



U.S. International Transactions

Third Quarter 2020

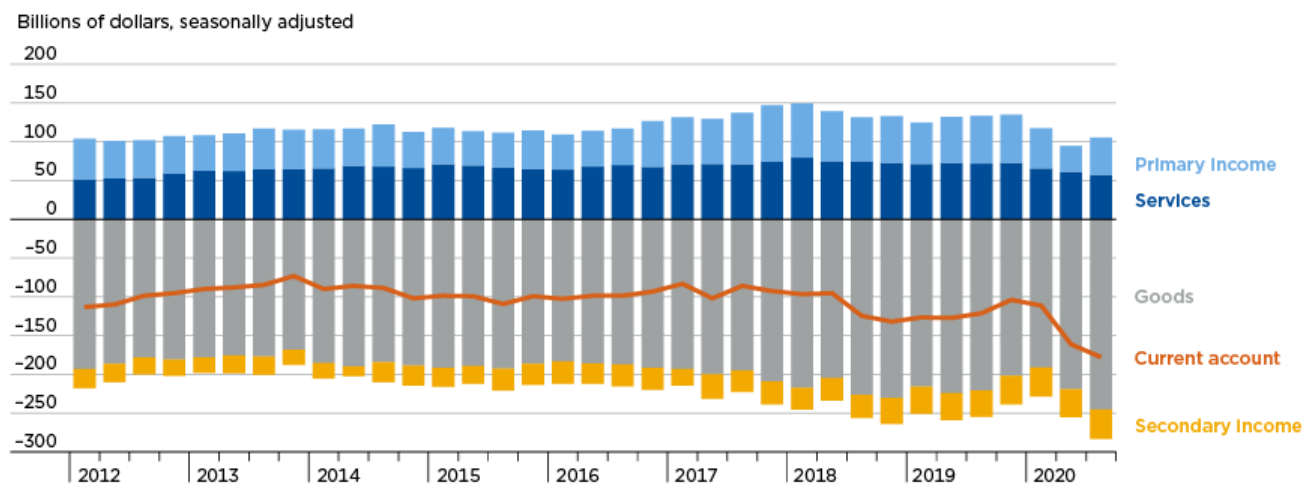
By Rudy Telles Jr.

The U.S. current-account deficit, which reflects the combined balances on trade in goods and services and income flows between U.S. residents and residents of other countries, widened by \$17.2 billion, or 10.6 percent, to \$178.5 billion in the third quarter of 2020 (chart 1 and table A). The revised second-quarter deficit was \$161.4 billion.

The third-quarter deficit was 3.4 percent of current-dollar gross domestic product, up from 3.3 percent in the second quarter.

The \$17.2 billion widening of the current-account deficit in the third quarter mostly reflected an expanded deficit on goods that was partly offset by an expanded surplus on primary income.

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



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Table A. U.S. International Transactions

[Millions of dollars, seasonally adjusted]

Series	2019	2020			Change 2020 Q2 to 2020 Q3
	Q4	Q1	Q2 ^r	Q3 ^p	
Current account					
Exports of goods and services and income receipts (credits)	949,848	897,212	696,586	796,001	99,415
Exports of goods and services	632,469	605,552	450,730	521,981	71,251
Goods	411,390	403,533	288,726	357,135	68,409
Services	221,079	202,019	162,004	164,846	2,842
Primary income receipts	282,943	256,527	211,944	238,696	26,752
Secondary income (current transfer) receipts	34,435	35,134	33,912	35,324	1,412
Imports of goods and services and income payments (debits)	1,054,172	1,008,728	857,948	974,514	116,566
Imports of goods and services	762,228	732,028	609,417	710,388	100,971
Goods	613,887	595,281	508,271	602,701	94,430
Services	148,341	136,747	101,146	107,688	6,542
Primary income payments	220,985	204,491	178,710	190,588	11,878
Secondary income (current transfer) payments	70,959	72,209	69,821	73,537	3,716
Capital account					
Capital transfer receipts and other credits	6	19	20	356	336
Capital transfer payments and other debits	2,026	2,990	1,074	1,034	-40
Financial account					
Net U.S. acquisition of financial assets excluding financial derivatives (net increase in assets / financial outflow (+))	55,067	830,858	-257,865	-73,048	184,817
Direct investment assets	59,180	-9,065	42,253	71,063	28,810
Portfolio investment assets	21,806	115,814	-947	142,166	143,113
Other investment assets	-26,128	724,354	-304,131	-288,098	16,033
Reserve assets	210	-245	4,960	1,820	-3,140
Net U.S. incurrence of liabilities excluding financial derivatives (net increase in liabilities / financial inflow (+))	83,479	952,306	-63,989	172,022	236,011
Direct investment liabilities	56,506	52,201	-651	70,530	71,181
Portfolio investment liabilities	-53,160	-20,547	342,240	147,526	-194,714
Other investment liabilities	80,133	920,653	-405,578	-46,034	359,544
Financial derivatives other than reserves, net transactions	-933	-21,611	-12,744	23,999	36,743
Statistical discrepancy					
Statistical discrepancy¹	76,998	-28,572	-44,204	-41,880	2,324
Balances					
Balance on current account	-104,324	-111,516	-161,362	-178,513	-17,151
Balance on goods and services	-129,759	-126,476	-158,687	-188,408	-29,721
Balance on goods	-202,497	-191,748	-219,545	-245,565	-26,020
Balance on services	72,738	65,272	60,858	57,158	-3,700
Balance on primary income	61,958	52,036	33,234	48,108	14,874
Balance on secondary income	-36,524	-37,075	-35,909	-38,213	-2,304
Balance on capital account	-2,019	-2,971	-1,054	-678	376
Net lending (+) or net borrowing (-) from current- and capital-account transactions²	-106,344	-114,487	-162,416	-179,191	-16,775
Net lending (+) or net borrowing (-) from financial-account transactions³	-29,345	-143,059	-206,620	-221,071	-14,451

p Preliminary

r Revised

1. The statistical discrepancy is the difference between net acquisition of financial assets and net incurrence of liabilities in the financial account (including financial derivatives) less the difference between total credits and total debits recorded in the current and capital accounts.

2. Sum of current- and capital-account balances.

3. Sum of net U.S. acquisition of financial assets and net transactions in financial derivatives less net U.S. incurrence of liabilities.

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

Data Availability and Methodology

Detailed statistics for U.S. international transactions and a description of the estimation methods are available on the Bureau of Economic Analysis website. For the statistics, see “[International Transactions, International Services, and International Investment Position Tables](#).” For the methods, see [U.S. International Economic Accounts: Concepts and Methods](#).

Coronavirus (COVID-19) Impact on Third-Quarter 2020 International Transactions

All major categories of current-account transactions increased in the third quarter of 2020 following notable declines in the second quarter, reflecting the resumption of trade and other business activities that were postponed or restricted due to COVID-19. In the financial account, most of the currency swaps between the U.S. Federal Reserve System and foreign central banks that remained at the end of the second quarter were ended in the third quarter, contributing to the continued U.S. withdrawal of deposit assets abroad and the continued U.S. repayment of deposit and loan liabilities. A record level of net shipments of U.S. currency abroad to meet the demand for U.S. currency by foreign residents increased U.S. currency liabilities, partly offsetting the net repayment of U.S. deposit liabilities. The full economic effects of the COVID-19 pandemic cannot be quantified in the statistics, because the impacts are generally embedded in source data and cannot be separately identified. More information can be found in the “[Technical Note](#)” that accompanied the third-quarter 2020 international transactions statistics.

Current Account

Exports of goods and services to, and income received from, foreign residents increased \$99.4 billion, to \$796.0 billion, in the third quarter. Imports of goods and services from, and income paid to, foreign residents increased \$116.6 billion, to \$974.5 billion (charts 2 and 4 and tables A and C).

Chart 2. Current-Account Transactions



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Trade in goods

Exports of goods increased \$68.4 billion, to \$357.1 billion, and imports of goods increased \$94.4 billion, to \$602.7 billion. The increases in both exports and imports reflected increases in all major categories, led by automotive vehicles, parts, and engines (mainly parts and engines) and passenger cars.

Trade in services

Exports of services increased \$2.8 billion, to \$164.8 billion, mainly reflecting an increase in charges for the use of intellectual property, mostly licenses for the use of outcomes of research and development, that was partly offset by a decrease in travel, primarily education-related travel. Imports of services increased \$6.5 billion, to \$107.7 billion, mainly reflecting increases in charges for the use of intellectual property, mostly licenses for the use of outcomes of research and development; in transport, primarily sea freight transport; and in travel, primarily other personal travel.

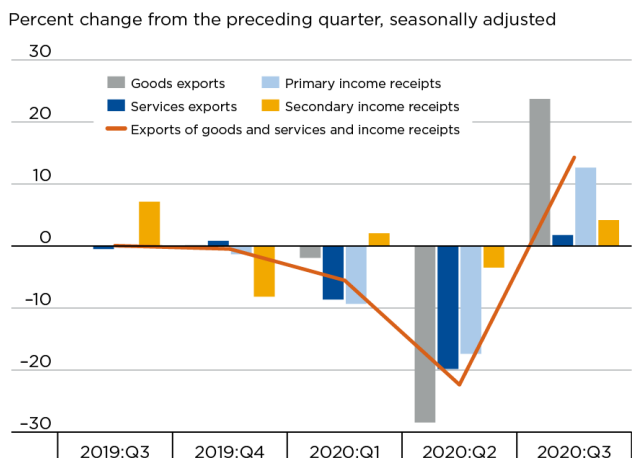
Primary income

Receipts of primary income increased \$26.8 billion, to \$238.7 billion, and payments of primary income increased \$11.9 billion, to \$190.6 billion. The increases in both receipts and payments mainly reflected increases in direct investment income, primarily earnings.

Secondary income

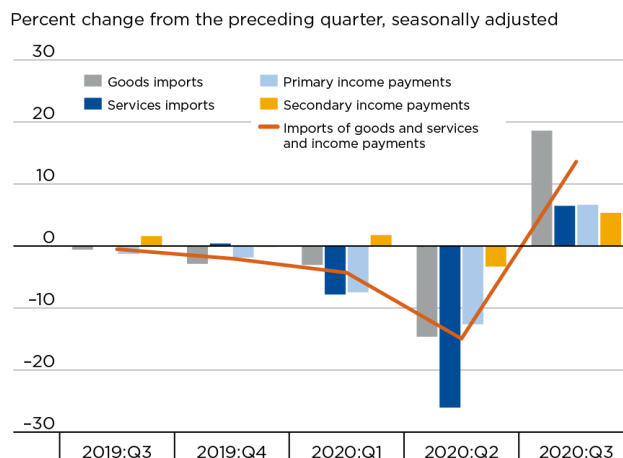
Receipts of secondary income increased \$1.4 billion, to \$35.3 billion, reflecting an increase in private transfers, mostly private sector fines and penalties, that was partly offset by a decrease in general government transfers, mainly government sector fines and penalties. Payments of secondary income increased \$3.7 billion, to \$73.5 billion, reflecting increases in private transfers, primarily private sector fines and penalties, and in general government transfers, mostly international cooperation.

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



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



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Table B. Exports of Goods and Services and Income Receipts

[Millions of dollars, seasonally adjusted]

Series	2019	2020			Change 2020 Q2 to 2020 Q3
	Q4	Q1	Q2 ^r	Q3 ^p	
Exports of goods and services and income receipts	949,848	897,212	696,586	796,001	99,415
Exports of goods	411,390	403,533	288,726	357,135	68,409
General merchandise	405,687	398,631	283,412	350,122	66,710
Foods, feeds, and beverages	32,151	32,787	31,157	34,345	3,188
Industrial supplies and materials	132,804	134,370	92,868	108,515	15,647
Energy products	59,010	59,009	31,065	39,267	8,202
<i>Of which: Petroleum and products</i>	50,844	51,076	24,941	32,963	8,022
Nonenergy products	73,794	75,361	61,803	69,248	7,445
Capital goods except automotive	135,521	131,854	99,109	111,754	12,645
Automotive vehicles, parts, and engines	39,756	37,832	15,539	36,876	21,337
Consumer goods except food and automotive	49,797	46,983	33,477	45,115	11,638
Other general merchandise	15,657	14,805	11,261	13,518	2,257
Net exports of goods under merchanting	119	151	169	146	-23
Nonmonetary gold	5,585	4,750	5,145	6,867	1,722
Exports of services¹	221,079	202,019	162,004	164,846	2,842
Manufacturing services on physical inputs owned by others	n.a.	n.a.	n.a.	n.a.	n.a.
Maintenance and repair services n.i.e.	7,432	4,189	3,623	3,658	35
Transport	22,693	20,786	10,894	11,839	945
Travel (for all purposes including education)	48,219	38,982	12,903	11,099	-1,804
Business	9,368	7,183	1,649	2,021	372
Personal	38,852	31,799	11,255	9,078	-2,177
Construction	734	588	519	637	118
Insurance services	3,762	3,819	3,702	3,634	-68
Financial services	34,303	33,638	33,666	34,336	670
Charges for the use of intellectual property n.i.e.	29,993	28,319	26,877	29,967	3,090
Telecommunications, computer, and information services	14,306	13,437	13,673	13,496	-177
Other business services	47,736	47,422	46,635	45,755	-880
Personal, cultural, and recreational services	5,978	4,966	4,134	4,456	322
Government goods and services n.i.e.	5,924	5,873	5,377	5,967	590
Primary income receipts	282,943	256,527	211,944	238,696	26,752
Investment income	281,254	254,846	210,476	237,213	26,737
Direct investment income	146,363	119,918	104,443	130,689	26,246
Income on equity	140,194	114,184	99,367	125,833	26,466
Dividends and withdrawals	83,643	112,879	74,664	67,021	-7,643
Reinvested earnings	56,551	1,305	24,703	58,812	34,109
Interest	6,168	5,734	5,076	4,856	-220
Portfolio investment income	107,068	109,726	89,026	91,773	2,747
Income on equity and investment fund shares	72,083	74,988	58,376	60,174	1,798
Interest on debt securities	34,985	34,737	30,650	31,599	949
Other investment income	27,672	25,054	16,941	14,707	-2,234
Reserve asset income	151	149	65	44	-21
Compensation of employees	1,689	1,680	1,468	1,483	15
Secondary income (current transfer) receipts²	34,435	35,134	33,912	35,324	1,412

p Preliminary

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n.a. Not available

n.i.e. Not included elsewhere

1. See also International Services [table 2.1](#).

2. Secondary income (current transfer) receipts include U.S. government and private transfers, such as fines and penalties, withholding taxes, insurance-related transfers, and other current transfers.

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

Table C. Imports of Goods and Services and Income Payments

[Millions of dollars, seasonally adjusted]

Series	2019	2020			Change 2020 Q2 to 2020 Q3
	Q4	Q1	Q2 ^r	Q3 ^p	
Imports of goods and services and income payments	1,054,172	1,008,728	857,948	974,514	116,566
Imports of goods	613,887	595,281	508,271	602,701	94,430
General merchandise	609,144	589,085	475,229	588,310	113,081
Foods, feeds, and beverages	37,398	38,673	36,836	40,062	3,226
Industrial supplies and materials	126,630	121,706	89,932	103,327	13,395
Energy products	53,410	48,332	23,169	31,188	8,019
<i>Of which: Petroleum and products</i>	49,775	45,598	20,507	28,297	7,790
Nonenergy products	73,220	73,374	66,763	72,139	5,376
Capital goods except automotive	168,127	161,739	146,022	165,148	19,126
Automotive vehicles, parts, and engines	89,707	87,846	41,028	85,781	44,753
Consumer goods except food and automotive	157,381	150,663	140,127	167,787	27,660
Other general merchandise	29,901	28,458	21,285	26,206	4,921
Nonmonetary gold	4,743	6,196	33,042	14,390	-18,652
Imports of services¹	148,341	136,747	101,146	107,688	6,542
Manufacturing services on physical inputs owned by others	n.a.	n.a.	n.a.	n.a.	n.a.
Maintenance and repair services n.i.e.	1,949	1,561	1,343	1,379	36
Transport	26,570	23,305	13,628	15,893	2,265
Travel (for all purposes including education)	33,717	24,865	2,462	4,389	1,927
Business	4,609	3,065	295	642	347
Personal	29,108	21,800	2,167	3,748	1,581
Construction	321	315	246	196	-50
Insurance services	13,954	14,104	14,737	15,537	800
Financial services	10,010	10,058	9,705	9,777	72
Charges for the use of intellectual property n.i.e.	10,587	11,194	9,035	11,659	2,624
Telecommunications, computer, and information services	11,088	9,907	9,316	8,562	-754
Other business services	28,550	29,671	28,665	27,970	-695
Personal, cultural, and recreational services	5,483	5,666	5,868	6,141	273
Government goods and services n.i.e.	6,113	6,100	6,140	6,185	45
Primary income payments	220,985	204,491	178,710	190,588	11,878
Investment income	216,145	199,834	175,429	187,028	11,599
Direct investment income	61,104	43,395	33,371	47,408	14,037
Portfolio investment income	124,328	127,424	120,245	121,731	1,486
Income on equity and investment fund shares	41,897	45,336	41,315	42,080	765
Interest on debt securities	82,431	82,088	78,929	79,650	721
Other investment income	30,713	29,014	21,813	17,890	-3,923
Compensation of employees	4,840	4,656	3,282	3,560	278
Secondary income (current transfer) payments²	70,959	72,209	69,821	73,537	3,716
Supplemental detail on insurance transactions:					
Premiums paid	33,042	32,738	33,798	35,277	1,479
Losses recovered	19,351	19,115	18,892	18,938	46

p Preliminary

r Revised

n.a. Not available

n.i.e. Not included elsewhere

1. See also International Services [table 2.1](#)

2. Secondary income (current transfer) payments include U.S. government and private transfers, such as U.S. government grants and pensions, fines and penalties, withholding taxes, personal transfers (remittances), insurance-related transfers, and other current transfers.

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

Capital Account

Capital-transfer receipts increased \$0.3 billion, to \$0.4 billion, in the third quarter, reflecting the U.S. Department of State's sale of a property in Hong Kong (table A).

Financial Account

Net financial-account transactions were -\$221.1 billion in the third quarter, reflecting net U.S. borrowing from foreign residents.

Financial assets

Third-quarter transactions decreased U.S. residents' foreign financial assets by \$73.0 billion. Transactions decreased other investment assets, mostly currency and deposits, by \$288.1 billion. Transactions in deposits included a net withdrawal by the U.S. Federal Reserve of \$203.0 billion from deposits abroad related to the ending of currency swaps. Transactions increased direct investment assets, mostly equity, by \$71.1 billion; portfolio investment assets, mostly equity securities, by \$142.2 billion; and reserve assets by \$1.8 billion.

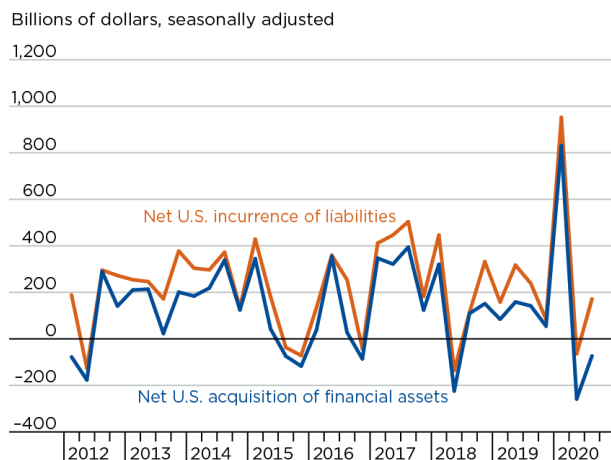
Liabilities

Third-quarter transactions increased U.S. liabilities to foreign residents by \$172.0 billion. Transactions increased direct investment liabilities, both equity and debt, by \$70.5 billion, and portfolio investment liabilities, mostly equity securities, by \$147.5 billion. Transactions decreased other investment liabilities, mostly loans, by \$46.0 billion.

Financial derivatives

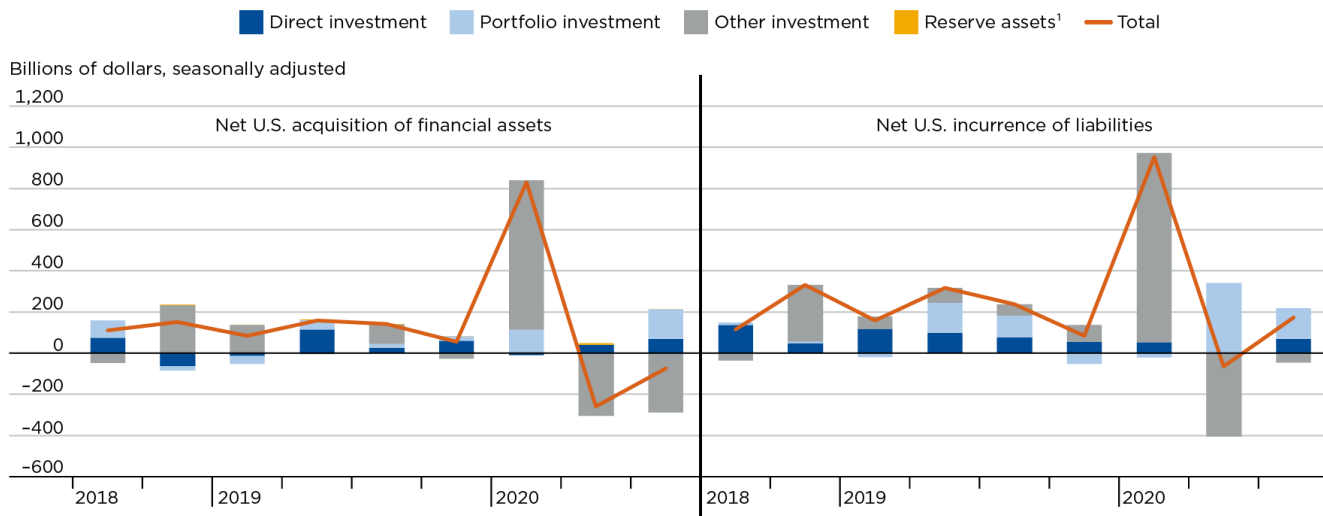
Net transactions in financial derivatives were \$24.0 billion in the third quarter, reflecting net lending to foreign residents.

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



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



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

[Millions of dollars, seasonally adjusted]

Series	2019	2020			Change 2020 Q2 to 2020 Q3
	Q4	Q1	Q2 ^r	Q3 ^p	
Net U.S. acquisition of financial assets excluding financial derivatives (net increase in assets / financial outflow (+))	55,067	830,858	-257,865	-73,048	184,817
Direct investment assets	59,180	-9,065	42,253	71,063	28,810
Equity	55,296	15,620	50,946	57,243	6,297
Equity other than reinvestment of earnings	-1,255	14,316	26,243	-1,569	-27,812
Reinvestment of earnings	56,551	1,305	24,703	58,812	34,109
Debt instruments	3,884	-24,685	-8,693	13,820	22,513
Portfolio investment assets	21,806	115,814	-947	142,166	143,113
Equity and investment fund shares	-99,715	279,965	-67,540	92,676	160,216
Debt securities	121,521	-164,151	66,593	49,490	-17,103
Short-term securities	66,150	-73,206	21,807	20,320	-1,487
Long-term corporate securities	35,418	-69,619	34,197	22,116	-12,081
Other long-term securities	19,953	-21,326	10,589	7,054	-3,535
Other investment assets	-26,128	724,354	-304,131	-288,098	16,033
Other equity	0	1,298	10	215	205
Currency and deposits	66,347	539,992	-312,539	-203,623	108,916
Loans	-91,595	187,829	8,485	-84,461	-92,946
Trade credit and advances	-879	-4,765	-87	-229	-142
Reserve assets	210	-245	4,960	1,820	-3,140
Monetary gold	0	0	0	0	0
Special drawing rights	57	49	20	5	-15
Reserve position in the International Monetary Fund	155	-327	4,902	1,785	-3,117
Other reserve assets	-2	33	38	29	-9
Net U.S. incurrence of liabilities excluding financial derivatives (net increase in liabilities / financial inflow (+))	83,479	952,306	-63,989	172,022	236,011
Direct investment liabilities	56,506	52,201	-651	70,530	71,181
Equity	78,529	44,718	29,459	37,739	8,280
Equity other than reinvestment of earnings	46,367	27,540	20,290	10,517	-9,773
Reinvestment of earnings	32,161	17,178	9,169	27,222	18,053
Debt instruments	-22,023	7,482	-30,110	32,792	62,902
Portfolio investment liabilities	-53,160	-20,547	342,240	147,526	-194,714
Equity and investment fund shares	-72,736	263,713	64,646	146,408	81,762
Debt securities	19,576	-284,261	277,595	1,118	-276,477
Short term	-48,444	-10,748	343,807	-47,475	-391,282
Treasury bills and certificates	-43,855	13,452	311,348	-23,560	-334,908
Federally sponsored agency securities	5,493	-4,708	-1,634	-878	756
Other short-term securities	-10,082	-19,492	34,093	-23,037	-57,130
Long term	68,020	-273,513	-66,212	48,592	114,804
Treasury bonds and notes	19,117	-300,497	-201,698	65,620	267,318
Federally sponsored agency securities	5,067	56,721	-57,017	-49,102	7,915
Corporate bonds and notes	43,267	-27,992	184,769	31,825	-152,944
Other	569	-1,745	7,734	249	-7,485
Other investment liabilities	80,133	920,653	-405,578	-46,034	359,544
Other equity	n.a.	n.a.	n.a.	n.a.	n.a.
Currency	17,579	26,014	29,399	36,861	7,462
Deposits	3,075	481,772	-271,073	-40,939	230,134
Loans	56,253	409,408	-167,278	-44,387	122,891
Trade credit and advances	3,226	3,459	3,374	2,431	-943
Special drawing rights allocations	0	0	0	0	0

p Preliminary
r Revised
n.a. Not available

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

Updates to Statistics

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

Table E. Updates to the Second-Quarter 2020 International Transactions Aggregates

[Millions of dollars, seasonally adjusted]

Series	Preliminary Estimates	Revised Estimates
Balance on current account	-170,541	-161,362
Balance on goods	-219,338	-219,545
Balance on services	54,440	60,858
Balance on primary income	29,213	33,234
Balance on secondary income (current transfers)	-34,856	-35,909
Net lending or borrowing from financial-account transactions	-82,569	-206,620
Net U.S. acquisition of financial assets	-147,602	-257,865
Net U.S. incurrence of liabilities	-4,777	-63,989
Financial derivatives other than reserves, net transactions	60,256	-12,744