



U.S. International Transactions

Second Quarter 2020

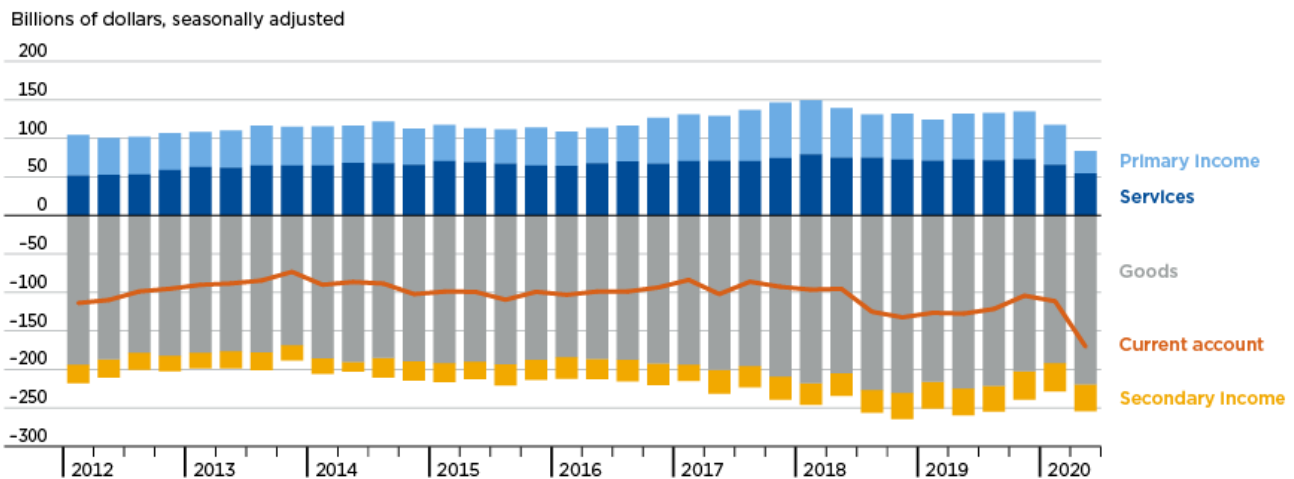
By Rudy Telles Jr.

The U.S. current-account deficit, which reflects the combined balances on trade in goods and services and income flows between U.S. residents and residents of other countries, widened by \$59.0 billion, or 52.9 percent, to \$170.5 billion in the second quarter of 2020 (chart 1 and table A). This is the largest deficit recorded since the third quarter of 2008, when it was \$178.2 billion. The revised first-quarter deficit was \$111.5 billion.

The second-quarter deficit was 3.5 percent of current-dollar gross domestic product, up from 2.1 percent in the first quarter.

The \$59.0 billion widening of the current-account deficit in the second quarter mostly reflected an expanded deficit on goods and reduced surpluses on primary income and on services.

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]

Series	2019		2020		Change 2020 Q1 to 2020 Q2
	Q3	Q4	Q1 ^r	Q2 ^p	
Current account					
Exports of goods and services and income receipts (credits)	954,446	949,848	897,212	687,962	-209,250
Exports of goods and services	630,189	632,469	605,552	444,653	-160,899
Goods	410,930	411,390	403,533	288,885	-114,648
Services	219,259	221,079	202,019	155,768	-46,251
Primary income receipts	286,761	282,943	256,527	209,389	-47,138
Secondary income (current transfer) receipts	37,496	34,435	35,134	33,920	-1,214
Imports of goods and services and income payments (debits)	1,076,040	1,054,172	1,008,728	858,503	-150,225
Imports of goods and services	779,847	762,228	732,028	609,551	-122,477
Goods	632,059	613,887	595,281	508,223	-87,058
Services	147,788	148,341	136,747	101,328	-35,419
Primary income payments	225,140	220,985	204,491	180,176	-24,315
Secondary income (current transfer) payments	71,053	70,959	72,209	68,776	-3,433
Capital account					
Capital transfer receipts and other credits	15	6	19	16	-3
Capital transfer payments and other debits	850	2,026	2,990	1,069	-1,921
Financial account					
Net U.S. acquisition of financial assets excluding financial derivatives (net increase in assets / financial outflow (+))	142,221	55,067	830,858	-147,602	-978,460
Direct investment assets	25,574	59,180	-9,065	35,861	44,926
Portfolio investment assets	20,460	21,806	115,814	-29,818	-145,632
Other investment assets	94,305	-26,128	724,354	-158,606	-882,960
Reserve assets	1,882	210	-245	4,960	5,205
Net U.S. incurrence of liabilities excluding financial derivatives (net increase in liabilities / financial inflow (+))	238,964	83,479	952,306	-4,777	-957,083
Direct investment liabilities	78,119	56,506	52,201	-8,510	-60,711
Portfolio investment liabilities	105,660	-53,160	-20,547	338,957	359,504
Other investment liabilities	55,185	80,133	920,653	-335,225	-1,255,878
Financial derivatives other than reserves, net transactions	-6,382	-933	-21,611	60,256	81,867
Statistical discrepancy					
Statistical discrepancy¹	19,303	76,998	-28,572	89,025	117,597
Balances					
Balance on current account	-121,594	-104,324	-111,516	-170,541	-59,025
Balance on goods and services	-149,658	-129,759	-126,476	-164,898	-38,422
Balance on goods	-221,129	-202,497	-191,748	-219,338	-27,590
Balance on services	71,471	72,738	65,272	54,440	-10,832
Balance on primary income	61,621	61,958	52,036	29,213	-22,823
Balance on secondary income	-33,556	-36,524	-37,075	-34,856	2,219
Balance on capital account	-835	-2,019	-2,971	-1,052	1,919
Net lending (+) or net borrowing (-) from current- and capital-account transactions²	-122,429	-106,344	-114,487	-171,593	-57,106
Net lending (+) or net borrowing (-) from financial-account transactions³	-103,125	-29,345	-143,059	-82,569	60,490

p Preliminary

r Revised

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 International Transactions Accounts [table 1.2](#) on BEA's website.

Data Availability and Methodology

Detailed statistics for U.S. international transactions and a description of the estimation methods are available on the Bureau of Economic Analysis website. For the statistics, see "[International Transactions, International Services, and International Investment Position Tables](#)." For the methods, see [U.S. International Economic Accounts: Concepts and Methods](#).

Coronavirus (COVID-19) Impact on Second-Quarter 2020 International Transactions

All major categories of current-account transactions declined in the second quarter of 2020, resulting in part from the impact of COVID-19, as many businesses were operating at limited capacity or ceased operations completely, and the movement of travelers across borders was restricted. In the financial account, the ending of some currency swaps between the U.S. Federal Reserve System and some central banks in Europe and Japan contributed to U.S. withdrawal of deposit assets and U.S. repayment of deposit liabilities. The full economic effects of the COVID-19 pandemic cannot be quantified in the statistics, because the impacts are generally embedded in source data and cannot be separately identified. More information can be found in the “[Technical Note](#)” that accompanied the second-quarter 2020 international transactions statistics.

Current Account

Exports of goods and services to, and income received from, foreign residents decreased \$209.3 billion to \$688.0 billion in the second quarter (charts 2 and 3 and tables A and B). Imports of goods and services from, and income paid to, foreign residents decreased \$150.2 billion to \$858.5 billion (charts 2 and 4 and tables A and C).

Chart 2. Current-Account Transactions



Trade in goods

Exports of goods decreased \$114.6 billion to \$288.9 billion, mostly reflecting decreases in industrial supplies and materials, mainly petroleum and products; in capital goods, mainly civilian aircraft, engines, and parts; and in automotive vehicles, parts, and engines, mainly parts and engines and passenger cars. Imports of goods decreased \$87.1 billion, to \$508.2 billion, mostly reflecting decreases in automotive vehicles, parts, and engines, mainly parts and engines and passenger cars, and in industrial supplies and materials, mostly petroleum and products.

Trade in services

Exports of services decreased \$46.3 billion, to \$155.8 billion, and imports of services decreased \$35.4 billion, to \$101.3 billion. The decreases in both exports and imports mostly reflected decreases in travel, primarily other personal travel, and in transport, primarily air passenger transport.

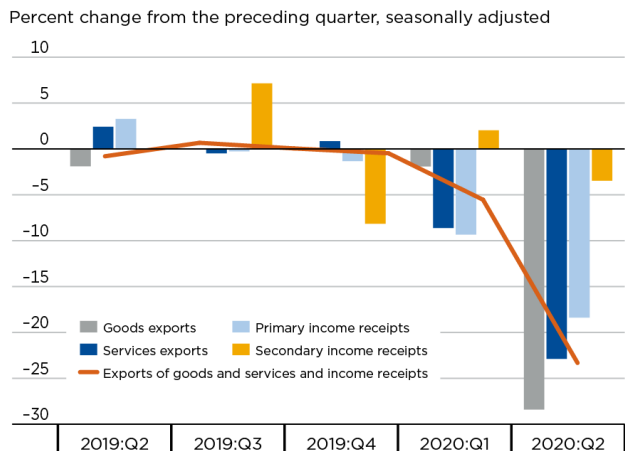
Primary income

Receipts of primary income decreased \$47.1 billion, to \$209.4 billion, mostly reflecting decreases in portfolio investment income, primarily income on equity securities, and in direct investment income, primarily earnings. Payments of primary income decreased \$24.3 billion, to \$180.2 billion, reflecting decreases in all components, led by other investment income, primarily interest on loans and deposits.

Secondary income

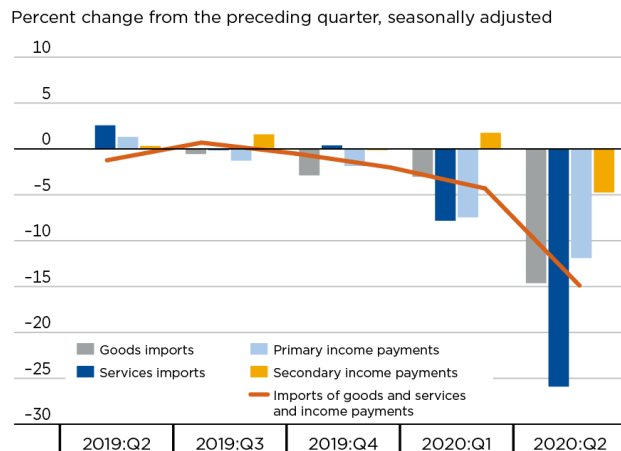
Receipts of secondary income decreased \$1.2 billion, to \$33.9 billion, mostly reflecting a decrease in private transfers, primarily private sector fines and penalties. Payments of secondary income decreased \$3.4 billion, to \$68.8 billion, reflecting decreases in private transfers, primarily private sector fines and penalties, and in general government transfers, primarily international cooperation.

Chart 3. Percent Change in Exports of Goods and Services and Income Receipts



U.S. Bureau of Economic Analysis

Chart 4. Percent Change in Imports of Goods and Services and Income Payments



U.S. Bureau of Economic Analysis

Table B. Exports of Goods and Services and Income Receipts

[Millions of dollars, seasonally adjusted]

Series	2019		2020		Change 2020 Q1 to 2020 Q2
	Q3	Q4	Q1 ^r	Q2 ^p	
Exports of goods and services and income receipts	954,446	949,848	897,212	687,962	-209,250
Exports of goods	410,930	411,390	403,533	288,885	-114,648
General merchandise	405,848	405,687	398,631	283,617	-115,014
Foods, feeds, and beverages	33,172	32,151	32,787	31,157	-1,630
Industrial supplies and materials	129,780	132,804	134,370	93,077	-41,293
Energy products	55,291	59,010	59,009	31,274	-27,735
<i>Of which: Petroleum and products</i>	47,373	50,844	51,076	25,149	-25,927
Nonenergy products	74,489	73,794	75,361	61,803	-13,558
Capital goods except automotive	135,007	135,521	131,854	99,109	-32,745
Automotive vehicles, parts, and engines	41,324	39,756	37,832	15,539	-22,293
Consumer goods except food and automotive	51,462	49,797	46,983	33,477	-13,506
Other general merchandise	15,102	15,657	14,805	11,257	-3,548
Net exports of goods under merchanting	139	119	151	123	-28
Nonmonetary gold	4,943	5,585	4,750	5,145	395
Exports of services¹	219,259	221,079	202,019	155,768	-46,251
Manufacturing services on physical inputs owned by others	n.a.	n.a.	n.a.	n.a.	n.a.
Maintenance and repair services n.i.e.	7,088	7,432	4,189	3,323	-866
Transport	22,333	22,693	20,786	10,235	-10,551
Travel (for all purposes including education)	47,721	48,219	38,982	13,222	-25,760
Business	9,107	9,368	7,183	1,890	-5,293
Personal	38,613	38,852	31,799	11,332	-20,467
Construction	849	734	588	502	-86
Insurance services	4,260	3,762	3,819	3,709	-110
Financial services	33,483	34,303	33,638	32,537	-1,101
Charges for the use of intellectual property n.i.e.	29,237	29,993	28,319	25,596	-2,723
Telecommunications, computer, and information services	14,267	14,306	13,437	12,718	-719
Other business services	48,187	47,736	47,422	43,089	-4,333
Personal, cultural, and recreational services	5,876	5,978	4,966	5,321	355
Government goods and services n.i.e.	5,959	5,924	5,873	5,515	-358
Primary income receipts	286,761	282,943	256,527	209,389	-47,138
Investment income	285,080	281,254	254,846	207,850	-46,996
Direct investment income	144,810	146,363	119,918	102,524	-17,394
Income on equity	138,192	140,194	114,184	97,193	-16,991
Dividends and withdrawals	95,327	83,643	112,879	70,331	-42,548
Reinvested earnings	42,865	56,551	1,305	26,862	25,557
Interest	6,618	6,168	5,734	5,331	-403
Portfolio investment income	108,247	107,068	109,726	89,014	-20,712
Income on equity and investment fund shares	73,190	72,083	74,988	58,352	-16,636
Interest on debt securities	35,057	34,985	34,737	30,661	-4,076
Other investment income	31,780	27,672	25,054	16,247	-8,807
Reserve asset income	243	151	149	65	-84
Compensation of employees	1,682	1,689	1,680	1,539	-141
Secondary income (current transfer) receipts²	37,496	34,435	35,134	33,920	-1,214

p Preliminary

r Revised

n.a. Not available

n.i.e. Not included elsewhere

1. See also International Services [table 2.1](#).

2. Secondary income (current transfer) 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 International Transactions Accounts [table 1.2](#), [table 2.1](#), [table 3.1](#), [table 4.1](#), and [table 5.1](#) on BEA's website.

Table C. Imports of Goods and Services and Income Payments

[Millions of dollars, seasonally adjusted]

Series	2019		2020		Change 2020 Q1 to 2020 Q2
	Q3	Q4	Q1 ^r	Q2 ^p	
Imports of goods and services and income payments	1,076,040	1,054,172	1,008,728	858,503	-150,225
Imports of goods	632,059	613,887	595,281	508,223	-87,058
General merchandise	628,870	609,144	589,085	475,181	-113,904
Foods, feeds, and beverages	38,328	37,398	38,673	36,836	-1,837
Industrial supplies and materials	129,899	126,630	121,706	89,925	-31,781
Energy products	54,163	53,410	48,332	23,162	-25,170
<i>Of which: Petroleum and products</i>	50,903	49,775	45,598	20,498	-25,100
Nonenergy products	75,736	73,220	73,374	66,763	-6,611
Capital goods except automotive	169,509	168,127	161,739	145,981	-15,758
Automotive vehicles, parts, and engines	95,356	89,707	87,846	41,028	-46,818
Consumer goods except food and automotive	167,021	157,381	150,663	140,127	-10,536
Other general merchandise	28,757	29,901	28,458	21,285	-7,173
Nonmonetary gold	3,189	4,743	6,196	33,042	26,846
Imports of services¹	147,788	148,341	136,747	101,328	-35,419
Manufacturing services on physical inputs owned by others	n.a.	n.a.	n.a.	n.a.	n.a.
Maintenance and repair services n.i.e.	1,941	1,949	1,561	1,234	-327
Transport	26,668	26,570	23,305	13,244	-10,061
Travel (for all purposes including education)	33,151	33,717	24,865	2,563	-22,302
Business	4,685	4,609	3,065	355	-2,710
Personal	28,466	29,108	21,800	2,208	-19,592
Construction	330	321	315	244	-71
Insurance services	13,403	13,954	14,104	14,532	428
Financial services	10,157	10,010	10,058	9,345	-713
Charges for the use of intellectual property n.i.e.	10,631	10,587	11,194	9,759	-1,435
Telecommunications, computer, and information services	10,982	11,088	9,907	9,427	-480
Other business services	29,171	28,550	29,671	29,032	-639
Personal, cultural, and recreational services	5,249	5,483	5,666	5,809	143
Government goods and services n.i.e.	6,105	6,113	6,100	6,140	40
Primary income payments	225,140	220,985	204,491	180,176	-24,315
Investment income	220,430	216,145	199,834	176,503	-23,331
Direct investment income	60,941	61,104	43,395	35,442	-7,953
Portfolio investment income	124,526	124,328	127,424	120,250	-7,174
Income on equity and investment fund shares	42,401	41,897	45,336	41,286	-4,050
Interest on debt securities	82,125	82,431	82,088	78,964	-3,124
Other investment income	34,963	30,713	29,014	20,811	-8,203
Compensation of employees	4,711	4,840	4,656	3,673	-983
Secondary income (current transfer) payments²	71,053	70,959	72,209	68,776	-3,433
Supplemental detail on insurance transactions:					
Premiums paid	32,787	33,042	32,738	33,041	303
Losses recovered	19,075	19,351	19,115	18,928	-187

p Preliminary

r Revised

n.a. Not available

n.i.e. Not included elsewhere

1. See also International Services [table 2.1](#)

2. Secondary income (current transfer) 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 International Transactions Accounts [table 1.2](#), [table 2.1](#), [table 3.1](#), [table 4.1](#), and [table 5.1](#) on BEA's website.

Capital Account

Capital-transfer payments decreased \$1.9 billion, to \$1.1 billion, in the second quarter, mostly reflecting a decrease in investment grants (table A).

Financial Account

Net financial-account transactions were -\$82.6 billion in the second quarter, reflecting net U.S. borrowing from foreign residents.

Financial assets

Second-quarter transactions decreased U.S. residents' foreign financial assets by \$147.6 billion (charts 5 and 6 and table D). Transactions decreased portfolio investment assets by \$29.8 billion, primarily equity securities, and other investment assets, mostly deposits, by \$158.6 billion. Transactions in deposits included a net withdrawal by the U.S. Federal Reserve of \$130.8 billion from deposits abroad. Transactions increased direct investment assets, primarily equity, by \$35.9 billion, and reserve assets by \$5.0 billion.

Liabilities

Second-quarter transactions decreased U.S. liabilities to foreign residents by \$4.8 billion. Transactions decreased direct investment liabilities, mainly debt instruments, by \$8.5 billion and other investment liabilities, mostly deposits, by \$335.2 billion. Foreign banks withdrew \$213.0 billion of their deposits in U.S. banks. Transactions increased portfolio investment liabilities, mainly short-term U.S. Treasury securities, by \$339.0 billion.

Financial derivatives

Net transactions in financial derivatives were \$60.3 billion in the second quarter, reflecting net lending to foreign residents.

Chart 5. Acquisition of Financial Assets and Incurrence of Liabilities Excluding Financial Derivatives

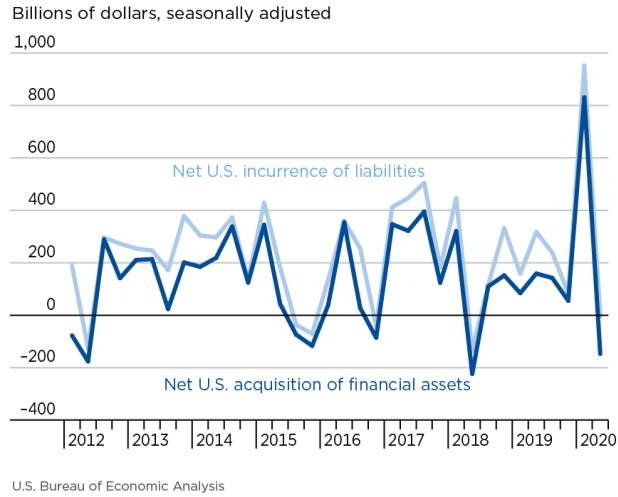


Chart 6. Transactions in Financial Assets and Liabilities Excluding Financial Derivatives

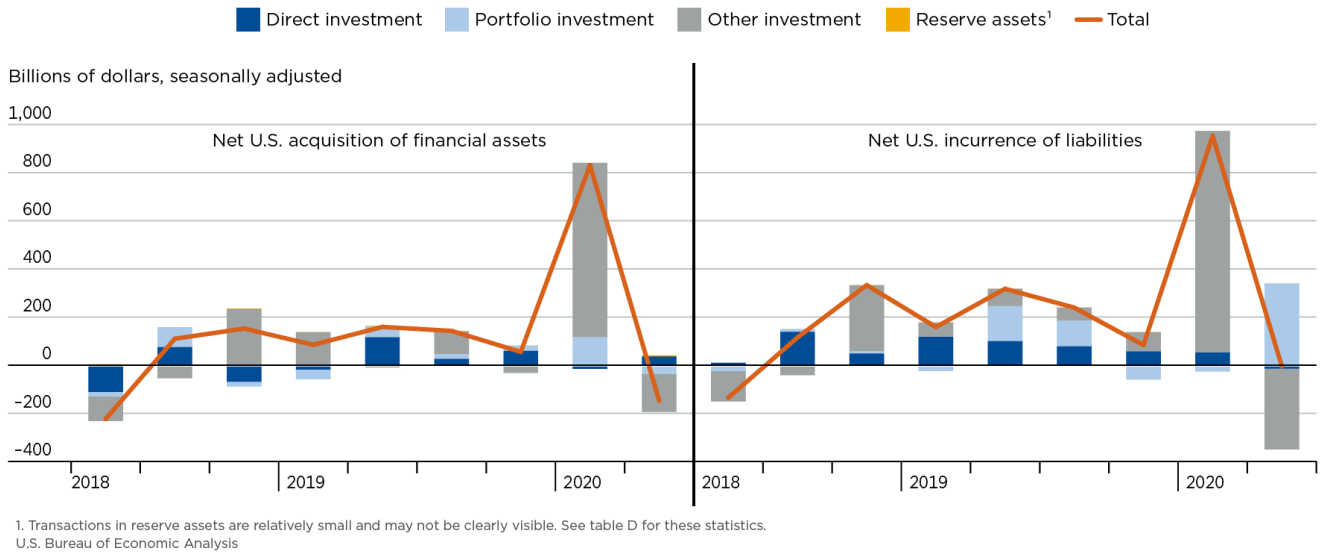


Table D. Net U.S. Acquisition of Financial Assets and Net U.S. Incurrence of Liabilities

[Millions of dollars, seasonally adjusted]

Series	2019		2020		Change 2020 Q1 to 2020 Q2
	Q3	Q4	Q1 ^r	Q2 ^p	
Net U.S. acquisition of financial assets excluding financial derivatives (net increase in assets / financial outflow (+))	142,221	55,067	830,858	-147,602	-978,460
Direct investment assets	25,574	59,180	-9,065	35,861	44,926
Equity	45,886	55,296	15,620	55,742	40,122
Equity other than reinvestment of earnings	3,021	-1,255	14,316	28,881	14,565
Reinvestment of earnings	42,865	56,551	1,305	26,862	25,557
Debt instruments	-20,312	3,884	-24,685	-19,882	4,803
Portfolio investment assets	20,460	21,806	115,814	-29,818	-145,632
Equity and investment fund shares	-56,839	-99,715	279,965	-67,734	-347,699
Debt securities	77,299	121,521	-164,151	37,916	202,067
Short-term securities	61,443	66,150	-73,206	-3,455	69,751
Long-term corporate securities	7,841	35,418	-69,619	36,431	106,050
Other long-term securities	8,015	19,953	-21,326	4,940	26,266
Other investment assets	94,305	-26,128	724,354	-158,606	-882,960
Other equity	18	0	1,298	10	-1,288
Currency and deposits	16,306	66,347	539,992	-156,754	-696,746
Loans	73,336	-91,595	187,829	3,358	-184,471
Trade credit and advances	4,645	-879	-4,765	-5,220	-455
Reserve assets	1,882	210	-245	4,960	5,205
Monetary gold	0	0	0	0	0
Special drawing rights	63	57	49	20	-29
Reserve position in the International Monetary Fund	1,754	155	-327	4,902	5,229
Other reserve assets	64	-2	33	38	5
Net U.S. incurrence of liabilities excluding financial derivatives (net increase in liabilities / financial inflow (+))	238,964	83,479	952,306	-4,777	-957,083
Direct investment liabilities	78,119	56,506	52,201	-8,510	-60,711
Equity	53,158	78,529	44,718	26,343	-18,375
Equity other than reinvestment of earnings	17,832	46,367	27,540	15,740	-11,800
Reinvestment of earnings	35,326	32,161	17,178	10,603	-6,575
Debt instruments	24,961	-22,023	7,482	-34,853	-42,335
Portfolio investment liabilities	105,660	-53,160	-20,547	338,957	359,504
Equity and investment fund shares	-42,481	-72,736	263,713	66,499	-197,214
Debt securities	148,141	19,576	-284,261	272,458	556,719
Short term	60,400	-48,444	-10,748	337,592	348,340
Treasury bills and certificates	42,275	-43,855	13,452	311,306	297,854
Federally sponsored agency securities	-748	5,493	-4,708	-1,601	3,107
Other short-term securities	18,873	-10,082	-19,492	27,887	47,379
Long term	87,741	68,020	-273,513	-65,135	208,378
Treasury bonds and notes	32,139	19,117	-300,497	-209,375	91,122
Federally sponsored agency securities	10,507	5,067	56,721	-52,023	-108,744
Corporate bonds and notes	44,514	43,267	-27,992	189,477	217,469
Other	581	569	-1,745	6,786	8,531
Other investment liabilities	55,185	80,133	920,653	-335,225	-1,255,878
Other equity	n.a.	n.a.	n.a.	n.a.	n.a.
Currency	19,110	17,579	26,014	29,399	3,385
Deposits	74,616	3,075	481,772	-271,946	-753,718
Loans	-37,372	56,253	409,408	-94,162	-503,570
Trade credit and advances	-1,169	3,226	3,459	1,485	-1,974
Special drawing rights allocations	0	0	0	0	0

p Preliminary

r Revised

Note. The statistics are presented in International Transactions Accounts [table 1.2](#), [table 6.1](#), [table 7.1](#), and [table 8.1](#) on BEA's website.

Updates to Statistics

The U.S. international transactions statistics for the first quarter have been updated to incorporate newly available and revised source data (table E).

Table E. Updates to the First-Quarter 2020 International Transactions Aggregates

[Millions of dollars, seasonally adjusted]

Series	Preliminary Estimates	Revised Estimates
Balance on current account	-104,204	-111,516
Balance on goods	-192,332	-191,748
Balance on services	73,277	65,272
Balance on primary income	52,488	52,036
Balance on secondary income (current transfers)	-37,637	-37,075
Net lending or borrowing from financial-account transactions	-201,105	-143,059
Net U.S. acquisition of financial assets	722,712	830,858
Net U.S. incurrence of liabilities	901,987	952,306
Financial derivatives other than reserves, net transactions	-21,830	-21,611