

# U.S. International Transactions

## Second Quarter of 2017

**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—increased to \$123.1 billion (preliminary) in the second quarter of 2017 from \$113.5 billion (revised) in the first quarter of 2017 (chart 1; see also table A on page 2). The deficit increased to 2.6 percent of current-dollar gross domestic product (GDP) from 2.4 percent in the first quarter.

The \$9.6 billion increase in the current-account deficit reflected a \$7.5 billion increase in the deficit on secondary income, a \$2.9 billion decrease in the surplus on primary income, and a \$0.8 billion increase in the deficit on goods. These changes were partly offset by a \$1.6 billion increase in the surplus on services.

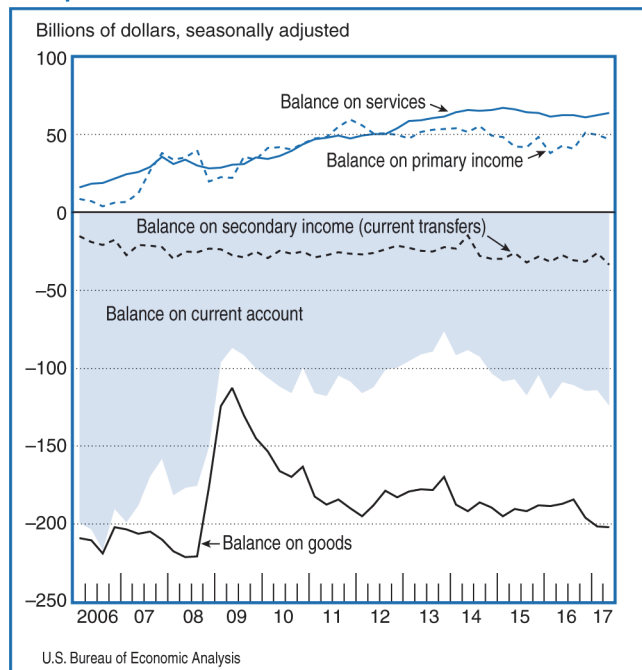
Net U.S. borrowing measured by financial-account

transactions was \$112.5 billion in the second quarter of 2017, an increase from net borrowing of \$93.5 billion in the first quarter. The increase reflected an increase in net U.S. incurrence of liabilities excluding financial derivatives that was partly offset by an increase in net U.S. acquisition of financial assets excluding financial derivatives and a shift to net lending from net borrowing in financial derivatives other than reserves.

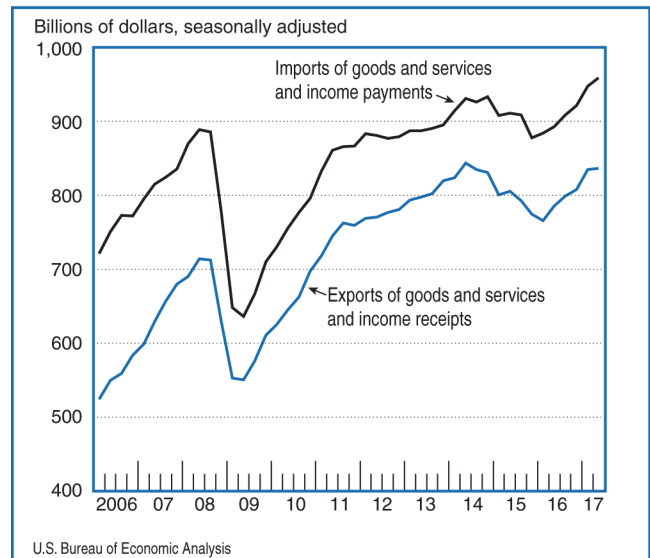
The statistical discrepancy—the difference between the net acquisition of assets and the net incurrence of liabilities in the financial account (including financial derivatives) less the difference between total credits and total debits recorded in the current account and the capital account—decreased \$9.4 billion in the second quarter to \$10.6 billion.

The remainder of this article highlights changes in major aggregates of the U.S. international transactions accounts and selected component contributions to those changes from the first quarter to the second quarter.

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



**Chart 2. Current-Account Transactions**



*Michelle Murillo prepared this article.*

## Overview

**Table A. U.S. International Transactions**

[Millions of dollars, seasonally adjusted]

	2016		2017		Change 2017:I to 2017:II
	III	IV	I <sup>p</sup>	II <sup>p</sup>	
<b>Current account</b>					
<b>Exports of goods and services and income receipts (credits)</b> .....	<b>799,153</b>	<b>807,854</b>	<b>834,604</b>	<b>836,784</b>	<b>2,180</b>
Exports of goods and services .....	560,837	559,954	576,226	578,823	2,597
Goods.....	371,043	370,493	383,601	382,979	-622
Services .....	189,794	189,461	192,625	195,844	3,219
Primary income receipts .....	204,524	212,953	219,326	224,081	4,755
Secondary income (current transfer) receipts	33,792	34,947	39,052	33,880	-5,172
<b>Imports of goods and services and income payments (debits)</b> .....	<b>909,423</b>	<b>921,860</b>	<b>948,137</b>	<b>959,920</b>	<b>11,783</b>
Imports of goods and services.....	681,726	694,002	714,320	716,136	1,816
Goods.....	554,438	565,551	584,160	584,384	224
Services .....	127,289	128,451	130,160	131,751	1,591
Primary income payments.....	163,400	161,656	169,264	176,880	7,616
Secondary income (current transfer) payments	64,296	66,202	64,554	66,905	2,351
<b>Capital account</b>					
<b>Capital transfer receipts and other credits</b> .....	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital transfer payments and other debits</b> .....	<b>1</b>	<b>0</b>	<b>1</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Financial account</b>					
<b>Net U.S. acquisition of financial assets excluding financial derivatives (net increase in assets / financial outflow (+))</b> .....	<b>51,184</b>	<b>-84,504</b>	<b>326,126</b>	<b>350,682</b>	<b>24,556</b>
Direct investment assets.....	100,743	43,289	117,457	99,528	-17,929
Portfolio investment assets .....	-30,565	-13,379	140,446	181,728	41,282
Other investment assets .....	-20,636	-115,864	68,464	69,275	811
Reserve assets .....	1,642	1,450	-241	150	391
<b>Net U.S. incurrence of liabilities excluding financial derivatives (net increase in liabilities / financial inflow (+))</b> .....	<b>233,155</b>	<b>-16,734</b>	<b>417,307</b>	<b>472,526</b>	<b>55,219</b>
Direct investment liabilities.....	131,547	17,597	97,250	80,993	-16,257
Portfolio investment liabilities .....	217,189	62,422	164,522	307,548	143,026
Other investment liabilities .....	-115,582	-96,753	155,535	83,984	-71,551
<b>Financial derivatives other than reserves, net transactions</b> .....	<b>6,676</b>	<b>-6,983</b>	<b>-2,320</b>	<b>9,306</b>	<b>11,626</b>
<b>Statistical discrepancy</b>					
<b>Statistical discrepancy</b> <sup>1</sup> .....	<b>-65,024</b>	<b>39,253</b>	<b>20,033</b>	<b>10,599</b>	<b>-9,434</b>
<b>Balances</b>					
<b>Balance on current account</b> .....	<b>-110,270</b>	<b>-114,006</b>	<b>-113,533</b>	<b>-123,137</b>	<b>-9,604</b>
Balance on goods and services.....	-120,889	-134,048	-138,094	-137,313	781
Balance on goods .....	-183,395	-195,058	-200,559	-201,406	-847
Balance on services.....	62,505	61,010	62,465	64,093	1,628
Balance on primary income .....	41,123	51,297	50,062	47,201	-2,861
Balance on secondary income.....	-30,504	-31,255	-25,501	-33,025	-7,524
<b>Balance on capital account</b> .....	<b>-1</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>1</b>
<b>Net lending (+) or net borrowing (-) from current- and capital-account transactions</b> <sup>2</sup>	<b>-110,271</b>	<b>-114,006</b>	<b>-113,534</b>	<b>-123,137</b>	<b>-9,603</b>
<b>Net lending (+) or net borrowing (-) from financial-account transactions</b> <sup>3</sup> .....	<b>-175,295</b>	<b>-74,753</b>	<b>-93,501</b>	<b>-112,538</b>	<b>-19,037</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.

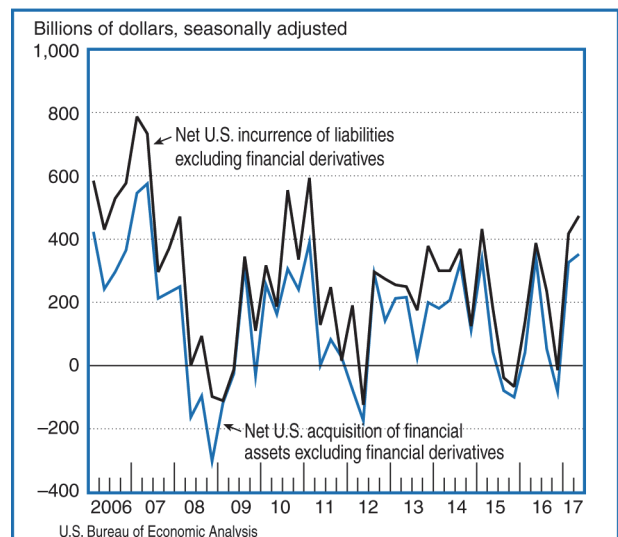
NOTE: The statistics are presented in table 1.2 on BEA's Web site.

**Current-account highlights**

- The deficit on goods increased \$0.8 billion in the second quarter to \$201.4 billion.
- The surplus on services increased \$1.6 billion to \$64.1 billion.
- The surplus on primary income decreased \$2.9 billion to \$47.2 billion.
- The deficit on secondary income increased \$7.5 billion to \$33.0 billion.

**Financial-account highlights**

- Net U.S. acquisition of financial assets excluding financial derivatives increased \$24.6 billion in the second quarter to \$350.7 billion.
- Net U.S. incurrence of liabilities excluding financial derivatives increased \$55.2 billion to \$472.5 billion.
- Transactions in financial derivatives other than reserves reflected second-quarter net lending of \$9.3 billion, a shift from first-quarter net borrowing of \$2.3 billion.

**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]

	2016		2017		Change 2017:I to 2017:II
	III	IV	I <sup>r</sup>	II <sup>p</sup>	
<b>Exports of goods and services and income receipts</b> .....	<b>799,153</b>	<b>807,854</b>	<b>834,604</b>	<b>836,784</b>	<b>2,180</b>
<b>Exports of goods</b> .....	<b>371,043</b>	<b>370,493</b>	<b>383,601</b>	<b>382,979</b>	<b>-622</b>
General merchandise.....	365,178	363,907	377,350	377,225	-125
Foods, feeds, and beverages.....	38,292	32,496	33,273	34,913	1,640
Industrial supplies and materials.....	98,221	100,596	110,451	109,700	-751
Energy products.....	28,451	30,787	37,619	37,819	200
Of which: Petroleum and products.....	25,199	26,501	31,683	32,011	328
Nonenergy products.....	69,770	69,809	72,832	71,881	-951
Capital goods except automotive.....	129,046	131,046	129,915	130,692	777
Automotive vehicles, parts, and engines.....	37,955	36,915	40,366	39,302	-1,064
Consumer goods except food and automotive.....	48,906	48,671	49,997	48,897	-1,100
Other general merchandise.....	12,758	14,183	13,348	13,721	373
Net exports of goods under merchandising.....	86	89	75	65	-10
Nonmonetary gold.....	5,779	6,497	6,175	5,689	-486
<b>Exports of services<sup>1</sup></b> .....	<b>189,794</b>	<b>189,461</b>	<b>192,625</b>	<b>195,844</b>	<b>3,219</b>
Maintenance and repair services n.i.e.....	6,634	6,572	6,986	7,186	200
Transport.....	21,016	21,244	21,404	21,322	-82
Travel (for all purposes including education).....	51,518	51,916	51,897	53,554	1,657
Business.....	10,074	10,027	9,849	10,179	330
Personal.....	41,444	41,889	42,048	43,375	1,327
Insurance services.....	4,220	4,299	4,106	4,163	57
Financial services.....	24,849	25,959	25,348	26,417	1,069
Charges for the use of intellectual property n.i.e.....	31,184	30,666	29,839	29,832	-7
Telecommunications, computer, and information services.....	9,033	9,281	9,620	9,667	47
Other business services.....	36,234	35,186	38,507	38,719	212
Government goods and services n.i.e.....	5,106	4,338	4,919	4,984	65
<b>Primary income receipts</b> .....	<b>204,524</b>	<b>212,953</b>	<b>219,326</b>	<b>224,081</b>	<b>4,755</b>
Investment income.....	202,885	211,316	217,679	222,427	4,748
Direct investment income.....	112,413	118,733	122,937	121,747	-1,190
Portfolio investment income.....	80,411	82,153	82,171	85,714	3,543
Income on equity and investment fund shares.....	53,948	54,221	53,958	56,657	2,699
Interest on debt securities.....	26,463	27,932	28,214	29,058	844
Other investment income.....	10,066	10,367	12,512	14,830	2,318
Reserve asset income.....	-6	62	59	135	76
Compensation of employees.....	1,638	1,637	1,646	1,654	8
<b>Secondary income (current transfer) receipts<sup>2</sup></b> .....	<b>33,792</b>	<b>34,947</b>	<b>39,052</b>	<b>33,880</b>	<b>-5,172</b>

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

1. See also Alexis N. Grimm and Shari Allen, "U.S. International Services: Trade in Services in 2016 and Services Supplied Through Affiliates in 2015," SURVEY OF CURRENT BUSINESS 97 (October 2017).

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

NOTE: The statistics are presented in table 1.2, table 2.1, table 3.1, table 4.1, and table 5.1 on BEA's Web site.

**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.

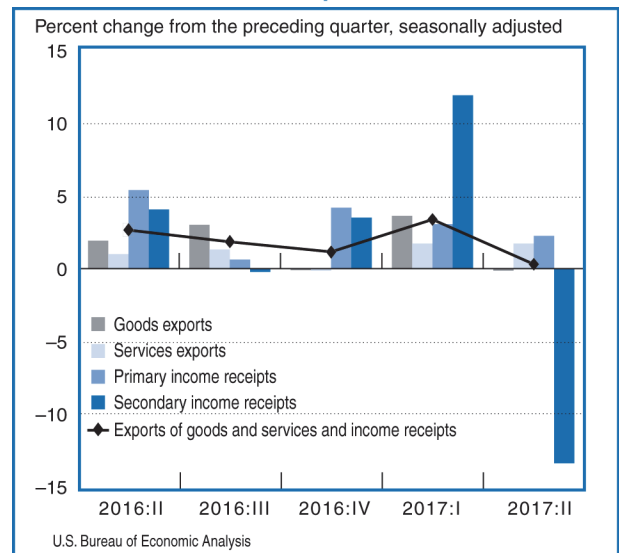
The links in the text and tables of this article are to the latest available statistics in the interactive tables.

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

Exports of goods and services and income receipts increased \$2.2 billion, or 0.3 percent, in the second quarter to \$836.8 billion.

- Primary income receipts increased \$4.8 billion, or 2.2 percent, to \$224.1 billion, mostly reflecting increases in portfolio investment income and in other investment income.
- Services exports increased \$3.2 billion, or 1.7 percent, to \$195.8 billion, mostly reflecting increases in travel (for all purposes including education) and in financial services.
- Secondary income receipts decreased \$5.2 billion, or 13.2 percent, to \$33.9 billion, mostly reflecting a decrease in U.S. government transfers, primarily fines and penalties. The decrease partly offset the increases in primary income receipts and in services exports.

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



## 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]

	2016		2017		Change 2017:I to 2017:II
	III	IV	I <sup>p</sup>	II <sup>p</sup>	
<b>Imports of goods and services and income payments</b> .....	<b>909,423</b>	<b>921,860</b>	<b>948,137</b>	<b>959,920</b>	<b>11,783</b>
<b>Imports of goods</b> .....	<b>554,438</b>	<b>565,551</b>	<b>584,160</b>	<b>584,384</b>	<b>224</b>
General merchandise.....	548,881	561,845	580,813	581,790	977
Foods, feeds, and beverages.....	32,627	33,532	33,833	34,555	722
Industrial supplies and materials.....	113,643	118,165	130,761	126,918	-3,843
Energy products.....	46,012	49,113	60,002	52,988	-7,014
Of which: Petroleum and products.....	41,737	44,203	56,217	48,454	-7,763
Nonenergy products.....	67,631	69,052	70,759	73,930	3,171
Capital goods except automotive.....	148,669	150,651	153,394	158,000	4,606
Automotive vehicles, parts, and engines.....	87,524	88,930	91,147	89,493	-1,654
Consumer goods, except food and automotive.....	144,522	148,356	150,184	149,811	-373
Other general merchandise.....	21,896	22,209	21,494	23,013	1,519
Nonmonetary gold.....	5,557	3,707	3,347	2,595	-752
<b>Imports of services</b> <sup>1</sup> .....	<b>127,289</b>	<b>128,451</b>	<b>130,160</b>	<b>131,751</b>	<b>1,591</b>
Maintenance and repair services n.i.e.....	2,246	2,326	2,271	2,391	120
Transport.....	24,074	24,621	25,218	25,164	-54
Travel (for all purposes including education).....	31,217	31,729	32,609	33,338	729
Business.....	3,969	4,002	4,050	4,057	7
Personal.....	27,247	27,727	28,560	29,281	721
Insurance services.....	12,116	12,376	11,839	12,153	314
Financial services.....	6,481	6,572	6,476	6,734	258
Charges for the use of intellectual property n.i.e.....	12,144	11,443	11,725	12,000	275
Telecommunications, computer, and information services.....	9,245	9,330	9,957	10,045	88
Other business services.....	24,367	24,619	24,521	24,360	-161
Government goods and services n.i.e.....	5,399	5,435	5,543	5,568	25
<b>Primary income payments</b> .....	<b>163,400</b>	<b>161,656</b>	<b>169,264</b>	<b>176,880</b>	<b>7,616</b>
Investment income.....	158,337	156,499	164,260	171,729	7,469
Direct investment income.....	49,678	43,528	49,002	52,089	3,087
Portfolio investment income.....	101,873	105,651	106,022	108,358	2,336
Income on equity and investment fund shares.....	33,742	34,589	35,271	36,025	754
Interest on debt securities.....	68,131	71,062	70,751	72,332	1,581
Other investment income.....	6,787	7,320	9,235	11,282	2,047
Compensation of employees.....	5,063	5,157	5,004	5,151	147
<b>Secondary income (current transfer) payments</b> <sup>2</sup> .....	<b>64,296</b>	<b>66,202</b>	<b>64,554</b>	<b>66,905</b>	<b>2,351</b>

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

1. See also Alexis N. Grimm and Shari Allen, "U.S. International Services: Trade in Services in 2016 and Services Supplied Through Affiliates in 2015," SURVEY OF CURRENT BUSINESS 97 (October 2017).

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

NOTE: The statistics are presented in table 1.2, table 2.1, table 3.1, table 4.1, and table 5.1 on BEA's Web site.

Imports of goods and services and income payments increased \$11.8 billion, or 1.2 percent, in the second quarter to \$959.9 billion.

- Primary income payments increased \$7.6 billion, or 4.5 percent, to \$176.9 billion, reflecting increases in direct investment income, portfolio investment income, and other investment income.
- Secondary income payments increased \$2.4 billion, or 3.6 percent, to \$66.9 billion, mostly reflecting an increase in private transfers, primarily fines and penalties.
- Services imports increased \$1.6 billion, or 1.2 percent, to \$131.8 billion, led by an increase in travel (for all purposes including education).

### Updates

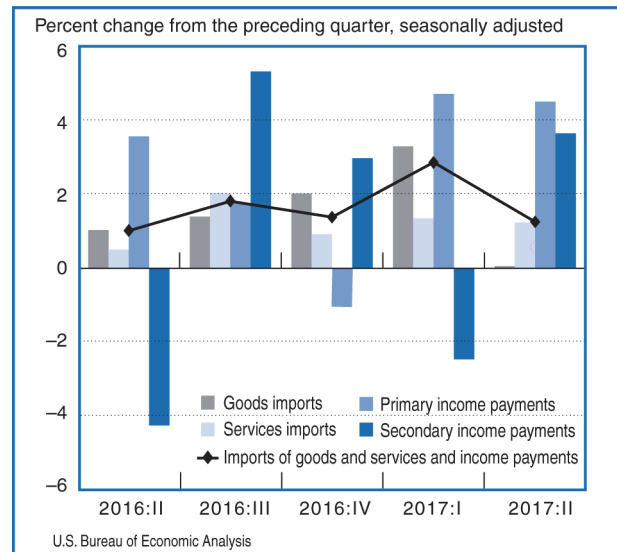
The statistics on U.S. international transaction for the first quarter of 2017 have been updated to incorporate new and revised source data.

#### Preliminary and Revised First-Quarter 2017 Statistics

[Millions of dollars, seasonally adjusted]

	Preliminary estimate	Revised estimate
Balance on goods.....	-200,311	-200,559
Balance on services.....	61,332	62,465
Balance on primary income.....	47,698	50,062
Balance on secondary income (current transfers).....	-25,501	-25,501
Balance on current account.....	-116,781	-113,533
Net U.S. acquisition of financial assets.....	282,656	326,126
Net U.S. incurrence of liabilities.....	394,983	417,307
Net lending or borrowing from financial-account transactions.....	-115,303	-93,501

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



Financial Account

**Table D. Net U.S. Acquisition of Financial Assets and Net U.S. Incurrence of Liabilities Excluding Financial Derivatives**  
 [Millions of dollars, seasonally adjusted]

	2016		2017		Change 2017:I to 2017:II
	III	IV	I <sup>p</sup>	II <sup>p</sup>	
<b>Net U.S. acquisition of financial assets excluding financial derivatives (net increase in assets / financial outflow (+))</b>	<b>51,184</b>	<b>-84,504</b>	<b>326,126</b>	<b>350,682</b>	<b>24,556</b>
<b>Direct investment assets</b>	<b>100,743</b>	<b>43,289</b>	<b>117,457</b>	<b>99,528</b>	<b>-17,929</b>
Equity	79,396	86,851	92,272	91,966	-306
Equity other than reinvestment of earnings	5,186	6,684	12,212	11,850	-362
Reinvestment of earnings	74,210	80,167	80,060	80,116	56
Debt instruments	21,347	-43,562	25,185	7,562	-17,623
<b>Portfolio investment assets</b>	<b>-30,565</b>	<b>-13,379</b>	<b>140,446</b>	<b>181,728</b>	<b>41,282</b>
Equity and investment fund shares	-20,326	-79,524	37,395	117,851	80,456
Debt securities	-10,239	66,144	103,051	63,877	-39,174
Short-term securities	-46,771	4,939	37,797	34,696	-3,101
Long-term corporate securities	27,087	44,550	46,179	19,874	-26,305
Other long-term securities	9,445	16,655	19,075	9,307	-9,768
<b>Other investment assets</b>	<b>-20,636</b>	<b>-115,864</b>	<b>68,464</b>	<b>69,275</b>	<b>811</b>
Currency and deposits	-90,093	-58,232	38,989	8,917	-30,072
Loans	67,449	-55,680	25,660	59,778	34,118
Trade credit and advances	2,008	-1,952	3,815	580	-3,235
<b>Reserve assets</b>	<b>1,642</b>	<b>1,450</b>	<b>-241</b>	<b>150</b>	<b>391</b>
Monetary gold	0	0	0	0	0
Special drawing rights	2	680	11	15	4
Reserve position in the International Monetary Fund	1,654	732	-261	82	343
Other reserve assets	-14	37	9	54	45
<b>Net U.S. incurrence of liabilities excluding financial derivatives (net increase in liabilities / financial inflow (+))</b>	<b>233,155</b>	<b>-16,734</b>	<b>417,307</b>	<b>472,526</b>	<b>55,219</b>
<b>Direct investment liabilities</b>	<b>131,547</b>	<b>17,597</b>	<b>97,250</b>	<b>80,993</b>	<b>-16,257</b>
Equity	74,752	50,231	89,198	71,300	-17,898
Equity other than reinvestment of earnings	45,825	31,676	62,439	49,658	-12,781
Reinvestment of earnings	28,927	18,554	26,758	21,642	-5,116
Debt instruments	56,795	-32,634	8,052	9,693	1,641
<b>Portfolio investment liabilities</b>	<b>217,189</b>	<b>62,422</b>	<b>164,522</b>	<b>307,548</b>	<b>143,026</b>
Equity and investment fund shares	121,203	-107,301	58,169	50,575	-7,594
Debt securities	95,987	169,723	106,354	256,973	150,619
Short term	27,909	-6,376	-4,454	37,175	41,629
Treasury bills and certificates	10,632	-26,411	634	25,739	25,105
Federally sponsored agency securities	-8,706	-3,035	-1,920	-4,588	-2,668
Other short-term securities	25,983	23,070	-3,168	16,024	19,192
Long term	68,078	176,098	110,807	219,798	108,991
Treasury bonds and notes	-90,201	62,611	73,162	44,488	-28,674
Federally sponsored agency securities	38,839	5,179	-17,773	24,282	42,055
Corporate bonds and notes	115,924	103,840	53,569	145,916	92,347
Other	3,516	4,468	1,849	5,112	3,263
<b>Other investment liabilities</b>	<b>-115,582</b>	<b>-96,753</b>	<b>155,535</b>	<b>83,984</b>	<b>-71,551</b>
Currency (short term)	7,942	14,607	20,764	15,830	-4,934
Deposits	-71,123	2,413	47,356	91,368	44,012
Loans	-49,573	-116,306	78,731	-23,603	-102,334
Trade credit and advances	-2,828	2,533	8,683	388	-8,295
Special drawing rights allocations	0	0	0	0	0

p Preliminary r Revised  
 NOTE: The statistics are presented in table 1.2, table 6.1, table 7.1, and table 8.1 on BEA's Web site.

**Acquisition of financial assets**

- Net U.S. acquisition of portfolio investment assets increased \$41.3 billion to \$181.7 billion, reflecting an increase in net U.S. purchases of equity and investment fund shares.
- Net U.S. acquisition of direct investment assets decreased \$17.9 billion to \$99.5 billion, mostly reflecting a decrease in net acquisition of debt instruments by U.S. parent companies from their foreign affiliates. The decrease partly offset the increase in net acquisition of portfolio investment assets.

**Incurrence of liabilities**

- Net U.S. incurrence of portfolio investment liabilities increased \$143.0 billion to \$307.5 billion, reflecting an increase in net foreign purchases of U.S. debt securities.
- Net U.S. incurrence of other investment liabilities decreased \$71.6 billion to \$84.0 billion, reflecting a shift to net U.S. repayment of loans from first-quarter net incurrence. The decrease partly offset the increase in net incurrence of portfolio investment liabilities.

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

