s and the methodology used to prepare the estimates.

An Introduction to National Economic Accounting (NIPA Methodology Paper No. 1, 1985) [Also appeared in the March 1985 issue of the SURVEY]

Corporate Profits: Profits Before Tax, Profits Tax Liability, and Dividends (NIPA Methodology Paper No. 2, 1985)

Foreign Transactions (NIPA Methodology Paper No. 3, 1987)

GNP: An Overview of Source Data and Estimating Methods (NIPA Methodology Paper No. 4, 1987) [Also appeared in the July 1987 issue of the SURVEY]

Government Transactions (NIPA Methodology Paper No. 5, 1988)

Personal Consumption Expenditures (NIPA Methodology Paper No. 6, 1990)

The methodologies described in these papers are subject to periodic improvements that are typically introduced as part of the annual and comprehensive revisions of the NIPA’s; these improvements are described in the SURVEY articles that cover these revisions.

“Annual Revision of the U.S. National Income and Product Accounts”: This series of SURVEY articles, the latest of which was published in the August 1996 issue,* describes the annual NIPA revisions and the improvements in methodology.

The most recent comprehensive revision of the NIPA’s is described in the following series of SURVEY articles.

“Preview of the Comprehensive Revision of the National Income and Product Accounts: BEA’s New Featured Measures of Output and Prices” (July 1995)*

“Preview of the Comprehensive Revision of the National Income and Product Accounts: Recognition of Government Investment and Incorporation of a New Methodology for Calculating Depreciation” (September 1995)*

“Preview of the Comprehensive Revision of the National Income and Product Accounts: New and Redesigned Tables” (October 1995)*

“Improved Estimates of the National Income and Product Accounts for 1959–95: Results of the Comprehensive Revision” (January/February 1996)*

“Updated Summary Methodologies” (August 1996 SURVEY)* identifies the principal source data and estimating methods that are used to prepare the estimates of gross domestic product (GDP).

Information on the sources and methods used to prepare the national estimates of personal income, which provide the basis for the State estimates of personal in-

Availability

For the availability of some of these publications, see the **inside back cover** of this issue. See also the *User’s Guide to BEA Information*: To request a copy, write to the Public Information Office, BE-53, Bureau of Economic Analysis, U.S. Department of Commerce, Washington DC 20230, call 202-606-9900, or visit BEA’s Internet site at <http://www.bea.doc.gov>.

* These items can be found on BEA’s Internet site at <http://www.bea.doc.gov>.

come, can be found in *State Personal Income, 1929–93* (1995).*

“Gross Domestic Product as a Measure of U.S. Production” (August 1991 SURVEY) briefly explains the difference between GDP and gross national product.

The conceptual basis for the chain-type measures of real output and prices used in the NIPA’s are described in the following SURVEY articles.

“Alternative Measures of Change in Real Output and Prices” (April 1992)*

“Economic Theory and BEA’s Alternative Quantity and Price Indexes” (April 1992)*

“Alternative Measures of Change in Real Output and Prices, Quarterly Estimates for 1959–92” (March 1993)*

“Preview of the Comprehensive Revision of the National Income and Product Accounts: BEA’s New Featured Measures of Output and Prices” (July 1995)*

“Reliability and Accuracy of the Quarterly Estimates of GDP” (October 1993 SURVEY)* evaluates GDP estimates by examining the record of revisions in the quarterly estimates.

“A Look at How BEA Presents the NIPA’s” (May 1996 SURVEY)* explains how to locate the NIPA estimates and some of the conventions used in their presentation.

Gross product by industry

“Improved Estimates of Gross Product by Industry, 1959–94” (August 1996 SURVEY)* describes the most recent comprehensive revision of the estimates of gross product by industry.

Input-output accounts

Benchmark Input-Output Accounts of the United States, 1987 (1994)* describes the concepts and methods used in the generation of the benchmark input-output tables for 1987.

International

Balance of payments accounts (BPA’s)

The Balance of Payments of the United States: Concepts, Data Sources, and Estimating Procedures (1990)

describes the methodologies used in preparing the estimates in the BPA’s and of the international investment position of the United States. These methodologies are subject to periodic improvements that are typically introduced as part of the annual revisions of the BPA’s.

“U.S. International Transactions, Revised Estimates”: This series of SURVEY articles, the latest of which was published in the July 1996 issue,* describes the annual BPA revisions and the improvements in methodology.

Direct investment

The coverage, concepts, definitions, and classifications used in the benchmark surveys of U.S. direct investment abroad and of foreign direct investment in the United States are presented in the publications of the final results of the most recent benchmark surveys.

U.S. Direct Investment Abroad: 1989 Benchmark Survey, Final Results (1992)*

Foreign Direct Investment in the United States: 1992 Benchmark Survey, Final Results (1995)*

The types of data on direct investment that are collected and published by BEA and the clarifications of the differences between the data sets are presented in the following SURVEY articles.

“A Guide to BEA Statistics on U.S. Multinational Companies” (March 1995)*

“A Guide to BEA Statistics on Foreign Direct Investment in the United States” (February 1990)*


Regional

Personal income

State Personal Income, 1929–93 (1995)* includes a description of the methodology used to prepare the estimates of State personal income. [Also available on the State Personal Income 1969–95 CD-ROM]

Local Area Personal Income, 1969–92 (1994)* includes a description of the methodology used to prepare the estimates of local area personal income. [Also available on the Regional Economic Information System CD-ROM]

Gross state product

“Gross State Product, 1977–90” (December 1993 SURVEY)* summarizes the sources and methods for BEA’s estimates of gross state product. 

BEA INFORMATION

The economic information prepared by the Bureau of Economic Analysis (BEA) is available in news releases, in publications, on computer diskettes, on CD-ROM's, and on the Internet. For a description of these products in the free *User's Guide to BEA Information*, write to the Public Information Office, BE-53, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230, or call (202) 606-9900. The *User's Guide* and other information are also available on BEA's home page at <http://www.bea.doc.gov>.

In addition, the following publications are available from the Superintendent of Documents of the Government Printing Office (GPO). To order, write to Superintendent of Documents, P.O. Box 371954, Pittsburgh, PA 15250-7954, call (202) 512-1800 or fax (202) 512-2250. Pay by check to the Superintendent of Documents or charge to a GPO deposit account, to VISA, or to MasterCard.

Benchmark Input-Output Accounts of the United States, 1987. (1994) Presents summary and detailed make and use tables for industries and commodities; tables showing commodity- and industry-output-requirements per dollar of commodity demanded; and tables showing the input-output (I-O) commodity composition of personal consumption expenditures and producers' durable equipment expenditures in the national income and product accounts. Presents concepts and methods used in the 1987 benchmark accounts; concordance between I-O and 1987 Standard Industrial Classification codes; description of the components of the measures of output, intermediate inputs, and value added; and mathematical derivation of total requirements tables. (468 pages) \$29.00, stock no. 003-010-00251-4.

Regional Multipliers: A User Handbook for the Regional Input-Output Modeling System (RIMS II), Third Edition. (1997) This handbook describes the five types of RIMS II multipliers that are available for nearly 500 industries and for any county or for any group of counties. It details the information that the users need in order to effectively use the RIMS II multipliers to analyze the economic and industrial impact of public and private projects and programs on State and local areas. The handbook also includes case studies that illustrate the uses of the RIMS II multipliers and a description of the methodology that the Bureau of Economic Analysis uses to estimate the multipliers. (63 pages) \$6.00, stock no. 003-010-00264-6.

State Personal Income, 1929-93. (1995) Presents detailed annual estimates for States and regions of personal income for 1929-93, including estimates of per capita personal income, personal income by major source, and earnings by industry. Also presents annual estimates of disposable personal income and per capita disposable personal income for 1948-93 and quarterly estimates of personal income for 1969-93. Provides information about the sources and methods used to prepare the estimates for 1987-93 and samples of all the detailed tables of personal income and employment that are available for regions, States, counties, and metropolitan areas. (444 pages) \$27.00, stock no. 003-010-00257-3.

Foreign Direct Investment in the United States: 1992 Benchmark Survey, Final Results. (1995) Presents detailed data on the financial structure and operations of U.S. affiliates of foreign direct investors, on the foreign direct investment position in the United States, and on the balance-of-payments transactions between U.S. affiliates and their foreign parent companies in 1992. Includes data for items, such as employment covered by collective bargaining agreements and merchandise trade by product and country of destination and origin, that are only collected in

benchmark surveys. Benchmark surveys are conducted every 5 years and are BEA's most comprehensive surveys in terms of both the number of companies covered and the amount of information gathered. The data are classified by industry of affiliate and by country of ultimate beneficial owner, and selected data are classified by State. Provides information about the coverage, the concepts and definitions, and the classifications used in the survey. (312 pages) \$20.00, stock no. 003-010-00259-0.

Foreign Direct Investment in the United States: Operations of U.S. Affiliates of Foreign Companies. (1996) Two publications: One presents the revised estimates for 1993, and the other, the preliminary estimates for 1994 from BEA's annual surveys of the financial structure and operations of nonbank U.S. affiliates of foreign direct investors. The estimates are presented by industry of the U.S. affiliate and by country of the ultimate beneficial owner (UBO) and for selected estimates, by industry of UBO and by State. **Preliminary 1994 Estimates** (108 pages) \$8.50, stock no. 003-010-00261-1; **Revised 1993 Estimates** (108 pages) \$8.50, stock no. 003-010-00260-3.

Foreign Direct Investment in the United States: Establishment Data for Manufacturing, 1991. (1994) A joint effort by BEA and the Bureau of the Census. Presents the most recently available data for foreign-owned U.S. manufacturing establishments (plants) by detailed industry (up to 459 industries), by State, and by country of investor. Includes data on the number of plants, value added, shipments, employment, total employee compensation, employee benefits, the hourly wage rates of production workers, the cost of materials and energy used, inventories by stage of fabrication, and expenditures for new plant and equipment. (220 pages) \$14.00, stock no. 003-010-00250-6.

U.S. Direct Investment Abroad: 1994 Benchmark Survey, Preliminary Results. (1997) Presents preliminary results from the latest benchmark survey of the worldwide operations of U.S. multinational companies. Contains detailed 1994 data on the operations of U.S. parent companies and their foreign affiliates in 103 tables organized by country and by industry. (140 pages) \$14.00, stock no. 003-010-00263-8.

U.S. Direct Investment Abroad: Operations of U.S. Parent Companies and Their Foreign Affiliates, Revised 1993 Estimates. (1996) Provides revised results for 1993 from BEA's annual survey of the worldwide operations of U.S. multinational companies. Contains information on the financial structure and operations of U.S. parent companies and their foreign affiliates. Data are classified by country and industry of affiliate and by industry of U.S. parent. (120 pages) \$11.00, stock no. 003-010-00262-0.