

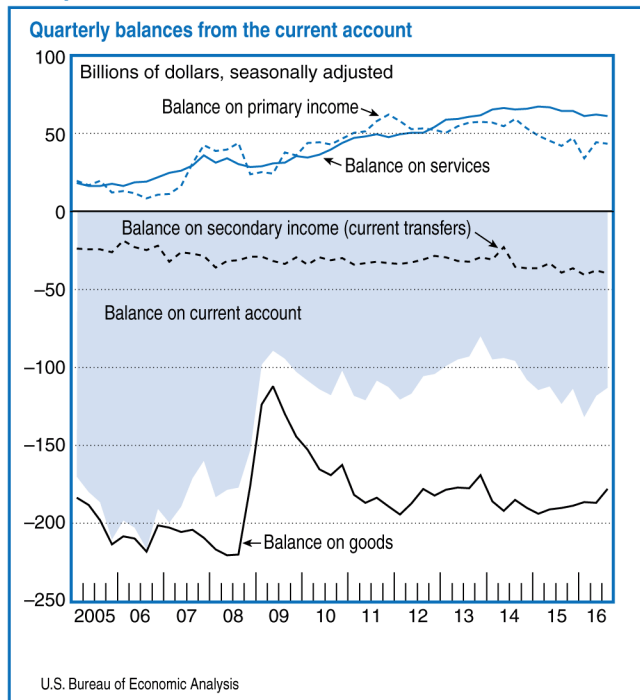
# U.S. International Transactions

## Third Quarter of 2016

**T**HE 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, and secondary income—decreased to \$113.0 billion (preliminary) in the third quarter of 2016 from \$118.3 billion (revised) in the second quarter (chart 1; see also table A on page 2). The deficit decreased to 2.4 percent of current-dollar gross domestic product (GDP) from 2.6 percent in the second quarter.

The \$5.3 billion decrease in the current account deficit reflected a \$9.0 billion decrease in the deficit on goods that was partly offset by changes in the balances on secondary income, primary income, and services.

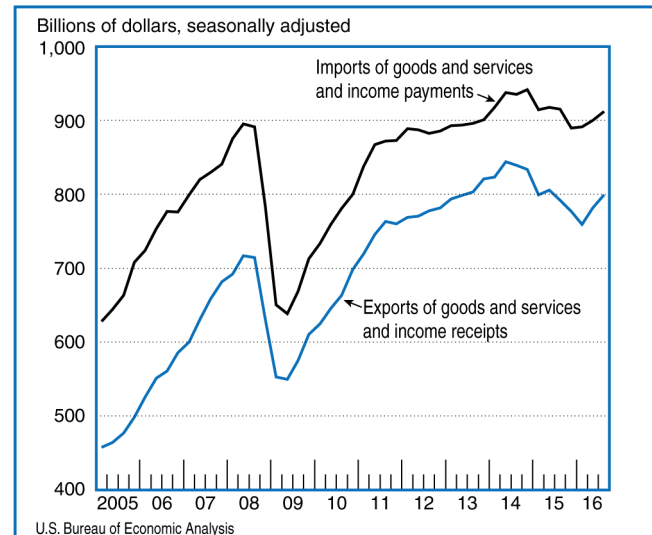
**Chart 1. U.S. Current-Account Balance and Its Components**



Net U.S. borrowing measured by financial-account transactions was \$207.9 billion in the third quarter, an increase from net borrowing of \$41.0 billion in the second quarter. A decrease in net U.S. acquisition of financial assets excluding financial derivatives was partly offset by a decrease in net U.S. incurrence of liabilities excluding financial derivatives and an increase in net lending in financial derivatives other than reserves. Net transactions in financial derivatives reflected more net lending in the third quarter than in the second quarter.

The statistical discrepancy—the difference between the net acquisition of assets and the net incurrence of liabilities in the financial account (including financial derivatives) less the difference between total credits and total debits recorded in the current account and the capital account—shifted to -\$95.0 billion in the third quarter from \$77.3 billion in the second quarter.

**Chart 2. Current-Account Transactions**



*Christopher P. Steiner prepared this article.*

## Overview

Table A. U.S. International Transactions

[Millions of dollars, seasonally adjusted]

	2015	2016			Change 2016:II to 2016:III
	IV	I	II <sup>r</sup>	III <sup>p</sup>	
<b>Current account</b>					
<b>Exports of goods and services and income receipts (credits)</b> .....	<b>776,218</b>	<b>758,947</b>	<b>781,364</b>	<b>799,047</b>	<b>17,683</b>
Exports of goods and services .....	552,236	538,870	546,430	564,117	17,687
Goods.....	365,275	354,143	360,228	375,947	15,719
Services .....	186,962	184,727	186,203	188,170	1,967
Primary income receipts .....	192,089	188,488	202,619	202,825	206
Secondary income (current transfer) receipts	31,893	31,589	32,315	32,105	-210
<b>Imports of goods and services and income payments (debits)</b> .....	<b>889,625</b>	<b>890,785</b>	<b>899,635</b>	<b>912,004</b>	<b>12,369</b>
Imports of goods and services.....	676,445	664,086	671,176	680,549	9,373
Goods.....	553,678	540,433	546,964	553,644	6,680
Services .....	122,767	123,654	124,212	126,905	2,693
Primary income payments .....	144,974	154,473	158,398	159,426	1,028
Secondary income (current transfer) payments.....	68,205	72,225	70,061	72,030	1,969
<b>Capital account</b>					
Capital transfer receipts and other credits ...	0	0	0	0	0
Capital transfer payments and other debits...	0	58	0	n.a.	n.a.
<b>Financial account</b>					
<b>Net U.S. acquisition of financial assets excluding financial derivatives (net increase in assets / financial outflow (+))</b> ...	<b>-152,461</b>	<b>59,862</b>	<b>323,426</b>	<b>31,451</b>	<b>-291,975</b>
Direct investment assets .....	95,969	67,412	106,273	87,513	-18,760
Portfolio investment assets .....	-122,306	-57,326	146,397	-35,111	-181,508
Other investment assets .....	-125,134	50,968	70,566	-22,593	-93,159
Reserve assets .....	-990	-1,191	189	1,642	1,453
<b>Net U.S. incurrence of liabilities excluding financial derivatives (net increase in liabilities / financial inflow (+))</b> .....	<b>-118,322</b>	<b>118,207</b>	<b>367,324</b>	<b>251,459</b>	<b>-115,865</b>
Direct investment liabilities.....	26,773	91,335	174,007	86,874	-87,133
Portfolio investment liabilities .....	18,109	-21,197	11,934	229,129	217,195
Other investment liabilities .....	-163,204	48,069	181,383	-64,544	-245,927
<b>Financial derivatives other than reserves, net transactions</b> .....	<b>12,353</b>	<b>12,994</b>	<b>2,904</b>	<b>12,063</b>	<b>9,159</b>
<b>Statistical discrepancy</b>					
Statistical discrepancy <sup>1</sup> .....	91,620	86,546	77,278	-94,987	-172,265
<b>Balances</b>					
<b>Balance on current account</b> .....	<b>-113,406</b>	<b>-131,838</b>	<b>-118,271</b>	<b>-112,958</b>	<b>5,313</b>
Balance on goods and services.....	-124,209	-125,217	-124,745	-116,433	8,312
Balance on goods .....	-188,404	-186,290	-186,736	-177,697	9,039
Balance on services.....	64,195	61,073	61,991	61,265	-726
Balance on primary income .....	47,115	34,015	44,221	43,400	-821
Balance on secondary income.....	-36,312	-40,637	-37,747	-39,925	-2,178
<b>Balance on capital account</b> .....	<b>0</b>	<b>-58</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net lending (+) or net borrowing (-) from current- and capital-account transactions<sup>2</sup></b>	<b>-113,406</b>	<b>-131,897</b>	<b>-118,271</b>	<b>-112,958</b>	<b>5,313</b>
<b>Net lending (+) or net borrowing (-) from financial-account transactions<sup>3</sup></b> .....	<b>-21,786</b>	<b>-45,350</b>	<b>-40,994</b>	<b>-207,945</b>	<b>-166,951</b>

p Preliminary r Revised n.a. Not available

1. The statistical discrepancy is the difference between net acquisition of 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-account 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.

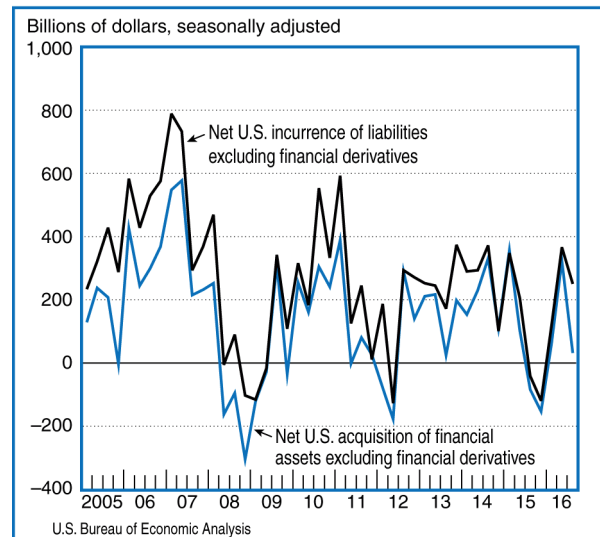
## Current-account highlights

- The deficit on goods decreased \$9.0 billion in the third quarter to \$177.7 billion.
- The surplus on services decreased \$0.7 billion to \$61.3 billion.
- The surplus on primary income decreased \$0.8 billion to \$43.4 billion.
- The deficit on secondary income increased \$2.2 billion to \$39.9 billion.

## Financial-account highlights

- Net U.S. acquisition of financial assets excluding financial derivatives decreased \$292.0 billion in the third quarter to \$31.5 billion.
- Net U.S. incurrence of liabilities excluding financial derivatives decreased \$115.9 billion to \$251.5 billion.
- Transactions in financial derivatives other than reserves reflected third-quarter net lending of \$12.1 billion, a \$9.2 billion increase from the second quarter.

Chart 3. Acquisition of Financial Assets and Incurrence of Liabilities



## Current Account—Exports of Goods and Services and Income Receipts

**Table B. Exports of Goods and Services and Income Receipts**

[Millions of dollars, seasonally adjusted]

	2015		2016		Change 2016:II to 2016:III
	IV	I	II <sup>r</sup>	III <sup>p</sup>	
<b>Exports of goods and services and income receipts</b>	<b>776,218</b>	<b>758,947</b>	<b>781,364</b>	<b>799,047</b>	<b>17,683</b>
<b>Exports of goods</b>	<b>365,275</b>	<b>354,143</b>	<b>360,228</b>	<b>375,947</b>	<b>15,719</b>
General merchandise	360,173	349,838	356,152	370,115	13,963
Foods, feeds, and beverages	30,049	28,858	31,148	41,703	10,555
Grains and preparations	6,067	5,899	7,276	8,179	903
Soybeans	4,992	3,995	4,324	13,571	9,247
Other foods, feeds, and beverages	18,990	18,964	19,548	19,953	405
Industrial supplies and materials	95,873	92,204	96,199	98,898	2,699
Energy products	27,119	24,741	29,043	28,672	-371
Of which: Petroleum and products	23,949	21,876	26,036	25,511	-525
Nonenergy products	68,754	67,463	67,156	70,226	3,070
Chemicals except medicinals	26,408	25,807	25,572	26,298	726
Metals and nonmetallic products	17,666	17,339	17,436	18,518	1,082
Other nonenergy products	24,680	24,317	24,148	25,410	1,262
Capital goods except automotive	132,751	129,467	129,306	128,651	-655
Electric generating machinery, apparatus, and parts	13,712	13,832	13,076	13,486	410
Industrial engines, pumps, and compressors	6,676	6,671	5,999	6,030	31
Other industrial machinery	18,486	17,993	17,714	17,608	-106
Computers, accessories, peripherals, and parts	11,639	11,886	11,592	10,976	-616
Semiconductors	10,553	11,057	11,174	10,864	-310
Telecommunications equipment	10,577	9,798	10,127	10,508	381
Other machinery, equipment, tools, and instruments	29,374	28,227	27,472	27,498	26
Civilian aircraft, engines, and parts	30,369	28,673	30,715	30,355	-360
Other transportation equipment	1,366	1,331	1,438	1,326	-112
Automotive vehicles, parts, and engines	37,664	37,547	37,696	37,880	184
Passenger cars	13,077	13,288	13,392	13,637	245
Trucks, buses, and special purpose vehicles	4,481	4,558	4,772	4,573	-199
Engines, parts, and accessories	20,106	19,700	19,532	19,669	137
Consumer goods except food and automotive	49,168	48,324	47,295	48,821	1,526
Nondurable goods	23,360	22,832	22,018	21,797	-221
Medicinal, dental, and pharmaceutical products	14,198	13,950	13,170	13,014	-156
Other	9,162	8,882	8,848	8,783	-65
Durable goods	25,807	25,493	25,277	27,024	1,747
Household and kitchen appliances and other household goods	9,720	9,396	9,294	9,575	281
Other	16,087	16,097	15,983	17,449	1,466
Other general merchandise	14,668	13,438	14,508	14,162	-346
Net exports of goods under merchandising	63	50	50	53	3
Nonmonetary gold	5,038	4,254	4,025	5,779	1,754
<b>Exports of services<sup>1</sup></b>	<b>186,962</b>	<b>184,727</b>	<b>186,203</b>	<b>188,170</b>	<b>1,967</b>
Maintenance and repair services n.i.e.	6,627	6,307	6,495	6,718	223
Transport	21,594	21,363	21,086	20,764	-322
Of which: Air passenger transport	10,277	10,174	9,525	9,389	-136
Travel (for all purposes including education)	51,569	51,420	50,667	52,670	2,003
Business	10,659	10,292	10,031	10,097	66
Personal	40,910	41,128	40,636	42,573	1,937
Insurance services	4,492	4,244	4,453	4,554	101
Financial services	24,318	22,830	23,968	23,907	-61
Charges for the use of intellectual property n.i.e.	30,739	30,317	30,211	30,033	-178
Industrial processes	11,700	10,421	10,189	9,990	-199
Computer software	8,708	9,169	9,327	9,340	13
Other	10,331	10,727	10,695	10,703	8
Telecommunications, computer, and information services	9,168	9,408	9,273	9,439	166
Other business services	33,654	34,374	34,976	35,051	75
Government goods and services n.i.e.	4,800	4,464	5,074	5,032	-42
<b>Primary income receipts</b>	<b>192,089</b>	<b>188,488</b>	<b>202,619</b>	<b>202,825</b>	<b>206</b>
Investment income	190,304	186,691	200,820	201,021	201
Direct investment income	104,645	95,964	109,652	109,899	247
Income on equity	99,302	91,022	104,511	104,718	207
Interest	5,343	4,942	5,141	5,181	40
Portfolio investment income	77,497	81,617	81,031	80,967	-64
Income on equity and investment fund shares	51,115	55,969	55,282	54,752	-530
Interest on debt securities	26,382	25,648	25,749	26,215	466
Other investment income	8,101	9,083	10,117	10,162	45
Interest	5,656	6,624	7,584	7,598	14
Income attributable to insurance policyholders	2,445	2,458	2,533	2,564	31
Reserve asset income	61	28	21	-7	-28
Compensation of employees	1,785	1,797	1,799	1,804	5
<b>Secondary income (current transfer) receipts<sup>2</sup></b>	<b>31,893</b>	<b>31,589</b>	<b>32,315</b>	<b>32,105</b>	<b>-210</b>

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

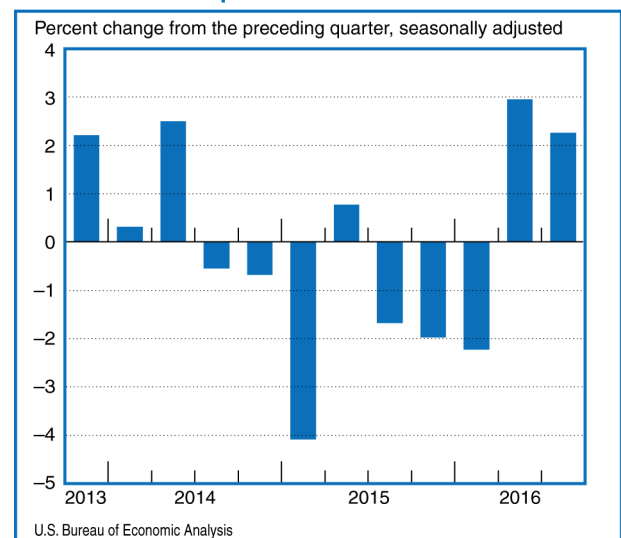
1. See also Alexis N. Grimm and Maya Ortiz, "U.S. International Services: Trade in Services in 2015 and Services Supplied Through Affiliates in 2014," SURVEY OF CURRENT BUSINESS 96 (December 2016).

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

NOTE: The statistics are presented in table 2.1, table 3.1, table 4.1, and table 5.1 on BEA's Web site.

Exports of goods and services and income receipts increased \$17.7 billion, or 2.3 percent, to \$799.0 billion in the third quarter.

- Goods exports increased \$15.7 billion to \$375.9 billion, mostly reflecting increases in foods, feeds, and beverages, largely soybeans. Exports of industrial supplies and materials, nonmonetary gold, and consumer goods except food and automotive (particularly in jewelry and collectibles in other durable goods) also increased.
- Services exports increased \$2.0 billion to \$188.2 billion, mostly reflecting an increase in travel (for all purposes including education) that was partly offset by a decrease in transport.

**Chart 4. Growth in Exports of Goods and Services and Income Receipts**


### Data Availability and Methodology

Detailed statistics for U.S. international transactions accompany this article in tables 1.1–9.1. The statistics and a description of the estimation methods used to compile them are also available on BEA's Web site.

The links in the text and tables of this article are to the latest available statistics in the interactive tables.

For the statistics, see "International Data." For the methods, see *U.S. International Transactions Accounts: Concepts and Methods*.

## Current Account—Imports of Goods and Services and Income Payments

**Table C. Imports of Goods and Services and Income Payments**

[Millions of dollars, seasonally adjusted]

	2015	2016			Change 2016:II to 2016:III
	IV	I	II <sup>r</sup>	III <sup>p</sup>	
<b>Imports of goods and services and income payments</b>	<b>889,625</b>	<b>890,785</b>	<b>899,635</b>	<b>912,004</b>	<b>12,369</b>
<b>Imports of goods</b>	<b>553,678</b>	<b>540,433</b>	<b>546,964</b>	<b>553,644</b>	<b>6,680</b>
General merchandise	550,752	537,046	541,456	548,088	6,632
Foods, feeds, and beverages	31,578	32,824	32,248	32,682	434
Industrial supplies and materials	109,742	101,957	107,256	113,792	6,536
Energy products	44,202	38,010	42,064	46,194	4,130
Of which: Petroleum and products	40,286	34,393	38,062	41,872	3,810
Nonenergy products	65,540	63,947	65,192	67,598	2,406
Chemicals except medicinals	17,245	17,043	17,572	17,447	-125
Metals and nonmetallic products	22,881	21,701	22,356	24,261	1,905
Nonferrous metals	7,391	7,146	7,627	8,709	1,082
Other metals and nonmetallic products	15,490	14,555	14,729	15,552	823
Other nonenergy products	25,414	25,203	25,264	25,890	626
Capital goods except automotive	149,532	145,482	149,087	148,651	-436
Machinery and equipment except consumer-type	134,008	131,856	133,701	135,022	1,321
Electric generating machinery, apparatus, and parts	17,682	17,429	17,549	17,625	76
Industrial engines, pumps, and compressors	5,741	5,707	5,591	5,485	-106
Computers, accessories, peripherals, and parts	29,058	28,349	28,747	28,833	86
Semiconductors	12,016	12,695	13,291	13,083	-208
Telecommunications equipment	17,523	16,717	17,481	18,285	804
Other machinery, equipment, tools, and instruments	51,988	50,959	51,042	51,711	669
Civilian aircraft, engines, and parts	13,708	12,227	13,787	12,244	-1,543
Of which: Civilian aircraft, complete, all types	4,632	3,197	4,529	3,140	-1,389
Other transportation equipment	1,817	1,399	1,599	1,385	-214
Automotive vehicles, parts, and engines	88,799	88,441	86,396	87,091	695
Passenger cars	43,303	42,812	41,466	43,151	1,685
Trucks, buses, and special purpose vehicles	8,515	9,000	8,770	7,634	-1,136
Engines, parts, and accessories	36,981	36,628	36,159	36,305	146
Consumer goods, except food and automotive	149,107	147,260	144,886	143,974	-912
Nondurable goods	69,926	70,113	70,398	67,869	-2,529
Medicinal, dental, and pharmaceutical products	27,561	27,744	28,851	27,183	-1,668
Other	42,365	42,369	41,547	40,686	-861
Durable goods	79,180	77,148	74,487	76,105	1,618
Household and kitchen appliances and other household goods	43,412	43,658	40,814	42,120	1,306
Of which: Other household goods, including cell phones	28,267	28,624	26,182	27,251	1,069
Other	35,768	33,490	33,673	33,985	312
Other general merchandise	21,995	21,082	21,583	21,898	315
Nonmonetary gold	2,926	3,387	5,508	5,556	48
<b>Imports of services<sup>1</sup></b>	<b>122,767</b>	<b>123,654</b>	<b>124,212</b>	<b>126,905</b>	<b>2,693</b>
Maintenance and repair services n.i.e.	2,287	2,147	2,059	2,037	-22
Transport	23,979	24,045	24,199	24,192	-7
Of which: Air passenger transport	8,919	9,188	9,478	9,314	-164
Travel (for all purposes including education)	29,231	29,844	29,848	30,722	874
Business	4,098	3,941	3,989	4,332	343
Personal	25,134	25,903	25,859	26,390	531
Insurance services	11,826	11,785	11,972	12,061	89
Financial services	6,125	6,001	6,157	6,329	172
Charges for the use of intellectual property n.i.e.	10,175	9,901	10,281	11,653	1,372
Industrial processes	5,485	5,273	5,365	5,489	124
Computer software	1,764	1,812	1,963	1,987	24
Other	2,926	2,816	2,953	4,177	1,224
Telecommunications, computer, and information services	9,049	9,434	9,231	9,339	108
Other business services	24,920	25,424	25,178	25,360	182
Government goods and services n.i.e.	5,175	5,072	5,287	5,213	-74
<b>Primary income payments</b>	<b>144,974</b>	<b>154,473</b>	<b>158,398</b>	<b>159,426</b>	<b>1,028</b>
Investment income	140,316	149,934	153,767	154,785	1,018
Direct investment income	36,165	41,057	45,581	44,748	-833
Income on equity	27,115	30,363	34,688	34,336	-352
Interest	9,049	10,694	10,893	10,412	-481
Portfolio investment income	99,975	103,113	101,973	103,456	1,483
Income on equity and investment fund shares	32,643	36,118	33,954	33,659	-295
Interest on debt securities	67,332	66,994	68,018	69,798	1,780
Other investment income	4,177	5,765	6,213	6,580	367
Interest	3,490	5,081	5,511	5,882	371
Income attributable to insurance policyholders	687	684	703	698	-5
Compensation of employees	4,658	4,539	4,632	4,641	9
<b>Secondary income (current transfer) payments<sup>2</sup></b>	<b>68,205</b>	<b>72,225</b>	<b>70,061</b>	<b>72,030</b>	<b>1,969</b>

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

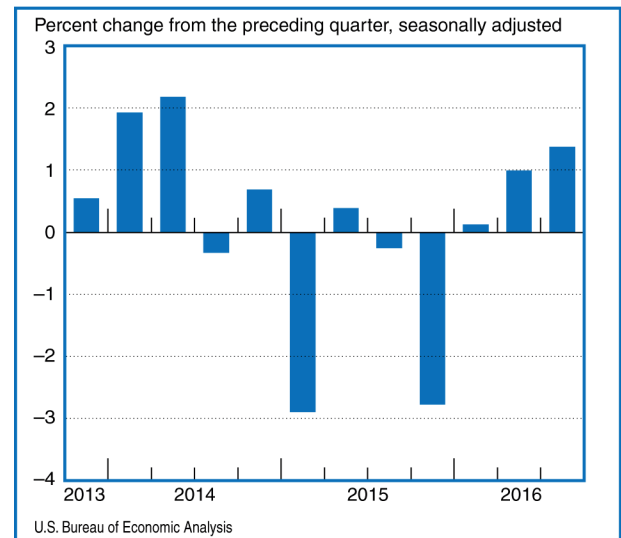
1. See also Alexis N. Grimm and Maya Ortiz, "U.S. International Services: Trade in Services in 2015 and Services Supplied Through Affiliates in 2014," SURVEY OF CURRENT BUSINESS 96 (December 2016).

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

NOTE: The statistics are presented in table 2.1, table 3.1, table 4.1, and table 5.1 on BEA's Web site.

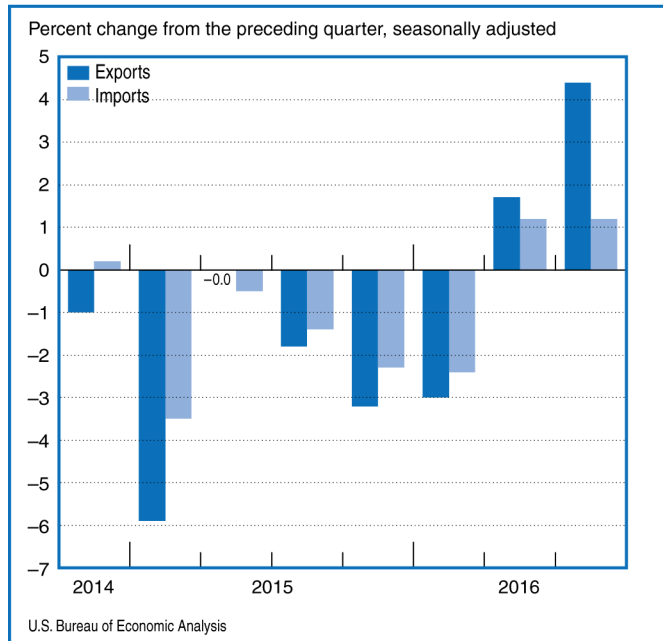
Imports of goods and services and income payments increased \$12.4 billion, or 1.4 percent, to \$912.0 billion in the third quarter.

- Goods imports increased \$6.7 billion to \$553.6 billion, mostly reflecting an increase in imports of industrial supplies and materials, primarily petroleum and products, nonferrous metals, and iron and steel products (in other metals and nonmetallic products).
- Services imports increased \$2.7 billion to \$126.9 billion, reflecting increases in charges for the use of intellectual property, primarily payments for the rights to broadcast the 2016 Summer Olympic Games, and in travel (for all purposes including education).
- Secondary income payments increased \$2.0 billion to \$72.0 billion, mostly reflecting an increase in U.S. government transfers, primarily U.S. government grants.
- Primary income payments increased \$1.0 billion to \$159.4 billion, mostly reflecting an increase in portfolio investment income payments that was partly offset by a decrease in direct investment income payments.

**Chart 5. Growth in Imports of Goods and Services and Income Payments**


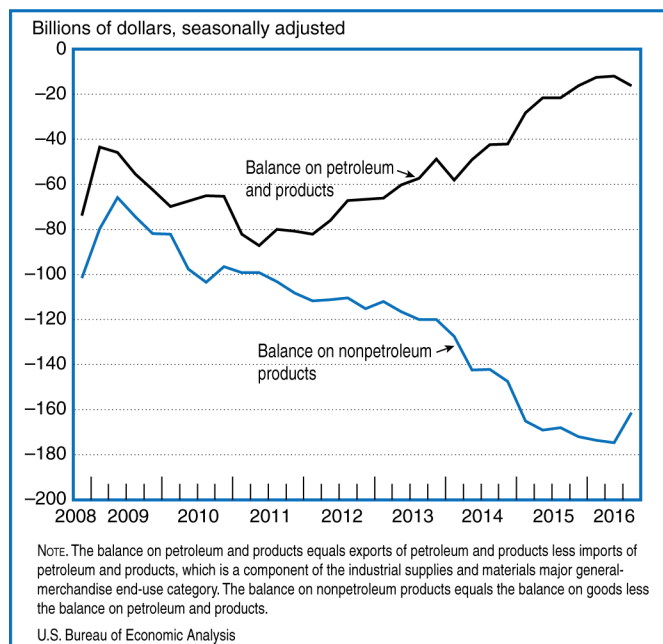
**Current Account—Goods, Services, and Income**

**Chart 6. Growth in Goods Exports and Imports**



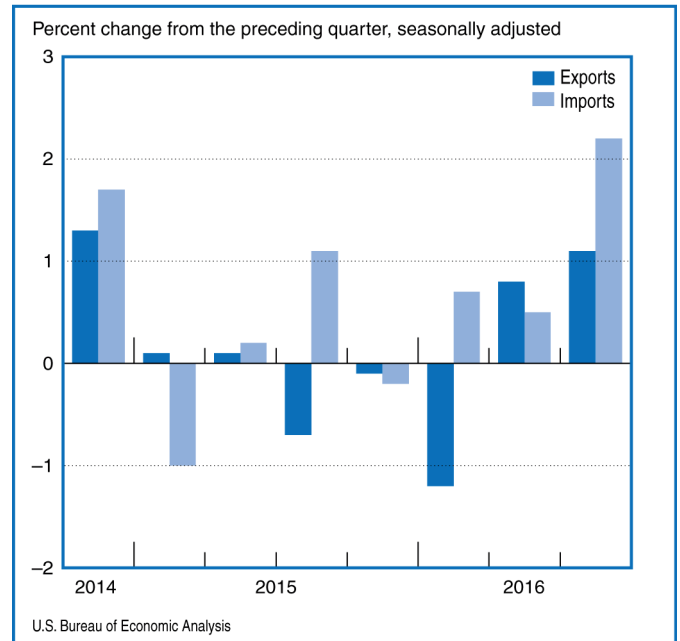
Goods exports increased 4.4 percent in the third quarter—the largest percentage increase in goods exports since the fourth quarter of 2010—largely reflecting an increase in exports of soybeans. Goods imports increased 1.2 percent in the third quarter.

**Chart 8. Balance on Total Petroleum and Nonpetroleum Products**



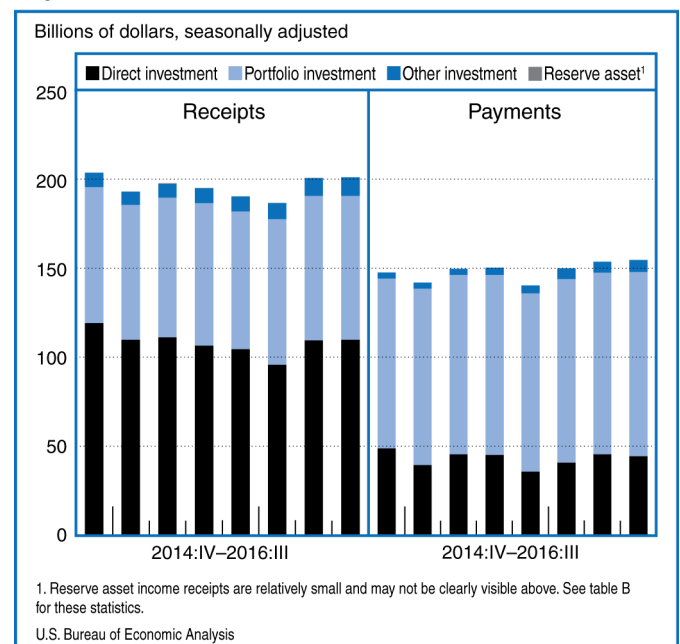
Since the fourth quarter of 2008, the nonpetroleum deficit has been larger than the petroleum deficit. In recent quarters, the gap between the two has mostly increased, but in the third quarter of 2016, it narrowed more than in any other quarter over this period.

**Chart 7. Growth in Services Exports and Imports**



In the third quarter, services exports increased 1.1 percent. Services imports increased 2.2 percent, the largest percentage increase since the second quarter of 2011; the increase primarily reflected payments for the rights to broadcast the 2016 Olympics.

**Chart 9. Primary Investment Income Receipts and Payments**

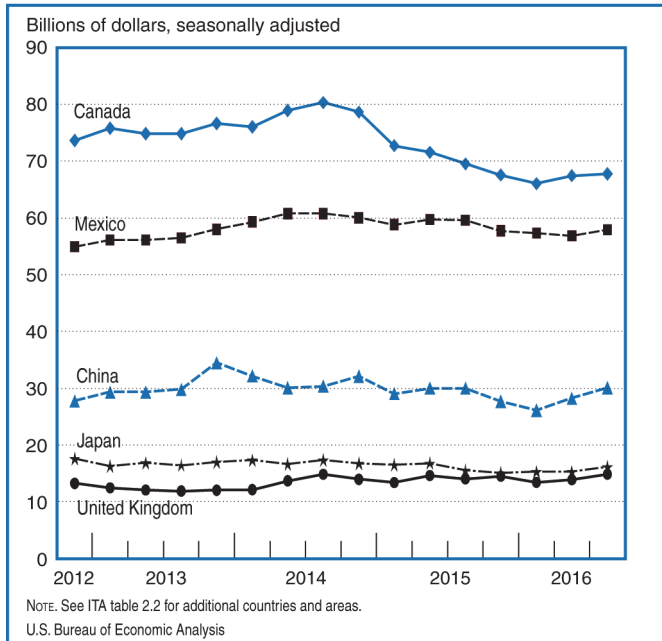


Primary investment income receipts increased \$0.2 billion. Payments increased \$1.0 billion. In the past eight quarters, changes in total investment income were driven primarily by changes in direct investment income.

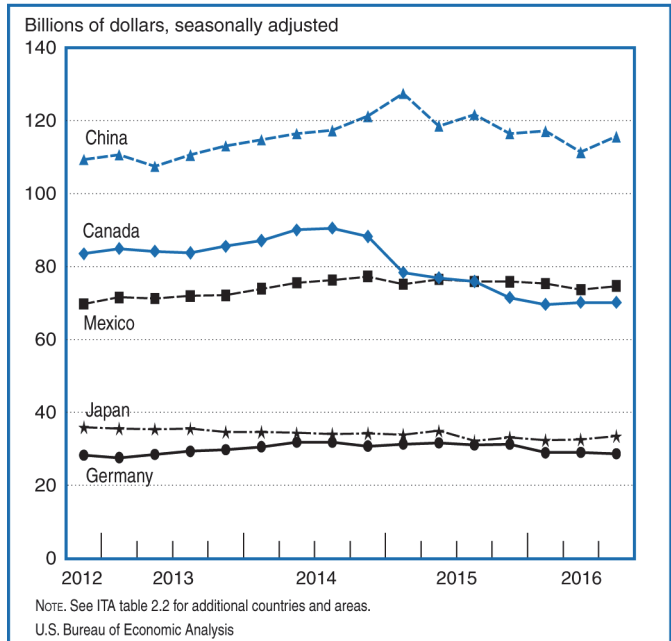


**Current Account—Exports and Imports of Goods by Country**

**Chart 10. Exports of Goods to Selected Countries**



**Chart 11. Imports of Goods from Selected Countries**



In the third quarter of 2016, exports of goods to China, Mexico, the United Kingdom, Japan, and Canada all increased. These five countries are the top five recipient countries in the third quarter of 2016 in ITA table 2.2; this table provides seasonally adjusted trade-in-goods statistics for a selection of 15 countries that together accounted for 70.0 percent of the exports of goods in the third quarter. The third-quarter 2016 increase in goods exports to Canada was the second consecutive increase after six quarters of decreases.

In the third quarter of 2016, imports of goods from China, Mexico, and Japan increased. Imports of goods from Germany and Canada decreased. These five countries are the top five source countries in the third quarter of 2016 in ITA table 2.2; this table provides seasonally adjusted trade-in-goods statistics for a selection of 15 countries that together accounted for 74.9 percent of the imports of goods in the third quarter. The \$4.3 billion increase in imports from China followed a \$5.8 billion decrease in the second quarter and was the largest increase in imports from China since the first quarter of 2015.

**Updates to Second-Quarter 2016 Statistics**

The U.S. international transactions statistics for the second quarter of 2016 have been updated to incorporate new and revised source data.

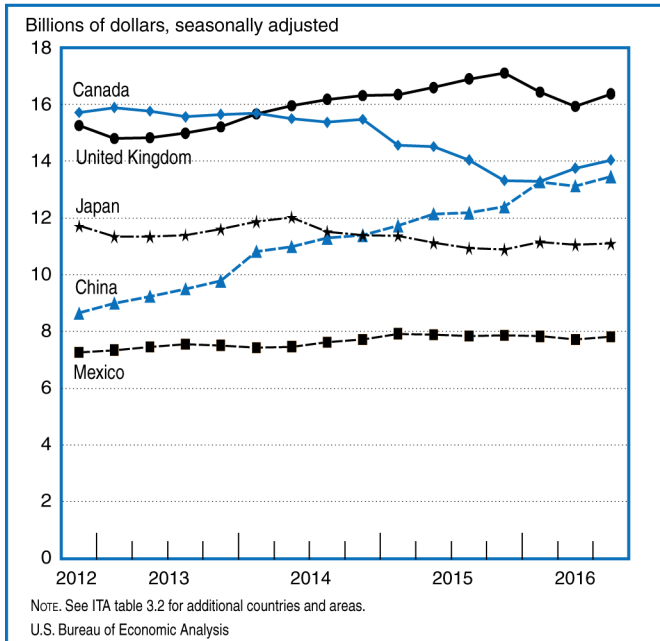
**Preliminary and Revised Second-Quarter 2016 Statistics**

[Millions of dollars, seasonally adjusted]

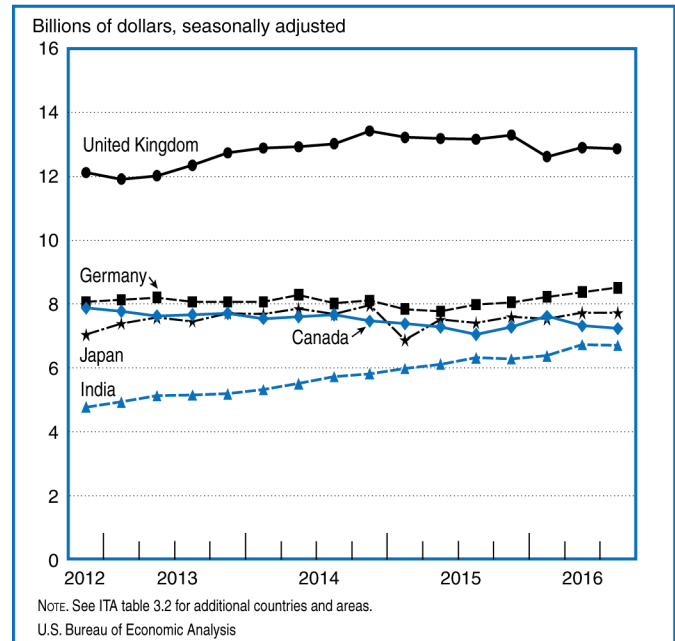
	Preliminary estimate	Revised estimate
Balance on goods.....	-186,740	-186,736
Balance on services.....	61,492	61,991
Balance on primary income.....	42,948	44,221
Balance on secondary income (current transfers).....	-37,585	-37,747
Balance on current account.....	-119,885	-118,271
Net U.S. acquisition of financial assets.....	293,695	323,426
Net U.S. incurrence of liabilities.....	350,368	367,324
Net lending or borrowing from financial-account transactions.....	-31,074	-40,994

**Current Account—Exports and Imports of Services by Country**

**Chart 12. Exports of Services to Selected Countries**



**Chart 13. Imports of Services from Selected Countries**



In the third quarter of 2016, exports of services to the United Kingdom, China, Canada, Mexico, and Japan all increased. These five countries are the top five recipient countries in the third quarter of 2016 in ITA [table 3.2](#); this table provides seasonally adjusted trade-in-services statistics for a selection of 15 countries that together accounted for 56.1 percent of the exports of services in the third quarter. Since 1999, exports of services to China have generally trended upward; third-quarter exports of \$13.5 billion were a record for exports to China. In the third quarter of 2016, Mexico returned as the fifth-largest recipient country for services exports after being surpassed by Germany in the second quarter.

In the third quarter of 2016, imports of services from Germany and Japan increased, and imports of services from the United Kingdom, Canada, and India decreased. These five countries are the top five source countries in the third quarter of 2016 in ITA [table 3.2](#); this table provides seasonally adjusted trade-in-services statistics for a selection of 15 countries that together accounted for 55.2 percent of the imports of services in the third quarter of 2016. The gap between imports from Germany and imports from Canada increased to \$1.3 billion in the third quarter, the largest gap between these two source countries since the second quarter of 2009. Imports of services from India have increased over 6 percent from a year ago and have more than doubled since the beginning of 2010.

## Financial Account—U.S. Acquisition of Financial Assets and Incurrence of Liabilities

**Table D. Net U.S. Acquisition of Financial Assets and Net U.S. Incurrence of Liabilities Excluding Financial Derivatives**

[Millions of dollars, seasonally adjusted]

	2015	2016			Change 2016:II to 2016:III
	IV	I	II <sup>r</sup>	III <sup>p</sup>	
<b>Net U.S. acquisition of financial assets excluding financial derivatives (net increase in assets / financial outflow (+))</b> .....	<b>-152,461</b>	<b>59,862</b>	<b>323,426</b>	<b>31,451</b>	<b>-291,975</b>
<b>Direct investment assets</b> .....	<b>95,969</b>	<b>67,412</b>	<b>106,273</b>	<b>87,513</b>	<b>-18,760</b>
Equity.....	73,622	77,640	90,168	78,093	-12,075
Equity other than reinvestment of earnings	-419	7,438	12,967	2,682	-10,285
Reinvestment of earnings.....	74,041	70,202	77,200	75,411	-1,789
Debt instruments.....	22,347	-10,228	16,106	9,420	-6,686
<b>Portfolio investment assets</b> .....	<b>-122,306</b>	<b>-57,326</b>	<b>146,397</b>	<b>-35,111</b>	<b>-181,508</b>
Equity and investment fund shares.....	-54,186	-60,527	155,767	-25,398	-181,165
Debt securities.....	-68,121	3,200	-9,369	-9,712	-343
Short-term securities.....	-20,563	45,866	-24,286	-46,017	-21,731
Long-term corporate securities.....	-33,903	-32,618	11,616	27,129	15,513
Other long-term securities.....	-13,655	-10,048	3,301	9,176	5,875
<b>Other investment assets</b> .....	<b>-125,134</b>	<b>50,968</b>	<b>70,566</b>	<b>-22,593</b>	<b>-93,159</b>
Currency and deposits.....	-50,368	72,116	-25,267	-87,598	-62,331
Loans.....	-73,938	-24,242	98,186	63,710	-34,476
Trade credit and advances.....	-828	3,094	-2,353	1,295	3,648
<b>Reserve assets</b> .....	<b>-990</b>	<b>-1,191</b>	<b>189</b>	<b>1,642</b>	<b>1,453</b>
Monetary gold.....	0	0	0	0	0
Special drawing rights.....	2	2	(*)	2	2
Reserve position in the International Monetary Fund.....	-1,046	-1,214	175	1,654	1,479
Other reserve assets.....	54	21	14	-14	-28
<b>Net U.S. incurrence of liabilities excluding financial derivatives (net increase in liabilities / financial inflow (+))</b> .....	<b>-118,322</b>	<b>118,207</b>	<b>367,324</b>	<b>251,459</b>	<b>-115,865</b>
<b>Direct investment liabilities</b> .....	<b>26,773</b>	<b>91,335</b>	<b>174,007</b>	<b>86,874</b>	<b>-87,133</b>
Equity.....	40,884	89,637	121,806	75,937	-45,869
Equity other than reinvestment of earnings	26,116	70,352	101,927	53,720	-48,207
Reinvestment of earnings.....	14,768	19,285	19,879	22,217	2,338
Debt instruments.....	-14,111	1,698	52,201	10,936	-41,265
<b>Portfolio investment liabilities</b> .....	<b>18,109</b>	<b>-21,197</b>	<b>11,934</b>	<b>229,129</b>	<b>217,195</b>
Equity and investment fund shares.....	-153,464	-95,660	-48,482	129,964	178,446
Debt securities.....	171,573	74,462	60,416	99,165	38,749
Short term.....	65,957	-10,464	-27,272	30,025	57,297
Treasury bills and certificates.....	57,561	217	-40,925	11,607	52,532
Federally sponsored agency securities....	-1,119	-7,243	-1,132	-6,931	-5,799
Other short-term securities.....	9,515	-3,438	14,785	25,349	10,564
Long term.....	105,616	84,927	87,688	69,140	-18,548
Treasury bonds and notes.....	61,067	18,819	-28,419	-92,111	-63,692
Federally sponsored agency securities....	-17,327	26,278	26,071	39,238	13,167
Corporate bonds and notes.....	59,740	39,160	87,096	118,583	31,487
Other.....	2,136	670	2,940	3,430	490
<b>Other investment liabilities</b> .....	<b>-163,204</b>	<b>48,069</b>	<b>181,383</b>	<b>-64,544</b>	<b>-245,927</b>
Currency (short term).....	14,122	12,578	7,184	7,942	758
Deposits.....	9,499	-53,547	89,756	-45,048	-134,804
Loans.....	-186,267	84,376	79,639	-24,253	-103,892
Trade credit and advances.....	-559	4,662	4,805	-3,185	-7,990
Special drawing rights allocations.....	0	0	0	0	0

p Preliminary r Revised (\*) A nonzero transaction between -\$500,000 and \$500,000. Note. The statistics are presented in table 1.2, table 6.1, table 7.1, and table 8.1 on BEA's Web site.

### Net U.S. acquisition of financial assets

- Transactions in portfolio investment assets shifted to net U.S. sales of \$35.1 billion from net U.S. acquisition of \$146.4 billion, mostly reflecting a shift to net sales of equity and investment fund shares from net acquisition in the second quarter.
- Transactions in other investment assets shifted to net U.S. liquidation of \$22.6 billion from net U.S. acquisition of \$70.6 billion, largely reflecting increased net withdrawal of U.S. residents' foreign holdings of currency and deposits.
- Net U.S. acquisition of direct investment assets decreased \$18.8 billion to \$87.5 billion.

### Net U.S. incurrence of liabilities

- Transactions in other investment liabilities shifted to net U.S. repayment of \$64.5 billion from net U.S. incurrence of \$181.4 billion, largely reflecting shifts in deposits and in loans to net U.S. repayment from net incurrence in the second quarter.
- Net U.S. incurrence of direct investment liabilities decreased \$87.1 billion to \$86.9 billion, reflecting decreases in net U.S. incurrence of both equity and debt instrument liabilities.
- Net U.S. incurrence of portfolio investment liabilities increased \$217.2 billion to \$229.1 billion, partly offsetting the decreases in the other two major categories. The increase largely reflected a shift to net foreign purchases of U.S. equity and investment fund shares from net foreign sales in the second quarter.

**Chart 14. Transactions in Financial Assets and Liabilities Excluding Financial Derivatives**

