

U.S. International Transactions

Fourth Quarter and Year 2018

By Erin (Yiran) Xin

The U.S. current-account deficit—a net measure of transactions between the United States and the rest of the world in goods, services, primary income, and secondary income—increased to \$134.4 billion (preliminary) in the fourth quarter of 2018 from \$126.6 billion (revised) in the third quarter (chart 1 and table A). The deficit was 2.6 percent of current-dollar gross domestic product (GDP) in the fourth quarter, up from 2.5 percent in the third quarter.

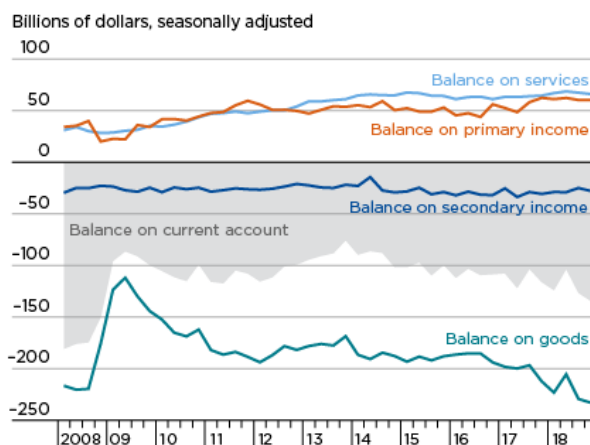
The \$7.8 billion increase in the current-account deficit mainly reflected increases in the deficits on goods and on secondary income and a decrease in the surplus on services.

Net U.S. borrowing measured by financial-account transactions was \$168.3 billion in the fourth quarter, an increase from net borrowing of \$36.8 billion in the third quarter.

The annual current-account deficit increased to \$488.5 billion (preliminary) in 2018 from \$449.1 billion in 2017. The deficit was 2.4 percent of current-dollar GDP in 2018, up from 2.3 percent in 2017.

Net U.S. borrowing measured by financial-account transactions was \$519.6 billion in 2018, an increase from net borrowing of \$331.9 billion in 2017.

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



U.S. Bureau of Economic Analysis

Table A. U.S. International Transactions

[Millions of dollars, seasonally adjusted]

	2018				Change 2018:III to 2018:IV
	I ^r	II ^r	III ^r	IV ^p	
Current account					
Exports of goods and services and income receipts (credits)	903,027	934,221	930,192	934,254	4,062
Exports of goods and services	615,222	633,033	627,086	625,415	-1,671
Goods	409,210	427,198	419,830	416,094	-3,736
Services	206,012	205,835	207,257	209,321	2,064
Primary income receipts	255,972	266,192	266,297	271,901	5,604
Secondary income (current transfer) receipts	31,833	34,996	36,809	36,938	129
Imports of goods and services and income payments (debits)	1,026,950	1,037,789	1,056,796	1,068,631	11,835
Imports of goods and services	771,478	769,908	789,097	792,379	3,282
Goods	632,478	632,723	649,303	649,147	-156
Services	139,000	137,185	139,794	143,231	3,437
Primary income payments	194,783	203,860	205,958	211,465	5,507
Secondary income (current transfer) payments	60,689	64,021	61,740	64,787	3,047
Capital account					
Capital transfer receipts and other credits	0	0	562	8,856	8,294
Capital transfer payments and other debits	2	5	3	n.a.	n.a.
Financial account					
Net U.S. acquisition of financial assets excluding financial derivatives (net increase in assets / financial outflow (+))	251,218	-199,905	78,338	171,967	93,629
Direct investment assets	-139,234	-68,023	60,396	96,229	35,833
Portfolio investment assets	304,094	-14,272	70,072	-149,565	-219,637
Other investment assets	86,365	-120,679	-51,953	223,199	275,152
Reserve assets	-7	3,068	-177	2,105	2,282
Net U.S. incurrence of liabilities excluding financial derivatives (net increase in liabilities / financial inflow (+))	440,981	-63,211	102,926	320,216	217,290
Direct investment liabilities	57,850	16,551	104,506	88,175	-16,331
Portfolio investment liabilities	301,503	20,596	10,760	-12,853	-23,613
Other investment liabilities	81,628	-100,358	-12,340	244,895	257,235
Financial derivatives other than reserves, net transactions	29,024	-16,969	-12,255	-20,061	-7,806
Statistical discrepancy					
Statistical discrepancy¹	-36,814	-50,090	89,202	-42,789	-131,991
Balances					
Balance on current account	-123,923	-103,568	-126,604	-134,377	-7,773
Balance on goods and services	-156,256	-136,875	-162,011	-166,964	-4,953
Balance on goods	-223,268	-205,525	-229,474	-233,053	-3,579
Balance on services	67,012	68,650	67,462	66,090	-1,372
Balance on primary income	61,189	62,332	60,339	60,435	96
Balance on secondary income	-28,856	-29,026	-24,931	-27,849	-2,918
Balance on capital account	-2	-5	559	8,856	8,297
Net lending (+) or net borrowing (-) from current- and capital-account transactions²	-123,925	-103,573	-126,045	-125,521	524
Net lending (+) or net borrowing (-) from financial-account transactions³	-160,739	-153,664	-36,843	-168,310	-131,467

p Preliminary

r Revised

n.a. Not available

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

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 are also available on BEA's website. The links in the text and tables of this article provide 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*.

Fourth-Quarter Overview

Current-account highlights

- The deficit on goods increased \$3.6 billion in the fourth quarter to \$233.1 billion.
- The surplus on services decreased \$1.4 billion to \$66.1 billion.
- The surplus on primary income increased \$0.1 billion to \$60.4 billion.
- The deficit on secondary income increased \$2.9 billion to \$27.8 billion.

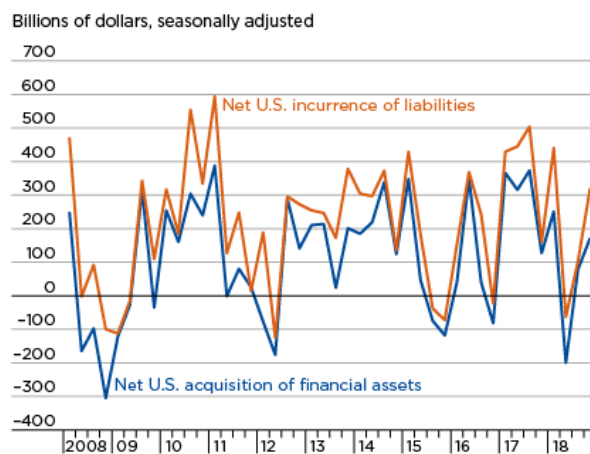
Capital-account highlights

Capital-transfer receipts were \$8.9 billion in the fourth quarter. The transactions reflected receipts from foreign insurance companies for losses resulting from the wildfires in California. For information on transactions associated with natural disasters, see [“What are the effects of hurricanes and other disasters on the international economic accounts?”](#)

Financial-account highlights

- Net U.S. acquisition of financial assets excluding financial derivatives increased \$93.6 billion to \$172.0 billion (chart 2).
- Net U.S. incurrence of liabilities excluding financial derivatives increased \$217.3 billion to \$320.2 billion.
- Transactions in financial derivatives other than reserves reflected fourth-quarter net borrowing of \$20.1 billion, a \$7.8 billion increase in net borrowing from the third quarter.

Chart 2. Acquisition of Financial Assets and Incurrence of Liabilities Excluding Financial Derivatives



U.S. Bureau of Economic Analysis

Statistical discrepancy

The statistical discrepancy was -\$42.8 billion in the fourth quarter following a statistical discrepancy of \$89.2 billion in the third quarter.

Fourth-Quarter Current Account—Exports of Goods and Services and Income Receipts

Exports of goods and services and income receipts increased \$4.1 billion, or 0.4 percent, in the fourth quarter to \$934.3 billion (charts 3 and 4 and table B).

- Primary income receipts increased \$5.6 billion, or 2.1 percent, to \$271.9 billion, primarily reflecting increases in portfolio investment income and in other investment income. A decrease in direct investment income partly offset the increases. For more information on direct investment income, see “[Effects of the 2017 Tax Cuts and Jobs Act on Components of the International Transactions Accounts](#).”
- Services exports increased \$2.1 billion, or 1.0 percent, to \$209.3 billion, mostly reflecting increases in other business services, primarily professional and management services; in travel (for all purposes including education), primarily personal travel; and in financial services.
- Goods exports decreased \$3.7 billion, or 0.9 percent, to \$416.1 billion, mainly reflecting a decrease in foods, feeds, and beverages, mostly soybeans.

Chart 3. Current-Account Transactions

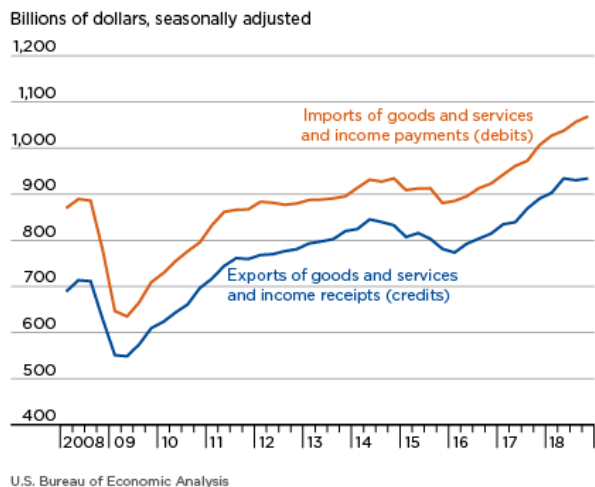


Chart 4. Percent Change in Exports of Goods and Services and Income Receipts

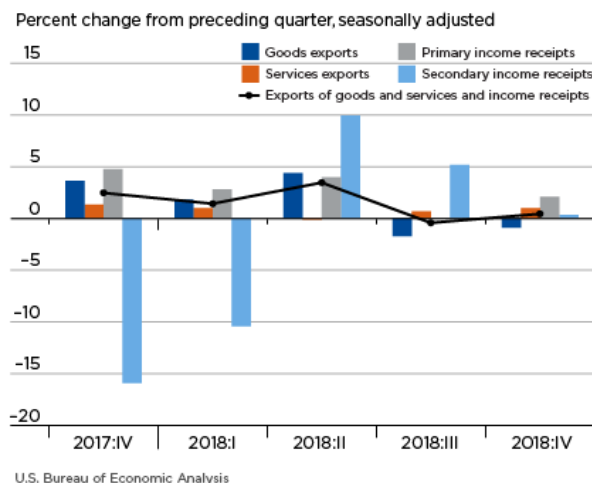


Table B. Exports of Goods and Services and Income Receipts

[Millions of dollars, seasonally adjusted]

	2018				Change 2018:III to 2018:IV
	I ^r	II ^r	III ^r	IV ^p	
Exports of goods and services and income receipts	903,027	934,221	930,192	934,254	4,062
Exports of goods	409,210	427,198	419,830	416,094	-3,736
General merchandise	402,694	421,872	413,725	411,818	-1,907
Foods, feeds, and beverages	31,369	38,552	34,254	29,077	-5,177
Industrial supplies and materials	125,379	134,692	135,330	136,366	1,036
Energy products	46,929	54,162	55,619	58,072	2,453
<i>Of which: Petroleum and products</i>	40,071	47,041	48,935	50,442	1,507
Nonenergy products	78,450	80,530	79,711	78,294	-1,417
Capital goods except automotive	138,221	141,658	140,294	142,099	1,805
Automotive vehicles, parts, and engines	42,177	40,304	38,776	37,340	-1,436
Consumer goods except food and automotive	51,409	51,093	51,013	51,863	850
Other general merchandise	14,138	15,572	14,057	15,072	1,015
Net exports of goods under merchanting	66	77	70	64	-6
Nonmonetary gold	6,450	5,249	6,034	4,212	-1,822
Exports of services¹	206,012	205,835	207,257	209,321	2,064
Maintenance and repair services n.i.e.	7,289	7,471	7,684	7,598	-86
Transport	22,951	23,455	22,885	23,013	128
Travel (for all purposes including education)	53,489	53,636	53,376	53,968	592
Business	9,883	9,737	9,705	9,713	8
Personal	43,606	43,899	43,671	44,255	584
Insurance services	4,555	4,557	5,017	5,035	18
Financial services	27,909	28,226	28,278	28,630	352
Charges for the use of intellectual property n.i.e.	33,577	32,400	32,209	32,265	56
Telecommunications, computer, and information services	10,911	10,628	11,163	11,257	94
Other business services	40,582	40,159	41,711	42,338	627
Government goods and services n.i.e.	4,748	5,304	4,933	5,218	285
Primary income receipts	255,972	266,192	266,297	271,901	5,604
Investment income	254,378	264,587	264,681	270,284	5,603
Direct investment income	134,983	140,099	138,869	137,864	-1,005
Income on equity	128,014	132,805	131,717	130,750	-967
Dividends and withdrawals	294,685	183,580	100,741	85,902	-14,839
Reinvested earnings	-166,671	-50,775	30,975	44,848	13,873
Interest	6,969	7,293	7,152	7,114	-38
Portfolio investment income	99,244	102,199	103,216	106,674	3,458
Income on equity and investment fund shares	65,937	67,344	67,921	71,075	3,154
Interest on debt securities	33,307	34,856	35,295	35,599	304
Other investment income	19,982	22,242	22,366	25,559	3,193
Reserve asset income	169	47	230	187	-43
Compensation of employees	1,594	1,605	1,615	1,616	1
Secondary income (current transfer) receipts²	31,833	34,996	36,809	36,938	129

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

1. See also Shari A. Allen, Alexis N. Grimm, and Christopher P. Steiner, "U.S. International Services: Trade in Services in 2017 and Services Supplied Through Affiliates in 2016," *Survey of Current Business* 98 (October 2018).
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 website.

Fourth-Quarter Current Account—Imports of Goods and Services and Income Payments

Imports of goods and services and income payments increased \$11.8 billion, or 1.1 percent, in the fourth quarter to \$1.1 trillion (charts 3 and 5 and table C).

- Primary income payments increased \$5.5 billion, or 2.7 percent, to \$211.5 billion, mainly reflecting increases in other investment income and in portfolio investment income.
- Services imports increased \$3.4 billion, or 2.5 percent, to \$143.2 billion, mostly reflecting increases in travel (for all purposes including education), primarily personal travel, and in transport, primarily sea freight transport and air passenger transport.
- Secondary income payments increased \$3.0 billion, or 4.9 percent, to \$64.8 billion, mostly reflecting an increase in U.S. government grants.

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

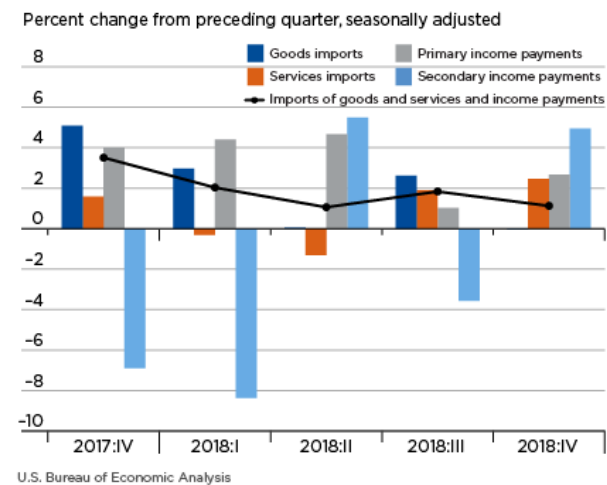


Table C. Imports of Goods and Services and Income Payments

[Millions of dollars, seasonally adjusted]

	2018				Change 2018:III to 2018:IV
	I ^r	II ^r	III ^r	IV ^p	
Imports of goods and services and income payments	1,026,950	1,037,789	1,056,796	1,068,631	11,835
Imports of goods	632,478	632,723	649,303	649,147	-156
General merchandise	629,670	630,044	646,832	646,528	-304
Foods, feeds, and beverages	37,001	37,077	37,083	37,270	187
Industrial supplies and materials	142,402	146,515	150,870	143,638	-7,232
Energy products	62,199	64,728	68,468	60,056	-8,412
Of which: Petroleum and products	58,747	61,324	64,979	55,747	-9,232
Nonenergy products	80,203	81,787	82,402	83,582	1,180
Capital goods except automotive	170,623	174,194	176,726	175,039	-1,687
Automotive vehicles, parts, and engines	92,914	90,179	93,802	96,302	2,500
Consumer goods except food and automotive	164,026	157,432	162,120	166,639	4,519
Other general merchandise	22,703	24,648	26,230	27,639	1,409
Nonmonetary gold	2,809	2,678	2,472	2,620	148
Imports of services¹	139,000	137,185	139,794	143,231	3,437
Maintenance and repair services n.i.e.	2,093	2,062	2,275	2,291	16
Transport	26,189	26,692	27,067	28,357	1,290
Travel (for all purposes including education)	35,435	35,502	35,650	37,570	1,920
Business	3,981	4,157	4,130	4,160	30
Personal	31,453	31,345	31,520	33,410	1,890
Insurance services	9,754	9,554	9,546	9,375	-171
Financial services	7,534	7,719	7,715	7,822	107
Charges for the use of intellectual property n.i.e.	13,921	13,048	13,448	13,335	-113
Telecommunications, computer, and information services	10,172	9,828	10,210	10,206	-4
Other business services	28,251	27,048	28,074	28,492	418
Government goods and services n.i.e.	5,653	5,731	5,809	5,785	-24
Primary income payments	194,783	203,860	205,958	211,465	5,507
Investment income	189,797	198,793	200,875	206,355	5,480
Direct investment income	57,381	61,023	60,149	59,336	-813
Portfolio investment income	114,968	116,895	116,746	118,815	2,069
Income on equity and investment fund shares	38,844	40,216	39,338	41,039	1,701
Interest on debt securities	76,124	76,678	77,408	77,776	368
Other investment income	17,448	20,875	23,979	28,204	4,225
Compensation of employees	4,986	5,067	5,084	5,110	26
Secondary income (current transfer) payments²	60,689	64,021	61,740	64,787	3,047
Supplemental detail on insurance transactions:					
Premiums paid	23,986	24,557	25,140	25,092	-48
Losses recovered	18,689	18,935	19,545	27,839	8,294

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

1. See also Shari A. Allen, Alexis N. Grimm, and Christopher P. Steiner, "U.S. International Services: Trade in Services in 2017 and Services Supplied Through Affiliates in 2016," *Survey of Current Business* 98 (October 2018).
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 website.

Fourth-Quarter Financial Account

Acquisition of financial assets

- Net U.S. acquisition of other investment assets was \$223.2 billion following net U.S. liquidation of \$52.0 billion in the third quarter (chart 6 and table D). This change mostly reflected net U.S. acquisition of currency and deposits and net U.S. provision of loans to foreign residents following net withdrawal of U.S. deposits from foreign banks and net foreign repayment of loans in the third quarter.
- Net U.S. sales of portfolio investment assets were \$149.6 billion following net U.S. purchases of \$70.1 billion in the third quarter. This change reflected net U.S. sales of both equity and debt instruments following net U.S. purchases in the third quarter.
- Net U.S. acquisition of direct investment assets increased \$35.8 billion to \$96.2 billion. For more information on recent transactions in direct investment assets, see [“Effects of the 2017 Tax Cuts and Jobs Act on Components of the International Transactions Accounts.”](#)

Incurrence of liabilities

Net U.S. incurrence of other investment liabilities was \$244.9 billion following net U.S. repayment of \$12.3 billion in the third quarter. This change primarily reflected net foreign provision of loans and net U.S. incurrence of currency and deposits following net U.S. repayment of loans and net foreign withdrawal of currency and deposits in the third quarter.

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

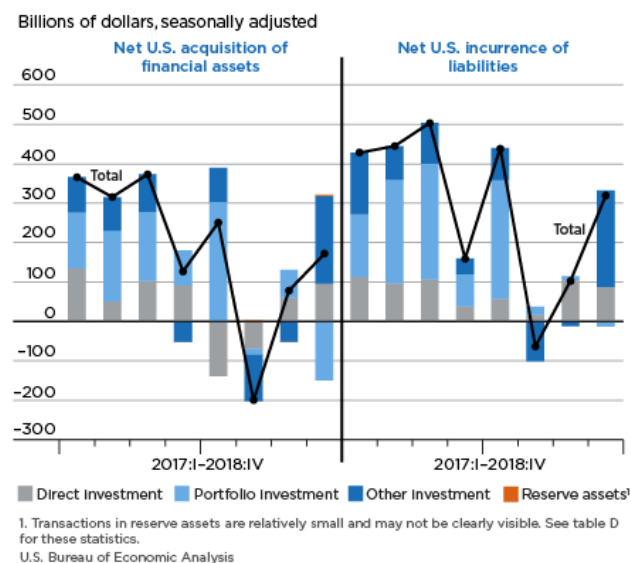


Table D. Net U.S. Acquisition of Financial Assets and Net U.S. Incurrence of Liabilities

[Millions of dollars, seasonally adjusted]

	2018				Change 2018:III to 2018:IV
	I ^r	II ^r	III ^r	IV ^p	
Net U.S. acquisition of financial assets excluding financial derivatives (net increase in assets / financial outflow (+))	251,218	-199,905	78,338	171,967	93,629
Direct investment assets	-139,234	-68,023	60,396	96,229	35,833
Equity	-167,640	-52,771	64,334	97,536	33,202
Equity other than reinvestment of earnings	-969	-1,996	33,359	52,688	19,329
Reinvestment of earnings	-166,671	-50,775	30,975	44,848	13,873
Debt instruments	28,406	-15,252	-3,939	-1,307	2,632
Portfolio investment assets	304,094	-14,272	70,072	-149,565	-219,637
Equity and investment fund shares	200,871	-70,830	32,245	-65,105	-97,350
Debt securities	103,223	56,559	37,828	-84,460	-122,288
Short-term securities	27,771	2,469	21,546	-34,190	-55,736
Long-term corporate securities	53,741	37,717	11,435	-36,588	-48,023
Other long-term securities	21,711	16,373	4,847	-13,682	-18,529
Other investment assets	86,365	-120,679	-51,953	223,199	275,152
Currency and deposits	53,816	-22,388	-23,109	143,516	166,625
Loans	33,356	-99,576	-27,225	77,718	104,943
Trade credit and advances	-807	1,285	-1,618	1,964	3,582
Reserve assets	-7	3,068	-177	2,105	2,282
Monetary gold	0	0	0	0	0
Special drawing rights	33	33	43	47	4
Reserve position in the International Monetary Fund	-73	3,136	-288	2,049	2,337
Other reserve assets	34	-101	68	9	-59
Net U.S. incurrence of liabilities excluding financial derivatives (net increase in liabilities / financial inflow (+))	440,981	-63,211	102,926	320,216	217,290
Direct investment liabilities	57,850	16,551	104,506	88,175	-16,331
Equity	72,562	45,505	114,541	99,600	-14,941
Equity other than reinvestment of earnings	37,499	10,591	77,886	68,982	-8,904
Reinvestment of earnings	35,063	34,913	36,655	30,618	-6,037
Debt instruments	-14,712	-28,954	-10,035	-11,425	-1,390
Portfolio investment liabilities	301,503	20,596	10,760	-12,853	-23,613
Equity and investment fund shares	154,313	291	-95,528	88,160	183,688
Debt securities	147,190	20,305	106,287	-101,013	-207,300
Short term	31,355	37,436	-53,098	13,079	66,177
Treasury bills and certificates	13,560	33,709	-35,170	30,182	65,352
Federally sponsored agency securities	2,214	-680	-6,121	-2,081	4,040
Other short-term securities	15,581	4,407	-11,807	-15,022	-3,215
Long term	115,835	-17,131	159,386	-114,093	-273,479
Treasury bonds and notes	73,078	-12,004	99,265	-87,053	-186,318
Federally sponsored agency securities	37,775	6,518	19,575	16,574	-3,001
Corporate bonds and notes	4,731	-13,257	40,733	-42,175	-82,908
Other	251	1,612	-187	-1,439	-1,252
Other investment liabilities	81,628	-100,358	-12,340	244,895	257,235
Currency	16,970	19,391	19,606	9,364	-10,242
Deposits	-27,004	-77,318	-26,640	95,218	121,858
Loans	82,566	-47,064	-7,584	141,815	149,399
Trade credit and advances	9,096	4,634	2,278	-1,502	-3,780
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 website.

Effects of the 2017 Tax Cuts and Jobs Act on Components of the International Transactions Accounts

In the international transactions accounts, income on equity, or earnings, of foreign affiliates of U.S. multinational enterprises consists of a portion that is repatriated to the parent company in the United States in the form of dividends and a portion that is reinvested in foreign affiliates. At times, repatriation of dividends exceeds current-period earnings, resulting in negative values being recorded for reinvested earnings. In 2018, dividends exceeded earnings, reflecting the repatriation of accumulated prior earnings of foreign affiliates of U.S. multinational enterprises by their parent companies in the United States in response to the 2017 Tax Cuts and Jobs Act (TCJA), which generally eliminated taxes on repatriated earnings. Dividends were \$664.9 billion while reinvested earnings were -\$141.6 billion (chart 7 and tables B and E). The reinvested earnings are also reflected in the net acquisition of direct investment assets in the financial account (table D).

For more information, see [“How does the 2017 Tax Cuts and Jobs Act affect BEA’s business income statistics?”](#) and [“How are the International Transactions Accounts affected by an increase in direct investment dividend receipts?”](#)

Chart 7. Direct Investment Income Receipts and Components

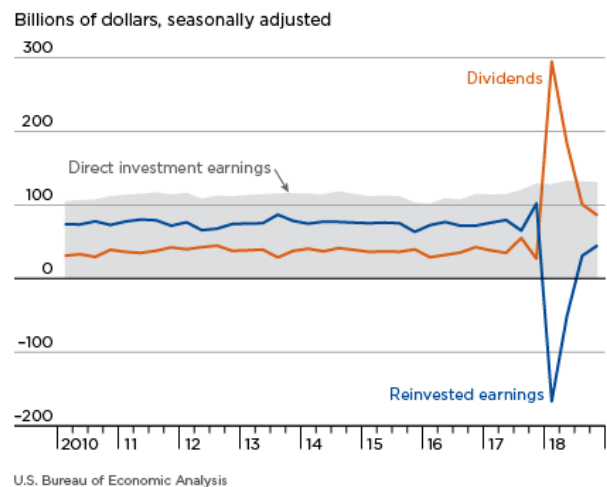


Table E. Direct Investment Earnings Receipts
[Billions of dollars, seasonally adjusted]

	2017				2018				Annual	
	I	II	III	IV	I ^r	II ^r	III ^r	IV ^p	2017	2018 ^p
Direct investment earnings	114.1	114.4	120.3	128.9	128.0	132.8	131.7	130.8	477.7	523.3
Dividends	38.2	34.9	55.1	26.9	294.7	183.6	100.7	85.9	155.1	664.9
Reinvested earnings	75.9	79.5	65.2	102.0	-166.7	-50.8	31.0	44.8	322.6	-141.6

p Preliminary
r Revised

In addition to the repatriation of accumulated earnings, some companies made other changes to their business practices in reaction to the TCJA. For example, some insurance companies changed how they operate in response to the base erosion and anti-abuse tax (BEAT) provision of the TCJA. BEAT is a tax on certain payments from a U.S. company to a related foreign party, which can include premium payments for reinsurance. In response to the new tax, many U.S. insurance

companies terminated these intracompany reinsurance contracts. As a result, premiums paid by U.S. insurers to foreign insurers in 2018 were \$98.8 billion, down from \$129.9 billion in 2017 (table C). Similarly, insurance services imports in 2018 were \$38.2 billion, down from \$50.7 billion in 2017.

For more information on the estimation methods used to compile insurance services, see the insurance section in “[U.S. International Economic Accounts: Concepts and Methods](#).”

Updates to Statistics

The U.S. international transactions statistics for the third quarter of 2018 have been updated to incorporate newly available and revised source data (table F). In addition, the statistics for the first three quarters of 2018 have been updated to align the seasonally adjusted statistics with annual totals.

Table F. Updates to the Third Quarter 2018 International Transactions Aggregates

[Millions of dollars, seasonally adjusted]

	Preliminary Estimates	Revised Estimates
Balance on current account	-124,817	-126,604
Balance on goods	-227,012	-229,474
Balance on services	68,356	67,462
Balance on primary income	59,425	60,339
Balance on secondary income (current transfers)	-25,586	-24,931
Net lending or borrowing from financial-account transactions	-31,289	-36,843
Net U.S. acquisition of financial assets	132,689	78,338
Net U.S. incurrence of liabilities	151,723	102,926
Financial derivatives other than reserves, net transactions	-12,255	-12,255

Preview of the 2019 Annual Update

The annual update of the U.S. international transactions accounts will be released along with the preliminary estimates for the first quarter of 2019 on June 20, 2019. See “[Preview of the 2019 Annual Update of the International Economic Accounts](#)” in this issue of the *Survey of Current Business* for a summary of changes that will be incorporated as part of the update.

Current Account in 2018

Current-account highlights

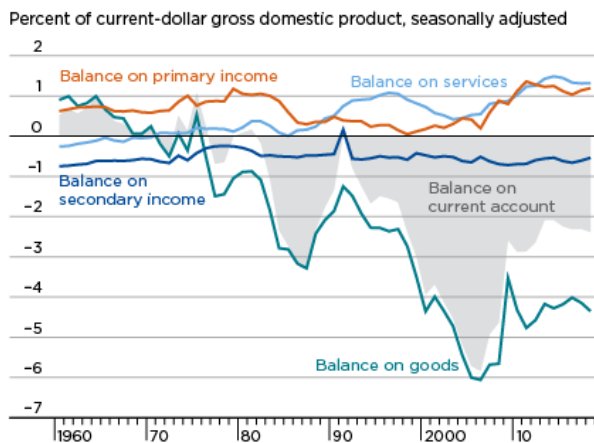
In 2018, the current-account deficit increased \$39.3 billion, or 8.8 percent, reflecting an increase in the deficit on goods that was partly offset by increases in the surpluses on primary income and on services and a decrease in the deficit on secondary income (chart 8 and table G).

Exports of goods and services and income receipts

Exports of goods and services and income receipts increased \$268.5 billion, or 7.8 percent, in 2018 to \$3.7 trillion (chart 9).

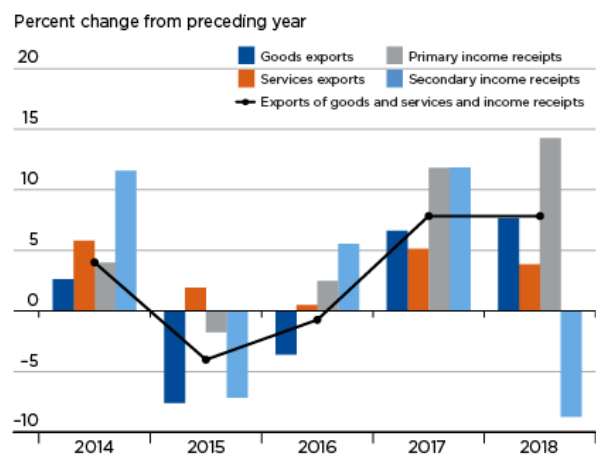
- Primary income receipts increased \$132.2 billion, or 14.2 percent, to \$1.1 trillion, led by increases in portfolio investment income and in direct investment income.
- Goods exports increased \$118.9 billion, or 7.7 percent, to \$1.7 trillion, led by an increase in industrial supplies and materials, primarily petroleum and products.
- Services exports increased \$30.7 billion, or 3.9 percent, to \$0.8 trillion, led by an increase in other business services.

Chart 8. U.S. Current-Account and Component Annual Balances, 1960–2018



U.S. Bureau of Economic Analysis

Chart 9. Annual Percent Change in Exports of Goods and Services and Income Receipts



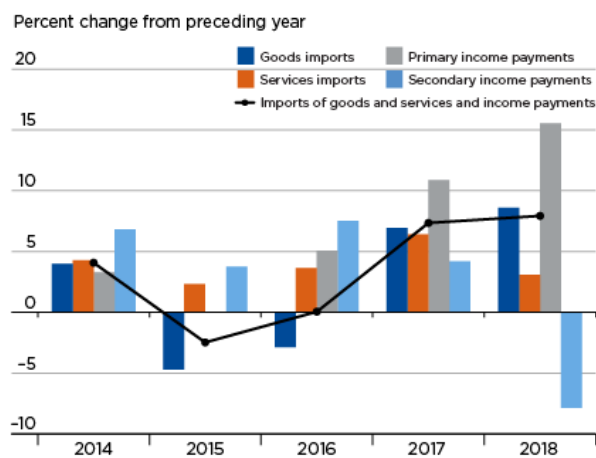
U.S. Bureau of Economic Analysis

Imports of goods and services and income payments

Imports of goods and services and income payments increased \$307.8 billion, or 7.9 percent, to \$4.2 trillion (chart 10).

- Goods imports increased \$202.8 billion, or 8.6 percent, to \$2.6 trillion, led by increases in industrial supplies and materials, in capital goods, and in consumer goods.
- Primary income payments increased \$109.7 billion, or 15.5 percent, to \$0.8 trillion, led by an increase in other investment income.

Chart 10. Annual Percent Change in Imports of Goods and Services and Income Payments



U.S. Bureau of Economic Analysis

Table G. Current Account

[Millions of dollars]

	2015	2016	2017	2018 ^p	Change 2017 to 2018
Current account					
Exports of goods and services and income receipts (credits)	3,207,288	3,183,783	3,433,239	3,701,694	268,455
Exports of goods	1,511,381	1,456,957	1,553,383	1,672,331	118,948
Foods, feeds, and beverages	127,721	130,519	132,744	133,253	509
Industrial supplies and materials	418,141	387,350	456,188	531,768	75,580
Capital goods except automotive	539,805	519,890	533,574	562,273	28,699
Automotive vehicles, parts, and engines	151,894	150,311	157,641	158,597	956
Consumer goods except food and automotive	197,318	193,254	197,134	205,378	8,244
Other general merchandise	54,917	54,791	54,358	58,840	4,482
Net exports of goods under merchandising	261	300	200	277	77
Nonmonetary gold	21,325	20,542	21,544	21,945	401
Exports of services	755,310	758,888	797,690	828,425	30,735
Maintenance and repair services n.i.e.	23,384	25,004	26,430	30,041	3,611
Transport	87,725	84,679	88,598	92,304	3,706
Travel (for all purposes including education)	206,936	206,902	210,747	214,469	3,722
Insurance services	16,248	17,067	18,047	19,164	1,117
Financial services	102,435	99,384	109,642	113,043	3,401
Charges for the use of intellectual property n.i.e.	124,769	124,734	128,364	130,451	2,087
Telecommunications, computer, and information services	36,578	38,548	42,219	43,959	1,740
Other business services	137,148	143,768	154,313	164,790	10,477
Government goods and services n.i.e.	20,087	18,801	19,329	20,202	873
Primary income receipts	810,073	830,174	928,118	1,060,362	132,244
Direct investment income	459,901	456,426	504,404	551,815	47,411
Portfolio investment income	312,028	326,325	354,406	411,334	56,928
Other investment income	31,346	40,850	62,620	90,150	27,530
Reserve asset income	219	108	385	632	247
Compensation of employees	6,578	6,466	6,302	6,431	129
Secondary income (current transfer) receipts	130,525	137,764	154,049	140,576	-13,473
Imports of goods and services and income payments (debits)	3,615,053	3,616,656	3,882,380	4,190,166	307,786
Imports of goods	2,273,249	2,208,008	2,360,878	2,563,651	202,773
Foods, feeds, and beverages	128,762	131,024	138,810	148,431	9,621
Industrial supplies and materials	492,483	441,848	511,561	583,426	71,865
Capital goods except automotive	607,160	593,854	643,620	696,582	52,962
Automotive vehicles, parts, and engines	350,049	351,058	359,849	373,197	13,348
Consumer goods except food and automotive	596,417	585,177	603,922	650,217	46,295
Other general merchandise	85,789	86,887	90,913	101,220	10,307
Nonmonetary gold	12,590	18,160	12,203	10,578	-1,625
Imports of services	491,966	509,838	542,471	559,211	16,740
Maintenance and repair services n.i.e.	9,013	8,731	8,337	8,721	384
Transport	97,006	96,939	101,744	108,305	6,561
Travel (for all purposes including education)	114,548	123,569	135,024	144,156	9,132
Insurance services	47,420	49,900	50,665	38,228	-12,437
Financial services	25,769	25,752	28,931	30,790	1,859
Charges for the use of intellectual property n.i.e.	40,608	46,577	51,284	53,751	2,467
Telecommunications, computer, and information services	36,704	37,391	40,054	40,417	363
Other business services	99,368	99,476	104,385	111,865	7,480
Government goods and services n.i.e.	21,531	21,503	22,047	22,978	931
Primary income payments	606,464	637,151	706,386	816,066	109,680
Direct investment income	175,256	183,812	205,976	237,890	31,914
Portfolio investment income	398,584	407,603	432,510	467,424	34,914
Other investment income	14,968	26,599	48,213	90,506	42,293
Compensation of employees	17,656	19,139	19,687	20,246	559
Secondary income (current transfer) payments	243,372	261,659	272,645	251,237	-21,408
Balances					
Balance on current account	-407,764	-432,873	-449,142	-488,472	-39,330
Balance on goods	-761,868	-751,051	-807,495	-891,320	-83,825
Balance on services	263,343	249,050	255,219	269,214	13,995
Balance on primary income	203,608	193,023	221,731	244,295	22,564
Balance on secondary income	-112,848	-123,895	-118,597	-110,661	7,936

p Preliminary

n.i.e. Not included elsewhere

Note. The statistics are presented in [table 1.2](#) on BEA's website.

Capital and Financial Accounts and the Statistical Discrepancy in 2018

Capital account

Capital transfer receipts were \$9.4 billion in 2018 (table H). The transactions reflected receipts from foreign insurance companies for losses resulting from Hurricane Florence and the wildfires in California. For more information, see [“What are the effects of hurricanes and other disasters on the international economic accounts?”](#)

Acquisition of financial assets

Net U.S. acquisition of financial assets excluding financial derivatives decreased \$881.1 billion to \$301.6 billion.

- Net U.S. withdrawal of direct investment assets was \$50.6 billion following net U.S. acquisition of \$379.2 billion in 2017. The net withdrawal of direct investment assets reflected U.S. parent repatriation of previously reinvested earnings in response to the TCJA. For more information, see [“Effects of the 2017 Tax Cuts and Jobs Act on Components of the International Transactions Accounts.”](#)
- Net U.S. purchases of portfolio investment assets decreased \$376.4 billion to \$210.3 billion, mostly reflecting a decrease in net U.S. purchases of foreign debt securities.
- Net U.S. acquisition of other investment assets decreased \$81.6 billion to \$136.9 billion. This change mostly reflected net foreign repayment of loans following net U.S. provision in 2017.

Incurrence of liabilities

Net U.S. incurrence of liabilities excluding financial derivatives decreased \$736.8 billion to \$800.9 billion.

- Net foreign purchases of portfolio investment liabilities decreased \$479.2 billion to \$320.0 billion, mostly reflecting a decrease in net foreign purchases of U.S. bonds.
- Net U.S. incurrence of other investment liabilities decreased \$169.8 billion to \$213.8 billion, mainly reflecting a decrease in net U.S. incurrence of currency and deposits.
- Net U.S. incurrence of direct investment liabilities decreased \$87.7 billion to \$267.1 billion, mainly reflecting net U.S. repayment of debt liabilities following net U.S. incurrence in 2017.

Financial derivatives

Transactions in financial derivatives other than reserves reflected net borrowing of \$20.3 billion in 2018 following net lending of \$23.1 billion in 2017.

Statistical discrepancy

The statistical discrepancy was -\$40.5 billion in 2018 following a statistical discrepancy of \$92.5 billion in 2017.

Table H. Capital and Financial Accounts and Statistical Discrepancy

[Millions of dollars]

	2015	2016	2017	2018 ^p	Change 2017 to 2018
Capital account					
Capital transfer receipts and other credits	0	0	24,788	9,418	-15,370
Capital transfer payments and other debits	42	59	42	10	-32
Financial account					
Net U.S. acquisition of financial assets excluding financial derivatives (net increase in assets / financial outflow (+))	202,208	348,625	1,182,749	301,618	-881,131
Direct investment assets	307,058	312,975	379,222	-50,633	-429,855
Equity	297,440	336,657	352,504	-58,540	-411,044
Equity other than reinvestment of earnings	7,626	43,747	29,878	83,082	53,204
Reinvestment of earnings	289,814	292,910	322,626	-141,622	-464,248
Debt instruments	9,618	-23,683	26,718	7,907	-18,811
Portfolio investment assets	160,410	36,283	586,695	210,330	-376,365
Equity and investment fund shares	196,922	21,743	166,827	97,180	-69,647
Debt securities	-36,511	14,541	419,868	113,150	-306,718
Short term	43,045	-27,409	193,855	17,596	-176,259
Long term	-79,556	41,950	226,013	95,554	-130,459
Other investment assets	-258,968	-2,723	218,522	136,932	-81,590
Currency and deposits	-191,472	-91,317	171,952	151,834	-20,118
Loans	-65,793	87,690	40,862	-15,727	-56,589
Trade credit and advances	-1,702	903	5,708	825	-4,883
Reserve assets	-6,292	2,090	-1,690	4,989	6,679
Monetary gold	0	0	0	0	0
Special drawing rights	9	684	78	156	78
Reserve position in the International Monetary Fund	-6,485	1,348	-1,812	4,824	6,636
Other reserve assets	185	58	44	10	-34
Net U.S. incurrence of liabilities excluding financial derivatives (net increase in liabilities / financial inflow (+))	501,121	741,529	1,537,683	800,913	-736,770
Direct investment liabilities	509,087	494,455	354,829	267,081	-87,748
Equity	423,974	387,599	308,406	332,207	23,801
Equity other than reinvestment of earnings	340,867	295,955	200,547	194,958	-5,589
Reinvestment of earnings	83,107	91,644	107,859	137,250	29,391
Debt instruments	85,114	106,856	46,423	-65,126	-111,549
Portfolio investment liabilities	213,910	231,349	799,182	320,006	-479,176
Equity and investment fund shares	-187,306	-139,700	155,680	147,236	-8,444
Debt securities	401,216	371,049	643,503	172,769	-470,734
Short term	45,833	-12,092	15,851	28,772	12,921
Long term	355,383	383,141	627,652	143,997	-483,655
Other investment liabilities	-221,876	15,725	383,671	213,826	-169,845
Currency and deposits	35,103	17,199	217,427	29,587	-187,840
Loans	-264,970	-7,574	150,834	169,734	18,900
Trade credit and advances	7,991	6,101	15,410	14,505	-905
Special drawing rights allocations	0	0	0	0	0
Financial derivatives other than reserves, net transactions	-27,035	7,827	23,074	-20,261	-43,335
Statistical discrepancy					
Statistical discrepancy ¹	81,859	47,855	92,536	-40,492	-133,028
Balances					
Balance on capital account	-42	-59	24,746	9,409	-15,337
Net lending (+) or net borrowing (-) from current- and capital-account transactions ²	-407,807	-432,932	-424,395	-479,064	-54,669
Net lending (+) or net borrowing (-) from financial-account transactions ³	-325,948	-385,078	-331,860	-519,556	-187,696

p

Preliminary

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 balance (table G) and capital-account balance.
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](#) and [table 6.1](#) on BEA's website.



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