

A Look at the U.S. International Transactions

Third Quarter of 2022

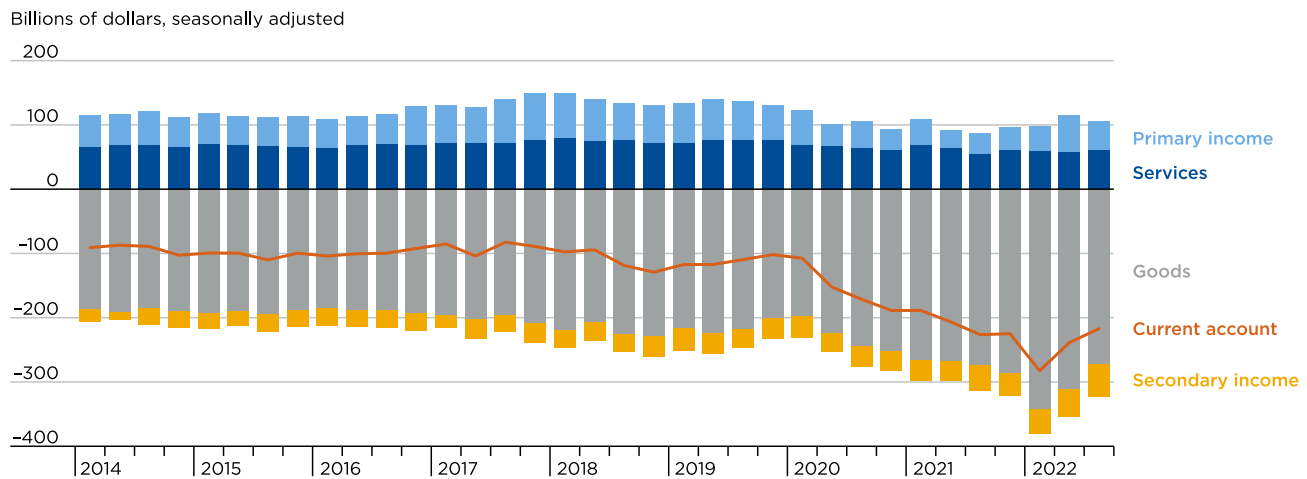
By Mai-Chi Hoang | January 17, 2023

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, narrowed by \$21.6 billion, or 9.1 percent, to \$217.1 billion in the third quarter of 2022. The revised second-quarter deficit was \$238.7 billion.

The third-quarter deficit was 3.4 percent of current-dollar gross domestic product, down from 3.8 percent in the second quarter.

The \$21.6 billion narrowing of the current-account deficit in the third quarter mostly reflected a decreased deficit on goods that was partly offset by a decreased surplus on primary income and an increased deficit on secondary income.

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	2021	2022			Change 2022:Q2 to 2022:Q3
	Q4	Q1	Q2 ^p	Q3 ^r	
Current account					
Exports of goods and services and income receipts (credits)	1,001,171	1,025,046	1,111,290	1,137,754	26,464
Exports of goods and services	686,479	704,728	768,969	781,062	12,093
Goods	473,521	487,899	539,793	547,019	7,226
Services	212,959	216,829	229,176	234,043	4,867
Primary income receipts	271,520	278,059	298,761	313,971	15,210
Secondary income (current transfer) receipts	43,173	42,259	43,561	42,721	-840
Imports of goods and services and income payments (debits)	1,226,009	1,307,586	1,350,017	1,354,860	4,843
Imports of goods and services	911,479	987,479	1,022,572	991,660	-30,912
Goods	758,540	829,575	850,668	818,159	-32,509
Services	152,939	157,904	171,904	173,502	1,598
Primary income payments	234,527	239,239	241,547	268,350	26,803
Secondary income (current transfer) payments	80,003	80,867	85,898	94,850	8,952
Capital account					
Capital transfer receipts and other credits	13	28	6	9,078	9,072
Capital transfer payments and other debits	1,857	1,916	3,821	3,880	59
Financial account					
Net U.S. acquisition of financial assets excluding financial derivatives (net increase in assets / financial outflow (+))	49,404	414,584	409,870	410,967	1,097
Direct investment assets	64,912	134,008	99,641	56,720	-42,921
Portfolio investment assets	-106,715	227,966	276,714	368,923	92,209
Other investment assets	88,194	51,678	32,334	-15,474	-47,808
Reserve assets	3,013	932	1,181	797	-384
Net U.S. incurrence of liabilities excluding financial derivatives (net increase in liabilities / financial inflow (+))	230,257	656,055	516,175	671,186	155,011
Direct investment liabilities	97,255	125,653	70,929	101,387	30,458
Portfolio investment liabilities	-61,631	246,077	443,379	463,168	19,789
Other investment liabilities	194,633	284,325	1,867	106,631	104,764
Financial derivatives other than reserves, net transactions	-23,095	5,762	-45,911	-33,940	11,971
Statistical discrepancy¹	22,734	48,718	90,326	-82,251	-172,577
Balances					
Balance on current account	-224,837	-282,540	-238,727	-217,106	21,621
Balance on goods and services	-225,000	-282,751	-253,603	-210,598	43,005
Balance on goods	-285,019	-341,676	-310,875	-271,139	39,736
Balance on services	60,020	58,925	57,272	60,542	3,270
Balance on primary income	36,993	38,819	57,214	45,621	-11,593
Balance on secondary income	-36,831	-38,608	-42,338	-52,129	-9,791
Balance on capital account	-1,844	-1,888	-3,815	5,198	9,013
Net lending (+) or net borrowing (-) from current- and capital-account transactions²	-226,681	-284,428	-242,542	-211,908	30,634
Net lending (+) or net borrowing (-) from financial-account transactions³	-203,948	-235,710	-152,216	-294,159	-141,943

p Preliminary

r Revised

Table Footnotes

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 U.S. Bureau of Economic Analysis website. For the statistics, see “[International Transactions, Services, and Investment Position \(IIP\) Tables](#).” For the methods, see *U.S. International Economic Accounts: Concepts and Methods*.

Current Account

Exports of goods and services to, and income received from, foreign residents increased \$26.5 billion to \$1.14 trillion in the third quarter (charts 2 and 3 and tables A and B). Imports of goods and services from, and income paid to, foreign residents increased \$4.8 billion to \$1.35 trillion (charts 2 and 4 and tables A and C).

Chart 2. Current-Account Transactions



Trade in goods

Exports of goods increased \$7.2 billion to \$547.0 billion, reflecting increases in nonmonetary gold and in capital goods, mostly civilian aircraft engines and parts and other industrial machinery, that were partly offset by a decrease in foods, feeds, and beverages, mostly soybeans and corn. Imports of goods decreased \$32.5 billion to \$818.2 billion, reflecting widespread decreases in consumer goods and in industrial supplies and materials. The decrease in consumer goods was led by household and kitchen appliances and other household goods, and the decrease in industrial supplies and materials was led by metals and nonmetallic products.

Trade in services

Exports of services increased \$4.9 billion to \$234.0 billion, reflecting increases in other business services, mainly professional and management consulting services, and in travel, mostly education-related travel and other personal travel. Imports of services increased \$1.6 billion to \$173.5 billion, reflecting increases in travel, mostly other personal travel and education-related travel, and in financial services, mostly financial intermediation services indirectly measured and financial management services, that were partly offset by a decrease in transport, mostly sea freight transport.

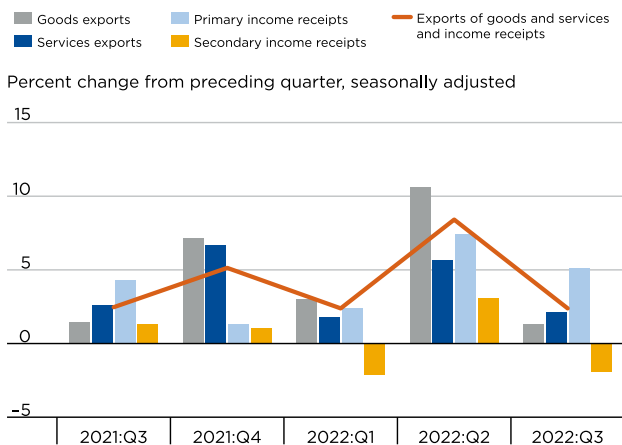
Primary income

Receipts of primary income increased \$15.2 billion to \$314.0 billion, and payments of primary income increased \$26.8 billion to \$268.4 billion. The increases in both receipts and payments primarily reflected increases in other investment income, mostly interest on loans and deposits. These increases were mainly due to higher short-term interest rates that resulted from significant federal funds rate hikes by the Federal Reserve Board in May, June, July, and September. U.S. other investment assets and liabilities are mainly denominated in U.S. dollars.

Secondary income

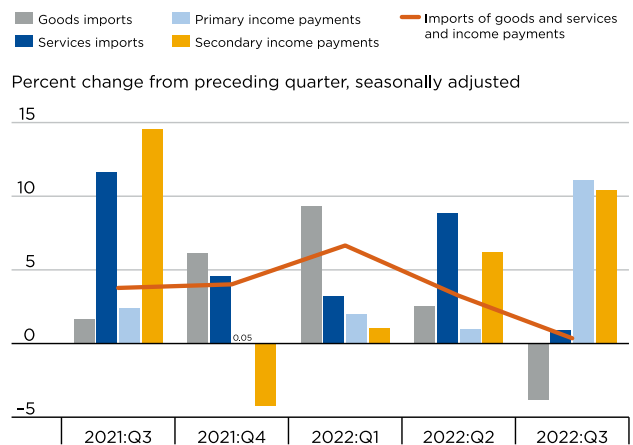
Receipts of secondary income decreased \$0.8 billion to \$42.7 billion, reflecting a decrease in general government transfers, mostly fines and penalties. Payments of secondary income increased \$9.0 billion to \$94.9 billion, reflecting an increase in general government transfers, mostly international cooperation.

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



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



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Table B. Exports of Goods and Services and Income Receipts

[Millions of dollars, seasonally adjusted]

Series	2021	2022			Change 2022:Q2 to 2022:Q3
	Q4	Q1	Q2 ^r	Q3 ^p	
Exports of goods and services and income receipts	1,001,171	1,025,046	1,111,290	1,137,754	26,464
Exports of goods	473,521	487,899	539,793	547,019	7,226
General merchandise	466,835	481,727	530,178	531,254	1,076
Foods, feeds, and beverages	44,085	44,326	50,310	44,889	-5,421
Industrial supplies and materials	171,104	184,174	218,138	214,289	-3,849
Energy products	79,352	87,102	116,627	114,321	-2,306
<i>Of which: Petroleum and products</i>	62,146	70,824	90,485	85,970	-4,515
Nonenergy products	91,752	97,072	101,511	99,968	-1,543
Capital goods except automotive	134,784	138,700	140,858	146,361	5,503
Automotive vehicles, parts, and engines	37,131	37,564	39,271	39,766	495
Consumer goods except food and automotive	63,305	59,547	62,928	63,364	436
Other general merchandise	16,427	17,415	18,673	22,586	3,913
Net exports of goods under merchandising	175	245	166	226	60
Nonmonetary gold	6,510	5,928	9,449	15,540	6,091
Exports of services¹	212,959	216,829	229,176	234,043	4,867
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.	3,146	3,212	3,613	3,655	42
Transport	18,969	20,019	23,003	22,615	-388
Travel (for all purposes including education)	23,856	25,468	33,801	35,643	1,842
Business	4,583	4,986	6,611	7,155	544
Personal	19,274	20,482	27,190	28,489	1,299
Construction	860	410	492	421	-71
Insurance services	6,012	5,181	5,442	5,374	-68
Financial services	43,714	41,518	41,368	41,197	-171
Charges for the use of intellectual property n.i.e.	32,646	31,583	31,817	31,654	-163
Telecommunications, computer, and information services	16,044	16,254	17,027	17,659	632
Other business services	55,708	59,220	58,784	61,979	3,195
Personal, cultural, and recreational services	5,912	6,040	7,248	6,481	-767
Government goods and services n.i.e.	6,091	7,924	6,579	7,364	785
Primary income receipts	271,520	278,059	298,761	313,971	15,210
Investment income	269,774	276,301	296,995	312,198	15,203
Direct investment income	145,836	146,562	158,043	161,566	3,523
Income on equity	142,309	143,147	154,311	157,345	3,034
Dividends and withdrawals	37,632	92,100	84,238	95,171	10,933
Reinvested earnings	104,676	51,046	70,073	62,174	-7,899
Interest	3,527	3,416	3,732	4,221	489
Portfolio investment income	108,943	115,345	120,339	120,135	-204
Income on equity and investment fund shares	73,342	76,776	79,468	76,681	-2,787
Interest on debt securities	35,601	38,569	40,871	43,454	2,583
Other investment income	14,961	14,311	18,340	29,895	11,555
Reserve asset income	35	83	273	601	328
Compensation of employees	1,746	1,758	1,766	1,774	8
Secondary income (current transfer) receipts²	43,173	42,259	43,561	42,721	-840

p Preliminary**r** Revised**n.a.** Not available**n.i.e.** Not included elsewhere**Table Footnotes**

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	2021	2022			Change 2022:Q2 to 2022:Q3
	Q4	Q1	Q2 ^p	Q3 ^r	
Imports of goods and services and income payments	1,226,009	1,307,586	1,350,017	1,354,860	4,843
Imports of goods	758,540	829,575	850,668	818,159	-32,509
General merchandise	751,544	818,169	844,745	814,222	-30,523
Foods, feeds, and beverages	48,452	52,067	54,695	51,875	-2,820
Industrial supplies and materials	180,547	197,086	217,409	206,069	-11,340
Energy products	69,555	78,292	93,687	90,377	-3,310
<i>Of which: Petroleum and products</i>	63,684	71,110	85,296	81,439	-3,857
Nonenergy products	110,992	118,794	123,722	115,692	-8,030
Capital goods except automotive	199,334	214,988	216,613	220,835	4,222
Automotive vehicles, parts, and engines	86,467	94,813	99,425	102,743	3,318
Consumer goods except food and automotive	202,203	228,146	226,928	205,336	-21,592
Other general merchandise	34,541	31,070	29,676	27,364	-2,312
Nonmonetary gold	6,996	11,406	5,923	3,937	-1,986
Imports of services¹	152,939	157,904	171,904	173,502	1,598
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.	2,020	2,010	2,155	2,114	-41
Transport	31,403	35,666	41,411	39,434	-1,977
Travel (for all purposes including education)	19,840	20,474	28,922	30,428	1,506
Business	2,047	1,973	3,325	3,739	414
Personal	17,794	18,501	25,597	26,690	1,093
Construction	448	359	416	364	-52
Insurance services	15,646	13,807	14,323	14,371	48
Financial services	13,546	12,639	12,671	13,944	1,273
Charges for the use of intellectual property n.i.e.	10,966	14,375	11,730	12,499	769
Telecommunications, computer, and information services	11,438	11,693	12,001	11,702	-299
Other business services	34,047	33,479	34,364	35,099	735
Personal, cultural, and recreational services	7,300	7,079	7,535	7,233	-302
Government goods and services n.i.e.	6,284	6,323	6,377	6,313	-64
Primary income payments	234,527	239,239	241,547	268,350	26,803
Investment income	229,966	234,040	236,305	263,157	26,852
Direct investment income	78,483	75,242	67,861	75,651	7,790
Portfolio investment income	133,377	141,233	144,987	149,177	4,190
Income on equity and investment fund shares	48,228	52,088	51,919	49,073	-2,846
Interest on debt securities	85,149	89,145	93,068	100,104	7,036
Other investment income	18,105	17,565	23,457	38,329	14,872
Compensation of employees	4,561	5,199	5,241	5,193	-48
Secondary income (current transfer) payments²	80,003	80,867	85,898	94,850	8,952
Supplemental detail on insurance transactions:					
Premiums paid	40,097	36,019	38,081	38,307	226
Losses recovered	25,407	25,088	25,004	33,872	8,868

p Preliminary**r** Revised**n.a.** Not available**n.i.e.** Not included elsewhere**Table Footnotes**

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.

Capital Account

Capital-transfer receipts were \$9.1 billion in the third quarter. The transactions reflected receipts from foreign insurance companies for losses resulting from Hurricane Ian. For information on transactions associated with hurricanes and other disasters, see [“How do losses recovered from foreign insurance companies following natural or man-made disasters affect foreign transactions, the current account balance, and net lending or net borrowing?”](#)

Financial Account

Net financial-account transactions were -\$294.2 billion in the third quarter, reflecting net U.S. borrowing from foreign residents.

Financial assets

Third-quarter transactions increased U.S. residents' foreign financial assets by \$411.0 billion. Transactions increased portfolio investment assets, mostly equity and long-term debt securities, by \$368.9 billion; direct investment assets, mainly equity, by \$56.7 billion; and reserve assets by \$0.8 billion. Transactions decreased other investment assets by \$15.5 billion, resulting from partly offsetting transactions in loans and deposits.

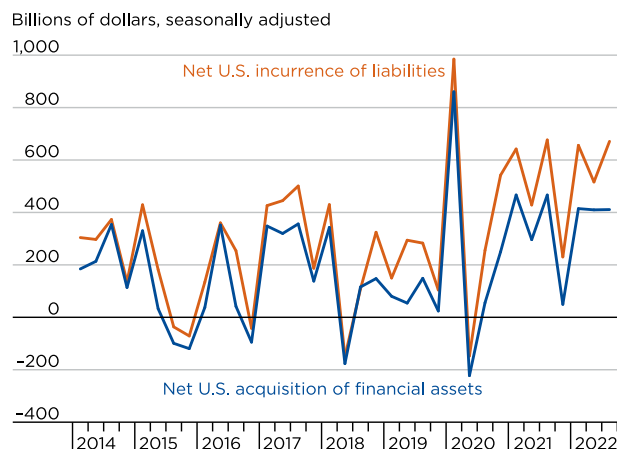
Liabilities

Third-quarter transactions increased U.S. liabilities to foreign residents by \$671.2 billion. Transactions increased portfolio investment liabilities, mostly long-term debt securities and equity, by \$463.2 billion; other investment liabilities, mostly loans, by \$106.6 billion; and direct investment liabilities, mostly equity, by \$101.4 billion.

Financial derivatives

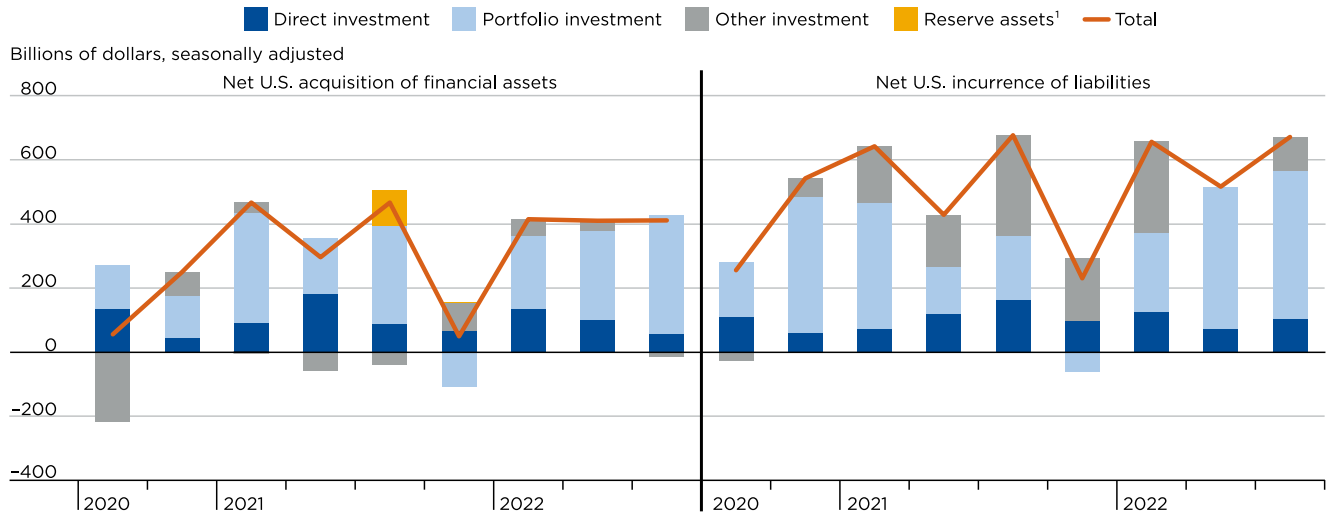
Net transactions in financial derivatives were -\$33.9 billion in the third quarter, reflecting net U.S. borrowing from foreign residents.

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



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



1. Transactions in reserve assets are relatively small and may not be clearly visible in most quarters. See table D for these statistics.
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Table D. Net U.S. Acquisition of Financial Assets and Net U.S. Incurrence of Liabilities

[Millions of dollars, seasonally adjusted]

Series	2021	2022			Change 2022:Q2 to 2022:Q3
	Q4	Q1	Q2 ^p	Q3 ^r	
Net U.S. acquisition of financial assets excluding financial derivatives (net increase in assets / financial outflow (+))	49,404	414,584	409,870	410,967	1,097
Direct investment assets	64,912	134,008	99,641	56,720	-42,921
Equity	142,683	126,235	82,581	78,078	-4,503
Equity other than reinvestment of earnings	38,007	75,189	12,508	15,904	3,396
Reinvestment of earnings	104,676	51,046	70,073	62,174	-7,899
Debt instruments	-77,771	7,773	17,060	-21,358	-38,418
Portfolio investment assets	-106,715	227,966	276,714	368,923	92,209
Equity and investment fund shares	-153,474	113,208	238,719	232,184	-6,535
Debt securities	46,759	114,759	37,995	136,739	98,744
Short-term securities	-49,821	-60,384	-32,045	27,238	59,283
Long-term corporate securities	67,355	132,144	53,657	82,257	28,600
Other long-term securities	29,225	42,999	16,383	27,244	10,861
Other investment assets	88,194	51,678	32,334	-15,474	-47,808
Other equity	0	0	0	0	0
Currency and deposits	76,553	29,188	15,681	81,184	65,503
Loans	10,079	28,703	16,406	-97,775	-114,181
Trade credit and advances	1,563	-6,213	248	1,118	870
Reserve assets	3,013	932	1,181	797	-384
Monetary gold	0	0	0	0	0
Special drawing rights	835	1,517	1,521	704	-817
Reserve position in the International Monetary Fund	2,169	-596	-366	131	497
Other reserve assets	9	11	26	-38	-64
Net U.S. incurrence of liabilities excluding financial derivatives (net increase in liabilities / financial inflow (+))	230,257	656,055	516,175	671,186	155,011
Direct investment liabilities	97,255	125,653	70,929	101,387	30,458
Equity	102,069	74,242	75,227	86,519	11,292
Equity other than reinvestment of earnings	45,554	24,310	29,731	34,426	4,695
Reinvestment of earnings	56,515	49,932	45,496	52,093	6,597
Debt instruments	-4,814	51,411	-4,298	14,868	19,166
Portfolio investment liabilities	-61,631	246,077	443,379	463,168	19,789
Equity and investment fund shares	-279,938	-130,365	274,100	208,599	-65,501
Debt securities	218,307	376,442	169,279	254,569	85,290
Short-term securities	53,110	76,997	-105,120	42,398	147,518
Treasury bills and certificates	59,028	20,988	-113,904	25,116	139,020
Federally sponsored agency securities	309	248	3,058	3,596	538
Other short-term securities	-6,227	55,761	5,726	13,686	7,960
Long-term securities	165,198	299,445	274,399	212,171	-62,228
Treasury bonds and notes	145,684	193,165	147,077	135,495	-11,582
Federally sponsored agency securities	16,934	-12,649	98,308	29,603	-68,705
Corporate bonds and notes	2,124	112,061	25,684	45,407	19,723
Other long-term securities	456	6,868	3,330	1,666	-1,664
Other investment liabilities	194,633	284,325	1,867	106,631	104,764
Other equity	n.a.	n.a.	n.a.	n.a.	n.a.
Currency	-12,459	113,793	10,527	29,491	18,964
Deposits	197,963	168,218	-15,701	73,095	88,796
Loans	n.a.	n.a.	n.a.	n.a.	n.a.
Trade credit and advances	9,129	2,314	7,041	4,045	-2,996
Special drawing rights allocations	0	0	0	0	0

p Preliminary

r Revised

n.a. Not available

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 second quarter of 2022 have been updated to incorporate newly available and revised source data and updated seasonal adjustments (table E).

Table E. Updates to Second-Quarter 2022 International Transactions Aggregates

[Millions of dollars, seasonally adjusted]

Series	Preliminary estimates	Revised estimates
Balance on current account	-251,090	-238,727
Balance on goods	-310,529	-310,875
Balance on services	57,090	57,272
Balance on primary income	43,644	57,214
Balance on secondary income (current transfers)	-41,295	-42,338
Net lending or borrowing from financial-account transactions	-159,524	-152,216
Net U.S. acquisition of financial assets	386,235	409,870
Net U.S. incurrence of liabilities	499,848	516,175
Financial derivatives other than reserves, net transactions	-45,911	-45,911



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