

# U.S. International Transactions

## Third Quarter of 2011

**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, income, and unilateral current transfers—decreased to \$110.3 billion (preliminary) in the third quarter of 2011 from \$124.7 billion (revised) in the second quarter (see pages 12–15).<sup>1</sup> The deficit decreased to 2.9 percent of current-dollar gross domestic product (GDP)—down from 3.3 percent in the second quarter—after six straight quarters at 3.0 percent or higher.<sup>2</sup> Most of the decrease reflected a drop in the deficit on goods; smaller contributions came from a decrease in net unilateral current transfers and increases in the surpluses on services and on income.

In the financial account, net financial inflows to the United States increased to \$183.9 billion in the third quarter from \$35.4 billion in the second quarter (see pages 16–17). Net financial flows reflect combined transactions in U.S.-owned assets abroad, foreign-owned assets in the United States, and financial derivatives. The preliminary statistics for the third quarter exclude transactions in financial derivatives because the data are not available. The third-quarter increase in net inflows reflects a speedup in the growth of foreign-owned assets in the United States that more than offset a shift in U.S.-owned assets abroad from a decrease to an increase.

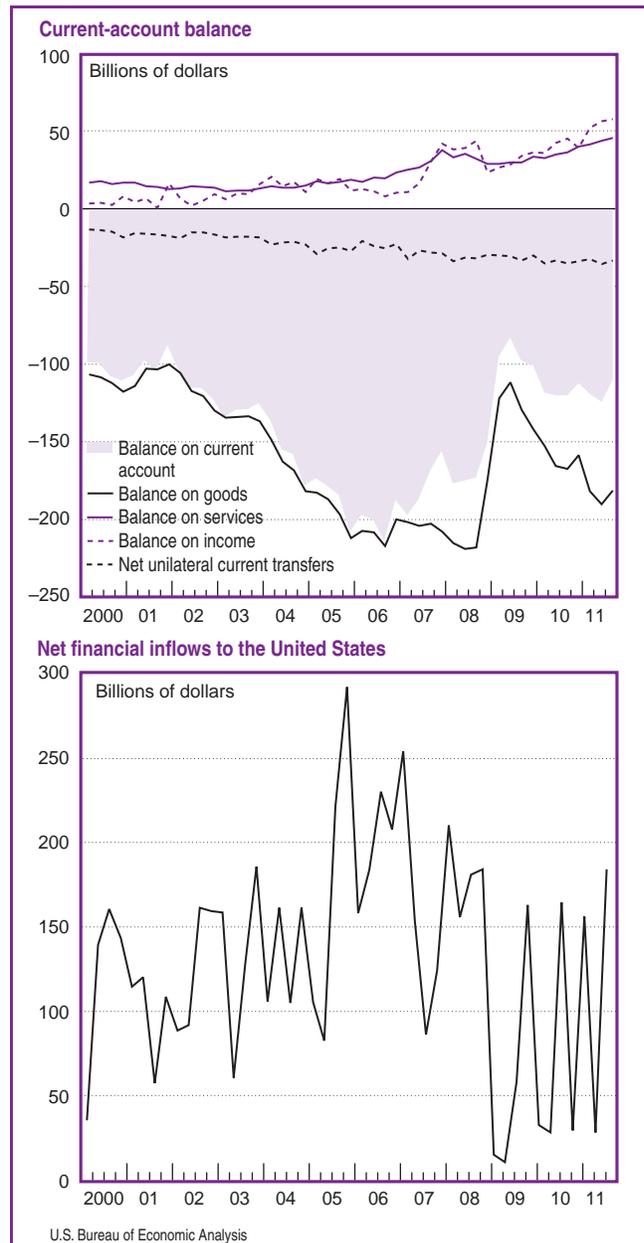
The statistical discrepancy—net errors and omissions in recorded transactions—was  $-\$73.6$  billion in the third quarter, compared with  $-\$90.2$  billion in the second quarter.

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

2. Current-dollar GDP is used to provide a consistently scaled comparison across time. In this context, its use does not imply that these international transactions accounts statistics are components of GDP.

*Sarah P. Scott prepared this article.*

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



## Overview

Table A. U.S. International Transactions

[Millions of dollars, seasonally adjusted]

(Credits +; debits -)	2010		2011		Change 2011:II- 2011:III
	IV	I	II <sup>p</sup>	III <sup>p</sup>	
<b>Current account</b>					
<b>Exports of goods and services and income receipts</b>	<b>656,986</b>	<b>687,815</b>	<b>715,046</b>	<b>724,845</b>	<b>9,799</b>
Goods, balance of payments basis	342,659	361,544	373,045	382,718	9,673
Services	142,088	146,013	150,789	153,754	2,965
Income receipts	172,239	180,258	191,212	188,373	-2,839
<b>Imports of goods and services and income payments</b>	<b>-735,804</b>	<b>-775,129</b>	<b>-804,315</b>	<b>-802,120</b>	<b>2,195</b>
Goods, balance of payments basis	-501,904	-543,767	-563,609	-564,469	-860
Services	-101,592	-103,763	-106,430	-107,584	-1,154
Income payments	-132,309	-127,600	-134,276	-130,068	4,208
<b>Unilateral current transfers, net</b>	<b>-33,360</b>	<b>-32,277</b>	<b>-35,449</b>	<b>-33,006</b>	<b>2,443</b>
U.S. government grants	-11,396	-10,987	-13,179	-10,956	2,223
U.S. government pensions and other transfers	-2,611	-2,629	-2,654	-2,675	-21
Private remittances and other transfers	-19,353	-18,661	-19,617	-19,375	242
<b>Capital account</b>					
<b>Capital account transactions, net</b>	<b>-2</b>	<b>-29</b>	<b>-829</b>	<b>0</b>	<b>829</b>
<b>Financial account</b>					
<b>U.S.-owned assets abroad (increase/financial outflow (-))<sup>1</sup></b>	<b>-236,802</b>	<b>-334,359</b>	<b>25,115</b>	<b>-70,833</b>	<b>-95,948</b>
U.S. official reserve assets	200	-3,619	-6,267	-4,079	2,188
U.S. government assets, other than official reserve assets	-240	-547	-1,358	-1,265	93
U.S. private assets	-236,762	-330,193	32,740	-65,490	-98,230
Direct investment	-92,990	-89,205	-138,539	-70,765	67,774
Foreign securities	-43,438	-58,171	-30,444	-27,561	2,883
U.S. claims on unaffiliated foreigners reported by nonbanking concerns	-5,747	-95,007	7,069	18,944	11,875
U.S. claims reported by banks and brokers	-94,587	-87,810	194,654	13,892	-180,762
<b>Foreign-owned assets in the United States (increase/financial inflow (+))<sup>1</sup></b>	<b>266,646</b>	<b>487,194</b>	<b>2,767</b>	<b>254,742</b>	<b>251,975</b>
Foreign official assets in the United States	57,790	48,764	95,143	24,371	-70,772
Other foreign assets in the United States	208,856	438,430	-92,376	230,371	322,747
Direct investment	70,557	28,493	52,102	75,267	23,165
U.S. Treasury securities	29,514	3,466	-59,320	123,814	183,134
U.S. securities other than U.S. Treasury securities	48,431	-2,590	-10,743	-22,962	-12,219
U.S. currency	13,440	12,576	13,989	9,614	-4,375
U.S. liabilities to unaffiliated foreigners reported by nonbanking concerns	16,758	42,045	24,204	-19,020	-43,224
U.S. liabilities reported by banks and brokers	30,156	354,440	-112,608	63,658	176,266
<b>Financial derivatives, net</b>	<b>-504</b>	<b>3,220</b>	<b>7,504</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Statistical discrepancy (sum of the bold lines above with sign reversed)</b>	<b>82,841</b>	<b>-36,436</b>	<b>90,161</b>	<b><sup>1</sup>-73,627</b>	<b><sup>2</sup>-163,788</b>
<b>Memoranda:</b>					
Balance on goods	-159,245	-182,222	-190,564	-181,750	8,814
Balance on services	40,496	42,250	44,359	46,170	1,811
Balance on goods and services	-118,749	-139,972	-146,205	-135,580	10,625
Balance on income	39,930	52,658	56,936	58,305	1,369
Unilateral current transfers, net	-33,360	-32,277	-35,449	-33,006	2,443
Balance on current account	-112,179	-119,591	-124,719	-110,281	14,438
Net financial flows <sup>3</sup>	29,340	156,055	35,386	<sup>1</sup> 183,909	<sup>2</sup> 148,523

p Preliminary r Revised n.a. Not available

1. Excludes transactions in financial derivatives.

2. Change from prior period, not the sum of changes in components.

3. Sum of U.S.-owned assets abroad, foreign-owned assets in the United States, and financial derivatives.

NOTE: The statistics, except for net financial flows, are from table 1.

## Current-account highlights

- The deficit on goods narrowed in the third quarter about the same as it had widened in the second quarter, as exports rose faster than imports. Growth in exports slowed after eight quarters of stronger growth. Imports were relatively flat after stronger growth in the previous eight quarters.
- The surplus on services rose in the third quarter at a rate similar to that of the previous two quarters as exports grew faster than imports.
- The surplus on income rose slightly in the third quarter after stronger growth in the previous two quarters. Both receipts and payments decreased because of lower direct investment income, but payments fell more than receipts.

## Financial-account highlights

- U.S.-owned assets abroad increased in the third quarter after decreasing in the second quarter. The growth in foreign-owned assets in the United States increased significantly in the third quarter after slowing in the second. The increase in foreign-owned assets in the United States exceeded the increase in U.S.-owned assets abroad.
- U.S.-owned assets abroad increased as a result of a shift to outflows of U.S. private assets abroad.
- Foreign-owned assets in the United States increased considerably as a result of a shift to inflows of private foreign assets in the United States.

## Revisions

The preliminary statistics for U.S. international transactions for the second quarter that were published in the October 2011 SURVEY OF CURRENT BUSINESS have been revised to reflect new or revised source data.

The current-account deficit was revised up to \$124.7 billion from \$118.0 billion. The goods deficit was revised up to \$190.6 billion from \$190.4 billion; the services surplus was revised down to \$44.4 billion from \$45.4 billion; the income surplus was revised down to \$56.9 billion from \$61.1 billion; and net outflows of unilateral current transfers were revised up to \$35.4 billion from \$34.2 billion. Net financial inflows were revised up to \$35.4 billion from \$25.7 billion.

## Data Availability

Detailed statistics for U.S. international transactions are presented in tables 1–12 after this article. The statistics are also available to view interactively and download from BEA's Web site. To access these files, go to [www.bea.gov](http://www.bea.gov) and, under "Interactive Data," click on "International Transactions," then click on "Begin using the data..." and select from the "Table List" to navigate through the options.

## Current Account—Goods

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

	2010	2011			Change 2011:II- 2011:III
	IV	I	II <sup>r</sup>	III <sup>p</sup>	
<b>Exports, balance of payments basis</b> .....	<b>342,659</b>	<b>361,544</b>	<b>373,045</b>	<b>382,718</b>	<b>9,673</b>
Agricultural products .....	34,008	37,146	35,815	33,077	-2,738
Nonagricultural products .....	308,651	324,398	337,230	349,641	12,411
<b>Foods, feeds, and beverages</b> .....	<b>30,594</b>	<b>32,048</b>	<b>32,054</b>	<b>30,678</b>	<b>-1,376</b>
Grains and preparations .....	7,658	9,276	10,877	8,481	-2,396
Other .....	22,936	22,772	21,177	22,197	1,020
<b>Industrial supplies and materials</b> .....	<b>109,711</b>	<b>124,224</b>	<b>129,076</b>	<b>134,015</b>	<b>4,939</b>
Petroleum and products .....	24,139	28,388	32,486	34,689	2,203
Nonpetroleum products .....	85,572	95,836	96,590	99,326	2,736
Chemicals, excluding medicinals .....	29,198	29,937	30,766	31,154	388
Metals and nonmetallic products .....	27,110	31,055	31,744	35,658	3,914
Nonferrous metals .....	14,030	17,006	16,863	20,628	3,765
Other .....	13,080	14,049	14,881	15,030	149
Other .....	29,264	34,844	34,080	32,514	-1,566
<b>Capital goods, except automotive</b> .....	<b>116,571</b>	<b>117,600</b>	<b>122,233</b>	<b>125,609</b>	<b>3,376</b>
Electric generating machinery, apparatus, and parts .....	11,424	11,533	12,097	12,138	41
Oil drilling, mining, and construction machinery .....	7,294	7,260	8,077	8,474	397
Industrial engines, pumps, and compressors .....	6,424	6,561	7,118	7,214	96
Industrial, agricultural, and service machinery, n.e.c. .....	29,532	29,316	30,872	31,390	518
Computers, peripherals, and parts .....	11,363	11,670	12,252	12,505	253
Semiconductors .....	11,639	11,800	10,831	10,736	-95
Telecommunications equipment .....	8,242	8,824	8,904	9,094	190
Scientific, hospital, and medical equipment .....	10,324	10,438	10,762	10,743	-19
Civilian aircraft, engines, and parts .....	18,451	18,170	19,149	21,280	2,131
Other .....	1,878	2,028	2,171	2,035	-136
<b>Automotive vehicles, parts, and engines</b> .....	<b>28,958</b>	<b>32,044</b>	<b>32,166</b>	<b>34,486</b>	<b>2,320</b>
Passenger cars .....	10,268	11,073	11,831	12,162	331
Trucks, buses, and special purpose vehicles .....	3,926	4,691	4,967	5,102	135
Engines, parts, and accessories .....	14,763	16,281	15,369	17,224	1,855
<b>Consumer goods, except automotive</b> .....	<b>43,648</b>	<b>42,381</b>	<b>44,077</b>	<b>44,492</b>	<b>415</b>
Nondurable goods .....	20,181	18,528	19,526	19,852	326
Medicinal, dental, and pharmaceutical products .....	12,284	10,577	11,392	11,538	146
Other .....	7,897	7,951	8,134	8,314	180
Durable goods .....	23,467	23,853	24,551	24,641	90
Household appliances and other household goods .....	8,224	8,169	8,467	8,687	220
Other .....	15,243	15,684	16,084	15,954	-130
<b>Other exports</b> .....	<b>13,178</b>	<b>13,246</b>	<b>13,439</b>	<b>13,437</b>	<b>-2</b>

p Preliminary r Revised  
n.e.c. Not elsewhere classified

Note: The statistics are from table 2. For additional statistics on goods imports, see BEA's Web site.

**Table C. Real Goods Exports and Imports**

[Percent change from preceding period in chained-dollar exports and imports, seasonally adjusted]

	2010			2011		
	II	III	IV	I	II <sup>r</sup>	III <sup>p</sup>
Exports, balance of payments basis .....	2.4	2.9	2.4	2.4	0.8	2.2
Imports, balance of payments basis .....	6.1	3.1	-0.4	3.0	0.3	0.5

p Preliminary r Revised

### Trends in the Trade in Goods

The deficit on goods narrowed in the third quarter about the same as it had widened in the second quarter. Current-dollar imports slowed far more than current-dollar exports, and both grew at a weaker rate than in the previous eight quarters. The goods deficit decreased to 4.8 percent of current-dollar GDP in the third quarter from 5.1 percent in the second quarter.

Real exports increased much faster than real imports in the third quarter (table C).

Goods exports growth slowed to 2.6 percent in the third quarter from 3.2 percent in the second quarter. Most major end-use categories increased; like in the second quarter, the largest increases were in industrial supplies and materials and in capital goods.

Foods, feeds, and beverages decreased as a result of a decrease in wheat.

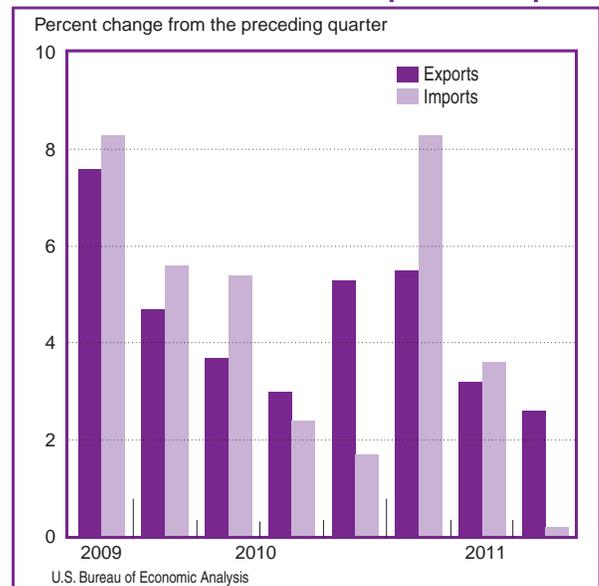
The increase in industrial supplies and materials was similar to the second-quarter increase. The third-quarter increase was primarily a result of increases in nonferrous metals, mainly in nonmonetary gold, and in petroleum and products.

The increase in capital goods was smaller than in the second quarter. It largely reflected an increase in civilian aircraft, which was mostly due to exports of complete aircraft to China.

Automotive vehicles, parts, and engines grew, reflecting an increase in exports of engines, parts, and accessories to Canada, Mexico, Japan, and China.

Consumer goods increased slightly after stronger growth in the second quarter; both nondurable and durable goods grew at a slower pace. The growth in nondurable goods was broad based. The growth in durable goods was more than accounted for by an increase in household appliances and other household goods.

**Chart 2. Current-Dollar Goods Exports and Imports**



**Current Account—Goods**

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

	2011				Change 2011:II- 2011:III
	2010	IV	I	II <sup>r</sup>	
<b>Imports, balance of payments basis.....</b>	<b>501,904</b>	<b>543,767</b>	<b>563,609</b>	<b>564,469</b>	<b>860</b>
Petroleum and products.....	89,492	111,339	119,963	114,439	-5,524
Nonpetroleum products.....	412,412	432,427	443,647	450,029	6,382
<b>Foods, feeds, and beverages.....</b>	<b>23,920</b>	<b>25,880</b>	<b>27,422</b>	<b>27,150</b>	<b>-272</b>
<b>Industrial supplies and materials.....</b>	<b>159,754</b>	<b>187,929</b>	<b>202,503</b>	<b>197,740</b>	<b>-4,763</b>
Petroleum and products.....	89,492	111,339	119,963	114,439	-5,524
Nonpetroleum products.....	70,262	76,590	82,540	83,301	761
Natural gas.....	3,744	4,055	4,921	4,655	-266
Chemicals, excluding medicinals.....	16,272	17,583	19,139	19,874	735
Building materials, except metals.....	4,723	4,997	4,917	5,015	98
Metals and nonmetallic products.....	27,471	30,963	33,225	33,046	-179
Iron and steel products.....	7,403	8,603	10,131	9,422	-709
Nonferrous metals.....	13,561	15,060	15,232	15,574	342
Other.....	6,507	7,300	7,862	8,050	188
Other.....	18,052	18,992	20,338	20,711	373
<b>Capital goods, except automotive.....</b>	<b>119,876</b>	<b>123,406</b>	<b>128,572</b>	<b>129,174</b>	<b>602</b>
Electric generating machinery, apparatus, and parts.....	14,828	15,181	15,613	15,256	-357
Oil drilling, mining, and construction machinery.....	4,538	4,703	5,451	5,805	354
Industrial engines, pumps, and compressors.....	4,683	5,184	5,096	5,559	463
Industrial, agricultural, and service machinery, n.e.c.....	26,931	29,077	29,735	31,063	1,328
Computers, peripherals, and parts.....	28,757	28,233	30,878	30,329	-549
Semiconductors.....	8,914	9,579	9,658	9,207	-451
Telecommunications equipment.....	12,680	12,478	12,310	12,167	-143
Scientific, hospital, and medical equipment.....	8,459	8,730	9,060	9,064	4
Civilian aircraft, engines, and parts.....	8,174	8,260	8,555	8,300	-255
Other.....	1,912	1,981	2,216	2,424	208
<b>Automotive vehicles, parts, and engines.....</b>	<b>58,585</b>	<b>64,036</b>	<b>58,195</b>	<b>66,783</b>	<b>8,588</b>
Passenger cars.....	29,590	31,766	25,945	32,417	6,472
Trucks, buses, and special purpose vehicles.....	4,187	4,661	5,104	5,852	748
Engines, parts, and accessories.....	24,807	27,609	27,146	28,514	1,368
<b>Consumer goods, except automotive.....</b>	<b>125,161</b>	<b>128,737</b>	<b>131,363</b>	<b>128,783</b>	<b>-2,580</b>
Nondurable goods.....	58,021	59,716	62,511	61,640	-871
Apparel, footwear, and household goods.....	30,061	30,464	32,524	32,336	-188
Medicinal, dental, and pharmaceutical products.....	21,666	22,688	23,290	22,643	-647
Other.....	6,294	6,564	6,697	6,661	-36
Durable goods.....	67,140	69,020	68,852	67,143	-1,709
Televisions and other video equipment.....	9,487	8,942	8,576	8,045	-531
Toys and sporting goods, including bicycles.....	9,602	9,103	8,713	8,968	255
Household appliances and other household goods.....	31,766	33,736	33,305	31,850	-1,455
Other.....	16,285	17,239	18,258	18,280	22
<b>Other imports and U.S. goods returned.....</b>	<b>14,608</b>	<b>13,778</b>	<b>15,554</b>	<b>14,838</b>	<b>-716</b>

p Preliminary r Revised  
n.e.c. Not elsewhere classified

NOTE: The statistics are from table 2. For additional statistics on goods imports, see BEA's Web site.

Goods imports growth slowed to 0.2 percent in the third quarter from 3.6 percent in the second quarter. Most major end-use categories decreased in the third quarter; a large increase in automotive vehicles, parts, and engines exceeded decreases in industrial supplies and materials and in consumer goods.

Foods, feeds, and beverages decreased slightly after increasing for seven straight quarters. The decrease was accounted for by "other" agricultural foods, feeds, and beverages and by coffee, cocoa, and sugar.

Industrial supplies and materials decreased after increasing for three consecutive quarters. The downturn was more than accounted for by a drop in petroleum and products that was partly offset by an increase in chemicals.

Capital goods grew less than in the eight previous quarters. Increases in "industrial, agricultural, and service industry machinery, n.e.c." and in industrial engines, pumps, and compressors were partly offset by decreases in computers, peripherals, and parts and in semiconductors.

Automotive vehicles, parts, and engines rose sharply after dipping in the second quarter, largely reflecting a rebound in passenger car imports from Japan after the March earthquake and tsunami.

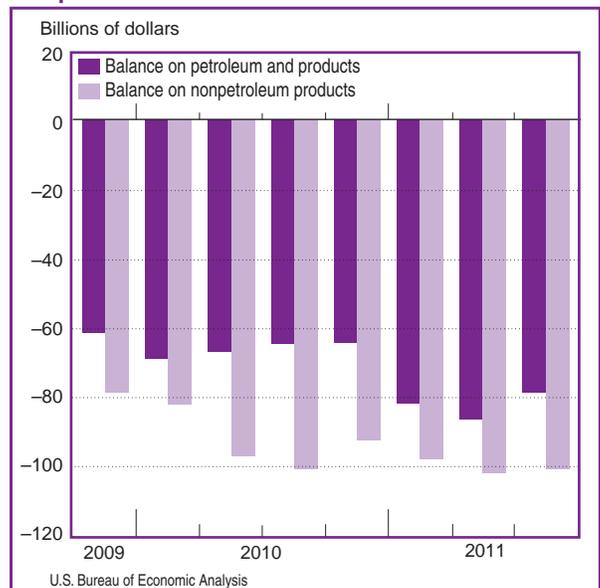
Consumer goods fell after rising for two quarters. Much of the downturn reflected a decrease in household appliances and other household goods in durable goods. In nondurable goods, medicinal, dental, and pharmaceutical products decreased the most.

**Goods Deficit by Area and Type of Product**

The third-quarter decrease in the goods deficit was more than accounted for by a downturn in the deficit with Europe, which was mostly a result of an increased surplus with the Netherlands and a shift to a surplus with Switzerland. The deficit with Latin America also decreased, largely as a result of a decrease in the deficit with Mexico. The deficit with Asia and Pacific increased, mostly because of increased deficits with China and Japan.

**Petroleum and products.** The deficit on petroleum and products decreased after increasing in the previous two quarters and accounted for most of the drop in the goods deficit. Imports of petroleum and products turned down, reflecting reductions in both price and quantity. Exports of petroleum and products rose for the fourth straight quarter, also contributing to the drop in the goods deficit.

**Chart 3. Balance on Total Petroleum and Nonpetroleum Products**



**Current Account—Services**

**Table E. Services Exports and Imports**  
[Millions of dollars, seasonally adjusted]

	2010	2011			Change 2011:II- 2011:III
	IV	I	II <sup>p</sup>	III <sup>p</sup>	
<b>Services exports</b> .....	<b>142,088</b>	<b>146,013</b>	<b>150,789</b>	<b>153,754</b>	<b>2,965</b>
Travel.....	26,695	27,301	29,164	29,873	709
Passenger fares.....	7,994	8,362	9,122	9,859	737
Other transportation.....	10,121	10,464	10,636	10,722	86
Freight.....	5,000	5,168	5,368	5,360	-8
Port services.....	5,121	5,296	5,268	5,362	94
Royalties and license fees.....	27,021	28,012	29,822	30,470	648
Other private services.....	65,851	67,329	67,306	67,985	679
Education.....	5,458	5,549	5,649	5,763	114
Financial services.....	18,252	17,627	17,944	17,724	-220
Insurance services.....	3,968	3,853	3,703	3,755	52
Telecommunications.....	2,934	3,005	3,095	3,141	46
Business, professional, and technical services.....	32,553	34,613	34,161	34,835	674
Other services.....	2,686	2,683	2,754	2,768	14
Transfers under U.S. military agency sales contracts.....	4,141	4,231	4,474	4,559	85
U.S. government miscellaneous services.....	266	314	265	285	20
<b>Services imports</b> .....	<b>101,592</b>	<b>103,763</b>	<b>106,430</b>	<b>107,584</b>	<b>1,154</b>
Travel.....	19,054	19,280	19,850	20,153	303
Passenger fares.....	7,259	7,552	7,701	7,954	253
Other transportation.....	12,666	13,451	13,949	13,718	-231
Freight.....	9,488	9,936	10,272	10,084	-188
Port services.....	3,178	3,515	3,676	3,634	-42
Royalties and license fees.....	8,359	8,879	8,587	8,943	356
Other private services.....	45,585	45,949	47,741	48,314	573
Education.....	1,440	1,462	1,485	1,503	18
Financial services.....	3,828	4,060	3,974	3,897	-77
Insurance services.....	15,113	13,796	14,185	14,157	-28
Telecommunications.....	2,007	1,943	1,922	1,948	26
Business, professional, and technical services.....	23,006	24,489	25,974	26,607	633
Other services.....	191	199	201	202	1
Direct defense expenditures.....	7,471	7,570	7,545	7,364	-181
U.S. government miscellaneous services.....	1,198	1,081	1,057	1,138	81

Travel receipts—purchases of goods and services by foreign travelers in the United States—increased for the ninth straight quarter.

Passenger fare receipts increased robustly for the third straight quarter.

Growth in “other” transportation receipts slowed from that in the previous two quarters. The third-quarter growth was a result of increased port services receipts.

“Other” private services receipts picked up slightly after a small decrease in the second quarter. The pickup reflected an increase in business, professional, and technical services that was partly offset by a decrease in financial services.

Travel payments—purchases of goods and services by U.S. travelers abroad—grew more slowly than in the second quarter.

Passenger fare payments increased for the sixth straight quarter.

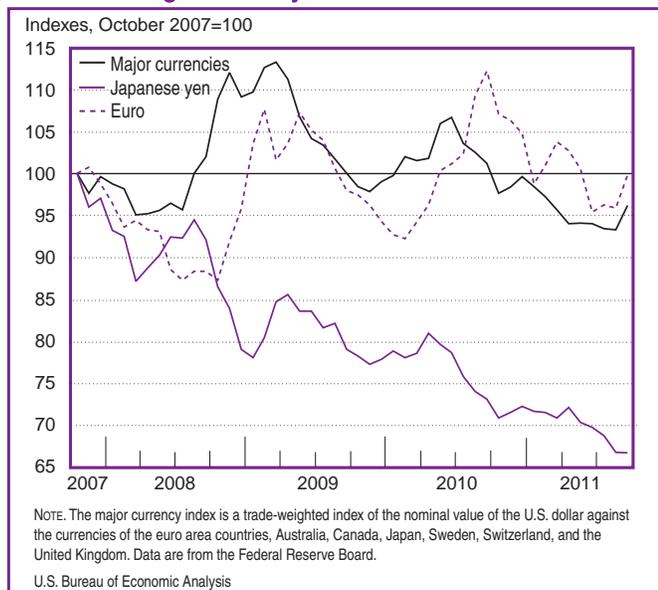
“Other” transportation payments decreased slightly, mostly as a result of lower freight services payments.

“Other” private services payments increased slightly; the increase was more than accounted for by an increase in business, professional, and technical services.

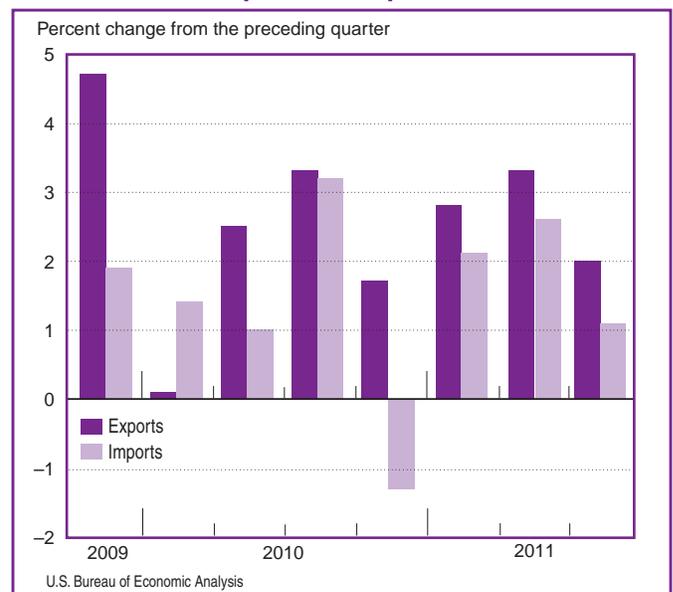
p Preliminary r Revised

NOTE: The statistics are from tables 1 and 3. For additional information on services, including definitions, see Jennifer Konz-Bruner and Anne Flatness, “U.S. International Services: Cross-Border Trade in 2010 and Services Supplied Through Affiliates in 2009,” SURVEY OF CURRENT BUSINESS 91 (October 2011); 13–56.

**Chart 4. Foreign Currency Price of the U.S. Dollar**



**Chart 5. Services Exports and Imports**



Current Account—Income

**Table F. Income Receipts and Payments**  
[Millions of dollars, seasonally adjusted]

	2011				Change 2011:III- 2011:III
	IV	I	II*	III*	
<b>Income receipts</b> .....	<b>172,239</b>	<b>180,258</b>	<b>191,212</b>	<b>188,373</b>	<b>-2,839</b>
Income on U.S.-owned assets abroad .....	170,921	178,898	189,852	187,009	-2,843
Direct investment receipts .....	112,199	118,231	125,736	121,047	-4,689
Earnings .....	110,689	116,763	123,964	119,313	-4,651
Interest .....	1,511	1,468	1,772	1,734	-38
Other private receipts .....	58,371	60,231	63,593	65,547	1,954
Income on foreign securities .....	49,105	50,616	53,716	55,989	2,273
Dividends .....	28,883	30,258	33,342	35,328	1,986
Interest .....	20,222	20,358	20,374	20,661	287
Interest on claims reported by banks and brokers	5,870	5,945	6,293	5,798	-495
For own claims .....	4,998	5,052	5,454	5,005	-449
For customers' claims .....	872	893	839	793	-46
Interest on claims reported by nonbanking concerns .....	3,396	3,671	3,584	3,761	177
U.S. government receipts .....	351	436	523	415	-108
Compensation of employees .....	1,317	1,360	1,359	1,363	4
<b>Income payments</b> .....	<b>132,309</b>	<b>127,600</b>	<b>134,276</b>	<b>130,068</b>	<b>-4,208</b>
Income on foreign-owned assets in the United States	128,700	124,012	130,702	126,489	-4,213
Direct investment payments .....	44,861	39,249	45,200	40,175	-5,025
Earnings .....	38,737	33,083	38,166	33,404	-4,762
Interest .....	6,123	6,167	7,034	6,771	-263
Other private payments .....	49,993	51,014	51,731	52,382	651
Income on U.S. corporate securities .....	44,932	45,976	46,324	47,259	935
Dividends .....	15,908	17,389	17,970	18,733	763
Interest .....	29,024	28,587	28,355	28,527	172
Interest on liabilities reported by banks and brokers .....	3,367	3,350	3,468	3,288	-180
For own liabilities .....	2,066	2,127	2,162	2,102	-60
For customers' liabilities .....	1,301	1,223	1,306	1,185	-121
Interest on liabilities reported by nonbanking concerns .....	1,695	1,688	1,938	1,835	-103
U.S. government payments .....	33,846	33,749	33,771	33,932	161
Compensation of employees .....	3,609	3,588	3,574	3,578	4

p Preliminary r Revised  
Note: The statistics are from tables 1, 4, and 7.

Income receipts on U.S. direct investment abroad decreased in the third quarter after rising strongly in the second quarter. The largest decreases were in holding companies with operating affiliates in a variety of industries—such as petroleum, finance and insurance, motor vehicles, and food. Receipts of finance and insurance companies also fell.

“Other” private income receipts increased for the sixth straight quarter, rising to the highest level since the fourth quarter of 2008. The third-quarter increase was mostly the result of an increase in dividends on foreign stocks.

U.S. government receipts decreased after increasing for two consecutive quarters.

Income payments on foreign direct investment in the United States decreased as a result of decreased earnings of U.S. affiliates in the finance and insurance industries. Earnings of U.S. affiliates in manufacturing industries also fell.

“Other” private income payments rose for a fourth straight quarter. The rise reflected increased dividends on U.S. corporate securities.

U.S. government payments rose slightly for a second straight quarter. The increases in the last two quarters resulted from increased foreign holdings of marketable U.S. Treasury bonds.

**Trends in Income**

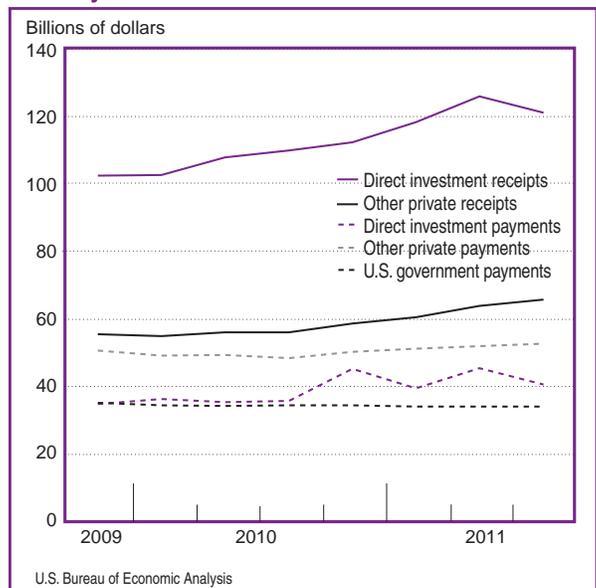
The surplus on income increased slightly in dollar terms, but remained at 1.5 percent relative to U.S. current-dollar GDP.

Income receipts decreased in the third quarter after increasing for five quarters. Although income payments have decreased in the third quarter and in several other quarters since the first quarter of 2009, the cumulative growth in payments amounted to 10 percent.

Direct investment receipts decreased after increasing for nine consecutive quarters. Direct investment payments decreased after increasing substantially in the second quarter; payments have seesawed in recent quarters.

“Other” private receipts and payments increased in the third quarter. Receipts grew for the sixth consecutive quarter and were 20 percent higher than the recent low in the first quarter of 2010. Payments increased for the fourth straight quarter, but growth in each successive quarter was slower than that in the previous quarter.

**Chart 6. Selected Investment Income Receipts and Payments**



U.S. Bureau of Economic Analysis

**Financial Account—U.S.-Owned Assets Abroad**

**Table G. U.S.-Owned Assets Abroad**  
[Millions of dollars, seasonally adjusted]

(Increase/financial outflow (-), decrease/financial inflow (+))	2010	2011			Change 2011:II-2011:III
	IV	I	II <sup>r</sup>	III <sup>p</sup>	
<b>U.S.-owned assets abroad <sup>1</sup></b> .....	<b>-236,802</b>	<b>-334,359</b>	<b>25,115</b>	<b>-70,833</b>	<b>-95,948</b>
U.S. official reserve assets .....	200	-3,619	-6,267	-4,079	2,188
U.S. government assets, other than official reserve assets .....	-240	-547	-1,358	-1,265	93
U.S. private assets .....	-236,762	-330,193	32,740	-65,490	-98,230
Direct investment .....	-92,990	-89,205	-138,539	-70,765	67,774
Equity .....	682	-3,019	-30,766	-3,359	27,407
Reinvested earnings .....	-86,854	-85,450	-97,964	-81,892	16,072
Intercompany debt .....	-6,818	-736	-9,808	14,486	24,294
Foreign securities .....	-43,438	-58,171	-30,444	-27,561	2,883
Stocks .....	-28,706	-47,127	-26,943	-22,793	4,150
Bonds .....	-14,732	-11,044	-3,501	-4,768	-1,267
U.S. claims on unaffiliated foreigners reported by nonbanking concerns .....	-5,747	-95,007	7,069	18,944	11,875
U.S. claims reported by banks and brokers .....	-94,587	-87,810	194,654	13,892	-180,762
For own accounts .....	-44,813	-89,045	188,341	-74,118	-262,459
For customers' accounts .....	-49,774	1,235	6,313	88,010	81,697

<sup>p</sup> Preliminary <sup>r</sup> Revised

<sup>1</sup> Excludes transactions in financial derivatives, which are not available separately for U.S.-owned assets abroad.

NOTE: Under balance-of-payments conventions, increases in U.S.-owned assets abroad are shown with a negative sign, and decreases are shown with a positive sign. The statistics are from tables 1, 7, 8, and 10.

U.S. official reserve assets increased less than in the second quarter, reflecting a smaller increase in the U.S. reserve position in the International Monetary Fund.

U.S. direct investment abroad slowed substantially. Most of the slowdown reflected a drop in equity investment and a shift to inflows in intercompany debt, with a smaller contribution from a slowdown in reinvested earnings.

U.S. net purchases of foreign securities decreased slightly; net purchases of foreign stocks slowed and were partly offset by a small increase in net purchases of foreign bonds.

U.S. claims on foreigners reported by nonbanks decreased more than in the second quarter. The larger third-quarter decrease was due to a shift to a decrease from an increase in short-term instruments and a larger decrease in other financial claims. These changes were partly offset by a shift in commercial claims to an increase from a decrease.

U.S. claims on foreigners reported by banks and brokers (such as U.S. residents' deposits at foreign banks and loans to foreigners) decreased much less than in the second quarter. The smaller decrease was more than accounted for by a shift from a decrease to an increase in claims for own accounts, as U.S.-owned banks' deposits abroad rose sharply. This shift was partly offset by a decrease in claims for customers' accounts.

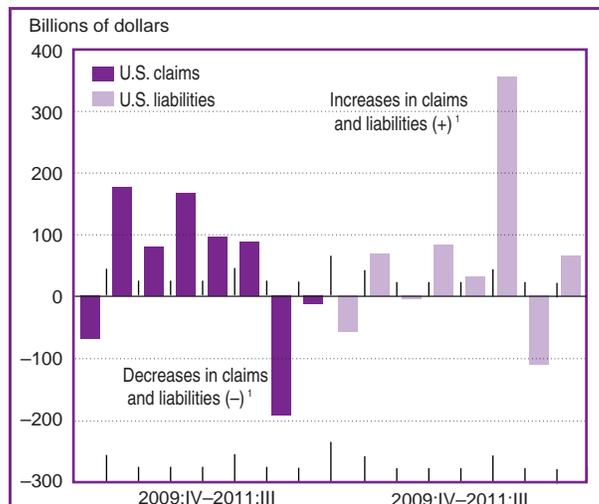
**Developments in the Financial Account**

U.S.-owned assets abroad increased moderately in the third quarter after a small decrease in the second quarter, the only decrease since the second quarter of 2009. Foreign-owned assets in the United States increased for the ninth straight quarter; the third-quarter increase was considerably more than in the second quarter. The increase in foreign-owned assets in the United States exceeded the increase in U.S.-owned assets abroad, resulting in net inflows, mainly from Europe.

The increase in U.S.-owned assets abroad resulted from an increase in U.S. private assets that was more than accounted for by U.S. direct investment abroad, which was substantially less than in the second quarter. Reinvested earnings of foreign affiliates more than accounted for the direct investment flows. Net purchases of foreign securities, mainly stocks, also contributed to the increase in U.S. private assets; these purchases were offset by combined decreases in U.S. claims on foreigners reported by nonbanks and by banks and brokers. Claims by banks' and brokers' customers on Europe declined sharply.

The increase in foreign-owned assets in the United States was primarily the result of inflows from private foreign investors. More than half of these inflows came from a record level of net purchases of U.S. Treasury securities, mostly from Europe. Direct investment and an increase in U.S. liabilities to foreigners reported by banks and brokers also contributed to inflows from private foreign investors. Inflows of foreign official assets, which were more than accounted for by net purchases of U.S. Treasury securities also contributed to the overall increase in foreign-owned assets in the United States.

**Chart 7. U.S. Claims and Liabilities Reported by Banks and Brokers**



<sup>1</sup> Under balance-of-payments conventions, increases in U.S. claims are shown with a negative sign in tables 1-12, and decreases in U.S. claims are shown with a positive sign.  
U.S. Bureau of Economic Analysis

## Financial Account—Foreign-Owned Assets in the United States

**Table H. Foreign-Owned Assets in the United States**

[Millions of dollars, seasonally adjusted]

(Increase/financial inflow (+), decrease/financial outflow (-))	2011				Change 2011:II- 2011:III
	IV	I	II*	III*	
<b>Foreign-owned assets in the United States<sup>1</sup></b>	<b>266,646</b>	<b>487,194</b>	<b>2,767</b>	<b>254,742</b>	<b>251,975</b>
Foreign official assets .....	57,790	48,764	95,143	24,371	-70,772
U.S. government securities .....	63,279	48,814	76,346	15,733	-60,613
U.S. Treasury securities.....	79,688	33,510	79,552	31,311	-48,241
Other .....	-16,409	15,304	-3,206	-15,578	-12,372
Other U.S. government liabilities .....	3,841	2,645	2,089	2,365	276
U.S. liabilities reported by banks and brokers	-7,277	-3,073	15,319	5,041	-10,278
Other foreign official assets.....	-2,053	378	1,389	1,232	-157
Other foreign assets.....	208,856	438,430	-92,376	230,371	322,747
Direct investment.....	70,557	28,493	52,102	75,267	23,165
Equity .....	24,172	8,356	27,295	29,042	1,747
Reinvested earnings .....	30,673	26,228	25,123	24,597	-526
Intercompany debt.....	15,712	-6,091	-316	21,628	21,944
U.S. Treasury securities .....	29,514	3,466	-59,320	123,814	183,134
U.S. securities other than U.S. Treasury securities .....	48,431	-2,590	-10,743	-22,962	-12,219
Stocks.....	37,100	34,195	27,645	-27,081	-54,726
Corporate bonds.....	8,160	-4,291	-15,027	-8,918	6,109
Federally sponsored agency bonds.....	3,171	-32,494	-23,361	13,037	36,398
U.S. currency.....	13,440	12,576	13,989	9,614	-4,375
U.S. liabilities to unaffiliated foreigners reported by nonbanking concerns.....	16,758	42,045	24,204	-19,020	-43,224
U.S. liabilities reported by banks and brokers	30,156	354,440	-112,608	63,658	176,266
For own accounts .....	53,864	329,920	-112,272	77,645	189,917
For customers' accounts .....	-23,708	24,520	-336	-13,987	-13,651

p Preliminary r Revised

1. Excludes transactions in financial derivatives, which are not available separately for foreign-owned assets in the United States.

NOTE: The statistics are from tables 1, 7, 8, and 11.

Foreign official assets in the United States increased substantially less than in the second quarter. The slowdown largely reflected lower net purchases of U.S. Treasury securities.

Foreign direct investment in the United States increased more than in the second quarter, primarily as a result of a shift to inflows of intercompany debt investment. Equity investment also rose.

Transactions in U.S. Treasury securities shifted sharply to record net purchases by private foreigners from strong net sales in the second quarter. The increase reflected increases in purchases of both short-term Treasury bills and long-term Treasury bonds.

Net sales of "other" U.S. securities by private foreigners increased as a result of a shift to net sales of U.S. stocks that was partly offset by a shift to net purchases from net sales of agency bonds.

U.S. liabilities to unaffiliated foreigners reported by nonbanks decreased after increasing for six consecutive quarters. The shift was mostly a result of a shift to a decrease in financial liabilities to the United Kingdom.

U.S. liabilities to foreigners reported by banks and brokers (such as foreign residents' deposits at U.S. banks and loans to U.S. residents) increased after decreasing. The shift was more than accounted for by a substantial shift to an increase in liabilities for own accounts. U.S.-owned banks' deposits from abroad turned up sharply, mostly from banks in the United Kingdom and nonbanks in the Caribbean. These changes were partly offset by a decrease in repurchase agreements of U.S. securities brokers and dealers. Liabilities for customers' accounts decreased more than in the second quarter; the decrease was mostly in negotiable CDs and other short-term instruments.

**Chart 8. Transactions in U.S. Debt Securities**

