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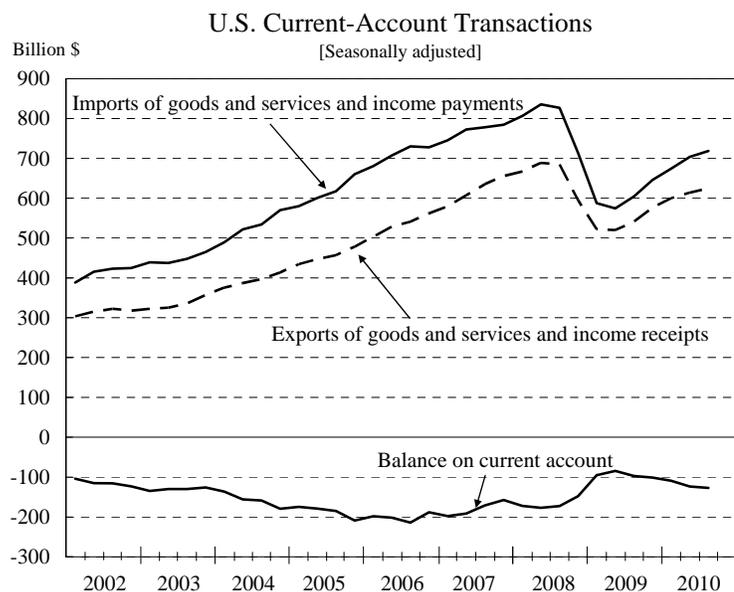
BEA 10-58

U.S. International Transactions: Third Quarter 2010

Current Account

The U.S. current-account deficit—the combined balances on trade in goods and services, income, and net unilateral current transfers—increased to \$127.2 billion (preliminary) in the third quarter of 2010, from \$123.2 billion (revised) in the second quarter of 2010. The increase was the fifth consecutive quarterly increase since the deficit of \$84.4 billion in the second quarter of 2009, which was the smallest deficit since the third quarter of 1999. The increase was largely accounted for by a reduction in the surplus on income and an increase in the deficit on goods.

An increase in net unilateral current transfers also contributed; an increase in the surplus on services was partly offsetting.



Goods and services

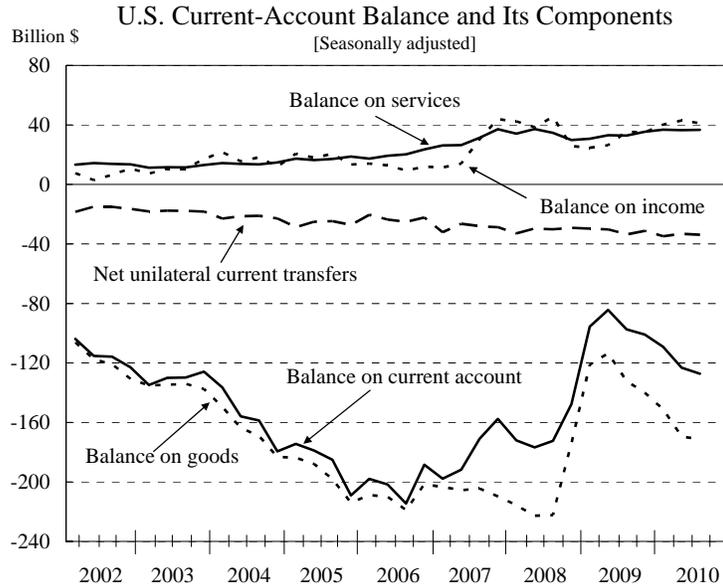
The deficit on goods and services increased to \$134.4 billion in the third quarter from \$133.1 billion in the second.

Goods The deficit on goods increased to \$171.2 billion in the third quarter from \$169.6 billion in the second.

NOTE: This news release and detailed statistics for U.S. international transactions are available on [BEA's Web site](http://www.bea.gov) <www.bea.gov> along with [Highlights](#) related to this release.

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Goods exports increased to \$323.1 billion from \$316.2 billion. Most major end-use categories increased in the third quarter. Capital goods and foods, feeds, and beverages accounted for most of the increase. The increase in capital goods mainly reflected gains in machinery and equipment and in civilian aircraft. The increase in exports of foods, feeds, and beverages was mostly accounted for by gains in soybeans.



Goods imports increased to \$494.2 billion from \$485.7 billion. Most major end-use categories increased; most of the increase was accounted for by consumer goods and capital goods. Consumer goods increased as a result of pickups in both durable and nondurable goods. The third-quarter gain within capital goods was widespread across commodities, led by a 24 percent jump in semiconductors. The gains in consumer and capital goods were partly offset by a decrease in industrial supplies and materials, mostly as a result of a decrease in petroleum imports.

Services The surplus on services increased to \$36.8 billion in the third quarter from \$36.5 billion in the second.

Services receipts increased to \$136.8 billion from \$133.7 billion. The largest increases were in travel and in other private services. Most of the other services categories also increased.

Services payments increased to \$100.0 billion from \$97.2 billion. The largest increases were in travel, in other transportation, and in other private services. Most of the other services categories also increased.

Income

The surplus on income decreased to \$41.1 billion in the third quarter from \$43.0 billion in the second.

Investment income Income receipts on U.S.-owned assets abroad increased to \$164.7 billion from \$163.1 billion. The largest increase was in direct investment receipts. Other private receipts (which consists of interest and dividends) and U.S. government receipts also increased.

Income payments on foreign-owned assets in the United States increased to \$121.6 billion from \$118.0 billion. The increase was more than accounted for by direct investment payments. A decrease in other private payments (which consists of interest and dividends) was partly offsetting.

Compensation of employees Receipts for compensation of U.S. workers abroad remained at \$0.8 billion in the third quarter. Payments for compensation of foreign workers in the United States remained at \$2.9 billion.

Unilateral current transfers

Net unilateral current transfers to foreigners were \$33.9 billion in the third quarter, up from \$33.2 billion in the second. The increase was more than accounted for by U.S. government grants.

Capital Account

Net capital account payments (outflows) remained close to zero for the third consecutive quarter.

Financial Account

Net financial inflows were \$181.6 billion in the third quarter, up from \$31.0 billion in the second. Growth in both U.S.-owned assets abroad and foreign-owned assets in the United States picked up considerably, however the pickup in foreign-owned assets in the United States was greater than that of U.S.-owned assets abroad.

U.S.-owned assets abroad

U.S.-owned assets abroad increased \$324.5 billion in the third quarter, following an increase of \$141.2 billion in the second.

U.S. claims on foreigners reported by U.S. banks and securities brokers increased \$195.7 billion in the third quarter, following an increase of \$57.0 billion in the second. (Examples of these claims are U.S. banks' deposits at foreign banks and U.S. banks' loans to foreigners.)

Net U.S. purchases of foreign securities were \$44.5 billion in the third quarter following net U.S. purchases of \$20.3 billion in the second. Net U.S. purchases of foreign stocks slowed to \$16.5 billion from \$22.2 billion. Transactions in foreign bonds shifted to net U.S. purchases of \$28.0 billion from small net U.S. sales of \$1.8 billion.

U.S. direct investment abroad was \$83.1 billion in the third quarter, up from \$72.5 billion in the second. The increase in direct investment was more than accounted for by a shift to outflows from inflows in net intercompany debt investment abroad and an increase in reinvested earnings. A shift to equity inflows was partly offsetting.

U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns increased \$0.7 billion in the third quarter, following a decrease of \$11.3 billion in the second.

U.S. official reserve assets increased \$1.1 billion in the third quarter, following an increase of \$0.2 billion in the second.

U.S. government assets other than official reserve assets decreased \$0.6 billion in the third quarter, following an increase of \$2.4 billion in the second.

Foreign-owned assets in the United States

Foreign-owned assets in the United States increased \$506.1 billion in the third quarter, following an increase of \$162.1 billion in the second.

U.S. liabilities to foreigners reported by U.S. banks and securities brokers (other than foreign official assets) increased \$107.1 billion in the third quarter, following a decrease of \$6.7 billion in the second. (Examples of these liabilities are deposits of foreign residents at banks in the United States and loans by banks abroad to banks in the United States.)

Net private foreign purchases of U.S. Treasury securities were \$65.0 billion in the third quarter, down from \$101.3 billion in the second.

Net private foreign transactions in U.S. securities other than U.S. Treasury securities shifted to net foreign purchases of \$108.8 billion in the third quarter from net foreign sales of \$5.6 billion in the second. Transactions in U.S. federally sponsored agency bonds were a record net purchases of \$54.0 billion in the third quarter, up from net purchases of \$8.1 billion in the second. Net foreign transactions in U.S. corporate bonds shifted to net purchases of \$18.0 billion from net foreign sales of \$18.1 billion. Net foreign purchases of U.S. stocks were \$36.8 billion, up from \$4.4 billion.

Foreign direct investment in the United States was \$70.5 billion in the third quarter, following investment of \$18.0 billion in the second. The increase was mostly accounted for by growth in equity investment and a shift to net inflows from net outflows in net intercompany debt investment in the United States.

U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns increased \$2.7 billion in the third quarter, following an increase of \$9.4 billion in the second.

Foreign official assets in the United States increased \$141.6 billion in the third quarter, following an increase of \$43.6 billion in the second.

Net shipments of U.S. currency to foreign countries were \$10.5 billion in the third quarter, up from \$2.1 billion in the second.

The statistical discrepancy—errors and omissions in recorded transactions—was -\$54.4 billion in the third quarter compared with \$92.2 billion in the second.

In the third quarter, the U.S. dollar depreciated 2.2 percent on a trade-weighted quarterly average basis against a group of 7 major currencies.

Revisions

The second-quarter 2010 international transactions are revised from previously published statistics. The current-account deficit was revised down slightly to \$123.2 billion from \$123.3 billion. The goods deficit was nearly unrevised at \$169.6 billion; the services surplus was revised to \$36.5 billion from \$38.0 billion; the income surplus was revised to \$43.0 billion from \$41.2 billion; and unilateral current transfers were revised to net outflows of \$33.2 billion from \$32.9 billion. Net financial inflows were revised to \$31.0 billion from \$36.6 billion.

* * *

Release dates in 2011:

Fourth quarter and year 2010.....	March 16, 2011 (Wednesday)
First quarter 2011.....	June 16, 2011 (Thursday)
Second quarter 2011.....	September 15, 2011 (Thursday)
Third quarter 2011.....	December 15, 2011 (Thursday)

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Summary BEA statistics are available on recorded messages at the time of public release at the following telephone numbers:

(202) 606-5306 Gross domestic product
-5303 Personal income and outlays

BEA's national, international, regional, and industry statistics; the Survey of Current Business; and BEA news releases are available without charge on BEA's Web site at www.bea.gov. By visiting the site, you can also subscribe to receive free e-mail summaries of BEA releases and announcements.

Table 1. U.S. International Transactions

[Millions of dollars, quarters seasonally adjusted]

	(Credits +, debits -)	2009	2009				2010			Change: 2010 II-III
			I	II	III	IV	I	II ^r	III ^p	
Current account										
1	Exports of goods and services and income receipts.....	2,159,000	521,735	520,110	540,729	576,426	600,182	613,730	625,346	11,616
2	Exports of goods and services.....	1,570,797	378,378	377,829	394,145	420,444	438,914	449,859	459,818	9,959
3	Goods, balance of payments basis.....	1,068,499	255,044	254,021	268,858	290,576	305,640	316,163	323,061	6,898
4	Services.....	502,298	123,334	123,808	125,287	129,868	133,274	133,696	136,758	3,062
5	Transfers under U.S. military agency sales contracts.....	17,096	3,381	4,561	5,445	3,709	4,242	4,464	4,815	351
6	Travel.....	93,917	23,631	23,006	23,311	23,969	25,006	25,199	26,273	1,074
7	Passenger fares.....	26,424	7,035	6,534	6,498	6,356	7,167	7,806	8,223	417
8	Other transportation.....	35,406	8,652	8,549	8,834	9,371	9,691	9,947	9,905	-42
9	Royalties and license fees.....	89,791	21,502	22,363	21,396	24,530	24,138	24,062	24,390	328
10	Other private services.....	238,332	58,831	58,487	59,458	61,555	62,576	61,893	62,822	929
11	U.S. government miscellaneous services.....	1,333	302	309	345	377	454	324	331	7
12	Income receipts.....	588,203	143,356	142,281	146,584	155,982	161,268	163,871	165,528	1,657
13	Income receipts on U.S.-owned assets abroad.....	585,256	142,618	141,543	145,855	155,239	160,509	163,094	164,741	1,647
14	Direct investment receipts.....	346,073	75,363	82,354	89,626	98,730	104,130	105,114	106,592	1,478
15	Other private receipts.....	234,458	64,788	58,080	55,506	56,084	55,981	57,655	57,815	160
16	U.S. government receipts.....	4,724	2,467	1,109	723	425	398	325	334	9
17	Compensation of employees.....	2,947	738	738	728	743	759	777	787	10
18	Imports of goods and services and income payments.....	-2,412,489	-587,564	-574,265	-604,594	-646,066	-674,473	-703,794	-718,687	-14,893
19	Imports of goods and services.....	-1,945,705	-468,817	-458,270	-493,467	-525,152	-553,365	-582,937	-594,214	-11,277
20	Goods, balance of payments basis.....	-1,575,443	-376,241	-367,528	-400,977	-430,698	-456,961	-485,734	-494,218	-8,484
21	Services.....	-370,262	-92,576	-90,742	-92,490	-94,454	-96,404	-97,203	-99,996	-2,793
22	Direct defense expenditures.....	-30,474	-7,395	-7,662	-7,728	-7,689	-7,721	-7,590	-7,580	10
23	Travel.....	-73,230	-18,702	-17,721	-18,459	-18,348	-18,651	-18,152	-19,167	-1,015
24	Passenger fares.....	-25,980	-6,784	-6,163	-6,455	-6,578	-6,638	-6,981	-7,228	-247
25	Other transportation.....	-41,586	-11,295	-10,141	-9,880	-10,269	-11,287	-12,344	-13,028	-684
26	Royalties and license fees.....	-25,230	-5,988	-6,442	-6,137	-6,663	-7,662	-7,087	-7,191	-104
27	Other private services.....	-168,892	-41,274	-41,461	-42,611	-43,546	-43,250	-43,825	-44,480	-655
28	U.S. government miscellaneous services.....	-4,871	-1,138	-1,152	-1,220	-1,360	-1,194	-1,224	-1,323	-99
29	Income payments.....	-466,783	-118,747	-115,995	-111,127	-120,914	-121,108	-120,857	-124,473	-3,616
30	Income payments on foreign-owned assets in the United States.....	-456,027	-116,032	-113,323	-108,460	-118,212	-118,304	-117,992	-121,589	-3,597
31	Direct investment payments.....	-94,010	-13,663	-22,810	-23,348	-34,189	-35,143	-33,461	-37,601	-4,140
32	Other private payments.....	-218,020	-63,460	-54,146	-50,473	-49,941	-48,426	-48,902	-48,140	762
33	U.S. government payments.....	-143,997	-38,909	-36,367	-34,639	-34,082	-34,735	-35,629	-35,848	-219
34	Compensation of employees.....	-10,757	-2,715	-2,673	-2,667	-2,702	-2,804	-2,865	-2,884	-19
35	Unilateral current transfers, net.....	-124,943	-29,747	-30,292	-33,638	-31,268	-34,867	-33,151	-33,886	-735
36	U.S. government grants.....	-41,638	-8,641	-10,969	-13,067	-8,962	-12,311	-10,005	-10,813	-808
37	U.S. government pensions and other transfers.....	-8,874	-2,180	-2,222	-2,233	-2,241	-2,548	-2,590	-2,597	-7
38	Private remittances and other transfers.....	-74,431	-18,927	-17,101	-18,338	-20,065	-20,008	-20,555	-20,476	79

Table 1. U.S. International Transactions (Continued)

[Millions of dollars, quarters seasonally adjusted]

(Credits +, debits -)	2009	2009				2010			Change: 2010 II-III
		I	II	III	IV	I	II ^r	III ^p	
Capital account									
39 Capital account transactions, net.....	-140	-20	-29	-36	-56	-3	-2	-8	-6
Financial account									
40 U.S.-owned assets abroad, excluding financial derivatives (increase/financial outflow (-)).....	-140,465	112,726	31,734	-276,241	-8,685	-301,389	-141,177	-324,506	-183,329
41 U.S. official reserve assets.....	-52,256	-982	-3,632	-49,021	1,379	-773	-165	-1,096	-931
42 Gold.....	0	0	0	0	0	0	0	0	0
43 Special drawing rights.....	-48,230	-15	-8	-47,720	-487	-7	-6	-8	-2
44 Reserve position in the International Monetary Fund.....	-3,357	-754	-3,485	-1,098	1,980	-581	-77	-956	-879
45 Foreign currencies.....	-669	-213	-139	-203	-114	-185	-82	-132	-50
46 U.S. government assets, other than official reserve assets.....	541,342	244,102	193,750	57,736	45,754	9,433	-2,441	571	3,012
47 U.S. credits and other long-term assets.....	-4,069	-240	-1,947	-616	-1,266	-1,247	-1,835	-977	858
48 Repayments on U.S. credits and other long-term assets.....	2,133	484	432	534	683	399	783	404	-379
49 U.S. foreign currency holdings and U.S. short-term assets.....	543,278	243,858	195,265	57,818	46,337	10,281	-1,389	1,144	2,533
50 U.S. private assets.....	-629,552	-130,394	-158,384	-284,956	-55,817	-310,048	-138,572	-323,981	-185,409
51 Direct investment.....	-268,680	-45,145	-62,066	-78,313	-83,155	-102,940	-72,536	-83,117	-10,581
52 Foreign securities.....	-208,213	-29,176	-86,725	-46,823	-45,489	-46,147	-20,329	-44,460	-24,131
53 U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns.....	124,428	2,717	22,161	83,302	16,248	10,821	11,306	-734	-12,040
54 U.S. claims reported by U.S. banks and securities brokers.....	-277,087	-58,790	-31,754	-243,122	56,579	-171,782	-57,013	-195,670	-138,657
55 Foreign-owned assets in the United States, excluding financial derivatives (increase/financial inflow (+)).....	305,736	-111,916	-28,348	342,385	103,615	320,217	162,096	506,126	344,030
56 Foreign official assets in the United States.....	450,030	107,912	128,667	96,616	116,835	72,507	43,568	141,614	98,046
57 U.S. government securities.....	441,056	145,512	120,776	73,293	101,475	83,384	37,848	130,030	92,182
58 U.S. Treasury securities.....	561,125	163,809	149,213	123,675	124,428	89,654	18,229	197,988	179,759
59 Other.....	-120,069	-18,297	-28,437	-50,382	-22,953	-6,270	19,619	-67,958	-87,577
60 Other U.S. government liabilities.....	57,971	2,534	685	53,455	1,297	4,060	2,484	1,518	-966
61 U.S. liabilities reported by U.S. banks and securities brokers.....	-70,851	-44,928	-4,900	-33,735	12,712	-15,968	3,886	10,022	6,136
62 Other foreign official assets.....	21,854	4,794	12,106	3,603	1,351	1,031	-650	44	694
63 Other foreign assets in the United States.....	-144,294	-219,828	-157,015	245,769	-13,220	247,710	118,528	364,512	245,984
64 Direct investment.....	134,707	5,866	31,524	55,803	41,514	51,568	18,037	70,482	52,445
65 U.S. Treasury securities.....	22,781	46,084	-29,321	-9,203	15,221	103,092	101,320	64,985	-36,335
66 U.S. securities other than U.S. Treasury securities.....	59	-67,781	-221	47,708	20,353	6,077	-5,588	108,785	114,373
67 U.S. currency.....	12,632	11,816	-1,935	4,179	-1,428	2,265	2,100	10,503	8,403
68 U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns.....	-1,460	-11,614	26,564	8,572	-24,982	20,877	9,406	2,665	-6,741
69 U.S. liabilities reported by U.S. banks and securities brokers.....	-313,013	-204,199	-183,626	138,710	-63,898	63,831	-6,747	107,092	113,839
70 Financial derivatives, net.....	50,804	7,221	11,275	11,496	20,812	15,838	10,048	n.a.	n.a.
71 Statistical discrepancy (sum of above items with sign reversed).....	162,497	87,565	69,815	19,899	-14,779	74,494	92,249	¹ -54,385	² -146,634
Memoranda:									
72 Balance on goods (lines 3 and 20).....	-506,944	-121,197	-113,507	-132,119	-140,121	-151,321	-169,571	-171,157	-1,586
73 Balance on services (lines 4 and 21).....	132,036	30,758	33,066	32,797	35,414	36,870	36,493	36,761	268
74 Balance on goods and services (lines 2 and 19).....	-374,908	-90,439	-80,441	-99,322	-104,707	-114,451	-133,078	-134,396	-1,318
75 Balance on income (lines 12 and 29).....	121,419	24,609	26,286	35,457	35,068	40,160	43,014	41,055	-1,959
76 Unilateral current transfers, net (line 35).....	-124,943	-29,747	-30,292	-33,638	-31,268	-34,867	-33,151	-33,886	-735
77 Balance on current account (lines 1, 18, and 35 or lines 74, 75, and 76).....	-378,432	-95,577	-84,447	-97,503	-100,907	-109,158	-123,214	-127,227	-4,013
78 Net financial flows (lines 40, 55, and 70).....	216,075	8,031	14,661	77,640	115,742	34,666	30,967	¹ 181,620	² 150,653

¹ Calculated excluding financial derivatives, net (line 70).² The change shown here is calculated as the change from the prior period, not as the sum of changes in the above items.

p Preliminary

r Revised

n.a. Not available

NOTE: Details may not add to totals because of rounding. Source: U. S. Bureau of Economic Analysis