

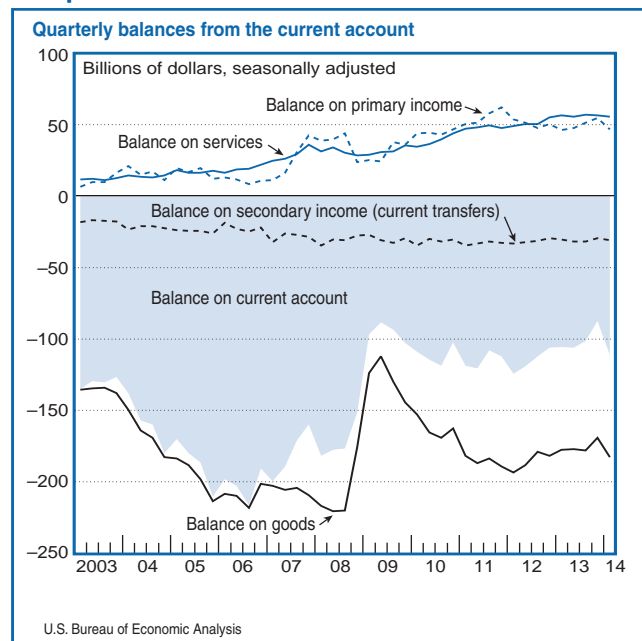
U.S. International Transactions

First Quarter of 2014

THE U.S. CURRENT-ACCOUNT deficit—a net measure of transactions between the United States and the rest of the world in goods, services, primary income (investment income and compensation), and secondary income (current transfers)—increased to \$111.2 billion (preliminary) in the first quarter of 2014 from \$87.3 billion (revised) in the fourth quarter of 2013 (see chart 1 and pages 3–6).¹ The deficit increased to 2.6 percent of current-dollar gross domestic product (GDP) from 2.0 percent in the fourth quarter. The increase largely reflected an increase in the deficit on goods and a decrease in the surplus on primary income. In addition, the deficit on secondary income increased and the surplus on services decreased.

1. Quarterly statistics are seasonally adjusted when series demonstrate statistically significant seasonal patterns; seasonally adjusted statistics are cited in this article when available.

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



Net U.S. borrowing measured by financial-account transactions was \$77.5 billion in the first quarter, down from \$143.5 billion in the fourth quarter of 2013. The statistical discrepancy was \$33.7 billion in the first quarter compared with -\$56.1 billion in the fourth quarter.

Comprehensive Restructuring of the U.S. International Economic Accounts

With the June 2014 release of these data, Bureau of Economic Analysis (BEA) introduced a new presentation of the international transactions accounts as part of the comprehensive restructuring of BEA's international economic accounts. This change in presentation enhances the quality and usefulness of the accounts for customers and brings the statistics into closer alignment with international guidelines.

This new presentation eliminates the balance of payments sign convention that uses negative signs for debit entries. Positive signs are used to show exports and imports, income receipts and payments, transfers made and received, and acquisitions of assets and incurrences of liabilities. Negative signs specify negative income (losses) and sales of assets or repayment of liabilities. As in the old presentation, current-account and capital-account balances indicate the difference between underlying gross credit and debit flows (for example, exports less imports). For the financial account, net lending or net borrowing is calculated as the difference between the net acquisition of assets and the net incurrence of liabilities.

For additional information, see Maria Borga and Kristy L. Howell, "The Comprehensive Restructuring of the International Economic Accounts: Changes in Definitions, Classifications, and Presentations," SURVEY OF CURRENT BUSINESS 94 (March 2014); additional details about the restructuring are available on BEA's Web site at www.bea.gov/international/modern.htm. See also "Comprehensive Restructuring and Annual Revision of the U.S. International Transactions Accounts" in this issue.

Overview

Table A. U.S. International Transactions

[Millions of dollars, seasonally adjusted]

| | 2013 | | | 2014 | Change 2013:IV to 2014:I |
|--|-----------------|------------------|-----------------|-----------------|--------------------------------|
| | II ^r | III ^r | IV ^r | I ^p | |
| Current account | | | | | |
| Exports of goods and services and income receipts (credits) | 786,909 | 796,943 | 814,014 | 803,262 | -10,752 |
| Exports of goods and services | 565,335 | 570,756 | 581,692 | 573,989 | -7,703 |
| Goods..... | 394,988 | 398,088 | 407,103 | 399,680 | -7,423 |
| Services | 170,347 | 172,668 | 174,589 | 174,309 | -280 |
| Primary income receipts | 193,497 | 196,002 | 200,446 | 198,198 | -2,248 |
| Secondary income (current transfer) receipts .. | 28,078 | 30,184 | 31,876 | 31,075 | -801 |
| Imports of goods and services and income payments (debits) | 893,055 | 898,247 | 901,330 | 914,418 | 13,088 |
| Imports of goods and services..... | 687,134 | 691,953 | 694,140 | 700,804 | 6,664 |
| Goods..... | 572,071 | 576,024 | 576,193 | 581,998 | 5,805 |
| Services | 115,063 | 115,929 | 117,947 | 118,806 | 859 |
| Primary income payments | 145,990 | 144,478 | 145,806 | 151,496 | 5,690 |
| Secondary income (current transfer) payments | 59,931 | 61,816 | 61,384 | 62,118 | 734 |
| Capital account | | | | | |
| Capital transfer receipts and other credits | 0 | 0 | 0 | 0 | 0 |
| Capital transfer payments and other debits | 227 | 146 | (*) | 20 | 20 |
| Financial account | | | | | |
| Net U.S. acquisition of financial assets excluding financial derivatives (net increase in assets / financial outflow (+)) | 143,657 | 83,999 | 195,454 | 144,923 | -50,531 |
| Direct investment assets..... | 120,947 | 105,008 | 104,296 | 60,155 | -44,141 |
| Portfolio investment assets | 115,004 | 61,121 | 155,892 | 96,491 | -59,401 |
| Other investment assets | -92,105 | -81,129 | -61,952 | -10,767 | 51,185 |
| Reserve assets | -189 | -1,001 | -2,782 | -956 | 1,826 |
| Net U.S. incurrence of liabilities excluding financial derivatives (net increase in liabilities / financial inflow (+)) | 224,716 | 165,707 | 341,838 | 229,833 | -112,005 |
| Direct investment liabilities..... | 82,156 | 71,130 | 97,161 | -112,333 | -209,494 |
| Portfolio investment liabilities | -25,746 | 207,881 | 153,226 | 235,562 | 82,336 |
| Other investment liabilities | 168,307 | -113,303 | 91,451 | 106,605 | 15,154 |
| Financial derivatives other than reserves, net transactions | -3,302 | 6,569 | 2,929 | 7,459 | 4,530 |
| Statistical discrepancy | | | | | |
| Statistical discrepancy ¹ | 22,011 | 26,311 | -56,138 | 33,725 | 89,863 |
| Balances | | | | | |
| Balance on current account | -106,146 | -101,305 | -87,317 | -111,156 | -23,839 |
| Balance on goods and services..... | -121,799 | -121,197 | -112,448 | -126,815 | -14,367 |
| Balance on goods | -177,083 | -177,936 | -169,090 | -182,317 | -13,227 |
| Balance on services | 55,284 | 56,739 | 56,642 | 55,503 | -1,139 |
| Balance on primary income | 47,507 | 51,524 | 54,639 | 46,702 | -7,937 |
| Balance on secondary income (current transfers) | -31,854 | -31,632 | -29,508 | -31,043 | -1,535 |
| Balance on capital account | -227 | -146 | (*) | -20 | -20 |
| Net lending (+) or net borrowing (-) from current- and capital-account transactions ² | -106,372 | -101,450 | -87,317 | -111,176 | -23,859 |
| Net lending (+) or net borrowing (-) from financial-account transactions ³ | -84,362 | -75,140 | -143,455 | -77,452 | 66,003 |

p Preliminary r Revised n.a. Not available (*) between zero and ± \$500,000

1. Calculated as the difference between net lending or net borrowing as measured in the financial account and as measured in the current and capital accounts.

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

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

NOTE: The statistics are presented in table 1.2 on BEA's Web site.

Data Availability and Methodology

Detailed statistics for U.S. international transactions in tables 1.1–9.1 accompany this article. The statistics and a description of the estimation methods used to compile them are available at www.bea.gov under “International.” For the statistics, click on “Interactive Tables: Detailed estimates.” For the methods, see *U.S. International Transactions Accounts: Concepts and Methods*.

Current-account highlights

- The deficit on goods increased to \$182.3 billion in the first quarter from \$169.1 billion in the fourth quarter (table A).
- The surplus on services decreased to \$55.5 billion from \$56.6 billion.
- The surplus on primary income decreased to \$46.7 billion from \$54.6 billion.
- The deficit on secondary income increased to \$31.0 billion from \$29.5 billion.

Capital-account highlights

- The capital-account deficit was \$0.02 billion in the first quarter, up from a deficit near zero in the fourth quarter.

Financial-account highlights

- Net U.S. acquisition of financial assets excluding financial derivatives was \$144.9 billion in the first quarter, down from \$195.5 billion in the fourth quarter (see chart 9 on page 7).
- Net U.S. incurrence of liabilities to foreigners excluding financial derivatives was \$229.8 billion, down from \$341.8 billion.
- Net transactions in financial derivatives were \$7.5 billion after net transactions of \$2.9 billion.

Revisions

The preliminary statistics for U.S. international transactions for the fourth quarter of 2013 that were published in the April 2014 SURVEY OF CURRENT BUSINESS have been revised to incorporate newly available and revised source data, updated seasonal adjustments, changes in classifications, and improved estimation methodologies. For more information, see “Comprehensive Restructuring and Annual Revision of the U.S. International Transactions Accounts” in this issue.

Preliminary and Revised Fourth-Quarter 2013 Statistics

[Millions of dollars, seasonally adjusted]

| | Preliminary | Revised |
|---|-------------|----------|
| Balance on goods | -171,833 | -169,090 |
| Balance on services..... | 57,917 | 56,642 |
| Balance on primary income | 64,393 | 54,639 |
| Balance on secondary income (current transfers)..... | -31,595 | -29,508 |
| Balance on current account | -81,118 | -87,317 |
| Net U.S. acquisition of financial assets | 148,591 | 195,454 |
| Net U.S. incurrence of liabilities | 325,025 | 341,838 |
| Net lending/borrowing from financial-account transactions | -173,694 | -143,455 |

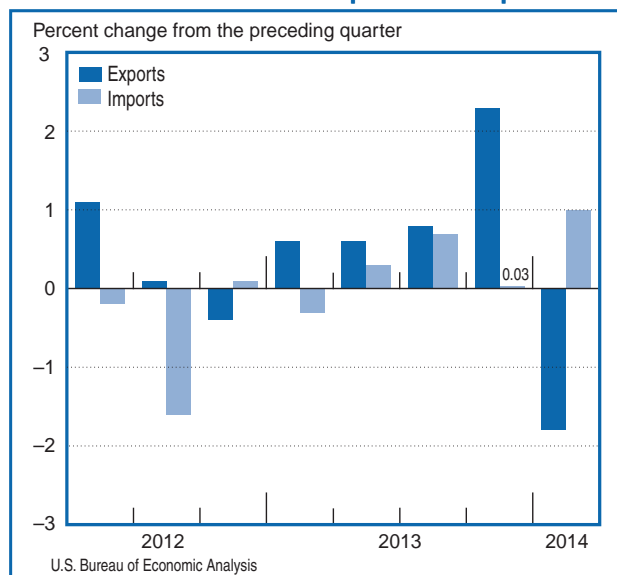
Current Account—Goods Exports

Table B. Goods Exports
[Millions of dollars, seasonally adjusted]

| | 2013 | | | 2014 | Change 2013:IV to 2014:I |
|--|-----------------|------------------|-----------------|----------------|--------------------------------|
| | II ^r | III ^r | IV ^r | I ^p | |
| Exports of goods | 394,988 | 398,088 | 407,103 | 399,680 | -7,423 |
| General merchandise | 385,325 | 389,954 | 401,300 | 392,684 | -8,616 |
| Foods, feeds, and beverages | 31,192 | 33,292 | 37,797 | 35,764 | -2,033 |
| Grains and preparations..... | 6,944 | 7,661 | 8,090 | 7,988 | -102 |
| Soybeans..... | 3,851 | 4,514 | 8,665 | 6,494 | -2,171 |
| Other foods, feeds, and beverages..... | 20,397 | 21,117 | 21,042 | 21,282 | 240 |
| Industrial supplies and materials | 119,474 | 123,932 | 128,833 | 123,150 | -5,683 |
| Petroleum and products..... | 35,718 | 40,313 | 44,158 | 38,785 | -5,373 |
| Of which: Fuel oil..... | 17,452 | 19,820 | 19,753 | 15,842 | -3,911 |
| Nonpetroleum products..... | 83,756 | 83,619 | 84,675 | 84,365 | -310 |
| Chemicals except medicinals..... | 29,947 | 29,689 | 30,188 | 28,939 | -1,249 |
| Metals and nonmetallic products..... | 21,373 | 21,849 | 22,306 | 21,853 | -453 |
| Nonferrous metals..... | 7,904 | 8,149 | 8,132 | 8,202 | 70 |
| Other metals and nonmetallic products..... | 13,469 | 13,700 | 14,174 | 13,651 | -523 |
| Other nonpetroleum products..... | 32,436 | 32,081 | 32,181 | 33,573 | 1,392 |
| Capital goods except automotive | 134,781 | 133,946 | 134,877 | 134,523 | -354 |
| Electric-generating machinery, electric apparatus, and parts..... | 13,593 | 13,542 | 13,667 | 13,620 | -47 |
| Oil-drilling, mining, and construction machinery... Industrial engines, pumps, and compressors..... | 8,170 | 7,487 | 7,554 | 7,481 | -73 |
| Computers, peripherals, and parts..... | 7,306 | 7,382 | 7,472 | 7,040 | -432 |
| Semiconductors..... | 12,125 | 12,010 | 12,019 | 12,433 | 414 |
| Telecommunications equipment..... | 10,716 | 10,809 | 10,933 | 10,931 | -2 |
| Other machinery, equipment, tools, and instruments..... | 10,104 | 9,752 | 10,062 | 10,260 | 198 |
| Civilian aircraft, engines, and parts..... | 44,407 | 43,800 | 44,809 | 45,214 | 405 |
| Other transportation equipment..... | 26,679 | 27,685 | 26,659 | 25,991 | -668 |
| Automotive vehicles, parts, and engines | 38,327 | 38,710 | 38,593 | 37,270 | -1,323 |
| Passenger cars..... | 14,258 | 14,087 | 14,050 | 14,061 | 11 |
| Trucks, buses, and special purpose vehicles..... | 5,349 | 5,278 | 4,981 | 4,361 | -620 |
| Engines, parts, and accessories..... | 18,719 | 19,345 | 19,562 | 18,847 | -715 |
| Consumer goods except food and automotive | 48,579 | 46,858 | 47,373 | 48,314 | 941 |
| Nondurable goods..... | 21,408 | 21,586 | 20,613 | 21,075 | 462 |
| Medicinal, dental, and pharmaceutical products | 12,479 | 12,586 | 11,425 | 12,209 | 784 |
| Other..... | 8,929 | 9,000 | 9,188 | 8,866 | -322 |
| Durable goods..... | 27,171 | 25,272 | 26,759 | 27,239 | 480 |
| Household and kitchen appliances and other household goods..... | 9,568 | 9,759 | 10,204 | 9,790 | -414 |
| Gems, jewelry, and collectibles..... | 11,585 | 9,489 | 10,457 | 11,576 | 1,119 |
| Other..... | 6,018 | 6,024 | 6,098 | 5,873 | -225 |
| Other general merchandise | 12,973 | 13,216 | 13,828 | 13,664 | -164 |
| Net exports of goods under merchandising | 169 | 150 | 149 | 167 | 18 |
| Nonmonetary gold | 9,494 | 7,984 | 5,654 | 6,829 | 1,175 |

^p Preliminary ^r Revised
NOTE: The statistics are presented in table 2.1 on BEA's Web site.

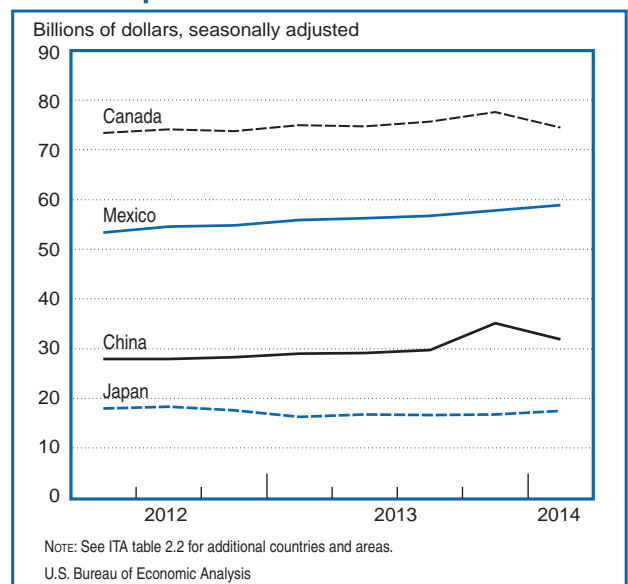
Chart 2. Growth in Goods Exports and Imports



In the first quarter, goods exports decreased to \$399.7 billion from \$407.1 billion in the fourth quarter (table B). Exports decreased in five of the six major general-merchandise end-use categories. The largest decreases were in industrial supplies and materials and in foods, feeds, and beverages. Most of the decrease in industrial supplies and materials reflected a decrease in exports of petroleum and products, much of that in fuel oil. The decrease in foods, feeds, and beverages was more than accounted for by a decrease in exports of soybeans.

The decrease in aggregate exports followed four quarters of increases (chart 2). In the first quarter, exports to Canada and China both decreased more than \$3 billion (chart 3).

Chart 3. Exports of Goods to Selected Countries



NOTE: See ITA table 2.2 for additional countries and areas.
U.S. Bureau of Economic Analysis

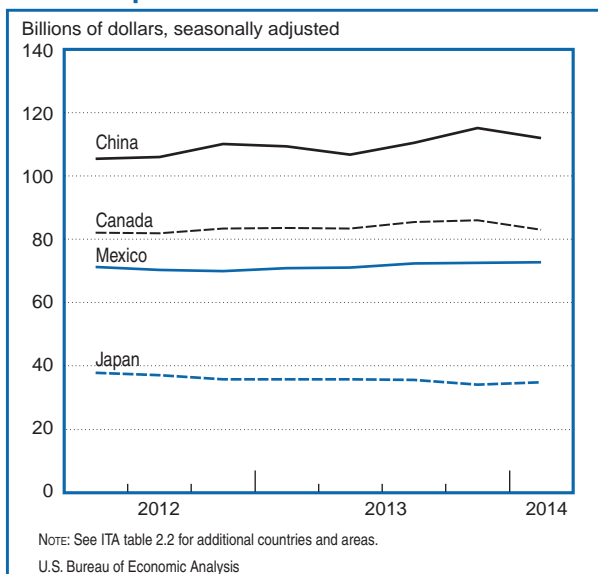
Current Account—Goods Imports

Table C. Goods Imports
[Millions of dollars, seasonally adjusted]

| | 2013 | | | 2014 | Change 2013:IV to 2014:I |
|---|-----------------|-----------------|-----------------|----------------|--------------------------------|
| | II ^r | II ^r | IV ^r | I ^p | |
| Imports of goods | 572,071 | 576,024 | 576,193 | 581,998 | 5,805 |
| General merchandise | 567,376 | 571,971 | 572,027 | 578,178 | 6,151 |
| Foods, feeds, and beverages | 29,276 | 28,986 | 29,143 | 30,106 | 963 |
| Industrial supplies and materials | 170,269 | 171,747 | 167,653 | 174,822 | 7,169 |
| Petroleum and products..... | 95,420 | 97,943 | 93,698 | 96,971 | 3,273 |
| Of which: Crude..... | 67,366 | 69,902 | 66,826 | 69,607 | 2,781 |
| Nonpetroleum products..... | 74,849 | 73,804 | 73,955 | 77,851 | 3,896 |
| Natural gas..... | 3,131 | 2,696 | 2,992 | 3,950 | 958 |
| Chemicals except medicinals..... | 19,334 | 18,688 | 18,696 | 19,567 | 871 |
| Building materials except metals..... | 6,434 | 6,391 | 6,695 | 6,655 | -40 |
| Metals and nonmetallic products..... | 25,403 | 25,199 | 24,847 | 27,222 | 2,375 |
| Iron and steel products..... | 9,028 | 9,167 | 9,398 | 10,651 | 1,253 |
| Nonferrous metals..... | 9,329 | 8,917 | 8,244 | 8,708 | 464 |
| Other..... | 7,046 | 7,115 | 7,205 | 7,863 | 658 |
| Other nonpetroleum products..... | 20,547 | 20,830 | 20,725 | 20,457 | -268 |
| Capital goods except automotive | 137,923 | 140,189 | 142,281 | 143,064 | 783 |
| Electric-generating machinery, electric apparatus, and parts..... | 16,633 | 16,800 | 17,082 | 17,556 | 474 |
| Oil-drilling, mining, and construction machinery .. | 5,636 | 5,390 | 5,493 | 5,474 | -19 |
| Industrial engines, pumps, and compressors..... | 5,506 | 5,605 | 5,692 | 5,798 | 106 |
| Computers, accessories, peripherals, and parts.. | 29,452 | 30,263 | 31,435 | 28,813 | -2,622 |
| Semiconductors..... | 10,344 | 10,766 | 10,597 | 10,568 | -29 |
| Telecommunications equipment..... | 13,668 | 13,673 | 13,353 | 14,131 | 778 |
| Other machinery, equipment, tools, and instruments..... | 43,927 | 44,210 | 44,825 | 46,400 | 1,575 |
| Civilian aircraft, engines, and parts..... | 11,454 | 12,091 | 12,191 | 12,782 | 591 |
| Other transportation equipment..... | 1,304 | 1,392 | 1,614 | 1,543 | -71 |
| Automotive vehicles, parts, and engines | 77,109 | 79,187 | 79,808 | 77,464 | -2,344 |
| Passenger cars..... | 38,476 | 38,983 | 39,145 | 36,436 | -2,709 |
| Trucks, buses, and special purpose vehicles..... | 6,169 | 7,163 | 7,114 | 7,536 | 422 |
| Engines, parts, and accessories..... | 32,464 | 33,041 | 33,549 | 33,493 | -56 |
| Consumer goods except food and automotive | 133,686 | 133,757 | 135,414 | 134,964 | -450 |
| Nondurable goods..... | 60,953 | 61,119 | 61,518 | 63,175 | 1,657 |
| Apparel, footwear, and household goods..... | 32,358 | 32,812 | 33,600 | 34,056 | 456 |
| Medicinal, dental, and pharmaceutical products..... | 21,382 | 20,973 | 20,597 | 21,746 | 1,149 |
| Other..... | 7,213 | 7,334 | 7,321 | 7,373 | 52 |
| Durable goods..... | 72,733 | 72,638 | 73,896 | 71,789 | -2,107 |
| Televisions and other video equipment..... | 7,399 | 6,900 | 6,572 | 7,031 | 459 |
| Toys and sporting goods, including bicycles.... | 8,440 | 8,994 | 9,468 | 9,546 | 78 |
| Household and kitchen appliances and other household goods, including cell phones..... | 39,556 | 38,922 | 39,761 | 37,483 | -2,278 |
| Other..... | 17,338 | 17,822 | 18,095 | 17,729 | -366 |
| Other general merchandise | 19,112 | 18,105 | 17,728 | 17,758 | 30 |
| Nonmonetary gold | 4,695 | 4,053 | 4,166 | 3,820 | -346 |

p Preliminary r Revised NOTE: The statistics are presented in table 2.1 on BEA's Web site.

Chart 4. Imports of Goods from Selected Countries

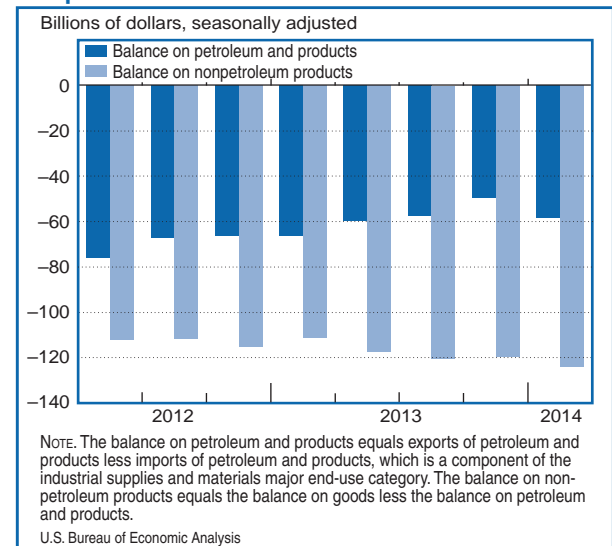


In the first quarter, goods imports increased to \$582.0 billion from \$576.2 billion in the fourth quarter (table C). Imports increased in four of the six major general-merchandise end-use categories. The largest increase was in industrial supplies and materials, largely reflecting increases in petroleum and products, mainly in crude oil, and in metals and nonmetallic products. The largest decrease was in a decrease in automotive vehicles, parts, and engines that was more than accounted for by a decrease in passenger cars.

Imports of goods increased for the fourth straight quarter (chart 2 on page 3). Chart 4 shows imports of goods from selected trading partners over recent quarters.

The deficit on petroleum and products increased to \$58.2 billion in the first quarter and the deficit on non-petroleum products increased to \$124.1 billion (chart 5).

Chart 5. Balance on Total Petroleum and Nonpetroleum Products



Current Account—Services

Table D. Services Exports and Imports

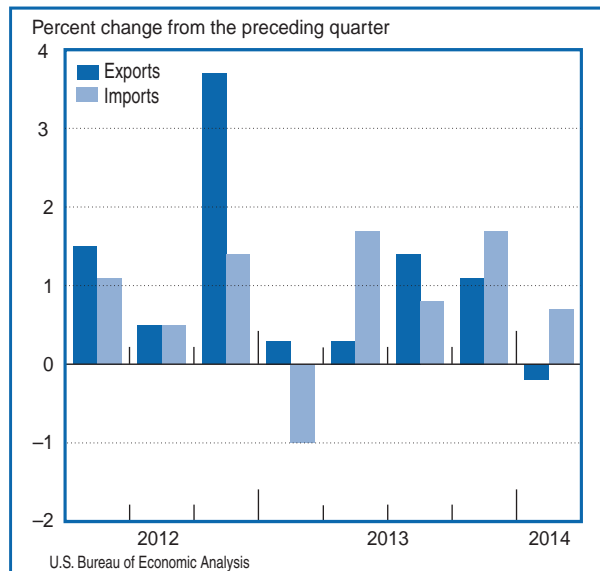
[Millions of dollars, seasonally adjusted]

| | 2013 | | | 2014 | Change 2013:IV to 2014:I |
|---|-----------------|------------------|-----------------|----------------|--------------------------------|
| | II ^r | III ^r | IV ^r | I ^p | |
| Exports of services | 170,347 | 172,668 | 174,589 | 174,309 | -280 |
| Maintenance and repair services n.i.e. | 3,527 | 4,525 | 4,802 | 4,610 | -192 |
| Transport..... | 21,879 | 21,335 | 22,180 | 22,385 | 205 |
| Of which: Air passenger transport..... | 10,470 | 10,086 | 10,708 | 10,998 | 290 |
| Travel (for all purposes including education)..... | 42,637 | 43,741 | 44,054 | 44,719 | 665 |
| Of which: Travel for purposes other than education, health, and short-term work..... | 33,325 | 34,143 | 34,471 | 35,041 | 570 |
| Insurance services..... | 3,960 | 4,045 | 4,080 | 4,078 | -2 |
| Financial services..... | 20,859 | 20,734 | 22,081 | 21,387 | -694 |
| Charges for the use of intellectual property n.i.e. | 32,483 | 32,581 | 31,866 | 32,223 | 357 |
| Industrial processes..... | 11,074 | 11,066 | 11,517 | 11,605 | 88 |
| Computer software..... | 10,760 | 11,058 | 10,261 | 10,490 | 229 |
| Other..... | 10,649 | 10,457 | 10,090 | 10,128 | 38 |
| Telecommunications, computer, and information services..... | 8,427 | 8,396 | 8,303 | 8,426 | 123 |
| Other business services..... | 30,352 | 30,970 | 31,570 | 31,136 | -434 |
| Government goods and services n.i.e. | 6,224 | 6,343 | 5,653 | 5,346 | -307 |
| Imports of services | 115,063 | 115,929 | 117,947 | 118,806 | 859 |
| Maintenance and repair services n.i.e. | 1,960 | 1,993 | 1,797 | 1,866 | 69 |
| Transport..... | 22,477 | 22,521 | 23,299 | 23,070 | -229 |
| Of which: Air passenger transport..... | 7,864 | 7,734 | 8,493 | 8,497 | 4 |
| Travel (for all purposes including education)..... | 26,101 | 26,146 | 26,766 | 26,994 | 228 |
| Of which: Travel for purposes other than education, health, and short-term work..... | 23,828 | 23,843 | 24,448 | 24,641 | 193 |
| Insurance services..... | 12,680 | 12,920 | 12,348 | 12,104 | -244 |
| Financial services..... | 4,620 | 4,626 | 5,058 | 4,929 | -129 |
| Charges for the use of intellectual property n.i.e. | 9,720 | 9,438 | 9,855 | 10,779 | 924 |
| Industrial processes..... | 5,605 | 5,325 | 5,729 | 5,806 | 77 |
| Computer software..... | 1,644 | 1,529 | 1,657 | 1,651 | -6 |
| Other..... | 2,472 | 2,585 | 2,468 | 3,322 | 854 |
| Telecommunications, computer, and information services..... | 8,322 | 8,295 | 8,415 | 8,470 | 55 |
| Other business services..... | 22,787 | 23,633 | 24,183 | 24,518 | 335 |
| Government goods and services n.i.e. | 6,396 | 6,357 | 6,227 | 6,075 | -152 |

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

NOTE: The statistics are presented in table 3.1 on BEA's Web site. For additional information on services, including definitions, see Alexis Grimm and Charu Sharma, "U.S. International Services: Cross-Border Trade in 2012 and Services Supplied Through Affiliates in 2011," SURVEY OF CURRENT BUSINESS 93 (October 2013); 25-66.

Chart 6. Growth in Services Exports and Imports

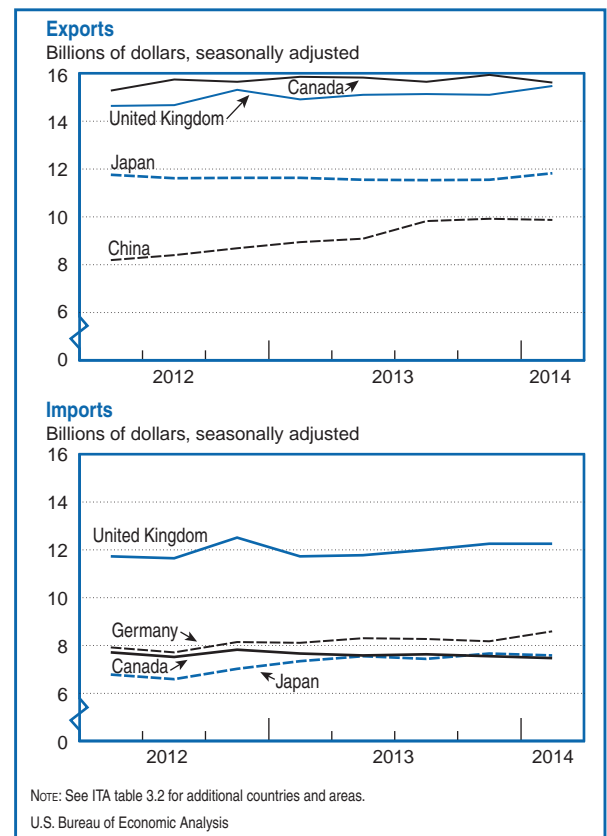


In the first quarter, services exports decreased to \$174.3 billion from \$174.6 billion in the fourth quarter, a 0.2 percent decrease (table D and chart 6). Decreases in five of the nine major services categories more than offset increases in the other four. Decreases in three major categories—financial services, other business services, and government goods and services n.i.e.—were each larger than the total decrease in services exports. The decrease in financial services was more than accounted for by a decrease in financial management, financial advisory, and custody services. The decrease in other business services was more than accounted for by a decrease in technical, trade-related, and other business services.

Services imports increased to \$118.8 billion from \$117.9 billion, a 0.7 percent increase. Five of the nine major services categories increased. The increase in services imports was more than accounted for by an increase in charges for the use of intellectual property n.i.e., reflecting payments for the rights to broadcast the 2014 Winter Olympic Games.

Chart 7 shows services trade with selected trading partners over recent quarters.

Chart 7. Services Trade with Selected Countries



Current Account—Income

Table E. Income Receipts and Payments

[Millions of dollars, seasonally adjusted]

| | 2013 | | | 2014 | Change 2013:IV to 2014:I |
|---|-----------------|------------------|-----------------|----------------|--------------------------------|
| | II ^r | III ^r | IV ^r | I ^p | |
| Primary income receipts | 193,497 | 196,002 | 200,446 | 198,198 | -2,248 |
| Investment income..... | 191,826 | 194,324 | 198,759 | 196,491 | -2,268 |
| Direct investment income..... | 115,441 | 117,248 | 120,357 | 114,973 | -5,384 |
| Income on equity..... | 111,938 | 113,654 | 116,559 | 111,368 | -5,191 |
| Interest..... | 3,503 | 3,593 | 3,799 | 3,605 | -194 |
| Portfolio investment income..... | 68,496 | 69,473 | 70,968 | 74,293 | 3,325 |
| Income on equity and investment fund shares..... | 42,350 | 43,934 | 44,703 | 47,669 | 2,966 |
| Interest on debt securities..... | 26,146 | 25,540 | 26,264 | 26,624 | 360 |
| Other investment income..... | 7,786 | 7,525 | 7,368 | 7,129 | -239 |
| Interest..... | 5,333 | 5,051 | 4,892 | 4,617 | -275 |
| Income attributable to insurance policyholders..... | 2,453 | 2,474 | 2,476 | 2,512 | 36 |
| Reserve asset income..... | 103 | 78 | 66 | 96 | 30 |
| Compensation of employees..... | 1,671 | 1,678 | 1,686 | 1,707 | 21 |
| Primary income payments | 145,990 | 144,478 | 145,806 | 151,496 | 5,690 |
| Investment income..... | 142,053 | 140,557 | 141,857 | 147,652 | 5,795 |
| Direct investment income..... | 44,894 | 43,217 | 43,667 | 45,526 | 1,859 |
| Income on equity..... | 36,891 | 35,597 | 36,061 | 36,739 | 678 |
| Interest..... | 8,003 | 7,620 | 7,607 | 8,787 | 1,180 |
| Portfolio investment income..... | 93,019 | 93,434 | 94,374 | 98,747 | 4,373 |
| Income on equity and investment fund shares..... | 27,210 | 27,701 | 27,435 | 31,015 | 3,580 |
| Interest on debt securities..... | 65,809 | 65,733 | 66,939 | 67,732 | 793 |
| Other investment income..... | 4,140 | 3,905 | 3,815 | 3,379 | -436 |
| Interest..... | 3,408 | 3,173 | 3,082 | 2,625 | -457 |
| Income attributable to insurance policyholders..... | 732 | 732 | 733 | 755 | 22 |
| Compensation of employees..... | 3,937 | 3,922 | 3,950 | 3,844 | -106 |
| Secondary income ¹ | | | | | |
| Secondary income (current transfer) receipts..... | 28,078 | 30,184 | 31,876 | 31,075 | -801 |
| Secondary income (current transfer) payments..... | 59,931 | 61,816 | 61,384 | 62,118 | 734 |

^p Preliminary ^r Revised

¹ Secondary income receipts and 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 tables 4.1 and 5.1 on BEA's Web site.

In the first quarter, income receipts from foreigners on U.S. holdings of financial assets decreased to \$196.5 billion from \$198.8 billion in the fourth quarter (table E and chart 8). The decrease was more than accounted for by a decrease in direct investment income receipts, particularly receipts from holding company affiliates. The decrease in direct investment income was partly offset by an increase in portfolio investment income.

Receipts for compensation of U.S. residents paid by nonresidents remained at \$1.7 billion in the first quarter.

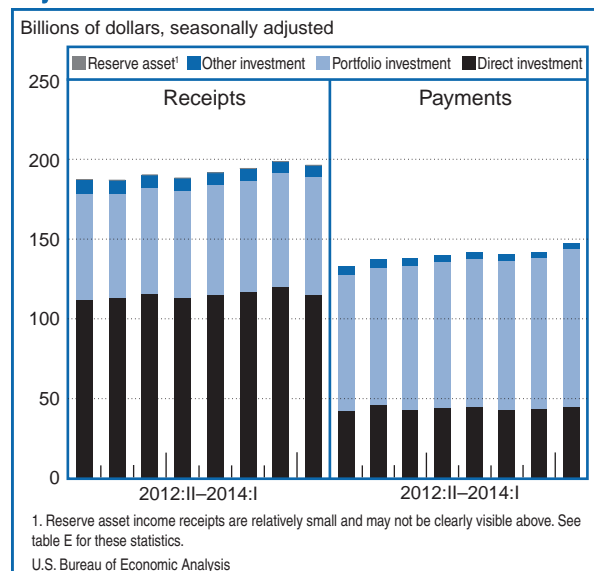
Income payments to foreigners on U.S. liabilities increased to \$147.7 billion from \$141.9 billion. The increase reflected increases in both portfolio and direct investment income payments. For portfolio investment income, much of the increase was accounted for by payments on equity, particularly by nonfinancial institutions. For direct investment income, the increase was mostly accounted for by earnings of U.S. affiliates in petroleum-related industries.

Payments for compensation of foreign residents paid by U.S. residents decreased to \$3.8 billion from \$4.0 billion.

Secondary income receipts decreased to \$31.1 billion from \$31.9 billion, reflecting decreases in receipts resulting from class action lawsuits (a component of private transfers) and from fines and penalties (a component of U.S. government transfers).

Secondary income payments increased to \$62.1 billion from \$61.4 billion, reflecting an increase in U.S. government grants.

Chart 8. Primary Investment Income Receipts and Payments



Financial Account—U.S. Acquisition of Financial Assets

Table F. Net U.S. Acquisition of Financial Assets
[Millions of dollars, seasonally adjusted]

| | 2013 | | | 2014 | Change 2013:IV to 2014:I |
|---|-----------------|------------------|-----------------|----------------|--------------------------------|
| | II ^r | III ^r | IV ^r | I ^p | |
| Net U.S. acquisition of financial assets excluding financial derivatives | 143,657 | 83,999 | 195,454 | 144,923 | -50,531 |
| Direct investment assets..... | 120,947 | 105,008 | 104,296 | 60,155 | -44,141 |
| Equity..... | 87,046 | 99,586 | 86,087 | 51,978 | -34,109 |
| Equity other than reinvestment of earnings | 7,087 | 11,630 | -4,721 | -24,649 | -19,928 |
| Reinvestment of earnings..... | 79,960 | 87,957 | 90,808 | 76,627 | -14,181 |
| Debt instruments..... | 33,900 | 5,422 | 18,210 | 8,177 | -10,033 |
| Portfolio investment assets..... | 115,004 | 61,121 | 155,892 | 96,491 | -59,401 |
| Equity and investment fund shares..... | 92,820 | 19,686 | 95,443 | 82,648 | -12,795 |
| Debt securities..... | 22,184 | 41,435 | 60,449 | 13,843 | -46,606 |
| Short-term securities..... | 20,489 | 17,508 | -14,913 | -13,486 | 1,427 |
| Long-term corporate securities..... | 1,912 | 17,831 | 54,213 | 20,203 | -34,010 |
| Other long-term securities..... | -217 | 6,096 | 21,149 | 7,126 | -14,023 |
| Other investment assets..... | -92,105 | -81,129 | -61,952 | -10,767 | 51,185 |
| Currency and deposits..... | -38,151 | -37,055 | -1,305 | -49,733 | -48,428 |
| Loans..... | -57,810 | -44,021 | -61,889 | 50,750 | 112,639 |
| Trade credit and advances..... | 3,855 | -53 | 1,242 | -11,783 | -13,025 |
| Reserve assets..... | -189 | -1,001 | -2,782 | -956 | 1,826 |
| Monetary gold..... | 0 | 0 | 0 | 0 | 0 |
| Special drawing rights..... | 6 | 5 | 6 | 8 | 2 |
| Reserve position in the International Monetary Fund..... | -287 | -1,071 | -2,835 | -1,040 | 1,795 |
| Other reserve assets..... | 92 | 65 | 47 | 76 | 29 |

p Preliminary r Revised (-) Net sales
NOTE: The statistics are presented in tables 1.2, 6.1, 7.1, and 8.1 on BEA's Web site.

Net acquisition of direct investment assets was \$60.2 billion in the first quarter, down from \$104.3 billion in the fourth quarter (table F and chart 10). The decrease mostly reflected lower net equity investment than in the fourth quarter, some of which was due to less reinvestment of earnings. Net acquisition of (intercompany) debt instruments was also lower.

Net U.S. acquisition of portfolio investment assets abroad (acquisitions in excess of sales) was \$96.5 billion, down from \$155.9 billion (chart 11). Net U.S. purchases of foreign equity and investment fund shares declined to \$82.6 billion from \$95.4 billion. Net U.S. purchases of foreign debt securities decreased to \$13.8 billion from \$60.4 billion, reflecting decreases in net purchases of corporate bonds and notes and short-term negotiable certificates of deposits.

Net U.S. sales of other investment assets abroad (sales in excess of acquisitions) were \$10.8 billion, down from net sales of \$62.0 billion (chart 12 on page 8). The decrease in net sales reflected a shift to net U.S. resident provision of loans to foreigners that more than offset an increase in net U.S. resident withdrawals of deposits abroad and a shift to net U.S. resident repayment of trade credit and advances.

Transactions in U.S. reserve assets decreased holdings \$1.0 billion in the first quarter after decreasing holdings \$2.8 billion in the fourth quarter. The lower net decrease represents lower repayments of International Monetary Fund lending in dollars to other countries, repayments which reduce the U.S. reserve position in the International Monetary Fund.

Chart 9. Acquisition of Financial Assets and Incurrence of Liabilities

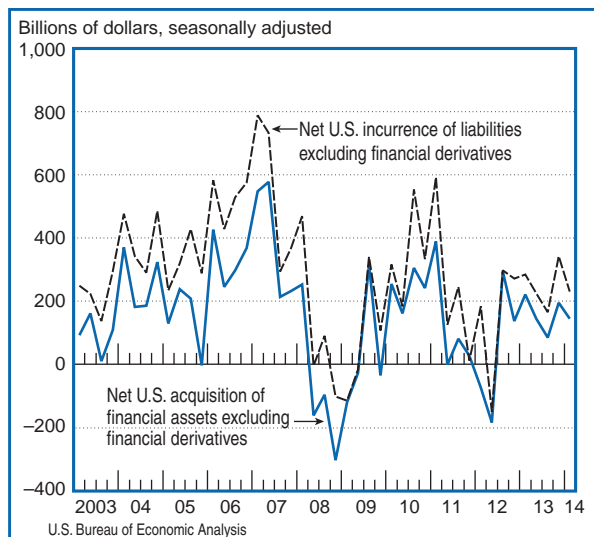
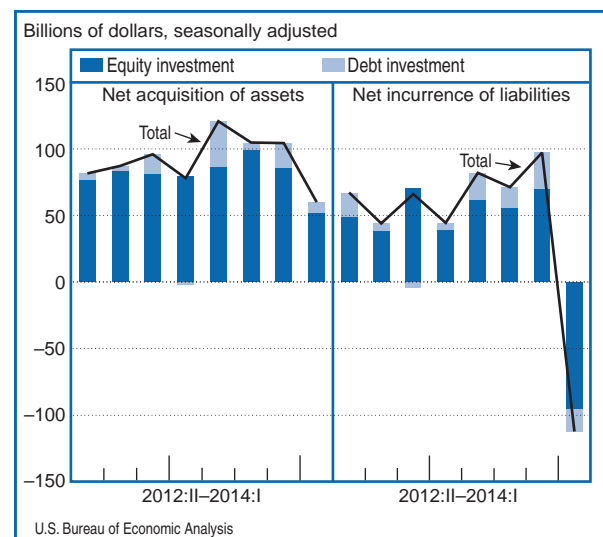


Chart 10. Transactions in Direct Investment Assets and Liabilities



Financial Account—U. S. Incurrence of Liabilities

Table G. Net U.S. Incurrence of Liabilities

[Millions of dollars, seasonally adjusted]

| | 2013 | | | 2014 | Change 2013:IV to 2014:I |
|--|------------------|------------------|-----------------|----------------|--------------------------------|
| | III ^r | III ^r | IV ^r | I ^p | |
| Net U.S. incurrence of liabilities excluding financial derivatives..... | 224,716 | 165,707 | 341,838 | 229,833 | -112,005 |
| Direct investment liabilities | 82,156 | 71,130 | 97,161 | -112,333 | -209,494 |
| Equity | 61,980 | 55,579 | 69,487 | -94,699 | -164,186 |
| Equity other than reinvestment of earnings | 31,657 | 38,158 | 42,385 | -120,625 | -163,010 |
| Reinvestment of earnings..... | 30,323 | 17,421 | 27,102 | 25,926 | -1,176 |
| Debt instruments..... | 20,175 | 15,551 | 27,673 | -17,635 | -45,308 |
| Portfolio investment liabilities..... | -25,746 | 207,881 | 153,226 | 235,562 | 82,336 |
| Equity and investment fund shares | -32,706 | 61,828 | -91,980 | 93,441 | 185,421 |
| Debt securities | 6,960 | 146,052 | 245,207 | 142,121 | -103,086 |
| Short term | -32,741 | -52,805 | 63,085 | 10,850 | -52,235 |
| Long term..... | 39,701 | 198,857 | 182,122 | 131,271 | -50,851 |
| Treasury bonds and notes | 27,435 | 108,976 | 157,938 | 118,248 | -39,690 |
| Federally sponsored agency securities ... | -35,629 | 20,958 | -35,667 | -26,464 | 9,203 |
| Corporate bonds and notes..... | 45,680 | 67,825 | 57,438 | 38,037 | -19,401 |
| Other | 2,215 | 1,098 | 2,413 | 1,450 | -963 |
| Other investment liabilities..... | 168,307 | -113,303 | 91,451 | 106,605 | 15,154 |
| Currency (short term)..... | 9,486 | 12,664 | 10,606 | 25,169 | 14,563 |
| Deposits | 94,470 | -33,794 | 72,167 | -26,765 | -98,932 |
| Loans | 61,347 | -94,906 | 4,994 | 97,688 | 92,694 |
| Trade credit and advances..... | 3,004 | 2,733 | 3,684 | 10,513 | 6,829 |
| Special drawing rights allocations..... | 0 | 0 | 0 | 0 | 0 |

p Preliminary r Revised (-) Net repayment

NOTE: The statistics are presented in tables 1.2, 6.1, 7.1, and 8.1 on BEA's Web site.

Net repayment of direct investment liabilities to foreigners was \$112.3 billion in the first quarter, a shift from net incurrence of liabilities of \$97.2 billion in the fourth quarter (table G and chart 10). Net repayment of direct investment liabilities is an atypical occurrence; this was only the second instance since the start of this series in the first quarter of 1982. The repayment primarily reflected equity disinvestment other than reinvestment of earnings. In addition, transactions in intercompany debt liabilities shifted from net incurrence to net repayment.

Net U.S. incurrence of portfolio investment liabilities to foreigners was \$235.6 billion, up from \$153.2 billion (chart 11). Net foreign purchases of U.S. equity and investment fund shares were \$93.4 billion, a shift from net foreign sales of \$92.0 billion. Net foreign purchases of U.S. debt securities were \$142.1 billion, down from \$245.2 billion, primarily reflecting decreases in net foreign purchases of long-term U.S. Treasury securities and U.S. Treasury bills and certificates.

Net U.S. incurrence of other investment liabilities to foreigners was \$106.6 billion, up from \$91.5 billion (chart 12). The first-quarter increase resulted from combined changes in transactions for loans, currency, and trade credit and advances that more than offset a shift to net foreign resident withdrawals of deposits. For loans, first-quarter net U.S. incurrence rose. Net shipments of U.S. currency to foreigners and net U.S. incurrence of trade credit and advances also rose.

Chart 11. Transactions in Portfolio Investment Assets and Liabilities

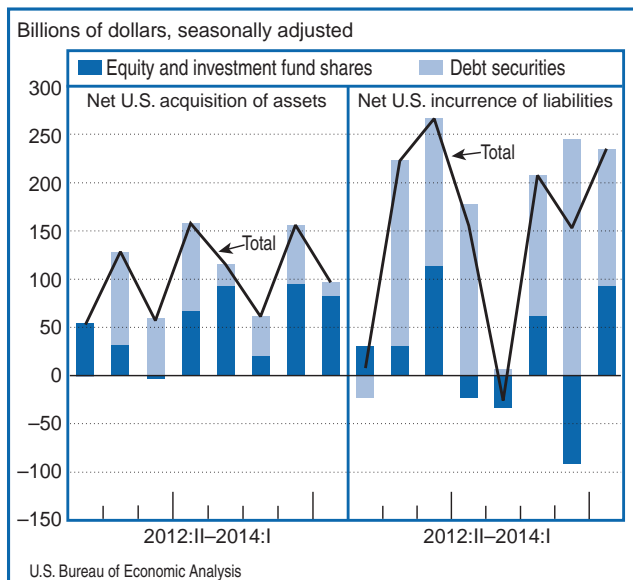


Chart 12. Transactions in Other Investment Assets and Liabilities

